

**Annual Financial Statement**

**Financial Year 2015-16**

**Ardent Steel Limited**

# OPSinghania & Co.

CHARTERED ACCOUNTANTS  
JDS CHAMBERS, 1<sup>ST</sup> FLOOR, 6-CENTRAL AVENUE,  
CHOUBE COLONY, RAIPUR -492001(C.G.) INDIA  
PHONE: 0771- 4041236; FAX: 0771-4061216  
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## **Independent Auditor's Report To the Members of Ardent Steel Limited**

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

We have audited the accompanying standalone financial statements of **Ardent Steel Limited** ("the Company") which comprise the balance sheet as at 31<sup>st</sup> March 2016, the statement of profit and loss, the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act,2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules,2014 and Accounting Standard 30, Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other accounting standard referred to in section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules,2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 financial statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,

- (i) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2016;
- (ii) in the case of the statement of profit and loss, of the loss for the year ended on that date; and
- (iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

### **Emphasis of Matters**

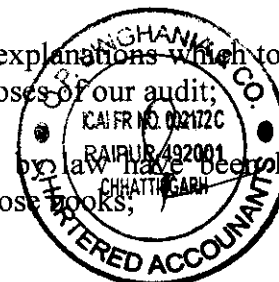
We draw attention to the following matters to the financial statements:

During the year the company has incurred substantial losses and having accumulated losses as at the end of year and the company's current liabilities exceeded its current assets as at the balance sheet date, these conditions alongwith closure of plant indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. However, the financial statements of the company have been prepared on a going concern basis.

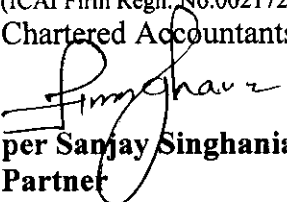
Our opinion is not modified in respect of these matters.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure-B 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 sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books,



- c. the Balance Sheet, 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 aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. The going concern matter described in paragraph under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the company.
- f. On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure - A.
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 25 to the financial statements.
- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- (iii) There has been no amount, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **OPSinghania & Co.**  
(ICAI Firm Regn. No.002172C)  
Chartered Accountants  
  
per **Sanjay Singhania**  
Partner  
Membership No.076961



Raipur, 7<sup>th</sup> May, 2016

## Annexure A

Re: ARDENT STEEL LIMITED

Referred to in paragraph 2(g) of Report on Other Legal and Regulatory Requirements of our report of even date,

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act.**

We have audited the internal financial controls over financial reporting of Ardent Steel Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

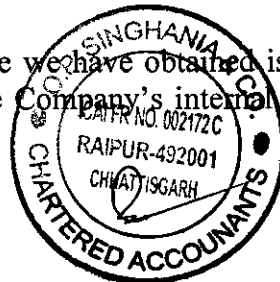
The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial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

#### **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 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

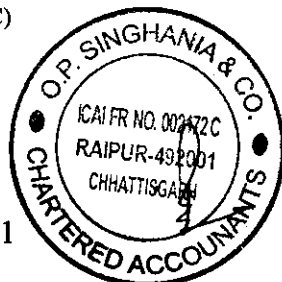
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal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

## Opinion

In our opinion, 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 internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For OPSinghania & Co.  
(ICAI Firm Regn. No.002172C)  
Chartered Accountants

  
per Sanjay Singhania  
Partner  
Membership No.076961

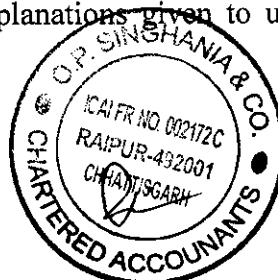


Raipur, 7<sup>th</sup> May, 2016

Re: ARDENT STEEL LIMITED

Referred to in paragraph 1 of Report on Other Legal and Regulatory Requirements of our report of even date,

- (i)
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals, which, in our opinion, is reasonable, looking to the size of the company and the nature of its business. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) The title deeds of immovable properties, as disclosed in Note 10.1 on fixed assets to the financial statements, are held in the name of the Company.
- (ii) As explained to us, the physical verification of inventories have been conducted at reasonable intervals by the management during the year. In our opinion, the frequency of the verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (iii) The company has not granted any loans secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013 during the year, therefore, the provisions of (iii) (a) to (c) of clause 3 of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
- (iv) In our opinion and according to the information & explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of the loans and investment made, and guarantees and security provided by it. The Company has not granted and loans and made any investments, or provided any guarantees or security to the parties covered under Section 185 of the Companies Act, 2013.
- (v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from public within the meaning of section 73 to 76 of the Act and Rules framed there under to the extent notified; therefore the provisions of clause 3 (v) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
- (vi) We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, in respect of Company's products to which the said rules are made applicable and are of the opinion that, prima facie, the prescribed accounts and records, have been made and maintained. We have, however, not made a detailed examination of the records.
- (vii)
  - (a) According to the information & explanations given to us, during the year the company is generally 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 tax, cess and any other statutory dues with the appropriate authorities though there has been delay in payment. According to the information & explanations given to us, no undisputed amounts of statutory



dues as stated above were in arrears as at 31st March 2016 for a period of more than six months from the date they became payable.

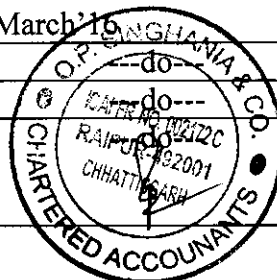
- (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, custom duty, excise duty, value added tax and cess which have not been deposited on account of any dispute other than the followings:

Name of the Statute	Nature of Dues	Amount* Rs.	Forum where dispute is pending
The Odisha Entry Tax Act, 1999	ET For The Period 01.04.2009 To 30.09.2011 and Penalty thereon.	1195437	Addl. Commissioner Of Commercial Taxes, Cuttack, Odisha
The Odisha Entry Tax Act, 1999	ET for The Period 01.04.2011 To 31.03.2012 and Penalty thereon.	1189923	Joint Commissioner Of Commercial Taxes, Cuttack, Odisha
Central Sales Tax Act, 1956	CST for the Period 01.04.2012 To 31.03.2013 and Penalty thereon.	460261	Additional Commissioner of Commercial Taxes, Cuttack, Odisha
The Orissa Value Added Tax (Amendment) Act, 2005	VAT for The Period 01.04.2010 To 31.03.2013 and Penalty thereon.	17698127	Addl. Commissioner Of Sales Tax (Appeal), Cuttack, Odisha
Central Excise Act, 1944	CENVAT For The Period 01.04.2011 To 31.03.2012 and Penalty thereon.	516131	Commissioner Appeals, Bhubaneshwar, Odisha

\* Net of deposits

- (viii) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of loans or borrowings to any financial institution or Government as at the balance sheet date, however, the company has defaulted in repayment of loans to banks as at the date of balance sheet the details of which are given below. The Company has not issued any debentures.

Particulars	Amount of default as at the balance sheet date	Period of default	Remarks
Name of Lenders:			
i. Bank of Baroda	450.00 lacs	From December '15 to March '16	The banks have invoked the Strategic Debt Restructuring in line with the provisions of RBI subject to the approval from the appropriate authority.
ii. Canara Bank	510.95 lacs	do--do--	
iii. Axis Bank Ltd.	381.10 lacs	do--do--	
iv. Corporation Bank	388.79 lacs	do--do--	

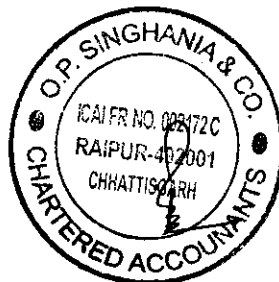




- (ix) The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments). Accordingly the provisions of clause 3 (ix) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
- (x) In our opinion and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year. Therefore, the provisions of clause 3 (x) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
- (xi) The Company has paid /provided for managerial remuneration in accordance with the requisite approvals mandated by the provision of Section 197 read with Schedule V to the Act.
- (xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Therefore, the provisions of clause 3 (xii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
- (xiii) The Company has entered into transactions with related parties in compliance with the provisions of Section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, the provisions of clause 3 (xiv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with him. Therefore, the provisions of clause 3 (xv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Therefore, the provisions of clause 3 (xvi) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.

For **OPSinghania & Co.**  
(ICAI Firm Regn. No.002172C)  
Chartered Accountants

  
per **Sanjay Singhania**  
Partner  
Membership No.076961



Raipur, 7<sup>th</sup> May, 2016

**Ardent Steel Limited**  
**Balance Sheet as at 31st, March 2016**

Particulars	Notes	2016 ₹	2015 ₹
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital	3	100,000,000	100,000,000
Reserves and surplus	4	468,372,310	907,046,608
		<u>568,372,310</u>	<u>1,007,046,608</u>
<b>Non-current liabilities</b>			
Long-term borrowings	5	357,466,745	681,485,758
Deferred tax liabilities (net)	6	-	155,376,152
Long-term provisions	7	2,903,141	6,459,874
		<u>360,369,886</u>	<u>843,321,784</u>
<b>Current liabilities</b>			
Short-term borrowings	8	604,951,926	421,407,822
Trade payables	9	28,020,560	422,942,494
Other current liabilities	9	677,575,865	440,446,807
Short-term provisions	7	252,279	631,181
		<u>1,310,800,631</u>	<u>1,285,428,304</u>
<b>TOTAL</b>		<u><u>2,239,542,826</u></u>	<u><u>3,135,796,696</u></u>

**ASSETS**

<b>Non-current assets</b>			
<b>Fixed Assets</b>			
Tangible assets	10.1	1,692,010,633	1,856,163,613
Intangible assets	10.2	35,000,000	40,000,000
Capital work-in-progress Tangible assets		24,382,647	19,465,965
Intangible assets under development		4,474,835	3,887,877
Non-current investments	11	2,199,000	2,199,000
Deferred tax assets (net)	6	43,619,775	-
Long-term loans and advances	12	10,578,820	33,609,745
Other non-current assets	13.2	3,208,198	8,425,291
		<u>1,815,473,908</u>	<u>1,963,751,491</u>
<b>Current assets</b>			
Inventories	14	191,844,324	559,548,376
Trade receivables	13.1	16,138,971	162,432,505
Cash & bank balances	15	25,182,904	40,731,682
Short-term loans and advances	12	190,902,719	409,222,908
Other current assets	13.2	-	109,734
		<u>424,068,918</u>	<u>1,172,045,205</u>
<b>TOTAL</b>		<u><u>2,239,542,826</u></u>	<u><u>3,135,796,696</u></u>

**Summary of significant accounting policies**

2.1

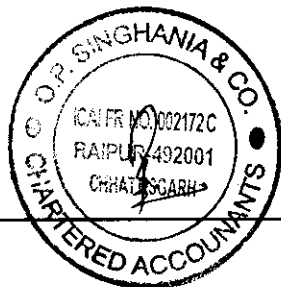
The accompanying notes are integral part of the financial statements.

As per our report of even date  
 For O.P. Singhania & Co.

(ICAI Firm Reg. No. 002172C)  
 Chartered Accountants

per Sanjay Singhania  
 Partner  
 Membership No. 076961

Place : Raipur  
 Date : 07.05.2016



For and on behalf of the Board of Directors of Ardent Steel Limited

Sanjay Gupta  
 Whole Time Director

Rishi Dave  
 Company Secretary

Sanjay Bothra  
 Director

Bibhu Prasanna Jena  
 CFO

**Ardent Steel Limited**  
**Statement of Profit & Loss for the year ended 31st March, 2016**

	Notes	2016 ₹	2015 ₹
<b>INCOME</b>			
Revenue from operations (gross)	16	1,804,026,956	2,167,378,791
Less: Excise duty		214,906,847	238,911,891
Revenue from operations (net)		1,589,120,109	1,928,466,900
Other Income	17	15,200,741	18,250,899
<b>TOTAL REVENUE (I)</b>		<b>1,604,320,850</b>	<b>1,946,717,799</b>
<b>EXPENDITURE</b>			
Cost of raw material and component consumed	18	908,332,004	930,867,054
(Increase)/decrease in inventories of finished goods work-in-progress	19	259,969,611	5,411,031
Employees benefits expenses	20	88,932,765	76,970,355
Other Expenses	21	644,754,825	686,257,916
Depreciation and amortization expenses	22	143,705,081	131,178,667
Finance costs	23	196,296,790	232,473,619
<b>TOTAL EXPENDITURE (II)</b>		<b>2,241,991,076</b>	<b>2,063,158,642</b>
<b>Profit/(loss) before tax</b>		<b>(637,670,226)</b>	<b>(116,440,843)</b>
<b>Tax expenses</b>			
Current tax		-	-
Deferred Tax		(198,995,927)	(57,267,656)
Income tax related to earlier year		-	5,216,099
<b>Total tax expenses</b>		<b>(198,995,927)</b>	<b>(52,051,557)</b>
<b>Profit/(loss) for the year from continuing operations (PAT)</b>		<b>(438,674,298)</b>	<b>(64,389,286)</b>
<b>Earnings per equity share [nominal value of share @ Rs.10/- (31st March, 2015 Rs.10/-)]</b>	24		
<b>Basic</b>		<b>(43.87)</b>	<b>(6.44)</b>
<b>Diluted</b>		<b>(43.87)</b>	<b>(6.44)</b>
<b>Summary of significant accounting policies</b>	2.1		

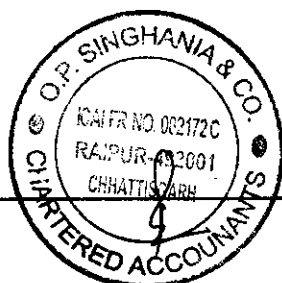
The accompanying notes are integral part of the financial statements.

As per our report of even date

For OPSinghania & Co.  
 (ICAI Firm Reg. No.002172C)  
 Chartered Accountants

*Sanjay Singhania*  
 per Sanjay Singhania  
 Partner  
 Membership No.076961

Place : Raipur  
 Date : 07.05.2016



For and on behalf of the Board of Directors of Ardent Steel Limited

*Sanjay Gupta*  
 Sanjay Gupta  
 Whole Time Director

*Rishi Dave*  
 Rishi Dave  
 Company Secretary

*Sanjay Bothra*  
 Sanjay Bothra  
 Director  
*Bibhu Prasanna Jena*  
 Bibhu Prasanna Jena  
 CFO

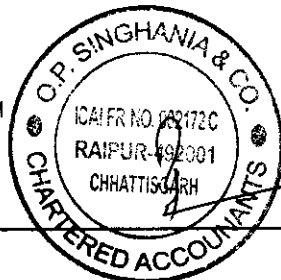
**Ardent Steel Limited**  
**Cash Flow Statement for the year ended 31st March, 2016**

	2016 ₹	2015 ₹
<b>Cash Flow from operating activities</b>		
Profit before tax from continuing operations	(637,670,226)	(116,440,843)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation on continuing operation	143,705,081	131,178,667
Provision for gratuity	(3,935,635)	2,268,449
Amortization of expenses	-	96,400
Loss/written off on sale/disposal of fixed assets	5,046,130	820,188
Interest Expenses	196,296,790	232,473,619
Interest Income	(15,156,254)	(16,225,340)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>(311,714,114)</b>	<b>234,171,140</b>
Movements in working capital :		
Increase/(decrease) in trade payables	(394,921,934)	67,411,791
Increase/(decrease) in other current liabilities	156,063,064	(7,177,059)
Decrease/(increase) in trade receivables	146,293,534	(144,063,281)
Decrease/(increase) in inventories	367,704,052	50,069,027
Decrease/(increase) in long-term loans and advances	23,030,925	12,681,007
Decrease/(increase) in short-term loans and advances	218,320,189	286,551,764
Decrease/(increase) in other current assets	109,734	591,916
Decrease/(increase) in other non-current assets	1,835	430,685
<b>Cash generated from/(used in ) operations</b>	<b>204,887,285</b>	<b>500,666,990</b>
Direct taxes paid (net of refunds)	-	(18,406,276)
<b>Net Cash flow from/(used in) operating activities</b>	<b>A 204,887,285</b>	<b>482,260,714</b>
<b>Net cash flow from/(used in) investing activities</b>		
Purchase of fixed assets & CWIP	(6,779,984)	(149,905,079)
Proceeds from sale of fixed assets	21,678,116	1,015,000
Purchase of non-current investments	-	(500,000)
Investments in bank deposits (having original maturity of more than three months)	11,729,635	(1,064,067)
Interest received	15,156,254	16,225,340
<b>Net cash flow from/(used in) investing activities</b>	<b>B 41,784,021</b>	<b>(134,228,805)</b>
<b>Net cash flow from/(used in) financing activities</b>		
Proceeds/(repayment) of long-term borrowings	(242,953,022)	(345,055,877)
Proceeds/(repayment) of short-term borrowings	183,544,104	218,856,736
Interest paid	(196,296,790)	(232,473,619)
Proposed dividend on equity shares	-	(40,000,000)
Tax on equity dividend	-	(6,798,000)
<b>Net cash flow from/(used in) financing activities</b>	<b>C (255,705,708)</b>	<b>(405,470,761)</b>
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>(9,034,402)</b>	<b>(57,438,852)</b>
Cash and Cash Equivalents at the beginning of the year	19,351,813	76,790,664
<b>Cash and Cash Equivalents at the end of the year</b>	<b>10,317,411</b>	<b>19,351,813</b>
<b>Components of cash and cash equivalents</b>		
Cash in hand	69,908	452,869
With banks- on current account	1,010,143	14,657,240
- on deposit account	9,237,360	4,241,704
	<b>10,317,411</b>	<b>19,351,813</b>

As per our report of even date  
For OPSinghanja & Co.  
(ICAI Firm Reg. No.002172C)  
Chartered Accountants

*Sanjay Singhanja*  
per Sanjay Singhanja  
Partner  
Membership No.076961

Place : Raipur  
Date : 07.05.2016



or and on behalf of the Board of Directors of Ardent Steel Limited

*Sanjay Gupta*  
Sanjay Gupta  
Whole Time Director  
*Rishi Dave*  
Rishi Dave  
Company Secretary

*Sanjay Bothra*  
Sanjay Bothra  
Director  
*Bibhu Prasanna Jena*  
Bibhu Prasanna Jena  
CFO

## **Ardent Steel Limited**

### **Notes to financial statements for the year ended 31st March, 2016**

#### **1. Corporate information**

Ardent Steel Ltd. (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act. The company is mainly engaged in manufacturing of Iron Ore Pellets.

#### **2. Basis of preparation**

- i) The financial statements are prepared in accordance with the generally accepted accounting principles under the historical cost convention, on going concern concept and in compliance with the accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014
- ii) The Company follows mercantile system of accounting and recognizes income and expenditure on an accrual basis except those with significant uncertainties.
- iii) The accounting policies have been consistently applied by the Company are consistent with those used in the previous year.

#### **2.1 Summary of significant accounting policies**

##### **a) Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as on the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

##### **b) Tangible Fixed Assets**

Tangible Fixed Assets are stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. Cost includes taxes, duties, freight, installation and other direct or allocated expenses upto the date of commencement of commercial production and are net of CENVAT credit.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The various expenditure incurred during the construction stage and upto the date of commencement of commercial production for setting-up the relevant project-assets are grouped under the head "Pre-operative Expenditure" and allocated to related fixed assets on pro-rata basis upon completion of project and put to use.

##### **c) Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

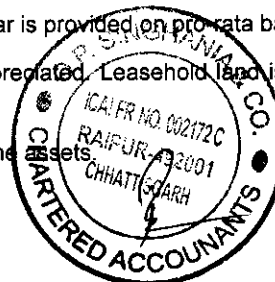
Intangible assets are amortized on a straight line basis over the estimated useful economic life. The company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period items and Changes in Accounting Policies.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

##### **d) Depreciation on tangible fixed assets and amortization of intangible assets**

- i) Depreciation is provided on Straight Line Method based on estimated useful life of the assets which is same as envisaged in schedule II of the Companies Act, 2013.
- ii) Depreciation on fixed assets added/disposed off during the year is provided on pro-rata basis.
- iii) Free-hold land and site & land development cost are not depreciated. Leasehold land is amortised annually on the basis of tenure of lease period.
- iv) Intangible assets are amortized over technically useful life of the assets.



## Ardent Steel Limited

### Notes to financial statements for the year ended 31st March, 2016

**e) Investments :**

- i) Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such is other than temporary, in the opinion of the management.
- ii) Current Investments are stated at lower of cost/quoted fair value, computed categorywise.

**f) Inventories :**

- i) Inventories are valued at lower of cost and net realizable value, after providing for obsolesces, if any.
- ii) Cost of Raw Materials and stores & spares, Finished Goods & Goods in Process are computed on FIFO basis.
- iii) Cost of Finished Goods and Goods in Process includes direct materials, labour, conversion and proportion of manufacturing overheads incurred in bringing the inventories to their present location and condition.
- iv) Proceeds in respect of sales/disposal of raw materials is credited to the raw material purchases.

**g) Excise Duty**

- i) The Excise Duty in respect of closing inventory of finished goods is provided in books of account and included as part of inventory.
- ii) CENVAT Credit relating to raw materials/components are debited under current assets for availing credit against CENVAT and credited to respective materials/component account.

**h) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

**i) Sale of Products**

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arising during the year.

**ii) Interest**

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

**i) Borrowing Cost**

Interest and other costs in connection with the borrowing of the funds to the extent related/attribution to the acquisition/construction of fixed assets are capitalized only with respect to qualifying fixed assets i.e. those which take substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

**j) Contingent Liabilities**

Liabilities which are material and whose future outcome cannot be reasonably ascertained are treated as contingent and not provided for and disclosed by way of notes to the accounts.

**k) Taxes on Income**

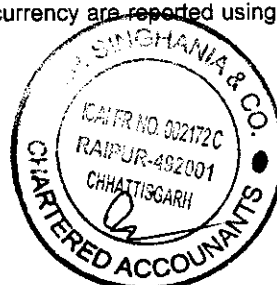
Current Taxes are accounted based on provisions of Income Tax Act, 1961.

Deferred Tax is recognized, subject to the consideration of prudence, in timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

**l) Foreign Currency Transactions**

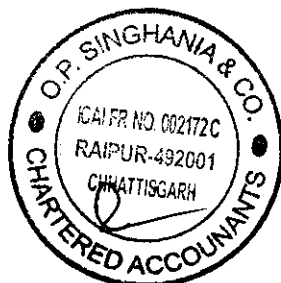
- i) Foreign currency transactions are recorded in the reporting currency, by applying the exchange rate prevailing as on the date of transaction.
- ii) Monetary items denominated in foreign currencies at the year end are restated at year end rates. Non-monetary items which are carried in terms of historical cost denominating in a foreign currency are reported using the exchange rate at the date of transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values are determined.



## Ardent Steel Limited

### Notes to financial statements for the year ended 31st March, 2016

- iii) All loans and deferred credits repayable in foreign currency and outstanding at the close of the year are expressed in Indian currency at the appropriate rates of exchange prevailing as on the date of the balance sheet, except in cases where these borrowings are covered by forward exchange contracts. Any increase or reduction in these liabilities are booked to revenue.
- iv) In respect of transactions covered by Forward Foreign Exchange Contracts, the difference between the forward rate and exchange rate at the inception of contract is recognized as income or expenses over the life of the contract.
- m) Retirement and other Employee Benefits**
- i) Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contributions payable to the respective funds.
- ii) Gratuity Liability is defined benefit obligations and are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- iii) Value of encashable leave are encashed during the year and charged to the statement of Profit & Loss.
- iv) Actuarial gains/losses are immediately taken to statement of profit and loss and are not deferred.
- n) Provisions**
- Provisions are recognised, where the company has any legal or constructive obligation or where reliable estimate can be made for the amount of the obligation and as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- o) Impairment of Tangible Assets**
- The Company assesses at each balance sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such assets is reduced to its estimated recoverable amount and the amount of such impairment loss is charged to statement of profit & loss. If at the balance sheet date there is an indication that previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that effect.
- p) Cash and Cash equivalents**
- Cash and Cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.
- q) Earnings Per Share**
- Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a right issue to existing shareholders.
- For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.



**Ardent Steel Limited****Notes to financial statements for the year ended 31st March, 2016**

	2016 ₹	2015 ₹
<b>3. Share capital</b>		
Authorised 10000000 Equity Shares of Rs 10/- each	100,000,000	100,000,000
	<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and fully paid-up 10000000 Equity Shares of Rs 10/- each fully paid-up	<u>100,000,000</u>	<u>100,000,000</u>

**a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period****Equity shares**

	2016		2015	
	No.	₹	No.	₹
At the beginning of the period	10,000,000	100,000,000	10,000,000	100,000,000
Issued during the period	-	-	-	-
Outstanding at the end of the period	<u>10,000,000</u>	<u>100,000,000</u>	<u>10,000,000</u>	<u>100,000,000</u>

**b. Terms/rights attached to equity shares**

The company has only one class of equity shares having face value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c. Shares of the company held by holding company**

Out of the equity shares issued by the company, shares held by its holding company are as below:

	2016 ₹	2015 ₹
Equity shares of ₹ 10 each fully paid 7500000 nos. os shares held by Godawari Power & Ispat Limited, Holding co	75,000,000	75,000,000
	<u>75,000,000</u>	<u>75,000,000</u>

**d. Details of shareholders holding more than 5% shares in the company:**

	2016		2015	
	No.	% of holding in the class	No.	% of holding in the class
Equity shares of ₹ 10 each fully paid				
Maharathi Steel Pvt. Ltd.	1204700	12.05	1204700	12.05
Realframe Infrastructure Pvt. Ltd.	638300	6.38	638300	6.38
Godawari Power & Ispat Limited	7500000	75.00	7500000	75.00
	<u>9343000</u>	<u>93.43</u>	<u>9343000</u>	<u>93.43</u>





# Ardent Steel Limited

## Notes to financial statements for the year ended 31st March, 2016

	2016 ₹	2015 ₹
<b>4. Reserves and Surplus</b>		
<b>Securities Premium Reserve</b>		
Balance as per last financial statements	490,000,000	490,000,000
	<u>490,000,000</u>	<u>490,000,000</u>
<b>General Reserve</b>		
Balance as per last financial statements	150,000,000	150,000,000
	<u>150,000,000</u>	<u>150,000,000</u>
<b>Surplus(deficit)in the statement of profit and loss:</b>		
Balance as per last financial statements	267,046,608	336,133,306
Add: Profit/(loss) for the year	(438,674,298)	(64,389,286)
Depreciation of those assets whose useful life is nil (net of taxes)	-	4,697,412
<b>Net surplus in the statement of profit &amp; loss</b>	<u>(171,627,690)</u>	<u>267,046,608</u>
<b>Total reserves and surplus</b>	<u>468,372,310</u>	<u>907,046,608</u>

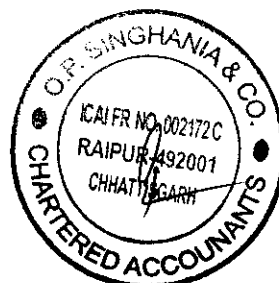
### 5. Long-term borrowings

	Non-current portion		Current maturities	
	2016 ₹	2015 ₹	2016 ₹	2015 ₹
<b>Term Loans</b>				
Indian rupee loan from banks including FCNRR loan from banks (secured)	356,743,137	672,974,390	489,368,136	407,187,476
<b>Other loans and advances</b>				
Other loans & advances (secured)	723,607	8,511,368	873,555	1,988,224
	<u>357,466,745</u>	<u>681,485,758</u>	<u>490,241,691</u>	<u>409,175,700</u>
<b>The above amount includes</b>				
Secured borrowings	357,466,745	681,485,758	490,241,691	409,175,700
Unsecured borrowings	-	-	-	-
Amount disclosed under the head "other current liabilities" (refer note 9)	-	-	(490,241,691)	(409,175,700)
<b>Net amount</b>	<u>357,466,745</u>	<u>681,485,758</u>	<u>-</u>	<u>-</u>

### Terms and conditions:

- The term loans from banks (both rupee and foreign currency) aggregating to Rs. 84.61 Crore (Previous year Rs. 108.02 Crore) (including current maturities of Rs.57.84 Crore (Previous year Rs. 40.72 Crore) classified as 'current liabilities' in note 9) are secured by Pari-passu 1st Charge on entire fixed assets of the company including hypothecation of plant & machineries, equipments, furniture & fixtures, structures, other movable assets present & future and also charge over mortgage of land alongwith building etc. The Term Loan loan are further secured by Pari-passu 2nd charge by way of hypothecation of Entire Current Assets consisting of Raw materials, SIP, Finished goods, Stores & spares etc., & Book debts of the company (present and future) and also secured by Personal Guarantee of Mr. Sanjay Gupta & Mr. BL Agrawal, promoters of the company.
- Other Loans and advances from banks aggregating ₹ 0.16 Crore (including current maturities of ₹ 0.09 Crore classified as 'current liabilities' in note 9) are secured by hypothecation of vehicles.
- The current maturities of the term loans from banks both rupee and foreign currency includes Rs.17.31 Crores of overdue installments which were payable from December, 2015 to March, 2016. Further the interest accrued and due but not paid for the aforesaid mentioned period were disclosed under note 9.

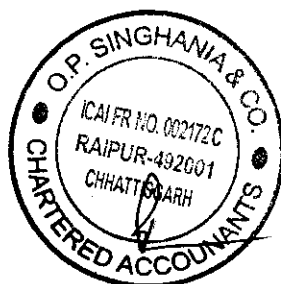
	Maturity Profile (Rs. in Crores)				
	0-1 years	1-2 years	2-3 years	3-4 years	Beyond 4 years
Rupee Term Loans	48.94	35.67	-	-	-
Other Loans & Advances	0.09	0.02	0.02	0.02	0.01



# Ardent Steel Limited

Notes to financial statements for the year ended 31st March, 2016

6. Deferred Tax Liabilities (Net)		2016 ₹	2015 ₹
<b>Deferred Tax Liability</b>			
Fixed assets : Impact of difference between tax depreciation and depreciation charged for the financial reporting		216,815,030	210,758,350
		<u>216,815,030</u>	<u>210,758,350</u>
<b>Deferred Tax Assets</b>			
Carried forward unabsorbed depreciation		259,459,781	53,191,062
Provision for gratuity		975,025	2,191,136
Gross deferred tax assets		<u>260,434,805</u>	<u>55,382,198</u>
<b>Net deferred tax liabilities/(assets)</b>		(43,619,775)	155,376,152
<b>7. Provisions</b>			
	<b>Long-term</b>	<b>Short-term</b>	
	2016 ₹	2015 ₹	2016 ₹
	2015 ₹	2015 ₹	2015 ₹
<b>Provision for employee benefits</b>			
Provision for gratuity (refer note-28)		2,903,141	6,459,874
		<u>2,903,141</u>	<u>6,459,874</u>
		252,279	631,181
		<u>252,279</u>	<u>631,181</u>
<b>8. Short-term borrowings</b>			
		2016 ₹	2015 ₹
Cash Credit from banks (secured)		595,628,153	421,407,822
Loans & Advances from holding company repayable on demand (unsecured)		9,323,773	-
		<u>604,951,926</u>	<u>421,407,822</u>
<b>The above amount includes</b>			
Secured borrowings		595,628,153	421,407,822
Unsecured borrowings		9,323,773	-
Cash credit limit from Banks being consortium advances for working capital are secured by hypothecation of entire Current Assets consisting of raw materials, SIP, finished Goods, stores & spares etc. ( both Present & Future ) ; Hypothecation of book Debts (Present & Future ) and second pari passu charge on the entire fixed assets of the company. The cash credit limit is			
<b>9. Other Current Liabilities</b>			
		2016 ₹	2015 ₹
Trade payables (including acceptances)(refer note 27 for details of dues for micro enterprises)		16,159,576	333,525,664
Creditors for capital goods		6,199,058	8,304,431
Advance From customers		5,661,926	81,112,399
<b>Other liabilities</b>			
Current maturities of long-term borrowings (refer note -5)		490,241,691	409,175,700
Interest accrued and due on borrowings		32,441,051	-
Interest accrued but not due on borrowings		2,027,178	1,672,302
Other payable		<u>152,865,945</u>	<u>29,598,805</u>
		<u>705,596,425</u>	<u>863,389,301</u>

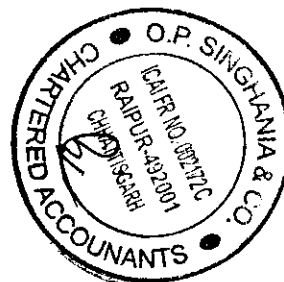


**Ardent Steel Limited**
**Notes to financial statements for the year ended 31st March, 2016**
**10.1. Tangible assets**

	Freehold Land	Site & Land Development	Factory Shed & Building	Plant & Machinery	Furniture & Fixtures	Vehicles	Total
<b>Cost or valuation</b>							
At 1 April 2014	16,229,048	10,586,471	281,402,922	1,824,034,110	6,779,603	22,578,278	2,161,610,432
Additions	-	-	6,848,323	120,198,689	62,177	11,172,644	138,281,833
Disposals	-	-	-	27,500	-	1,833,814	1,861,314
<b>At 31st March 2015</b>	<b>16,229,048</b>	<b>10,586,471</b>	<b>288,251,245</b>	<b>1,944,205,299</b>	<b>6,841,780</b>	<b>31,917,108</b>	<b>2,298,030,951</b>
Additions	-	-	-	145,783	-	1,130,561	1,276,344
Disposals	-	-	-	19,112,832	-	17,801,624	36,914,456
<b>At 31st March 2016</b>	<b>16,229,048</b>	<b>10,586,471</b>	<b>288,251,245</b>	<b>1,925,238,250</b>	<b>6,841,780</b>	<b>15,246,045</b>	<b>2,262,392,839</b>
<b>Depreciation</b>							
At 1 April 2014	-	-	19,528,544	287,361,165	1,083,382	4,195,148	312,168,239
Charge for the year	-	-	45,319,617	76,630,331	793,738	3,434,980	126,178,666
Disposals / adjustment	-	-	-	(3,520,430)	-	-	(3,520,430)
<b>At 31st March 2015</b>	<b>-</b>	<b>-</b>	<b>64,848,161</b>	<b>367,511,926</b>	<b>1,877,120</b>	<b>7,630,128</b>	<b>441,867,335</b>
Charge for the year	-	-	45,608,889	88,417,401	803,926	3,874,865	138,705,081
Disposals / adjustment	-	-	-	5,275,072	-	4,915,138	10,190,210
<b>At 31st March 2016</b>	<b>-</b>	<b>-</b>	<b>110,457,050</b>	<b>450,654,255</b>	<b>2,681,046</b>	<b>6,589,855</b>	<b>570,382,206</b>
<b>Net Block</b>							
At 31st March 2015	16,229,048	10,586,471	223,403,084	1,576,693,373	4,964,660	24,286,980	1,856,163,613
At 31st March 2016	16,229,048	10,586,471	177,794,195	1,474,583,995	4,160,734	8,656,189	1,692,010,633

**10.2. Intangible assets**

	Know-how	Total
<b>Gross Block</b>		
At 1st April 2014	50,000,000	50,000,000
Purchase	-	-
<b>At 31st March, 2015</b>	<b>50,000,000</b>	<b>50,000,000</b>
Purchase	-	-
<b>At 31st March, 2016</b>	<b>50,000,000</b>	<b>50,000,000</b>
<b>Amortization</b>		
At 1 April 2014	5,000,000	5,000,000
Charge for the year	5,000,000	5,000,000
<b>At 31st March, 2015</b>	<b>10,000,000</b>	<b>10,000,000</b>
Charge for the year	5,000,000	5,000,000
<b>At 31st March, 2016</b>	<b>15,000,000</b>	<b>15,000,000</b>
<b>Net Block</b>		
At 31st March, 2015	45,000,000	40,000,000
At 31st March, 2016	35,000,000	35,000,000



# Ardent Steel Limited

## Notes to financial statements for the year ended 31st March, 2016

11. Non-current investments	2016 ₹	2015 ₹
<b>Trade Investment</b>		
Unquoted Equity instruments, fully Paid up		
19,900 equity shares of Rs.10/- each in Sag International Limited	199,000	199,000
Unquoted Preference instruments, fully Paid up		
150000 6% Preference Shares of Rs.10/- each in Keonjhar Infrastructure Development Company Limited	1,500,000	1,500,000
25019.40 units of Canara Bank-Robeco Mutual Fund	500,000	500,000
	<u>2,199,000</u>	<u>2,199,000</u>

### 12. Loans and advances (unsecured, considered good)

	Non-current		Current	
	2016 ₹	2015 ₹	2016 ₹	2015 ₹
Advances recoverable in cash or in kind			95,058,771	231,351,062
Advance for capital goods	1,642,536	1,939,838		
Other loans and advances				
Prepaid expenses			408,024	35,940,700
Mat credit entitlement			60,598,948	60,598,948
Balance with statutory/govt. authorities			34,836,976	81,332,198
Security deposit with govt. & others	8,936,284	31,669,907	-	-
<b>Total</b>	<u>10,578,820</u>	<u>33,609,745</u>	<u>190,902,719</u>	<u>409,222,908</u>

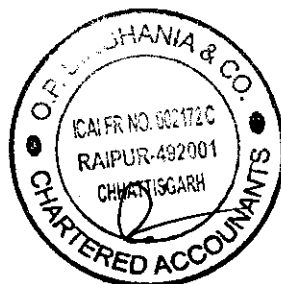
### 13. Trade receivables and other assets

#### 13.1 Trade receivables

	Current	
	2016 ₹	2015 ₹
<b>Unsecured, considered good unless stated otherwise</b>		
Outstanding for a period exceeding six months from the date they are due for payment	16,138,853	6,508,277
Other receivables	118	155,924,228
<b>Total</b>	<u>16,138,971</u>	<u>162,432,505</u>

#### 13.2 Other assets

	Non-current		Current	
	2016 ₹	2015 ₹	2016 ₹	2015 ₹
<b>Unsecured, considered good unless stated otherwise</b>				
Non-current bank balances (refer note-15)	3,208,198	8,423,456		
<b>Others</b>				
Interest accrued on fixed deposits	-	1,835	-	109,734
	<u>3,208,198</u>	<u>8,425,291</u>	<u>-</u>	<u>109,734</u>



# Ardent Steel Limited

## Notes to financial statements for the year ended 31st March, 2016

### 14. Inventories (valued at lower of cost and net realizable value)

	2016	2015
	₹	₹
Raw Materials and components (refer note 18 )	13,780,462	107,427,584
Work-in-progress (refer note 19 )	767,040	8,284,378
Finished goods (refer note 19 )	6,300,023	258,752,296
Stores & spares	170,996,800	185,084,118
	<u>191,844,324</u>	<u>559,548,376</u>

### 15. Cash and bank balances

	Non-current		Current	
	2016	2015	2016	2015
	₹	₹	₹	₹
<b>Cash and cash equivalents</b>				
<b>Balances with banks:</b>				
On current accounts			1,010,143	14,657,240
Deposits with original maturity of less than three months			9,237,360	4,241,704
Cash on hand			69,908	452,869
			<u>10,317,411</u>	<u>19,351,813</u>
<b>Other bank balances</b>				
Deposits with original maturity for more than 12 months	3,208,198	8,423,456	-	-
Deposits with original maturity for more than 3 months but less than 12 months	-	-	14,865,493	21,379,869
	<u>3,208,198</u>	<u>8,423,456</u>	<u>14,865,493</u>	<u>21,379,869</u>
Amount disclosed under non-current assets (note 13.2 )	<u>3,208,198</u>	<u>8,423,456</u>		
	<u>3,208,198</u>	<u>8,423,456</u>	<u>25,182,904</u>	<u>40,731,682</u>

Deposits with a carrying amount of Rs.273.11 lacs (31st March 2015 : Rs.340.45 lacs) are pledged with the bank against letter of credit and bank guarantee

### 16. Revenue from operations

	2016	2015
	₹	₹
<b>Revenue from operations</b>		
<b>Sale of products</b>		
Manufacturing Goods	1,803,855,783	2,145,924,275
<b>Other operating revenue</b>		
Scrap sales	171,173	21,454,516
<b>Revenue from operations (gross)</b>	1,804,026,956	2,167,378,791
Less: Excise duty	214,906,847	238,911,891
<b>Revenue from operations (net)</b>	<u>1,589,120,109</u>	<u>1,928,466,900</u>

# Excise duty on sales amounting to Rs. 21,48,87,828/- (31st March, 2015: Rs. 23,89,11,891/-) has been reduced from sale in statement of profit & loss and excise duty on increase/decrease in stock amounting to (Rs.12814504/- ) (31st March,2015: Rs. 5361468/- ) has been considered as (income)/expense in note 21 of financial statements.

### Details of products sold

	2016	2015
	₹	₹
<b>Finished Goods Sold</b>		
Iron Ore Pellet	1,803,855,783	2,145,924,275
	<u>1,803,855,783</u>	<u>2,145,924,275</u>



**Ardent Steel Limited**

Notes to financial statements for the year ended 31st March, 2016

**17. Other Income**

	2016 ₹	2015 ₹
Interest Income on		
Bank Deposits	3,723,014	1,474,711
Interest on loan	11,433,239	14,750,629
Other non-operating income (net of expenses directly attributable to such income)	44,487	2,025,558
	<u>15,200,741</u>	<u>18,250,899</u>

**18. Cost of raw material and components consumed**

	2016 ₹	2015 ₹
Inventory at the beginning of the year	107,427,584	117,266,534
Add: purchases	814,684,882	921,028,104
	<u>922,112,466</u>	<u>1,038,294,638</u>
Less : Inventory at the end of the year	13,780,462	107,427,584
Cost of raw material and components consumed	<u>908,332,004</u>	<u>930,867,054</u>

**Details of Inventory**

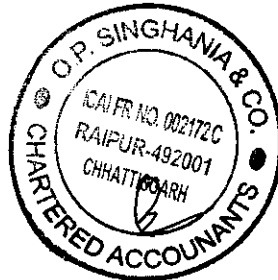
	2016 ₹	2015 ₹
<b>Raw Material and Components</b>		
Iron Ore fines	12,131,320	105,671,607
Others	1,649,142	1,755,977
	<u>13,780,462</u>	<u>107,427,584</u>

**19. (Increase)/Decrease in Inventories**

	2016 ₹	2015 ₹	(Increase)/Decrease ₹
<b>Inventories at the end of the year</b>			<b>2016</b>
Finished goods	6,300,023	258,752,296	<b>252,452,273</b>
Work-in-progress including red pellet	767,040	8,284,378	<b>7,517,338</b>
	<u>7,067,063</u>	<u>267,036,674</u>	<u>259,969,611</u>
<b>Inventories at the beginning of the year</b>			<b>2016</b>
Finished goods	258,752,296	210,029,431	(48,722,865)
Work-in-progress	8,284,378	62,418,274	54,133,896
	<u>267,036,674</u>	<u>272,447,705</u>	5,411,031
Net (increase)/decrease in inventories	<u>259,969,611</u>	<u>5,411,031</u>	

**Details of Inventories**

	2016 ₹	2015 ₹
<b>Work-in-progress</b>		
Filter Cake & Red Pellet	767,040	8,284,378
	<u>767,040</u>	<u>8,284,378</u>
<b>Finished goods</b>		
Iron Ore Pellet	6,300,023	258,752,296
	<u>6,300,023</u>	<u>258,752,296</u>



# Ardent Steel Limited

## Notes to financial statements for the year ended 31st March, 2016

### 20. Employee benefit expense

	2016	2015
	₹	₹
Salaries, wages and bonus	81,625,509	68,615,328
Contribution to provident and other fund	3,953,708	6,083,578
Gratuity Expense (refer note-28)	3,353,048	2,268,449
Workmen and staff welfare expenses	500	3,000
	<b>88,932,765</b>	<b>76,970,355</b>

### 21. Other Expense

	2016	2015
	₹	₹
Consumption of stores and spares	34,505,156	70,489,118
Increase/(decrease) of excise duty on inventory	(12,814,504)	5,361,468
Power & Fuel (Electricity expenses)	382,989,265	345,260,114
Other manufacturing expenses	5,709,106	7,695,765
Rent	2,840,422	3,340,002
Rates and taxes		
- Others	13,064,981	14,264,362
Insurance	1,508,721	1,508,478
Repairs and maintenance		
- Plant and machinery	28,965,651	30,179,739
- Buildings	3,956,843	9,525,273
- Others	4,565,914	6,692,486
Commission		
- Other than Sole selling agents	7,686,090	9,784,376
Travelling and conveyance	1,885,365	2,311,320
Communication expenses	1,557,752	2,470,953
Printing and stationery	170,189	222,429
Legal and professional fees	3,901,755	7,236,443
Directors' sitting fees	210,000	165,000
Loss on sales of Fixed assets	5,046,130	820,188
Directors' remuneration	4,000,000	6,000,000
Payment to Auditor	210,000	348,111
Freight and forwarding charges	142,114,189	142,202,840
Security service charges	6,416,685	7,514,704
Preliminary expenses written off	-	96,400
Miscellaneous expenses	6,265,116	12,768,347
	<b>644,754,825</b>	<b>686,257,916</b>

### Payment to Auditor

	2016	2015
	₹	₹
As auditor :		
Audit fee	125,000	250,000
Tax Audit fee	50,000	50,000
In other capacity		
Taxation matters	35,000	48,111
	<b>210,000</b>	<b>348,111</b>

### 22. Depreciation expense

	2016	2015
	₹	₹
Depreciation on tangible assets	138,705,081	126,178,667
Amortization of intangible assets	5,000,000	5,000,000
	<b>143,705,081</b>	<b>131,178,667</b>

### 23. Finance Costs

	2016	2015
	₹	₹
Interest		
- on term loans	105,272,396	149,599,631
- on working capital	57,868,247	49,353,376
- on LC	19,488,269	20,775,396
Foreign exchange gain/loss	10,095,277	11,368,115
Bank charges & Others	3,572,600	1,377,100
	<b>196,296,790</b>	<b>232,473,619</b>

### 24. Earnings per share (EPS)

	2016	2015
	₹	₹
Net profit/(loss) as per statement of profit and loss	(438,674,298)	(64,389,286)
Net profit/(loss) for calculation of basic EPS & Diluted EPS	(438,674,298)	(64,389,286)
Weighted average number of equity shares in calculating Basic EPS	10,000,000	10,000,000
Weighted average number of equity shares in calculating Diluted EPS	10,000,000	10,000,000
Basic & Diluted EPS		
- Basic earning per share	(43.87)	(6.44)
- Diluted earning per share	(43.87)	(6.44)



**Ardent Steel Limited**

**Notes to financial statements for the year ended 31st March, 2016**

**25. Contingent Liabilities not provided for in respect of :-**

- i. Disputed liability of Rs. 248.78 lacs (Previous Rs.307.64 lacs) on account of VAT/CST/Entry Tax against which the company has preferred an appeal.
- ii. Disputed liability of Rs. 5.36 lacs (Previous Year Rs. 5.36 lacs) on account of CENVAT against which the company has preferred an appeal.
- iv. Counter Guarantees given to banks against Bank guarantees issued by the Company Banker aggregate to Rs. 66.63 lacs (Previous Year Rs. 66.63 lacs.)
- v. During the year, the Income Tax Department has conducted a search operation in office premises of the company on 29.07.2015 u/s132 of the Income Tax Act,1961. During the course of search various documents and records have been seized by them. The company does not foresee any liability at this stage, however the due provision of liability, if any, shall be made after completion of the block assessment.

**26. Information on Related Party as required by Accounting Standard-18, "Related Party Disclosures" issued by The Institute of Chartered Accountants of India, are given below :**

**i) Related Parties**

**a) Holding Company**  
Godawari Power & Ispat

**b) Key Management Personnel**

- Shri Sanjay Gupta (Whole time director)
- Shri Bibhu Prasanna Jena (CFO)
- Miss Niharika Verma (Company Secretary) (Resigned on 30.04.2015)
- Shri Hariom Haritash (Director) (Resigned on 10.12.2015)
- Shri Rishi Dave (Company Secretary) (Appointed on 01.05.2015)

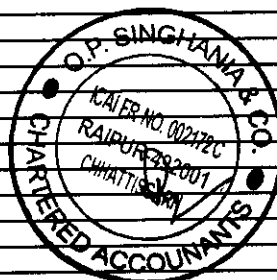
**c) Relative of Key Management Personnel**

- SMT Meena Gupta (Wife of Whole time director)

<b>ii) Transaction with Related Parties in the ordinary course of business</b>		₹ in lacs	
		2016	2015
Holding Company	Purchase of Raw Materials & Other	44.48	8.61
	Purchase of Capital Goods	7.01	38.94
	Advances given	0.00	4086.17
	Advances received back	0.00	4086.17
	Loan Taken	823.00	0.00
	Loan Repayment	716.00	0.00
	Interest Paid	20.60	0.00
	Travelling and Other Expenses	0.22	2.26
	Sale of Capital Goods	127.98	0.00
	Scrap and Other Sale	0.00	25.62
	Sale of Finished Goods (Oversized)	0.00	100.11
Outstandings			
Payables	121.59	2.30	
Key Management personnel	Remuneration paid	64.99	90.72
Relative of Key Management personnel	Rent paid	8.00	12.00
	Rent deposit	30.00	30.00

**iii) Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year**

Particulars	2016	2015
<b>Purchase of Raw Materials:</b>		
Godawari Power & Ispat Ltd.	44.48	8.61
<b>Purchase of Capital Goods:</b>		
Godawari Power & Ispat Ltd.	7.01	38.94
<b>Loan/Advance Given:</b>		
Godawari Power & Ispat Ltd.	0.00	4086.17
<b>Repayment receipt of Loan/Advance given:</b>		
Godawari Power & Ispat Ltd.	0.00	4086.17
<b>Loan Taken:</b>		
Godawari Power & Ispat Ltd.	823.00	0.00
<b>Repayment of Loan Taken:</b>		
Godawari Power & Ispat Ltd.	716.00	0.00
<b>Interest Paid:</b>		
Godawari Power & Ispat Ltd.	20.60	0.00
<b>Remuneration/salary paid</b>		
Shri Sanjay Gupta	40.00	60.00
Shri Hariom Haritash	15.73	19.20
Shri Bibhu Prasanna Jena	8.62	6.72
Miss Niharika Verma	0.64	4.80
Shri Rishi Dave	9.76	0.00
<b>Reimbursement of Other Expenses</b>		
Godawari Power & Ispat Ltd.	0.22	2.26
<b>Sale of Capital Goods</b>		
Godawari Power & Ispat Ltd.	127.98	0.00
<b>Sale of Finished Goods (Oversized)</b>		
Godawari Power & Ispat Ltd.	0.00	100.11
<b>Scrap and Other Sale</b>		
Godawari Power & Ispat Ltd.	0.00	25.62
<b>Rent Paid</b>		
SMT Meena Gupta	8.00	12.00





**Ardent Steel Limited**

**Notes to financial statements for the year ended 31st March, 2016**

27. The Company has identified the amount due to Micro, Small and Medium Enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31st March, 2016.

	(₹ in lacs)	
	2016	2015
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at 31st March, 2016		
Principal Amount	0.00	0.00
Interest	0.00	0.00
ii) The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day for the year ending 31st March, 2016	0.00	0.00
iii) The amount of interest due and payable for the period of delay in making payment (beyond the appointed day during the year)	0.00	0.00
iv) The amount of interest accrued and remaining unpaid for the year ending 31st March,	0.00	0.00
v) The amount of further interest remaining due and payable for the earlier years.	0.00	0.00

Note : The information has been given in respect of such suppliers to the extent they could be identified as "Micro, Small and Medium" enterprises on the basis of information available with the Company.

**28. Gratuity and other post-employment benefit plans :**

The Company has a defined gratuity benefit plan. Gratuity is computed as 15 days salary, for every completed year of service or part thereof in excess of 6 months and is payable on retirement/termination/resignation. The benefit vests on the employees after completion of 5 years of service. The Gratuity liability has not been externally funded. Company makes provision of such gratuity liability in the books of account on the basis of actuarial valuation as per the Projected unit credit method.

The following tables summarise the components of net benefit expense recognized in the profit and loss account and the unfunded status and amounts recognized in the balance sheet for the Gratuity.

**Profit and Loss account**

Net employee benefit expense (recognized in Employee Cost)

	₹ in Lacs	
	(Gratuity)	(Gratuity)
	2016	2015
Current Service cost	4.49	14.61
Interest cost on benefit obligation	4.10	4.77
Expected return on plan assets	0.00	0.00
Net actuarial loss recognised in the year	(47.95)	3.31
Past service cost	0.00	0.00
Actual return on plan assets	-39.36	22.69

**Balance Sheet**

Details of provision for Gratuity

	₹ in Lacs	
	2016	2015
Defined benefit obligation	31.55	70.91
Fair value of plan assets	0.00	0.00
	31.55	70.91
Less : Unrecognised past service cost	0.00	0.00
Plan liability	31.55	70.91

Changes in the present value of the defined benefit obligation are as follows :

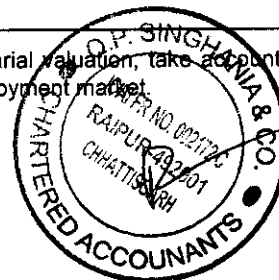
	₹ in Lacs	
	2016	2015
Defined benefit obligation as at 1st April, 2015	70.91	48.22
Interest cost	4.10	4.77
Current Service Cost	4.49	14.61
Benefits paid	0.00	0.00
Actuarial losses on obligation	(47.95)	3.31
Defined benefit obligation as at 31st March, 2016	31.55	70.91

Since the entire amount of plan obligation is unfunded therefore changes in the fair value of plan assets are not given. Further the entire amount of plan obligation is unfunded therefore categories of plan assets as a percentage of the fair value of total plan assets and Company's expected contribution to the plan assets in the next year is not given.

The principal assumptions used in determining gratuity benefit obligations for the company's plans are shown below :

	2016	2015
Discount Rate	8%	8%
Increase in Compensation cost	6.00	5.00%
Rate of return on plan assets	0.00	0.00
Expected average remaining working lives of employee (years)	25.86	25.86

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.



**Ardent Steel Limited**

**Notes to financial statements for the year ended 31st March, 2016**

	2016	₹ in Lacs 2015
<b>Contribution to Defined Contribution Plans :</b>		
Provident Fund	39.54	60.84

29. Foreign currency exposure that are not hedged by derivative instruments or Forward Contracts as at 31st March, 2016 amounting to Rs.1563.60 lacs (Previous Year Rs.2009.79 lacs)

30. In the opinion of the Board, the value of realization of short term and long term loans & advances and other current assets in the ordinary course of business will not be less than the amount at which they are stated.

31. BREAKUP OF RAW MATERIAL CONSUMED	2016		2015	
	%	₹ in Lacs	%	₹ in Lacs
Imported	0.00%	-	0.00%	-
Indigenous	100.00%	9083.32	100.00%	9308.67
	100.00%	9083.32	100.00%	9308.67

32. BREAKUP OF STORES & SPARES CONSUMED	2016		2015	
	%	₹ in Lacs	%	₹ in Lacs
Imported	0.00%	-	24.07%	169.66
Indigenous	100.00%	345.05	75.93%	535.23
	100.00%	345.05	100.00%	704.89

33. Value of import on CIF basis - Stores & Spares	₹ in Lacs	
	2016	2015
	-	175.06

	₹ in Lacs	
	2016	2015
34. Earning in Foreign Exchange	0.00	0.00
35. Expenditure in Foreign Currency	0.00	0.00

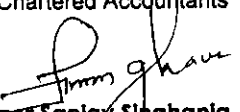
36. Previous year figures have been regrouped or rearranged wherever necessary.

The accompanying notes are integral part of the financial statements.

As per our report of even date


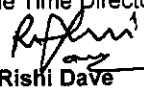
For and on behalf of the Board of Directors of Ardent Steel Limited

For O.P. Singhania & Co.  
(ICAI Firm Reg. No.002172C)  
Chartered Accountants

  
per Sanjay Singhania  
Partner  
Membership No.076961



Place : Raipur  
Date : 07.05.2016

  
Sanjay Gupta  
Whole Time Director  
  
Rishi Dave  
Company Secretary

  
Sanjay Bothra  
Director  
  
Bibhu Prasanna Jena  
CFO