



INDEPENDENT AUDITOR'S REPORT ON AUDIT OF STANDALONE FINANCIAL RESULTS OF BALASORE ALLOYS LIMITED PURSUANT TO THE REGULATION 33 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURES REQUIREMENTS) REGULATIONS, 2015 (AS AMENDED)

**TO THE BOARD OF DIRECTORS
OF BALASORE ALLOYS LIMITED**

Report on the Audit of Standalone Financial Results

Qualified Opinion

We have audited the accompanying statement of standalone annual financial results of **BALASORE ALLOYS LIMITED** (hereinafter referred to as the "Company"), for the year ended March 31, 2023 (the "Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

Except for the effect of the matters disclosed in paragraph 'Basis of Qualified Opinion' below, in our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone annual financial results:

- a) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard and;
- b) gives a true and fair view in conformity with recognition and measurement principles laid down in the applicable Indian Accounting Standard ("IND AS") prescribed under Section 133 of the Companies Act 2013 (the "Act") read with relevant rules issued there under and other accounting principles generally accepted in India, of the standalone net loss and standalone total comprehensive loss and other financial information of the Company for the year ended March 31, 2023, standalone statement of assets and liabilities as at March 31, 2023 and the standalone statement of cash flows for the year ended on that date.

Basis for Qualified Opinion

We draw attention to Note no 10 of the financial statement, the Company during the year the Company has received funds from one of the foreign companies amounting to USD 64.58 million equivalent to Rs. 52,831.41 Lacs. The Company has shown the same as long term borrowings under non current liabilities. The Company is in process of getting approval from RBI under ECB route, and pending such approval no interest has been charged in the books on account of such ECB. Due to non booking of interest amounting to ₹1659.35 Lacs and ₹1086.43 Lacs for the year and quarter ended March 31, 2023 respectively, the profit and loss for year and quarter ended March 31, 2023 is overstated to that extent, and reserve and surplus for the year is overstated to the extent of ₹1659.35 Lacs.

We conducted our audit of the Statement in accordance with the Standards on Auditing ("SA"s) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Results section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Standalone Financial Results under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone annual financial results.



Emphasis of Matter

We draw attention to the following matters:

- a) We draw attention to Note No.5 of the standalone financial results regarding slow implementation of underground mining project at its captive mines situated at Sukinda, Odisha. As represented by the management, since substantial pre-development activities have been completed and considering the revision in design of underground mining which shall be funded by mix of internal accruals, promoters contribution and financial tie-ups and will be completed in due course. Hence no adjustment has been carried out for carrying value of capital work in progress of ₹ 10,075.79 Lacs and advances to vendors amounting to ₹ 15,503.08 Lacs given in earlier years at this stage.
- b) We draw attention to Note No.6 of the standalone financial results which indicates that the Company has incurred operating losses as on March 31, 2023 and in previous year ended March 31, 2022, disconnection of power by NESCO, shut down of plant, and Company's current liabilities exceeds its current assets. These conditions, along with other matters as stated in said note indicate that a material uncertainty existed that may cast significant doubt on the Company's ability to continue as a going concern. However as mentioned in Note 7, 9 and 10 of the financial results, during the second half of the year significant events took place like funds has been infused in the company, power being restored in plant and plant production being started. Considering the same, the accounts have been prepared on going concern basis.
- c) We draw attention to Note No.4 of the standalone financial results regarding certain advances of ₹7963.92 Lakhs which are outstanding for more than one year on account of supply against materials and services. For the reasons stated therein, management is confident of getting supplies or refund and therefore, there is no need to make any adjustment at this stage.
- d) We draw attention to Note No.3 of the standalone financial results regarding trade receivable of ₹8,181.96 Lakhs which are outstanding for more than one year from its due date. For the reasons stated therein, management is confident of realizing the amount and therefore, no adjustment has been made in the financial statements.
- e) The confirmations of trade receivables, trade payables, advances to suppliers and advances from customers' are subject to confirmation and reconciliation. Hence any material impact as on the reporting date cannot be ascertained.
- f) Bank confirmation of 9 banks have not been made available to us, where book balance as at March 31, 2023 is amounting to Rs. 152.32 Lacs. As per information and explanation given to us these banks have become dormant and no statement/confirmation from such banks are available.
- g) Trade Receivable includes ₹ 2,293.06 Lacs receivable from a customer for more than one year. Further, during the year, customer has got an arbitration award in the International Court of Arbitration against company and seeking additional compensations for the costs incurred by it on company behalf amounting to Rs. USD 30,35,249 equivalent to Rs.2,495.49 lacs. As per information and explanation given to us, the Company is in process of filing legal suit against the said order.
- h) We draw attention to Note no 8 of the financial results, the Company during the year has received a notice from DDM Jajpur for suspension of the mining operation of the Company. The Company has submitted the compliances report as per the terms of Stage-I clearance and submitted the application for Stage-II Clearance, before the DFO, subsequently approved by PCCF vide letter dated 08.12.2022, which is under process at the Central Govt/ MoEF level. Hence any material effect due to this cannot be ascertained presently.

Our opinion is not modified in respect of above matters.



Management's Responsibilities for the Standalone Financial Results

These standalone annual results have been prepared on the basis of the standalone financial statements. This Statement, is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared on the basis of standalone financial statements for the year ended March 31, 2023. The Company's Board of Directors are responsible for the preparation and presentation of the Standalone Financial Results that give a true and fair view of the net loss and total comprehensive loss and other financial information in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Results that give a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Results, the Board of Directors are responsible for assessing the Company's ability, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Results as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Standalone Financial Results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors.
- Evaluate the appropriateness and reasonableness of disclosures made by the Board of Directors in terms of the requirements specified under Regulation 33 of the Listing Regulations.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related



disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Standalone Financial Results, including the disclosures, and whether the Standalone Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Standalone Financial Results of the Company to express an opinion on the Standalone Financial Results.

Materiality is the magnitude of misstatements in the Standalone Financial Results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Results.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

The standalone annual financial results include the results for the quarter ended March 31, 2023 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.



For B Nath & Co
Chartered Accountants
Registration number-307057E

Gaurav More

Gaurav More
Partner

Membership no-306466
UDIN-23306466BGSAIT3483

Place: Kolkata
Date: May 30, 2023

Balasore Alloys Limited

Registered Office : Balgopalpur 756020, Dist. Balasore, Odisha

CIN : L27101OR1984PLC001354

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Audited Standalone Financial Results for the Quarter and Year ended 31st March, 2023

(₹ In Lacs)

Particulars	Quarter Ended			Year Ended	
	31-03-2023 (Unaudited)	31-12-2022 (Unaudited)	31-03-2022 (Unaudited)	31.03.2023 (Audited)	31.03.2022 (Audited)
1 Income					
a. Revenue from Operations	28,970.88	3,272.70	2,505.76	38,155.90	10,211.55
b. Other Income	1,623.93	82.90	967.13	1,977.05	1,011.66
Total Income {1(a)+1(b)}	30,594.81	3,355.60	3,472.89	40,132.95	11,223.20
2 Expenses					
a. Cost of Material Consumed	20,343.84	3,714.72	330.69	25,419.69	378.72
b. Purchase of Stock -in- Trade	-	-	40.35	1,311.04	6,097.59
c. Change in inventories of finished goods and work in progress	(2,221.16)	(1,332.53)	94.40	(3,722.34)	88.88
d. Power	7,789.90	943.49	226.85	8,899.57	297.15
e. Employee benefits expense	790.44	519.79	238.07	2,243.84	689.76
g. Finance Cost (Net)	2,997.90	1,711.93	1,126.72	7,196.13	2,710.32
f. Depreciation and amortisation expense	555.80	627.70	694.33	2,430.59	2,629.57
h. Other expenses	2,767.39	3,284.33	3,653.33	9,037.64	4,944.40
Total Expense {2(a) to 2(h)}	33,024.10	9,469.43	6,404.74	52,816.16	17,836.40
3 Profit from operations before exceptional item (1-2)	(2,429.29)	(6,113.83)	(2,931.86)	(12,683.20)	(6,613.20)
4 Exceptional Item	9,756.06	-	-	9,756.06	-
5 Profit from operations before exceptional item and before tax (3-4)	(12,185.35)	(6,113.83)	(2,931.86)	(22,439.26)	(6,613.20)
6 Tax Expense	(1,744.37)	1,569.72	89.80	(5,305.55)	(803.44)
7 Net Profit/ (Loss) For The Period (5-6)	(10,440.98)	(7,683.55)	(3,021.66)	(17,133.71)	(5,809.76)
8 Other Comprehensive Income					
(a) Items that will not be Reclassified to Profit & Loss FVTOCI of Employee Benefit Obligation	52.23	52.33	-	208.93	252.34
9 Total Comprehensive Income (7+8)	(10,388.75)	(7,631.22)	(3,021.66)	(16,924.78)	(5,557.42)
10 Paid up Equity Share Capital (Face value of ₹ 5/- each)	4,666.27	4,666.27	4,666.27	4,666.27	4,666.27
11 Other Equity				51,531.97	68,456.74
12 Earnings per Share (Face value of ₹ 5/- each)					
- Basic & diluted (not annualised)	(11.19)	(8.23)	(3.24)	(18.36)	(6.23)



Statement of Standalone Assets and Liabilities as on Year ended 31st March, 2023

(₹ in Lacs)

Particulars	Year Ended	
	2022-23 (Audited)	2021-22 (Audited)
ASSETS		
Non-Current Assets		
(a) Property, plant and equipment	24,031.02	25,833.01
(b) Right of Use an Assets	54,588.36	54,582.52
(c) Intangible Assets	3,692.87	4,290.02
(d) Capital Work in Progress	11,748.38	11,748.38
(e) Financial Assets		
(i) Investments	1,618.01	1,618.01
(ii) Other Financial Assets	788.33	788.33
(f) Deferred Tax Assets (Net)	8,530.99	3,295.71
(g) Other Non Current Assets	15,777.22	15,781.52
Total Non-Current Assets	1,20,775.18	1,17,937.50
Current Assets		
(a) Inventories	28,611.36	25,647.50
(b) Financial assets:		
(i) Trade Receivables	13,367.97	8,849.82
(ii) Cash and Cash Equivalants	2,380.60	287.62
(iii) Bank balances other than above	667.00	362.41
(iv) Loans	1,746.28	1,816.26
(v) Other Financial Assets	5,248.35	1,289.45
(C) Other Current Assets	18,093.49	11,568.24
Total Current Assets	70,115.06	49,821.31
Total Assets	1,90,890.23	1,67,758.81
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share capital	4,666.27	4,666.27
(b) Other Equity	51,531.97	68,456.74
Total Equity	56,198.24	73,123.01
Liabilities		
Non Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	53,103.45	-
(i) Trade Payables		
- Total outstanding dues of micro enterprises and small enterprises;	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	11,484.99	18,793.26
(b) Long Term Provision	935.21	1,059.23
Total Non Current Liabilities	65,523.65	19,852.49
Current liabilities		
(a) Financial liabilities:		
(i) Borrowings	4,643.46	20,234.78
(ii) Trade Payables		
- Total outstanding dues of micro enterprises and small enterprises;	92.76	73.71
- Total outstanding dues of creditors other than micro enterprises and small enterprises	27,669.28	18,717.77
(ii) Other financial Liabilities	6,493.51	8,386.01
(b) Other current liabilities	17,832.63	14,828.14
(c) Short Term Provision	12,436.70	12,542.90
Total Current Liabilities	69,168.34	74,783.30
Total Equity and Liabilities	1,90,890.23	1,67,758.81

Balasore Alloys Limited
Standalone Cash Flow Statement for the year ended 31st March, 2023

(₹ in Lacs)

	2022-23	2021-22
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	(22,439.26)	(5,370.19)
Adjustment For :		
Depreciation/Amortisation Expenses	2,430.59	2,862.04
Loss/(Profit) on Sale/Discard of Property, Plant and Equipment (Net)	(5.52)	(38.00)
Unrealized Foreign Exchange Gain/Loss	127.70	72.34
Unspent Liabilities no Longer Required Written Back	(1,327.96)	(25.48)
Loss on Sale of Investment	-	(8.21)
Valuation of Inventory	-	(13,602.52)
Irrecoverable Debts , Deposits & Advances Written Off	118.75	0.22
Provision for Doubtful Debts/Advances	9,606.06	2,359.24
Interest Expense	7,169.43	3,648.47
Interest Income	(494.37)	(469.80)
Operating Profit Before Working Capital Changes		
Movements in Working Capital :		
Increase/ (Decrease) in Trade Payables and Other Current Liabilities	3,074.59	8,330.39
Increase/ (decrease) in Provisions	(124.02)	191.42
Decrease / (Increase) in Trade Receivables	(4,518.86)	295.75
Decrease / (Increase) In Inventories	(2,963.86)	917.19
Decrease / (Increase) in Loans and Advances and Other Assets	(19,461.45)	231.10
Cash Generated From /(Used in) Operations	(28,808.17)	(606.03)
Taxes Paid (Net)	(106.20)	(290.21)
Net Cash Flow From Operating Activities (A)	(28,914.36)	(896.24)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment (Including CWIP and Capital Advances)	510.76	296.35
Purchase of Investment	-	-
Sale of Investment	-	58.32
Proceeds From Sale of Fixed Assets	5.52	2.30
Maturity of/(Investment in) Fixed Deposit	(304.59)	2,333.59
Interest Received	96.02	(88.43)
Net Cash Flow From/(Used) in Investing Activities (B)	307.71	2,602.13
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Long-Term Borrowings	(217.95)	(16.11)
Proceeds of Long-Term Borrowings	53,103.45	-
Dividend Paid on Equity Shares (Including Dividend Distribution Tax)	-	-
Net Movement in Short-term Borrowings	(15,409.91)	643.92
Interest Paid	(6,775.95)	(2,512.53)
Net Cash Flow From/ (Used) in Financing Activities (C)	30,699.63	(1,884.73)
Net Increase/(decrease) in Cash and Cash Equivalents (A + B + C)	2,092.98	(178.83)
Cash & Cash Equivalents as at the Beginning of the Year	287.62	376.32
Cash & Cash Equivalents as at the End of the Year	2,380.60	197.49
Cash & Cash Equivalents as at the End of the Year Includes		
Cash-on-Hand	10.76	7.99
Balances with Banks:		
In Current Accounts	2,238.33	148.04
In Unpaid Dividend Account*	131.51	131.59
Cash and Cash Equivalents at the End of the Year (Refer Note 9)	2,380.60	287.62

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



Notes:

- 1 The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 30th May, 2023. The results for the quarter and year ended March 31, 2023 has been subjected to Audit by the Statutory Auditors.
- 2 The Company is mainly engaged in the Manufacturing of Ferro Chrome. As such there are no separate reportable segments as per the Ind-AS 108 Segment Reporting.
- 3 Trade Receivable includes ₹ 8,181.66 Lacs which are outstanding for more than one year from its due date. Balance in respect of these customers are subject to confirmation/reconciliation. However, based on various discussion with the customers, management is confident of recovering these dues in near future. Considering the above factors no adjustments to the carrying value of receivables is considered.
- 4 Advances under Other Assets include ₹ 7,963.92 Lacs which are outstanding for more than a year on account of supply against materials and services. Balance in respect of these customers are subject to confirmation/reconciliation but however, based on various discussions with vendors, management is confident of getting the supplies or refund in near future. Considering the above factors no adjustments to the carrying value of advances is considered.
- 5 Company started incurring cost for development of underground mines at Sukinda to secure the raw materials for its ferro chrome plants. As at March 31, 2023 company has incurred cost of ₹ 10,075.79 Lacs for development of underground mines which has been shown as Capital work in progress and has also advanced ₹ 15,503.08 Lacs to vendors which has been shown under advances to vendors for equipment and services for aforesaid project, of which substantial vendors have confirmed that materials will be supplied as and when required by the company.

Looking into current affairs and situation of the Company and in order to secure the minerals to have uninterrupted production, company has reworked its Underground Mining Plan as compared to earlier plan and now decided to start decline at +45mRL which is cost effective and less time consuming and can be funded through mix of internal accruals, equity/quasi equity from promoter group and other financial tie-ups.

Since majority of expenditure has been incurred towards pre-development activities and substantial advances have been given to vendors for supplying of equipment, Management is confident that they would succeed in same and will be able to extract Chrome Ore through Underground mechanism before fully exhausting Chrome Ore from Open Cast/ Boundary Pillar Mining Method in coming years.

Considering the above factors no adjustments to the carrying value of capital work in progress and advances relating to project is considered.

- 6 The Company has incurred losses during the year and its current liabilities exceed current assets that may create uncertainties. Due to same cash flow mismatch has arisen which further led to non-payment of statutory liabilities, salaries overdue, working capital deficiencies and subsequent to shut down of plant operations due to disconnection of power by NESCO in September 2020.

However, various cost saving initiatives undertaken by the Company in addition to optimize revenue opportunities and realization from its non-core assets is expected to result in improved operating performance.

Further, Company's continued thrust to improve operational efficiency and unconditional support from its Promoters' Group by way of infusion of funds into Company in FY 2022-23 before signing of the financial statements for quarter and year ended March 31, 2023, have resulted in increased cash flows to address uncertainties and restoration of power supply by TPNODL (erstwhile NESCO). Accordingly, the financial statements continue to be prepared on a going concern basis.

- 7 During the previous years, the Company encountered difficulties in meeting its obligations to Banks and financial institutions, resulting in default on repayments. As a consequence of non-payment of interest and principal on time, the Company's Working Capital Loan was classified as a Non-Performing Asset (NPA) effective from November 28, 2020. However, from February 2022 until April 24, 2023, prior to the signing of this standalone financial statement, the Company has successfully paid off the entire loan amount, including interest, to Indian Bank, amounting to ₹ 4,204.26 Lacs, and obtained a No Objection Certificate (NOC) from them. Additionally, the Company has also made a payment of ₹ 15,585.59 Lacs to State Bank of India on account of outstanding dues.
- 8 In relation to Statutory Stage-II forest clearance, where the DDM, Jajpur on 06.06.2022 issued letter to suspend mining operations, the Company has filed I.A. No.8591/2022 to direct the Opp.Parties/ State to permit transportation of excavated ore from mines site to factory and also has filed I.A. No. 10918/2022 for addition of Dept. of Steel & Mines and Director of Mines, Odisha as Opp. Parties to the writ petition. Further, the Company has submitted the compliances report as per the terms of Stage-I clearance and submitted the application for Stage-II Clearance, before the DFO, subsequently approved by PCCF vide letter dated 08.12.2022, which is under process at the Central Govt/ MoEF level.
- 9 The Company has entered into outstanding dues settlement with TP Northern Odisha Distribution Limited ("TPNODL") wherein outstanding dues were freed and detailed payment schedule was worked out where upfront payment was to be made by the Company and the remaining balance be divided into an equal number of agreed instalments. Subsequent to upfront payment, Power was restored at Balasore Plant and operations were resumed in the month of December, 2022 i.e. before signing of this standalone financial results. Accordingly, outstanding of TPNODL has been reclassified into current and non-current liability based on an agreed schedule.
- 10 During the year Promoters have infused long term funds amounting to USD 64.58 million equivalent to Rs 52,831.41 lacs into the company. The remittances from DIL were inadvertently received, reflected and recorded for the purpose of issuance of compulsory convertible debentures to DIL and instead the same should have been received, reflected and recorded in the form of an External Commercial Borrowings from DIL in terms of the provisions of Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, as amended. The said funds have been used for resuming plant operations both at Balasore and Sukinda by way of making payments to TPNODL for power restoration, for plant overhauling, to critical vendors, repayment of overdue banks borrowings etc. Company management is in the process of complying with applicable laws and regulations in respect of said infusion of funds. The Company has shown the same as long term borrowings under non current liabilities. The Company is in process of getting approval from RBI under FCB route and pending such approval no interest has been charged in the books on account of such FCB.
- 11 a) The Company had in earlier years received an advance of ₹ 7,359.90 Lacs (US\$1,18,97,816) shown under the head 'Advance from Customers' from one of its customers, against supply of finished goods as per contract/agreement made between the parties. The said customer pursuant to the contract with the Company, had initiated the arbitration proceeding claiming loss and damages for an amount of US\$ 1,88,67,053 and SGD 3,12,245 equivalent to ₹15,511.90 lacs and ₹192.63 lacs. During the year 2022 customer has got an arbitration award against the company. Hence considering the same, the Company during the quarter and year ended March 31, 2023, has booked the said loss on damages and forex exchange loss on advances given amounting to ₹8,344.64 and same has been shown under the head 'exceptional item'.
- b) One of its customer had initiated the arbitration proceeding claiming loss and damages from the Company, pursuant to the contract with Company dated 27th October, 2008. During the year 2012 customer has got an arbitration award against company. The Company and the customer went into an agreement during the year to pay off the entire award amount as per schedule of payments agreed with the customer. Hence considering the same, entire amount of ₹1,411.42 has been provided in the books and have been shown under the head 'exceptional item'.
- 12 The figures for the quarter ended March 31, 2023 represents the derived figures between the audited figures in respect of the year ended March 31, 2023 and the unaudited published period to date figures upto December 31, 2022, which was subjected to limited review.
- 13 Previous year/ period figures have been rearranged / regrouped wherever necessary to make them comparable with current period figures.

For Balasore Alloys Limited


Akula Nagender Kumar
Managing Director
DIN: 08462253

Place: Kolkata
Date: 30th May 2023





INDEPENDENT AUDITOR'S REPORT ON AUDIT OF CONSOLIDATED FINANCIAL RESULTS OF BALASORE ALLOYS LIMITED PURSUANT TO THE REGULATION 33 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURES REQUIREMENTS) REGULATIONS, 2015 (AS AMENDED)

**TO THE BOARD OF DIRECTORS
OF BALASORE ALLOYS LIMITED**

Report on the Audit of Consolidated Financial Results

Qualified Opinion

We have audited the accompanying statement of consolidated annual financial results of **BALASORE ALLOYS LIMITED** (hereinafter referred to as the "Company"), for the year ended March 31, 2023 (the "Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

Except for the effect of the matters disclosed in paragraph 'Basis of Qualified Opinion' below, in our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the unaudited financial statements/financial information of the subsidiary and associate as certified by the management, the aforesaid consolidated financial results:

- a) includes financial results of subsidiaries (a) Balasore Metals Pte Limited (b) Milton Holdings Limited and associates (a) Balasore Energy Limited
- b) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard and;
- c) gives a true and fair view in conformity with recognition and measurement principles laid down in the applicable Indian Accounting Standard ("IND AS") prescribed under Section 133 of the Companies Act 2013 (the "Act") read with relevant rules issued there under and other accounting principles generally accepted in India, of the consolidated net loss and consolidated total comprehensive income and other financial information of the Company for the year ended March 31, 2023, consolidated statement of assets and liabilities as at March 31, 2023 and the consolidated statement of cash flows for the year ended on that date.

Basis for Qualified Opinion

We draw attention to Note no 10 of the financial statement, the Company during the year the Company has received funds from one of the foreign companies amounting to USD 64.58 million equivalent to Rs. 52,831.41 Lacs. The Company has shown the same as long term borrowings under non current liabilities. The Company is in process of getting approval from RBI under ECB route, and pending such approval no interest has been charged in the books on account of such ECB. Due to non booking of interest amounting to ₹1659.35 Lacs and ₹1086.43 Lacs for the quarter and year ended March 31, 2023 respectively, the profit and loss for year and quarter ended March 31, 2023 is overstated to that extent, and reserve and surplus for the year is overstated to the extent of ₹1659.35 Lacs.

We conducted our audit of the Statement in accordance with the Standards on Auditing ("SA"s) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Results section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Consolidated Financial Results under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated annual financial results.



Emphasis of Matter

We draw attention to the following matters:

- a) We draw attention to Note No.5 of the consolidated financial results regarding slow implementation of underground mining project at its captive mines situated at Sukinda, Odisha. As represented by the management, since substantial pre-development activities have been completed and considering the revision in design of underground mining which shall be funded by mix of internal accruals, promoters contribution and financial tie-ups and will be completed in due course. Hence no adjustment has been carried out for carrying value of capital work in progress of ₹ 10,075.79 Lacs and advances to vendors amounting to ₹ 15,503.08 Lacs given in earlier years at this stage.
- b) We draw attention to Note No.6 of the consolidated financial results which indicates that the Company has incurred operating losses as on March 31, 2023 and in previous year ended March 31, 2022, disconnection of power by NESCO, shut down of plant, and Company's current liabilities exceeds its current assets. These conditions, along with other matters as stated in said note indicate that a material uncertainty existed that may cast significant doubt on the Company's ability to continue as a going concern. However as mentioned in Note 7, 9 and 10 of the financial results, during the second half of the year significant events took place like funds has been infused in the company, power being restored in plant and plant production being started. Considering the same, the accounts have been prepared on going concern basis.
- c) We draw attention to Note No.4 of the consolidated financial results regarding certain advances of ₹7963.92 Lakhs which are outstanding for more than one year on account of supply against materials and services. For the reasons stated therein, management is confident of getting supplies or refund and therefore, there is no need to make any adjustment at this stage.
- d) We draw attention to Note No.3 of the consolidated financial results regarding trade receivable of ₹8,181.96 Lakhs which are outstanding for more than one year from its due date. For the reasons stated therein, management is confident of realizing the amount and therefore, no adjustment has been made in the financial statements.
- e) The confirmations of trade receivables, trade payables, advances to suppliers and advances from customers' are subject to confirmation and reconciliation. Hence any material impact as on the reporting date cannot be ascertained.
- f) Bank confirmation of 9 banks have not been made available to us, where book balance as at March 31, 2023 is amounting to Rs. 152.32 Lacs. As per information and explanation given to us these banks have become dormant and no statement/confirmation from such banks are available.
- g) Trade Receivable includes ₹ 2,293.06 Lacs receivable from a customer for more than one year. Further, during the year, customer has got an arbitration award in the International Court of Arbitration against company and seeking additional compensations for the costs incurred by it on company behalf amounting to Rs. USD 30,35,249 equivalent to Rs.2,495.49 lacs. As per information and explanation given to us, the Company is in process of filing legal suit in against the said order.
- h) We draw attention to Note no 8 of the financial results, the Company during the year has received a notice from DDM Jajpur for suspension of the mining operation of the Company. The Company has submitted the compliances report as per the terms of Stage-I clearance and submitted the application for Stage-II Clearance, before the DFO, subsequently approved by PCCF vide letter dated 08.12.2023, which is under process at the Central Govt/ MoEF level. Hence any material effect due to this cannot be ascertained presently.

Our opinion is not modified in respect of above matters.

Other Matter

We did not audit the financial statements of two subsidiaries whose financial statement reflects total assets of ₹ (210.44 lakhs) as at March 31, 2023, total revenue of ₹ Nil lakhs, total net loss after tax of ₹ (12.11 lacs) and total comprehensive loss of ₹ (12.11 lakhs) and net cash flow of ₹ NIL lakhs for the year ended on that date respectively,



as considered in Consolidated Financial Statements. These unaudited financial statements have been furnished to us by the management. Our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on such unaudited financial statements certified by the management.

The consolidated financial statements include the Group's share of net loss of ₹ Nil Lacs for the year ended March 31, 2023 as considered in the consolidated financial statements, in respect of one associate, whose financial statement has not been audited by us. This financial statements have been furnished to us by the management. Our opinion on the Consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on such unaudited financial results certified by the management and our report in terms of sub sections (3) of Section 143 of the Act, in so far as it relates to the associate, is based solely on report of other auditor.

The consolidated annual financial results include the results for the quarter ended March 31, 2023 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

Management's Responsibilities for the Consolidated Financial Results

These consolidated annual results have been prepared on the basis of the consolidated financial statements. This Statement, is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared on the basis of consolidated financial statements for the year ended March 31, 2023. The Company's Board of Directors are responsible for the preparation and presentation of the Consolidated Financial Results that give a true and fair view of the net loss and other comprehensive loss and other financial information in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Results that give a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Results, the Board of Directors are responsible for assessing the Company's ability, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Results

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Results as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Consolidated Financial Results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the Consolidated Financial Results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors.
- Evaluate the appropriateness and reasonableness of disclosures made by the Board of Directors in terms of the requirements specified under Regulation 33 of the Listing Regulations.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Results, including the disclosures, and whether the Consolidated Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Consolidated Financial Results of the Company to express an opinion on the Consolidated Financial Results.

Materiality is the magnitude of misstatements in the Consolidated Financial Results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Results.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For B Nath & Co
Chartered Accountants
Registration number-307057E



Gaurav More
Gaurav More

Partner
Membership no-306466
UDIN- 23306466BGSAIX5704

Place: Kolkata
Date: May 30, 2023

Balasore Alloys Limited
Registered Office : Balgopalpur 756020, Dist. Balasore, Odisha
CIN : L27101OR1984PLC001354

Tel : +91-6782-27581-85, Fax: +91-6782-275724, Website : www.balasorealloys.com, e-mail :mail@balasorealloys.com

Audited Consolidated Financial Results for the Quarter and Year ended 31st March, 2023

(₹ In Lacs)

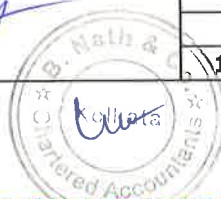
Particulars	Quarter Ended			Year Ended	
	31-03-2023 (Unaudited)	31-12-2022 (Unaudited)	31-03-2022 (Unaudited)	31.03.2023 (Audited)	31.03.2022 (Audited)
1 Income					
a. Revenue from Operations	28,970.88	3,272.70	2,505.76	38,155.90	10,211.55
b. Other Income	1,623.93	82.90	967.13	1,977.05	1,011.66
Total Income {1(a)+1(b)}	30,594.81	3,355.60	3,472.88	40,132.95	11,223.20
2 Expenses					
a. Cost of Material Consumed	20,343.84	3,714.72	330.69	25,419.69	378.72
b. Purchase of Stock -in- Trade	-	-	40.35	1,311.04	6,097.59
c. Change in inventories of finished goods and work in progress	(2,221.16)	(1,332.53)	94.40	(3,722.34)	88.88
d. Power	7,789.90	943.49	226.05	8,899.57	297.15
e. Employee benefits expense	790.44	519.79	238.07	2,243.84	689.76
g. Finance Cost (Net)	2,997.90	1,711.93	694.33	7,196.13	2,710.32
f. Depreciation and amortisation expense	555.80	627.70	1,126.72	2,430.59	2,629.57
h. Other expenses	2,770.40	3,287.36	3,620.96	9,049.74	4,952.92
Total Expense {2(a) to 2(h)}	33,027.11	9,472.46	6,372.37	52,828.26	17,844.92
3 Profit from operations before exceptional item (1-2)	(2,432.30)	(6,116.86)	(2,899.49)	(12,695.30)	(6,621.71)
4 Exceptional Item	9,756.06	-	-	9,756.06	-
5 Profit from operations before exceptional item and before tax (3-4)	(12,188.36)	(6,116.86)	(2,899.49)	(22,451.36)	(6,621.71)
6 Tax Expense	(1,747.52)	1,569.72	93.01	(5,308.70)	(803.44)
7 Net Profit/ (Loss) For The Period (5-6)	(10,440.84)	(7,686.58)	(2,992.50)	(17,142.66)	(5,818.27)
8 Other Comprehensive Income					
(a) Items that will not be Reclassified to Profit & Loss FVTOCI of Employee Benefit Expenses	52.23	52.23	-	208.93	252.34
9 Total Comprehensive Income (7+8)	(10,388.61)	(7,634.35)	(2,992.50)	(16,933.73)	(5,565.93)
10 Paid up Equity Share Capital (Face value of ₹ 5/- each)	4,666.27	4,666.27	4,666.27	4,666.27	4,666.27
11 Earnings per Share (Face value of ₹ 5/- each)					
- Basic & diluted (not annualised)	(11.19)	(8.24)	(3.21)	(18.37)	(6.23)



Consolidated Statement of Assets and Liabilities as on Quarter ended 31st March, 2023

(₹ in Laacs)

Particulars	Year Ended	
	2022-23 (Audited)	2021-22 (Audited)
ASSETS		
Non-Current Assets		
(a) Property, plant and equipment	24,031.02	25,833.01
(b) Right of Use an Assets	54,588.36	54,582.52
(c) Intangible Assets	3,692.87	4,290.02
(d) Capital Work in Progress	11,748.38	11,748.38
(e) Financial Assets		
(i) Investments	1,618.01	1,618.01
(ii) Other Financial Assets	788.33	788.33
(f) Deferred Tax Assets (Net)	8,534.13	3,295.71
(g) Other Non Current Assets	15,777.22	15,781.52
Total Non-Current Assets	1,20,778.32	1,17,937.50
Current Assets		
(a) Inventories	28,611.36	25,647.50
(b) Financial assets:		
(i) Trade Receivables	13,367.97	8,849.82
(ii) Cash and Cash Equivalants	2,380.76	287.77
(iii) Bank balance other than above(ii)	667.00	362.41
(iii) Loans	1,746.28	1,816.26
(iv) Other Financial Assets	5,248.35	1,289.45
(C) Other Current Assets	18,093.50	11,568.24
Total Current Assets	70,115.23	49,821.45
Total Assets	1,90,893.55	1,67,758.96
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share capital	4,666.27	4,666.27
(b) Other Equity	51,324.68	68,278.81
Total Equity	55,990.95	72,945.08
Liabilities		
Non Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	53,103.45	-
(i) Trade Payables		
- Total outstanding dues of micro enterprises and small enterprises;	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	11,484.99	18,793.26
(b) Long Term Provision	935.21	1,059.23
Total Non Current Liabilities	65,523.65	19,852.49
Current liabilities		
(a) Financial liabilities:		
(i) Borrowings	4,643.46	20,234.78
(ii) Trade Payables		
- Total outstanding dues of micro enterprises and small enterprises;	92.76	73.71
- Total outstanding dues of creditors other than micro enterprises and small enterprises	27,879.89	18,895.86
(ii) Other financial Liabilities	6,493.51	8,386.01
(b) Other current liabilities	17,832.63	14,828.14
(c) Short Term Provision	12,436.70	12,542.90
Total Current Liabilities	69,378.95	74,961.39
Total Equity and Liabilities	1,90,893.55	1,67,758.96



Balasure Alloys Limited
Consolidated Cash Flow Statement for the year ended 31st March, 2023

(₹ in Lacs)

	2022-23	2021-22
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	(22,451.36)	(5,370.19)
Adjustment For :		
Depreciation/Amortisation Expenses	2,430.59	2,862.04
Loss/(Profit) on Sale/Discard of Property, Plant and Equipment (Net)	(5.52)	(38.00)
Unrealized Foreign Exchange Gain/Loss	127.70	72.34
Unspent Liabilities no Longer Required Written Back	(1,327.96)	(25.48)
Loss on Sale of Investment	-	(8.21)
Valuation of Inventory	-	(13,602.52)
Irrecoverable Debts, Deposits & Advances Written Off	118.75	0.22
Provision for Doubtful Debts/Advances	9,606.06	2,359.24
Interest Expense	7,169.43	3,648.47
Interest Income	(494.37)	(469.80)
Operating Profit Before Working Capital Changes		
Movements in Working Capital :		
Increase/ (Decrease) in Trade Payables and Other Current Liabilities	3,107.10	8,330.39
Increase/ (decrease) in Provisions	(124.01)	191.42
Decrease / (Increase) in Trade Receivables	(4,518.15)	295.75
Decrease / (Increase) In Inventories	(2,963.86)	917.19
Decrease / (Increase) in Loans and Advances and Other Assets	(19,461.45)	231.10
Cash Generated From / (Used in) Operations	(28,787.04)	(606.03)
Taxes Paid (Net)	(106.20)	(290.21)
Net Cash Flow From Operating Activities (A)	(28,893.24)	(896.24)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment (Including CWIP and Capital Advances)	510.76	296.35
Purchase of Investment	-	-
Sale of Investment	-	58.32
Proceeds From Sale of Fixed Assets	5.52	2.30
Maturity of/(Investment in) Fixed Deposit	(304.59)	2,333.59
Interest Received	96.02	(88.43)
Net Cash Flow From/ (Used) in Investing Activities (B)	307.71	2,602.13
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Long-Term Borrowings	(217.95)	(16.11)
Proceeds of Long-Term Borrowings	53,103.45	-
Dividend Paid on Equity Shares (Including Dividend Distribution Tax)	-	-
Net Movement in Short-term Borrowings	(15,409.91)	643.92
Interest Paid	(6,775.95)	(2,512.53)
Net Cash Flow From/ (Used) in Financing Activities (C)	30,699.63	(1,884.73)
Net Increase/(decrease) in Cash and Cash Equivalents (A + B + C)	2,114.10	(178.83)
Cash & Cash Equivalents as at the Beginning of the Year	287.77	376.32
Cash & Cash Equivalents as at the End of the Year	2,401.88	197.49
Cash & Cash Equivalents as at the End of the Year Includes		
Cash-on-Hand	10.92	8.14
Balances with Banks:		
In Current Accounts	2,238.33	148.04
In Unpaid Dividend Account*	131.51	131.59
Cash and Cash Equivalents at the End of the Year (Refer Note 9)	2,380.76	287.77

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



Notes:

- 1 The consolidated financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 30th May, 2023. The results for the quarter and year ended March 31, 2023 has been subjected to Audit by the Statutory Auditors.
- 2 The Company is mainly engaged in the Manufacturing of Ferro Chrome. As such there are no separate reportable segments as per the Ind-AS 108 Segment Reporting.
- 3 Trade Receivable includes ₹ 8,181.66 Lacs which are outstanding for more than one year from its due date. Balance in respect of these customers are subject to confirmation/reconciliation. However, based on various discussion with the customers, management is confident of recovering these dues in near future. Considering the above factors no adjustments to the carrying value of receivables is considered.
- 4 Advances under Other Assets include ₹ 7,963.92 Lacs which are outstanding for more than a year on account of supply against materials and services. Balance in respect of these customers are subject to confirmation/reconciliation but however, based on various discussions with vendors, management is confident of getting the supplies or refund in near future. Considering the above factors no adjustments to the carrying value of advances is considered.
- 5 Company started incurring cost for development of underground mines at Sukinda to secure the raw materials for its ferro chrome plants. As at March 31, 2023 company has incurred cost of ₹ 10,075.79 Lacs for development of underground mines which has been shown as Capital work in progress and has also advanced ₹ 15,503.08 Lacs to vendors which has been shown under advances to vendors for equipment and services for aforesaid project, of which substantial vendors have confirmed that materials will be supplied as and when required by the company.

Looking into current affairs and situation of the Company and in order to secure the minerals to have uninterrupted production, company has reworked its Underground Mining Plan as compared to earlier plan and now decided to start decline at +45mRL which is cost effective and less time consuming and can be funded through mix of internal accruals, equity/quasi equity from promoter group and other financial tie-ups.

Since majority of expenditure has been incurred towards pre-development activities and substantial advances have been given to vendors for supplying of equipment, Management is confident that they would succeed in same and will be able to extract Chrome Ore through Underground mechanism before fully exhausting Chrome Ore from Open Cast/Boundary Pillar Mining Method in coming years.

Considering the above factors no adjustments to the carrying value of capital work in progress and advances relating to project is considered.

- 6 The Company has incurred losses during the year and its current liabilities exceed current assets that may create uncertainties. Due to same cash flow mismatch has arisen which further led to non-payment of statutory liabilities, salaries overdue, working capital deficiencies and subsequent to shut down of plant operations due to disconnection of power by NESCO in September 2020.

However, various cost saving initiatives undertaken by the Company in addition to optimize revenue opportunities and realization from its non-core assets is expected to result in improved operating performance.

Further, Company's continued thrust to improve operational efficiency and unconditional support from its Promoters' Group by way of infusion of funds into Company in FY 2022-23 before signing of the financial statements for quarter and year ended March 31, 2023, have resulted in increased cash flows to address uncertainties and restoration of power supply by TPNODL (erstwhile NESCO). Accordingly, the financial statements continue to be prepared on a going concern basis.

- 7 During the previous years, the Company encountered difficulties in meeting its obligations to Banks and financial institutions, resulting in default on repayments. As a consequence of non-payment of interest and principal on time, the Company's Working Capital Loan was classified as a Non-Performing Asset (NPA) effective from November 28, 2020. However, from February 2022 until April 24, 2023, prior to the signing of this consolidated financial statement, the Company has successfully paid off the entire loan amount, including interest, to Indian Bank, amounting to ₹ 4,204.26 Lacs, and obtained a No Objection Certificate (NOC) from them. Additionally, the Company has also made a payment of ₹ 15,585.59 Lacs to State Bank of India on account of outstanding dues.
- 8 In relation to Statutory Stage-II forest clearance, where the DDM, Jajpur on 06.06.2022 issued letter to suspend mining operations, the Company has filed I.A. No.8591/2022 to direct the Opp.Parties/ State to permit transportation of excavated ore from mines site to factory and also has filed I.A. No. 10918/2022 for addition of Dept. of Steel & Mines and Director of Mines, Odisha as Opp. Parties to the writ petition. Further, the Company has submitted the compliances report as per the terms of Stage-I clearance and submitted the application for Stage-II Clearance, before the DFO, subsequently approved by PCCF vide letter dated 08.12.2022, which is under process at the Central Govt/ MoEF level.
- 9 The Company has entered into outstanding dues settlement with TP Northern Odisha Distribution Limited ("TPNODL") wherein outstanding dues were freed and detailed payment schedule was worked out where upfront payment was to be made by the Company and the remaining balance be divided into an equal number of agreed instalments. Subsequent to upfront payment, Power was restored at Balasore Plant and operations were resumed in the month of December, 2022 i.e. before signing of this consolidated financial results. Accordingly, outstanding of TPNODL has been reclassified into current and non-current liability based on an agreed schedule.
- 10 During the year Promoters have infused long term funds amounting to USD 64.58 million equivalent to Rs 52,831.41 lacs into the company. The remittances from DIL were inadvertently received, reflected and recorded for the purpose of issuance of compulsory convertible debentures to DIL and instead the same should have been received, reflected and recorded in the form of an External Commercial Borrowings from DIL in terms of the provisions of Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, as amended. The said funds have been used for resuming plant operations both at Balasore and Sukinda by way of making payments to TPNODL for power restoration, for plant overhauling, to critical vendors, repayment of overdue banks borrowings etc. Company management is in the process of complying with applicable laws and regulations in respect of said infusion of funds. The Company has shown the same as long term borrowings under non current liabilities. The Company is in process of getting approval from RBI under FCR route and pending such approval no interest has been charged in the books on account of such FCR.
- 11 a) The Company had in earlier years received an advance of ₹ 7,359.90 Lacs (US\$1,18,97,816) shown under the head 'Advance from Customers' from one of its customers, against supply of finished goods as per contract/agreement made between the parties. The said customer pursuant to the contract with the Company, had initiated the arbitration proceeding claiming loss and damages for an amount of US\$ 1,88,67,053 and SGD 3,12,245 equivalent to ₹15,511.90 lacs and ₹192.63 lacs. During the year 2022 customer has got an arbitration award against the company. Hence considering the same, the Company during the quarter and year ended March 31, 2023, has booked the said loss on damages and foreign exchange loss on advances given amounting to ₹8,344.64 and same has been shown under the head 'exceptional item'.
- b) One of its customer had initiated the arbitration proceeding claiming loss and damages from the Company, pursuant to the contract with Company dated 27th October, 2008. During the year 2012 customer has got an arbitration award against company. The Company and the customer went into an agreement during the year to pay off the entire award amount as per schedule of payments agreed with the customer. Hence considering the same, entire amount of ₹1,411.42 has been provided in the books and have been shown under the head 'exceptional item'.
- 12 The figures for the quarter ended March 31, 2023 represents the derived figures between the audited figures in respect of the year ended March 31, 2023 and the unaudited published period to date figures upto December 31, 2022, which was subjected to limited review.
- 13 Previous year/ period figures have been rearranged / regrouped wherever necessary to make them comparable with current period figures.

