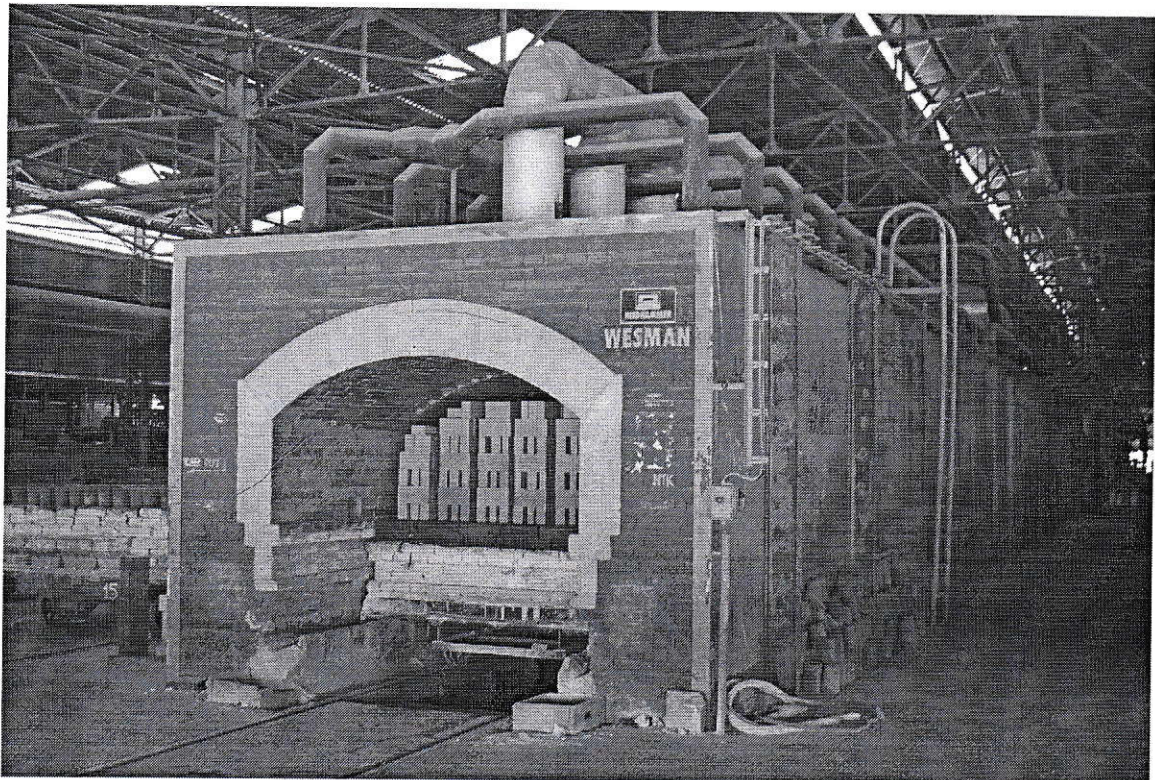




# SAIL REFRACTORY COMPANY LIMITED

Annual Accounts for the year ended  
31-03-2016



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

✉ [sengotin@yahoo.com](mailto:sengotin@yahoo.com)  
☎ HO: 0427-2330330/2444888  
📞 94432-24038  
📠 HO: 0427-2416760

29.04.2016

### 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, 2016, 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 is 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.

For SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS  
  
(CA. P. SENKKOTAIYYAN, B.Sc., FCA.,)  
PARTNER  
M. No.: 023897

SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS  
2/337-C, Ram Nagar,  
Meeyanur, SALEM - 636 004.

### **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 thereunder.

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 financial statements are free from material misstatement.


An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016; and
- b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date;

  
(CA.P.SENKOTAIYYAN, B.Sc., FCA.,)  
PARTNER

M.No.: 023897  
**SENGOTTAIYAN & CO.,**  
CHARTERED ACCOUNTANTS  
2/337-C, Ram Nagar,  
Meyyanur, SALEM - 636 004

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e) The Cash Flow statement is prepared for SAIL as whole, and hence we are unable to comment on the same at this company's (unit of SAIL) level
  - f) on the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of sub-section (2) of section 164 of the Companies Act, 2013.
  - g) With respect to adequacy of internal financial controls over the financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in Annexure B
  - h) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies ( Audit and Auditors) Rules 2014, in our opinion and to our best of our information and according to the explanations given to us :

P

For SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS  
*S. K. Sengottaiyan*  
(CA. P. SENKKOTAIYYAN, B.Sc., FCA.,)  
PARTNER  
M. No.: 023897

SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS  
2/337-C, Ram Nagar,  
Meyyanur, SALEM - 636 004.

- a. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 13(2) to the financial statements
  - b. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses
  - c. There were no amounts which required to be transferred Investor Education and Protection Fund by the Company
3. As required by section 143(5) of the Act, we give in Annexure - C, a statement on the matters specified by the Comptroller and Auditor General of India for the Company.

Place: Salem

Date: 29.04.2016

For SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS  
*P. Senthilayya*  
(CA.P.SENKKOTAIYYAN, B.Sc., FCA.,)  
PARTNER  
M.No.: 023897

SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS  
2/337-C, Ram Nagar,  
Meyyanur, SALEM - 636 004.

### Annexure to the Auditors Report

The Annexure referred to in paragraph 1 of Our Report of even date to the members of SAIL REFRACTORY COMPANY LIMITED on Other Legal and Regulatory requirements.

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.

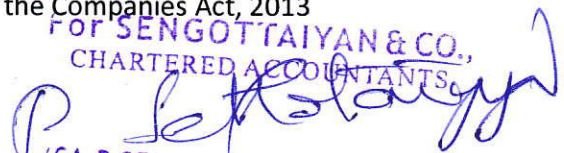
*In respect of Freehold Land holdings, the Company has partially surveyed them to ensure that they are free from any encumbrance and encroachments. In rest of the cases survey is yet to be completed. The Company is following up with survey department for completion of full survey*

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

FOR SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS,  
  
(CA. P. SENKKOTAIYYAN, B.Sc., FCA.)

SENGOTTAIYAN & CO. PARTNER  
CHARTERED ACCOUNTANTS M.No.: 023897  
2/337-C, Ram Nagar,  
Meyyanur, SALEM - 636 004.

- v) The Unit has not accepted any public deposits during the year. According to the information and explanations given to us, the compliance with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act 2013 and the Companies (Acceptance of Deposits) Rules, 2014 , as amended, with regard to the deposits accepted, is dealt with by Corporate office of the Company and hence, is not applicable at the Unit level
- vi) We have broadly reviewed the records maintained by the Unit pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act 2013, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained in respect of the applicable products. We have not, however, made a detailed examination of the records with a view to determine whether these are accurate and complete.
- vii) According to the information and explanations given to us in respect of statutory dues:
- 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 31<sup>st</sup> March, 2016.
  - According to the information and explanations given to us, there are disputed statutory dues, which have not been deposited as on 31<sup>st</sup> March, 2016 as given herein below:

Statute	Nature of Dues	Amount (Rs. in crore)	Forum where disputes are pending.
Sales Tax & VAT	Demand by Appellate Authorities	1.34	Madras High Court
Central Excise Act, 1944 (including service tax)	Excise Duty Service Tax	3.83 1.32	CESTAT, SZB Chennai, Commissioner of Appeals, Salem Commissioner, Central Excise, Salem
Central Sales Tax Act, 1956	Demand by Appellate Authorities	7.68	Madras High Court
	<b>TOTAL</b>	<b>14.17</b>	

For SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS  
*P. Senkkotaiyyan*  
(CA.P.SENKKOTAIYYAN, B.Sc., FCA.,)  
PARTNER  
M.No.:023897



- viii) The Unit is a subsidiary of SAIL and the loans from Banks, Financial Institutions and Debenture Holders are dealt with by the Corporate Office and hence paragraph 3(ix) of the Order is not applicable at the Unit level.
- ix) According to the information and explanations given to us, the Unit has not raised any money by way of initial public offer or further public offer (including debt instrument). No Term loans from banks and financial institutions has been raised.
- x) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no case of fraud has been committed on or by the Unit 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, 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 Unit is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Unit, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards, wherever necessary.
- 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: 29 April 2016

For SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS  
  
(CA. P. SENGOTTAIYAN, B.Sc., FCA.,)  
PARTNER  
M. No.: 023897  
SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS  
2/337-C, Ram Nagar,  
Meyyanur, SALEM - 636 004.

**"Annexure B" 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, 2016 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

For SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS  
  
(CA. P. SENKKOTAIYYAN, B.Sc., FCA.,)

SENGOTTAIYAN & CO., PARTNER  
CHARTERED ACCOUNTANTS M. No.: 023897  
2/337-C, Ram Nagar,  
Meyyanur, SALEM - 636 004.

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


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

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

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

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any

For SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS  
  
(CA.P.SENKKOTAIYYAN, B.Sc., FCA.,)

PARTNER  
M.No.: 023897  
SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS  
2/337-C, Ram Nagar,  
Meyyanur, SALEM - 636 004.

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, 2016, based on the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”

Place: Salem

Date: 29 April 2016

For SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS

(CA.P.SENKOTAIYYAN, B.Sc., FCA.)  
PARTNER  
M.No.:023897

SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS  
2/337-C, Ram Nagar,  
Meyyanur, SALEM - 636 004.

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

✉ [sengotin@yahoo.com](mailto:sengotin@yahoo.com)  
 ☎ HO: 0427-2330330/2444888  
 📞 94432-24038  
 📠 HO: 0427-2416760

29.04.2016

Annexure – I

**Annexure-C 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.	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 : <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.																				

For SENGOTTAIYAN & CO.,  
 CHARTERED ACCOUNTANTS  
  
 (P. SENKKOTAIYYAN, B.Sc., FCA.,)  
 PARTNER  
 M.No.: 023897

SENGOTTAIYAN & CO.,  
 CHARTERED ACCOUNTANTS  
 2/337-C, Ram Nagar,  
 Meyyanur, SALEM - 636 004.

**Annexure-C to the Independent Auditor's Report (Contd..)**

Sub-Directions under section 143(5) of Companies Act 2013		
QUESTIONS		AUDITORS COMMENTS
1.	Review the useful life fixed by the company for its fixed assets and componentization and report whether the same are as per provisions of the Companies Act, 2013 and if not whether there is reasonable basis for taking a different useful life like industry practice and the same have been consistently followed. Whether the same has been uniformly implemented across all the steel plants.	During the year, the useful lives of the assets, as specified in Schedule II to the Companies Act, 2013, have been made applicable to the assets in the Unit.
2.	Examine the percentage escalation in salary assumed by management for computation of actuarial liability against gratuity and other employee benefits and report whether the same was reasonable, and source data provided by the company to the Actuaries for actuarial valuation were correct, complete and valid.	Accounting Standard 15 on 'Employee Benefits' lays down that Financial assumptions should be based on market expectations, at the balance sheet date, for the period over which the obligations are to be settled.' Therefore, the financial assumptions, like salary escalation rates, are aligned to long term inflation rates for future. From the FY 2014-15 onwards, inflation has started moderating. Also, decline in the yield on Government Securities, points towards a low inflation scenario which, in turn, may enable lower increases in salary. Secondly, salary increases may also be affected by physical and financial performance of an organisation. In view of this, increase in DA are expected to be lower in future or even there may be no increase or negative increase also, which will definitely result into lower salary escalations. Therefore, it would be prudent to assume that long term inflation rates in such an environment, would be around 5% p.a. Considering in our opinion the source data provided by the Plant/unit to the actuary for actuarial valuation were correct, complete and valid.
3.	Examine the valuation of raw materials (iron ore, coal, limestone, dolomites etc) termed as carpet/bed stock lying at steel plants.	There is no raw materials termed as carpet/bed stock lying in the Unit

For SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS

  
(CA.P.SENKKOTAIYAN, B.Sc., FCA.)  
PARTNER  
M.No.:023897

SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS  
2/337-C, Ram Nagar,  
Meyyanur, SALEM - 636 004.


**SAIL REFRACTORY COMPANY LIMITED**  
**Balance Sheet as at 31st March, 2016**

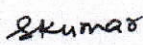
₹ in Lakhs


	Note No.	As at 31st March 2016	As at 31st March 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders funds</b>			
(a) Share capital	1(a)	5.00	5.00
(b) Reserves and surplus	1(b)	9444.77	8457.90
<b>Non-current liabilities</b>			
(a) Long-term provisions	2	211.86	563.72
(b) Deferred tax liability(net)		94.80	
<b>Current liabilities</b>			
(a) Trade payables	3(a)	1325.48	1237.51
(b) Other current liabilities	3(b)	1781.45	2083.98
(c) Short-term provisions	3(c)	2044.97	2141.51
<b>TOTAL</b>		<b>14908.33</b>	<b>14489.62</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	4(a)	1675.66	1869.37
(ii) Capital work-in-progress	4(b)		
(b) Non-current investments			127.98
(c) Deferred tax assets (net)			
(d) Other non-current assets	4(c)		
<b>Current assets</b>			
(a) Inventories	5(a)	2870.61	2341.87
(b) Trade receivables	5(b)	4035.34	2225.64
(c) Cash and Cash Equivalents	5(c)	4616.97	6279.41
(d) Short-term loans and advances	5(d)	1496.66	1401.52
(e) Other current assets	5(e)	213.09	243.83
<b>TOTAL</b>		<b>14908.33</b>	<b>14489.62</b>

**Significant Accounting Policies & Other Notes to Financial Statements (Note 13)**

Notes referred to above form an integral part of these Financial Statements.


  
**(Raman)**  
 Director

  
**(Sudhir Kumar)**  
 Chairman/Director

  
**(S Ramasamy)**  
 COO

Place : New Delhi

Dated : 11th May 2016

  
**(K. Balasubramanian)**  
 DGM(F&A)



In terms of our report  
 For Sengottaiyan & Co  
 Chartered Accountants  
 FRNo.0052905

  
**(P. Senkottaiyyan)**  
 Partner

Membership No: 023897  
 Dated 20<sup>th</sup> May, 2016

**SAIL REFRACTORY COMPANY LIMITED**
**Statement of Profit & Loss for the year ended 31.03.2016**

₹ in Lakhs

	Note No.	Year ended 31-03-2016	Year ended 31-03-2015
<b>INCOME</b>			
Revenue from Operations	6	11980.35	13278.34
Other Income	7	468.04	537.15
Total Revenue		12448.39	13815.49
<b>EXPENSES</b>			
Cost of materials consumed	8	2776.51	2751.78
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	9	-15.84	-273.73
Employee Benefits expense	10	1296.94	1113.05
Finance Costs	11		5.86
Depreciation and Amortisation expense	4(a)	206.58	190.56
Corporate Social Responsibility Expenses		47.83	
Other expenses	12	5308.81	6660.04
<b>Profit before tax</b>		2827.56	3367.93
Less: Corporate Social Responsibility Expenses			30.85
Less : Provision for taxation			
Current tax		910.67	983.96
Deferred tax		222.78	10.58
Earlier years		148.78	-80.54
<b>Profit after tax carried over to balance sheet</b>		1545.33	2423.08
<b>Earnings per Share</b>			
Profit after Tax		1545.33	2423.08
Average number of Equity Shares (Face value Rs 10 each)		50000	50000
Basic & Diluted earnings per Share (Rs)		3090.66	4846.16
<b>Significant Accounting Policies &amp; Other Notes to Financial Statements (Note 13)</b>			

Notes referred to above form an integral part of these Financial Statements.

*R/S*  
(Raman)  
Director

*Sudhir Kumar*  
(Sudhir Kumar)  
Chairman/Director

*S Ramasamy*  
(S Ramasamy)  
COO

Place : New Delhi

Dated : 11th May 2016

*K. Balasubramanian*  
(K. Balasubramanian)  
DGM(F&A)



In terms of our report  
For Sengottaiyan & Co  
Chartered Accountants  
FRNo.005290S

*P. Senkkotaiyyan*

(P. Senkkotaiyyan)  
Partner

Membership No: 023897  
Dated 20<sup>th</sup> May, 2016

## SAIL REFRACTORY COMPANY LIMITED

₹ in Lakhs

Cash Flow Statement	Year ended 31-03-2016	Year ended 31-03-2015
<b>A. Cash flow from Operating Activities</b>		
Net Profit / loss ( - ) before taxation	2827.56	3367.93
Add / ( Less ) Adjustments for :		
Depreciation	206.58	190.56
Interest and Finance Charges	0.00	5.86
Provisions (net)	(225.42)	(413.49)
Interest Income	(468.04)	(470.90)
<b>Operating cash flow before working capital change</b>	<b>2340.68</b>	<b>2679.96</b>
Adjustments for :-		
( Increase ) / Decrease in Inventories	(535.11)	(253.83)
( Increase ) / Decrease in Sundry Debtors	(1885.43)	249.38
( Increase ) / Decrease in Loans and Advances	(95.14)	(129.30)
( Increase ) / Decrease in Other Current Assets	30.74	(68.14)
Increase / ( Decrease ) in Current liabilities	(302.53)	(601.86)
Increase / ( Decrease ) in Trade Payables	87.97	496.01
<b>Cash generated from Operations</b>	<b>(358.82)</b>	<b>2372.22</b>
Direct Taxes Paid	(1132.74)	(777.39)
<b>Net Cash from Operating Activities</b>	<b>(1491.56)</b>	<b>1594.83</b>
<b>B. Cash flow from Investing Activities</b>		
Purchase of Fixed Assets	(12.83)	(6.02)
Interest received	468.04	470.90
<b>Net Cash from / ( used in ) Investing Activities</b>	<b>455.21</b>	<b>464.88</b>
<b>C. Cash flow from Financing Activities</b>		
Proceeds from Issue of Share Capital		
Increase in Reserve & Surplus		
Corporate Social Responsibility expenses	(47.83)	(30.85)
Interest and Finance Charges paid	0.00	(5.86)
Dividend Paid	(480.00)	(300.00)
Tax on Dividend	(98.26)	(50.98)
<b>Net Cash from / ( used in ) Financing Activities</b>	<b>(626.09)</b>	<b>(387.69)</b>
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(1662.44)</b>	<b>1672.02</b>
<b>Cash &amp; Cash Equivalents (Opening)</b>	<b>6279.41</b>	<b>4607.39</b>
<b>Cash &amp; Cash Equivalents (Closing) *</b>	<b>4616.97</b>	<b>6279.41</b>

\* Represented by Cash &amp; Bank balances

## Notes :

- 1 The above Cash Flow Statement has been prepared pursuant to Clause 32 of Listing Agreement with Stock Exchanges and under the indirect method set out in Accounting Standard-3 issued by The Institute of Chartered Accountants of India.
- 2 Figures in bracket indicate cash outflow.
- 3 Significant Accounting Policies and Notes to Financial Statements (Note 13 ) form an integral part of the Cash Flow Statement

(Raman)  
Director

(Sudhir Kumar)  
Chairman/Director

(S Ramasamy)  
COO

Place : New Delhi

Dated: 11th May 2016

In terms of our report  
For Sengottaiyan & Co  
Chartered Accountants  
FRN:0052905

Dated 20<sup>th</sup> May 2016  
(P.Senkkotaiyyan)  
Partner

Membership No: 023897  
Dated 20<sup>th</sup> May, 2016

(K.Balasubramanian)  
DGM(F&A)



## **SIGNIFICANT ACCOUNTING POLICIES**

### **1 Basis of Accounting**

The financial statements are prepared under the historical cost convention on accrual basis of accounting, in accordance with the generally accepted accounting principles in India, and the provisions of the Companies Act, 2013, including accounting standards notified there under.

### **2 Use of estimates**

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

### **3 Fixed Assets**

Fixed assets are stated at cost of acquisition less depreciation. Expenditure on development of land, including leasehold land, is capitalized as part of cost of land. Cost of Lease hold land is amortized over the period of lease. Cost includes all identifiable expenditure including trial-run expenses, net of revenue.

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.

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

### **4 Depreciation**

Depreciation 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 to the Companies Act, 2013. However, 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.5000/- are fully depreciated in the year in which they are put to use.

For SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS  
  
(CA.P.SENKKOTAIYAN, B.Sc., FCA.)  
PARTNER  
M.No.:023897



## 5 Inventories

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

Residue products and other scrap are valued at estimated net realizable 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.

## 6 Foreign Currency Transactions

Monetary assets and liabilities denominated in foreign currency remaining unsettled at the end of the year are translated at Year-end rates.

The exchange differences in translation of monetary assets and liabilities and realised gains and losses on foreign exchange transactions other than those relating to fixed assets, are recognised in the Statement of Profit and Loss. In respect of transactions covered by forward exchange contracts entered into to hedge foreign currency risks, the difference between the contract rate and spot rate on the date of the transaction is recognised in the Statement of Profit and Loss over the period of the contract.

## 7 Employees' Benefits

Contributions towards Provident Funds are charged to the Statement of Profit and Loss of the period when the contributions to the Funds are due. The provisions/liabilities towards gratuity, accrued leave and settlement benefits are made based on the actuarial valuation as at the end of the year and charged to the Statement of Profit and Loss after considering along with actuarial gains/losses.

## 8 Adjustments pertaining to earlier years and prepaid expenses

Income / expenditure relating to prior period and prepaid expenses, which do not exceed Rs.10 lakhs in each case, are treated as income/expenditure of current year.

For SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS  
  
(C.A. P. SENKKOTAIYYAN, B.Sc., FCAI.)  
PARTNER  
M.No.:023897



## 9 Revenue recognition

Sales include excise duty and are net of 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.

## 10 Claims for Liquidated Damages/Price Escalation

Claims for liquidated damages are accounted for as and when these are deducted and/or considered recoverable by the Company. These are adjusted to the capital cost or recognised in Statement of Profit and Loss, as the case may be, on final settlement.

Suppliers'/Contractors' claims for price escalation are accounted for, to the extent such claims are accepted by the Company.

## 11 Deferred Tax

The deferred tax on timing differences between book profit and taxable profit for the year is accounted for applying the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising from timing differences are recognised to the extent there is a reasonable certainty that the assets can be realised in future.

## 12 Overburden Removal

The expenditure on removal of backlog of over burden is charged to revenue, based on stripping ratio as per 5 year mining plan for mines.

## 13 Contingent Liabilities

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 Financial Statements.

For SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS  
  
(CA. P. SENKKOTAIYYAN, B.Sc., FCA.)  
PARTNER  
M. No.: 023897



**Note ( Forming Part of the Balance Sheet)**

₹ in Lakhs

	As at 31st March 2016	As at 31st March 2015
<b>1(a): SHARE CAPITAL</b>		
<b>Authorised</b>		
50,000 equity shares of Rs 10 each	5.00	5.00
<b>Issued, Subscribed &amp; Fully Paid-up</b>		
50,000 equity shares of Rs 10 each	5.00	5.00

**(i) Reconciliation of equity shares at the end of the year**

Particulars	Numbers	Amount (Rs lakhs)
<b>-- Equity shares with voting rights</b>		
Shares outstanding at the beginning of the year	50000	5.00
Shares Issued during the year		
Shares bought back during the year		
Shares outstanding at the end of the year	50000	5.00

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

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

(iv) Details of the shareholders holding more than 5% of the shares in the company

Name of Shareholder	No. of Shares held	% of Holding	Amount ( in lakhs)	
			As at 31-03-2016	As at 31-03-2015
Steel Authority of India Ltd	49994	99.99%	4.999	4.999

**Note ( Forming Part of the Balance Sheet)**

₹ in Lakhs

	As at 31st March 2016		As at 31st March 2015	
<b>1 (b) : RESERVES AND SURPLUS</b>				
<b>Capital Reserve</b>				
As per last Balance Sheet	4374.95		4374.95	
Additions during the year		4374.95		4374.95
<b>General Reserve</b>				
As per last Balance Sheet	404.30		161.30	
Additions during the year	155.00	559.30	243.00	404.30
<b>Surplus/Debit balance (-) in Profit &amp; Loss Account</b>				
Balance as per last account	3678.65		2093.72	
Less: Dep. Adj. as per Co's Act 2014			19.64	
Add: Surplus/Loss(-) of Current Year	1545.33		2423.08	
Less: Proposed Dividend	464.00		480.00	
Less: Dividend Paid				
Less: Tax on Proposed Dividend	94.46		98.26	
Add: Provision of Earlier years			2.75	
Less: Transfer to General Reserve	155.00		243.00	
		4510.52		3678.65
		9444.77		8457.90

For SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS

(CA.P. SENKOTAIYAN, B.Sc., FCA.,)

PARTNER

M.No.: 023897

SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS

2/337-C, Ram Nagar,  
Meyyanur, SALEM - 636 004.

Note ( Forming Part of the Balance Sheet)

₹ in Lakhs

	As at 31st March 2016		As at 31st March 2015	
<b>2: LONG TERM PROVISIONS</b>				
<u>Gratuity</u>				
Opening Balance	488.71		935.25	
Less:Paid Gratuity Trust	300.00		311.75	
Add : Provision during the year	-68.41		-134.79	
		120.30		488.71
<u>Accrued Leave Liability</u>				
Opening Balance	68.23		59.47	
Add : Provision during the year	9.17		8.76	
		77.40		68.23
<u>Accrued Settlement Expenses</u>				
Provn for Retirement TA -Add	6.61			
		6.61		
<u>Mines closure</u>				
Opening Balance	6.77		5.78	
Add : Provision during the year	0.78		1.00	
		7.55		6.78
<u>Others</u>				
Opening Balance				
Less: Amount utilised during the year				
		211.86		563.72

Note ( Forming Part of the Balance Sheet)

₹ in Lakhs

	As at 31st March 2016	As at 31st March 2015
<b>3. CURRENT LIABILITIES</b>		
<b>3(a): TRADE PAYABLES</b>		
Others	1325.48	1237.51
	<u>1325.48</u>	<u>1237.51</u>

Note ( Forming Part of the Balance Sheet)

₹ in Lakhs

	As at 31st March 2016		As at 31st March 2015	
<b>3(b): OTHER CURRENT LIABILITIES</b>				
Income received in advance from:				
Customers	156.66		390.66	
Others		156.66		390.66
Security deposits		156.45		134.49
Bank Current Account (Book Overdraft)		100.31		
Other payables		1368.03		1558.83
		<u>1781.45</u>		<u>2083.98</u>

For SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS

*P. Sengottaiyan*

(CA.P.SENKOTAIYYAN, B.Sc., FCA.,)  
PARTNER  
M.No.:023897  
SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS  
2/337-C, Ram Nagar,  
Meyyanur, SALEM - 636 004.

## Note ( Forming Part of the Balance Sheet)

₹ in Lakhs

	As at 31st March 2016		As at 31st March 2015	
<b>3(c): SHORT TERM PROVISIONS</b>				
<u>Gratuity</u>				
Opening Balance	135.87		136.56	
Add : Provision during the year	-3.89		-0.69	
		131.98		135.87
<u>Accrued Leave Liability</u>				
Opening Balance	15.84		15.27	
Add : Provision during the year	0.44		0.57	
		16.28		15.84
<u>Taxation</u>				
Opening Balance	983.96		857.93	
Add : Provision during the year	910.67		983.96	
Add :Provision of Earlier Years	148.78		80.54	
Less: Amount paid during the year	1132.74		777.39	
		910.67		983.96
<u>Others</u>				
Opening Balance	427.58		427.58	
Add : Provision during the year		427.58		427.58
<u>Proposed dividend</u>				
Opening Balance	480.00		300.00	
Add : Provision during the year	464.00		480.00	
Less: Amount utilised during the year	480.00		300.00	
		464.00		480.00
<u>Tax on Dividend</u>				
Opening Balance	98.26		53.73	
Add : Provision during the year	94.46		98.26	
Add: Provision of Earlier years			2.75	
Less: Amount utilised during the year	98.26		50.98	
		94.46		98.26
		2044.97		2141.51

For SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS

(CA.P.SENKKOTAIYYAN, B.Sc., FCA.)

PARTNER

M.No.:023897

SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS2/337-C, Ram Nagar,  
Meyyanur, SALEM - 636 004.

**Note ( Forming Part of the Balance Sheet)**

**4: TANGIBLE ASSETS**

4: TANGIBLE ASSETS								
Description	GROSS BLOCK(AT COST)			DEPRECIATION / AMORTISATION			NET BLOCK	
	As on 31st March, 2015	Additions / Adjustments	Deductions As on 31st March, 2016	Up to 31st March, 2015	For the year	Less:On sales/ Adjustments Up to 31st March, 2016	As on 31st March, 2016	As on 31st March, 2015
A. PLANTS,MINES&OTHERS								
Land(including cost of development)								
-Freehold Land	511.48		511.48				511.48	511.48
Buildings	179.54	0.00	179.54	20.06	5.61	25.69	153.85	159.48
Plant & Machinery:								
-Others	1676.04		1676.04	564.04	191.54	755.58	920.46	1111.96
Furniture & Fittings	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	0.19	25.71	19.82
EDP Equipment's & Misc. Articles	49.60	6.85	56.45	19.21	7.46	26.67	29.78	30.39
Roads,Bridges & Culverts	8.05	0.00	8.05	7.42		7.43	0.62	0.63
Water Supply & Sewerage	8.75	0.00	8.75	6.93	0.34	7.27	1.48	1.82
Railway Lines & Sidings								
Sub-total 'A'	2463.89	12.83	2476.72	619.05	205.63	824.71	1652.04	1844.80
B. SOCIAL FACILITIES								
Sub-total 'B'	27.30		27.30	2.73	0.95	3.68	23.62	24.57
Total ('A'+ 'B')	2491.19	12.83	2504.02	621.78	206.58	828.39	1675.66	1869.37
Figures for the previous year	2485.17	6.02	2491.19	411.58	190.56	621.78	1869.37	2073.59

**FOR SENGOTTAIYAN & CO.,**  
**CHARTERED ACCOUNTANTS**  
  
 (CA. P. SENKKOTAIYYAN, B.Sc., FCA.,)  
 PARTNER  
 M.No.: 023897  
**SENGOTTAIYAN & CO.,**  
**CHARTERED ACCOUNTANTS**  
 2/337-C, Ram Nagar,  
 Meyyanur, SALEM - 636 004.

Note ( Forming Part of the Balance Sheet)

₹ in Lakhs

	As at 31st March 2016		As at 31st March 2015	
<b>5(a) : INVENTORIES</b>				
<b>Stores &amp; spares</b>				
-- Production	629.40		601.06	
-- Fuel Stores	78.99		50.46	
	708.39		651.52	
Add: In-transit	29.20		15.36	
	737.59		666.88	
Less: Provision for Non Moving/Obsolete items	46.92	690.67	40.56	626.32
<b>Raw materials</b>	1153.90	1153.90	705.35	705.35
<b>Finished / Semi-finished products</b>				
-- Finished Goods	693.13		859.22	
-- Work in Progress	332.92		150.98	
-- Stock in Trade				
	1026.05	1026.05	1010.20	1010.20
		2870.61		2341.87
<b>5(b) : TRADE RECEIVABLES- CURRENT</b>				
Trade Receivables over six months	3346.57		739.79	
Less : Provision	541.41	2805.16	465.68	274.11
Trade Receivables less than six months	1230.18		1951.53	
Less : Provision		1230.18		1951.53
		4035.34		2225.64

Note ( Forming Part of the Balance Sheet)

₹ in Lakhs

	As at 31st March 2016	As at 31st March 2015
<b>Particulars</b>		
Secured,considered good		
Unsecured,considered good	4035.34	2225.64
Doubtful	541.41	465.68
	4576.75	2691.32

Note ( Forming Part of the Balance Sheet)

₹ in Lakhs

	As at 31st March 2016		As at 31st March 2015	
<b>5(c) : CASH &amp; BANK BALANCES</b>				
<b>(i) Cash and Cash Equivalents</b>				
<b>Balance with Banks</b>				
Current account	65.74		541.54	
Term Deposit with maturity upto 3 months	1200.00	1265.74	1141.83	1683.37
Cash and Stamps on hand		0.40		0.08
Cheques in hand		1266.14		1683.45
<b>(ii) Other Bank Balances *</b>				
Term Deposit with maturity more than 3 months		3350.83		4595.96
		4616.97		6279.41
<b>* Includes</b>				
- maturity period less than 12 months	3350.83		4595.96	
- maturity period more than 12 months	-	3350.83		4595.96

For SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS

*P. Senthil Kumar*

**SENGOTTAIYAN & CO.,**  
CHARTERED ACCOUNTANTS  
2/337-C, Ram Nagar,  
Meyyanur, SALEM - 636 004.

A.P.SENKKOTAIYYAN, B.Sc., FCA.,  
PARTNER  
M.No.:023897

Note ( Forming Part of the Balance Sheet)

₹ in Lakhs

	As at 31st March 2016		As at 31st March 2015	
<b>5(d): SHORT TERM LOANS AND ADVANCES</b>				
Other loans and advances				
Loans				
Employees	4.78	4.78	3.30	3.30
Advances recoverable in cash or in kind or for value to be received				
Contractors & suppliers	407.03		336.31	
Employees	43.37		57.74	
Income tax paid in advance / recoverable				
Others	1063.49	1513.89	1026.18	1420.23
Security Deposits				
Less : Provision for other Loans & advances		22.01		22.01
		1496.66		1401.52

Note ( Forming Part of the Balance Sheet)

₹ in Lakhs

	As at 31st March 2016	As at 31st March 2015
<u>Particulars of short term loans and advances</u>		
Secured, Considered Good		
Unsecured, Considered Good	1496.66	1401.52
Doubtful	22.01	22.01
	1518.67	1423.53

Note ( Forming Part of the Balance Sheet)

₹ in Lakhs

	As at 31st March 2016	As at 31st March 2015
<b>5(e) : OTHER CURRENT ASSETS</b>		
Interest Receivable/Accrued		
Term Deposits	131.80	196.80
Employees		
Others		
Less Provision for doubtful interest		
Others		
Assets awaiting Disposal	11.04	11.04
Claims recoverable	220.95	186.69
	363.79	394.53
Less Provision	150.70	150.70
	213.09	243.83

For SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS

(CA.P.SENKKOTAIYYAN, B.Sc., FCA.,)

PARTNER

M.No.: 023897

SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS

2/337-C, Ram Nagar,  
Meyyanur, SALEM - 636 004.

**Note ( Forming Part of the Statement of Profit and Loss )**

₹ in Lakhs

	Year ended 31-03-2016	Year ended 31-03-2015
<b>6: REVENUE FROM OPERATIONS</b>		
<b>SALE OF PRODUCTS</b>		
Domestic	13065.59	14287.81
Exports		
Sub Total (a)	13065.59	14287.81
Less : Excise duty	1100.41	1029.53
	11965.18	13258.28
<b>Other Operating Revenues</b>		
Social amenities-recoveries	5.66	6.16
Sundries	9.51	13.90
Sub Total (b)	15.17	20.06
Total (a+b)	11980.35	13278.34

**Note ( Forming Part of the Statement of Profit and Loss )**

₹ in Lakhs

	Year ended 31-03-2016	Year ended 31-03-2015
<b>7: Other Income</b>		
<b>Interest income</b>		
Loans & Advances - Employees & Others		
Term Deposits	468.04	470.90
	468.04	470.90
<b>Provisions no longer required written back</b>		
Others		66.25
		66.25
Total	468.04	537.15

**Note ( Forming Part of the Statement of Profit and Loss )**

₹ in Lakhs

	Year ended 31-03-2016	Year ended 31-03-2015
<b>8 : RAW MATERIALS CONSUMED</b>		
Others		
Value	4527.87	4762.25
Inter Account adjustment for Raw materials	1751.36	2010.47
Total	2776.51	2751.78

**Note ( Forming Part of the Statement of Profit and Loss )**

₹ in Lakhs

	Year ended 31-03-2016	Year ended 31-03-2015
<b>9: ACCRETION(-)/DEPLETION TO INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS &amp; STOCK IN TRADE</b>		
-- Finished Goods	859.22	542.65
-- Work in Progress	150.98	193.8155
-- Stock in Trade		
<b>Less : Closing stock</b>		
-- Finished Goods	693.13	859.22
-- Work in Progress	332.92	150.98
-- Stock in Trade		
Less : Excise Duty on accretion(-) /Depletion to stock		
Net Accretion(-)/Depletion to stock	-15.85	-273.73

For **SENGOTTAIYAN & CO.,**  
CHARTERED ACCOUNTANTS

(CA.P.SENKOTAIYYAN, B.Sc., FCA.,)  
PARTNER  
M.No.:023897

**SENGOTTAIYAN & CO.,**  
CHARTERED ACCOUNTANTS  
2/337-C, Ram Nagar,  
Meyyanur, SALEM - 636 004.

Note ( Forming Part of the Statement of Profit and Loss )

₹ in Lakhs

	Year ended 31-03-2016	Year ended 31-03-2015
<b>10: EMPLOYEE BENEFIT EXPENSES</b>		
Salaries & wages	1003.98	889.18
Company's contribution to provident & other funds	93.03	80.7
Travel concession	11.89	12.62
Welfare expenses	161.93	112.16
Gratuity	26.11	18.39
	1296.94	1113.05

Note ( Forming Part of the Statement of Profit and Loss )

₹ in Lakhs

	Year ended 31-03-2016	Year ended 31-03-2015
<b>11: FINANCE COST</b>		
Interest Cost		
Bank Charges		5.86
		5.86

Note ( Forming Part of the Statement of Profit and Loss )

₹ in Lakhs

	Year ended 31-03-2016	Year ended 31-03-2015
<b>12: OTHER EXPENSES</b>		
Consumption of Stores & Spares Parts	592.02	851.52
Power and Fuel	1464.79	2707.51
Repairs & Maintenance -		
Buildings	5.08	
Plant & Machinery	2.46	
Others	12.79	29.84
Freight outward	444.98	398.64
Handling expenses (Raw Materials)	714.60	736.70
Royalty and cess	84.50	79.57
Insurance	6.21	4.63
Law charges	10.84	6.73
Postage, Telegram & Telephone	9.65	7.68
Printing & stationery	4.25	5.07
Rates & Taxes	8.77	3.50
Rent	4.94	4.17
Security expenses	145.51	149.00
Travelling expenses	19.72	23.09
Training expenses	19.12	6.01
Remuneration to Auditors		
- Audit fees	2.08	1.39
Provisions		
- Stores , Spares and Sundries	28.62	59.83
Handling expenses - Finished goods	534.68	348.85
Heat Guarantee expenses	491.96	712.65
Interest on income tax		
Miscellaneous	701.24	523.66
	5308.81	6660.04

FOR SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS

*P. Sengottaiyan*  
(CA.P. SENGOTTAIYAN, B.Sc., FCA...)  
PARTNER  
M. No.: 023897

SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS  
2/337-C, Ram Nagar,  
Meyyanur, SALEM - 636 004.

₹.in Lakhs

Current Period	Previous Period
(Rupees in lakhs)	

**1. Expenditure incurred in foreign currency on account of**

Know-how	nil	nil
Interest	nil	nil
Professional and consultation fees	nil	nil
Components and Spare Parts	nil	nil
Capital Goods	nil	nil
Others	nil	nil
<b>Total</b>	<b>nil</b>	<b>nil</b>

**2. Earnings in foreign exchange on account of**

Export of goods(Calculated on FOB basis)	nil	nil
Royalty,Know how, professional and consultation fees	nil	nil
<b>Total</b>	<b>nil</b>	<b>nil</b>

**3. Value of imports  
(Calculated on CIF basis)**

Raw materials	2104.07	1409.95
Capital goods	nil	nil
Components and spares parts	nil	nil
Iron & Steel Products	nil	nil
<b>Total</b>	<b>2104.07</b>	<b>1409.95</b>

**4. Value of Raw Materials and Stores & Spares consumed**

**RAW MATERIALS**

Imported value	1848.20	1733.98
Percentage	40.82	36.41
Indigenous value	2679.67	3028.27
Percentage	59.18	63.59
<b>Total-value</b>	<b>4527.87</b>	<b>4762.25</b>
Percentage	100.00	100.00
Less: Inter Account Adjustment	1751.36	2010.47
	2776.51	2751.78

**5. Value of Components and Spare Parts consumed**

Indigenous-value	592.02	851.52
Percentage	100.00	100.00
<b>Total-value</b>	<b>592.02</b>	<b>851.52</b>
Percentage	100.00	100.00
Less: Inter Account Adjustment		
	592.02	851.52

**6. SOCIAL AMENITIES**

**CONSUMPTION OF MEDICINES**

Medical	1.64	1.30
<b>Total</b>	<b>1.64</b>	<b>1.30</b>

**NET DEFICIT**

Medical	1.64	1.30
<b>Total</b>	<b>1.64</b>	<b>1.30</b>

Net expenditure on Social Amenities charged to various primary revenue heads

SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS  
2/337-C, Ram Nagar,  
Meyyanur, SALEM - 636 004.

For SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS  
  
(P.A.P. SENKKOTAIYYAN, B.Sc., FCA.)  
PARTNER  
M. No.: 023897

## SAIL REFRACTORY COMPANY LIMITED

### NOTE # 13

#### Part B: OTHER NOTES TO FINANCIAL STATEMENTS

##### 1. BACKGROUND

SAIL Refractory Co Ltd (SRCL) was incorporated on 23<sup>rd</sup> Aug 2011 as a wholly owned subsidiary of SAIL. On 16<sup>th</sup> Dec 2011, SRCL acquired the Salem Refractory Works of Burn Standard Co Ltd (BSCL) as part of the financial restructuring of BSCL approved by the Cabinet Committee on Economic Affairs.

##### 2. CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities not provided for:

	₹ in Lakhs	
Claims against the company pending appellate/ judicial decision:		
	2015-16	2014-15
(i) Excise Duty related matters	514.51	561.60
(ii) Sales Tax related matters	768.33	768.33
Total	1282.84	1329.93

##### 3. SHORT TERM PROVISIONS - Note 3(c)

These include

- Gratuity and Leave liability payable within the next 12 months, amounting to ₹131.98 lakhs and ₹16.28 lakhs respectively, required to be disclosed as a short-term provision in conformity with the requirements of Schedule III. The company has established a separate fund for gratuity during the year 2014-15.
- Tamil Nadu Govt had levied Local Cess and Local Cess Surcharge on royalty for the period 1975 to 1991. BSCL had paid the principal amount of ₹ 224.94 Lakhs in 60 installments. The demand of ₹ 427.58 Lakhs towards interest on Local Cess & Local Cess Surcharge for the same period is pending, and has been provided for.

##### 4. TRADE RECEIVABLES - Note 5(b)

Balances with SAIL plants have been reconciled as on 31<sup>st</sup> March 2016, and confirmed balances have been carried forward. However, balances with SAIL units which, have not been confirmed by such plants have been provided for. Balances with customers other than SAIL, to the extent considered doubtful, have been fully provided for.

##### 5. OTHER CURRENT LIABILITIES - Note 3(b)

Pending confirmation from the creditors, the balances have been taken at book value.

For SENGOTTAIYAN & CO.  
CHARTERED ACCOUNTANTS  
*P. Senthil Kumar*  
(CA.P. SENKOTAIYYAN, B.Sc., FCA.,)  
PARTNER  
M.No.: 023897



# SAIL REFRACTORY COMPANY LIMITED

## 6. STATEMENT OF PROFIT & LOSS

- Power & Fuel does not include expenses for generation of power, which have been included under the primary heads of accounts.
- Details of Raw Materials consumed during the year:

	₹ in lakhs	
	2015-16	2014-15
Own mines materials	1825.10	2188.94
Others	2702.77	2573.31
Less: Inter account adjustments	1751.36	2010.47
<b>Total</b>	<b>2776.51</b>	<b>2751.78</b>

- For the purpose of ascertaining impairment of assets, if any, the entire plant is considered as one Cash Generating Unit. Upon review on 31<sup>st</sup> March 2016, no adjustment for impairment was required to be made.
- In accordance with AS-22 on 'Accounting for taxes on income' by the Institute of Chartered Accountants of India, net deferred tax has been accounted for as detailed below:

	₹ in Lakhs	
	2015-16	2014-15
<b>Deferred Tax liability</b>		
Difference between book and tax depreciation	(-)214.53	13.76
<b>Deferred Tax Asset</b>		
Retirement Benefits	8.25	3.17
<b>Net Deferred Tax Liability</b>	<b>(-) 222.78</b>	<b>(-) 10.58</b>

- Turnover is disclosed net of Excise Duty in accordance with AS 9 on "Disclosure of Revenue from sale transactions" issued by the ICAI.
- Disclosures of provisions required by Accounting Standard AS 29:

**Mines Closure Cost** (estimated cost of mines closure provided progressively over the life of the mining lease)

	2015-16	2014-15
Opening balance	6.78	5.78
Add: provided during the year	.78	1.00
Balance as on 31 <sup>st</sup> March	7.56	6.78

For SENGOTTAIYAN & CO.  
 CHARTERED ACCOUNTANTS  
  
 (CA. P. SENGOTTAIYAN, B.Sc., FCA.,)  
 PARTNER  
 M. No.: 023897

**SENGOTTAIYAN & CO.,**  
 CHARTERED ACCOUNTANTS  
 2/337-C, Ram Nagar,  
 Meyyanur, SALEM - 636 004.

## SAIL REFRACTORY COMPANY LIMITED

### 7. General

- a. The 1992 pay revision of the officers of Burn Standard Co Ltd was implemented on 1.1.2000 prospectively. No provision was created for the arrear amounts. An amount of ₹ 141.07 Lakhs is estimated to pertain to the officers of Salem Works. However, since SAIL has not taken over any past obligations (prior to 16<sup>th</sup> Dec 2011), no provision for this amount has been created.
- b. The Tangible Assets of ₹ 1869.37 includes ₹ 677.83 lakhs towards Land & Building transferred from BSCL on 16<sup>th</sup> December 2011. However, the title of the above assets is still remaining with BSCL as the registration of sale deed is pending.
- c. The company operates in only one segment.

### 8. Opening Stock, Turnover and Closing Stock

	Opening Stock		Sold		Closing Stock	
	Qty (MT)	₹ Lakhs	Qty (MT)	₹ Lakhs	Qty (MT)	₹ Lakhs
Fired Bricks	2089	575.88	11189	5156.99	1592	468.40
Mag Carbon Bricks	237	135.04	4668	4389.53	209	128.06
Calcined Products	479	35.88	5019	1221.59	151	24.70
Monolithics	573	84.48	1837	646.47	232	45.16
Others		27.94		1651.01		26.81
<b>Total</b>		<b>859.22</b>		<b>13065.59</b>		<b>693.13</b>

### 9. Defined Benefit Schemes

- a. **Gratuity** Payable on separation @ 15 days pay for each completed year of service to eligible employees who render continuous service of 5 years or more. Maximum amount payable is ₹ 10 lakhs. The liability has been valued by actuary.
- b. **Leave Encashment** Encashment of Paid Leave is payable on separation to eligible employees who have accumulated leave to their credit.
- c. Encashment of Paid Leave is also allowed to executives during the year, after leaving a minimum balance of 30 days. Paid leave can be encashed by non-executives without any limit.
- d. **Provident Fund** 12% of Basic Pay and Dearness Allowance contributed to the Provident Fund Trust by the company

For SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS  
  
(CA.P. SENKKOTAIYYAN, B.Sc., FCA.)  
PARTNER  
M.No.: 023897



**10. Reconciliation of present value of defined benefit obligations**

₹ in lakhs

SINo	Particulars	Gratuity	Leave Encashment
A	Present value of projected benefits at the beginning of the period	912.88	84.06
B	Service Cost	31.04	5.75
C	Interest Cost	69.78	6.32
D	Actuarial gains (-)/Losses (+)	-71.10	23.39
E	Past service cost		
F	Benefits paid	-78.56	- 25.84
G	Present value of projected benefits at the end of the period	864.04	93.68

**11. Actuarial Assumptions**

Description	31-03-2016	31-03-2015
Discount rate (per annum)	8.00%	8.00%
Salary Escalation:		
a. For executives	7%	7%
b. For non-executives	6%	6%
Mortality rate	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
Retirement Age	58 years	58 years

**12. Expense recognized in the statement of Profit & Loss**

₹ in lakhs

	Gratuity	Leave Encashment
Current service cost	31.04	5.75
Interest cost	69.78	6.32
Net actuarial losses recognized in the period	-62.93	23.39
Total expense included in "Employee Benefit Expense"	4.09	35.46

**13. Corporate Responsibility Expenses**

An amount of ₹ 47.83 lakhs has been booked towards CSR expenses which includes an amount of ₹ 7.90 lakhs towards provision. 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.

For SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS

*(Signature)*  
(CA.P. SENKKOTAIYYAN, B.Sc., FCA.,)  
PARTNER  
M. No. 1023687

SENGOTTAIYAN & CO.,  
CHARTERED ACCOUNTANTS  
2/337-C, Ram Nagar,  
Meyyanur, SALEM - 636 004.