



Limited Review Report on Unaudited Standalone Financial Results of Balasore Alloys Limited for the quarter December 31, 2020 pursuant to Regulation 33 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended.

To
The Board of Directors of
Balasore Alloys Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results of **Balasore Alloys Limited** (the 'Company') for the quarter December 31, 2020 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulation").
2. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting (Ind AS 34) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India, is the responsibility of the Company's management and has been approved by the Board of Directors of the Company on April 26, 2023. Our responsibility is to issue a conclusion on the financial results based on our review.
3. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India, specified under Section 143(10) of the Companies Act, 2013. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. 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 Lakhs and advances to vendors amounting to ₹.15,503.08 Lacs given in earlier years at this stage.
 - b) We draw attention to Note No.7 of the standalone financial results which indicates that the Company has incurred operating losses as on December 31, 2020, 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 as on December 31, 2020 that may cast significant doubt on the Company's ability to continue as a going concern. However as mentioned in Note 8 of the financial results, before signing of this report, significant events took place like funds have been infused in the company, power being restored in plant and plant production being started, hence accounts have been prepared on going concern basis.



- c) We draw attention to note no 2 of the financial results which states that the, post declaration of COVID-19 as a pandemic by the World Health Organization, the Government in India and across the world have taken significant measures to curtail the widespread of virus, including countrywide lockdown and restriction in economic activities. In continuance of such lockdown and restrictions being imposed by government, operations of the Company have been remained adversely impacted.
- d) We draw attention to Note No.4 of the standalone financial results regarding certain advances of ₹.7,949.66 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.
- e) We draw attention to Note No.9 of the standalone financial results regarding trade receivable of ₹4,977.39 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.
- f) We draw attention to Note no 6 of the standalone financial results, whereby the Company during the quarter ended September 2020, has worked out a plan to use Inventory of Tailings lying at captive mines accumulated from more than 10 years which is a by-product of Chrome Ore Benefication Process (COB) in nearby future being very cost effective and simplified process. Considering same company has valued the aforesaid inventory amounting to ₹. 13,602.52 lacs.
- g) We draw attention to Note no.10 of the standalone financial results, where the Company has during quarter ended September 30, 2020, made provision for doubtful debts and advances amounting to ₹.2,359.04 Lacs, for the advance given to vendors in earlier years on account of supply of material/services, as the same seems doubtful, and have been shown under the head other expenses in profit and loss statement.

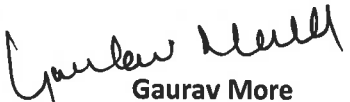
Our conclusion are modified in respect of above matters.

5. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, as amended read with relevant rules issued there under and other recognized accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material mismanagement.



For **B Nath & Co**
Chartered Accountants

Firm Registration No: 307057E


Gaurav More

Partner

Membership No.:306466

UDIN- 23306466 B6 SA HR3863

Place: Kolkata

Date: April 26, 2023

		Three Months Ended			Nine Months Ended		Year Ended
Particulars		31.12.2020 (Unaudited)	30.09.2020 (Unaudited)	31.12.2019 (Unaudited)	31.12.2020 (Unaudited)	31.12.2019 (Unaudited)	31.03.2020 (Audited)
1	Income						
	a. Revenue from Operations	225.02	2,077.61	15,465.73	9,832.82	63,537.82	76,746.28
	b. Other Income	17.46	119.43	1,446.04	236.18	2,035.89	2,313.14
	Total Income 1(a)+1(b)	242.48	2,197.04	16,911.77	10,069.01	65,573.71	79,059.42
2	Expenses						
	a. Cost of Material Consumed	18.84	1,750.62	6,155.97	1,918.79	27,066.54	32,356.29
	b. Purchase of Stock-in-Trade	-	484.39	-	3,625.76	-	-
	c. Change in inventories of finished goods and work in progress	126.25	(12,881.96)	130.20	(11,587.02)	606.57	632.46
	d. Power	1,080.72	1,618.30	6,179.59	4,874.96	21,944.30	28,104.31
	e. Employee benefits expense	785.17	1,081.17	1,362.35	3,064.52	4,210.98	5,518.85
	f. Depreciation and amortisation expense	709.37	722.75	758.35	2,197.34	2,217.19	3,028.57
	g. Finance Cost (Net)	898.08	967.11	1,145.24	2,638.95	3,673.59	4,958.59
	h. Other expenses	619.50	3,505.10	3,324.25	5,438.52	12,354.09	17,120.44
	Total Expense 2(a) to 2(h)	4,237.91	(2,752.32)	19,385.98	12,171.82	72,103.26	91,919.81
3	Profit/(Loss) from operations before exceptional item (1-2)	(3,995.44)	4,949.36	(2,444.18)	(2,102.81)	(6,529.55)	(12,860.09)
4	Exceptional Item	-	-	2,022.35	-	2,022.35	2,022.35
5	Profit/(Loss) from operations before exceptional item and before tax (3-4)	(3,995.44)	4,949.36	(4,466.53)	(2,102.81)	(8,551.90)	(14,882.44)
6	Tax Expense	(972.89)	1,207.12	(641.73)	(510.08)	(2,202.49)	(4,041.24)
7	Net Profit/Loss for the period (5-6)	(3,022.56)	3,742.24	(3,824.80)	(1,592.73)	(6,349.41)	(16,841.20)
8	Other Comprehensive Income/(Loss)						
	-FVTOCI of Employee benefit Expenses	-	-	-	-	-	52.08
9	Total Comprehensive Income/(Loss) (7+8)	(3,022.56)	3,742.24	(3,824.80)	(1,592.73)	(6,349.41)	(16,789.12)
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	4,666.27
11	Other Equity	-	-	-	-	-	77,790.52
12	Earnings per Share (Face value of ₹ 5/- each)						
	- Basic & diluted (not annualised)	(3.24)	4.01	(4.10)	(1.71)	(6.80)	(11.62)

Notes:

- The above standalone results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 26th April, 2023. The standalone results for the quarter ended December 31, 2020 has been subjected to Limited Review by the Statutory Auditors.
- Post declaration of COVID-19 as a pandemic by the World Health Organization, the Government in India and across the world have taken significant measures to curtail the widespread of virus, including countrywide lockdown and restriction in economic activities. In continuance of such lockdown during the first quarter of the financial year 2020, operations of the Company have been remained adversely impacted.
- 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.
- Advances under Other Assets include ₹ 7,949.66 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.
- Company started incurring cost for development of underground mines at Sukinda to secure the raw materials for its ferro chrome plants. As at December 31, 2020 company has incurred cost of Rs. 10,075.72 lacs for development of underground mines which has been shown as Capital work in progress and has also advanced Rs. 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.
- During the quarter ended and half year ended September 30, 2022, the company has reworked its strategy of operations considering inadequate supply from Mines and shutdown of plant due to non-availability of power and worked out a plan to use inventory of Tailings lying at captive mines accumulated from more than 10 years which is a by-product of Chrome Ore Benefication Process (COB) in near by future being very cost effective and simplified process. Considering same company has valued the aforesaid inventory amounting to ₹ 13,602.52 Lacs and shown under Stock in process.
- The Company has incurred losses during the year FY 2019-20 and during current quarter and nine months ended December 31, 2020 the Company has incurred operational losses, 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 accounts for quarter ended December 31, 2020, 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.
- Event Occurring after Balance Sheet Date**
a) The Company has entered into outstanding dues settlement with TP Northern Odisha Distribution Limited ("TPNODL") wherein outstanding dues were frozen 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 installments. Subsequent to upfront payment, Power was restored at Balasore Plant and operations were resumed in the month of December, 2022. Accordingly, outstanding of TPNODL has been reclassified into current and non-current liability based on an agreed schedule.
b) Promoter group entities has infused long term funds amounting to ₹ 52,831.41 lacs into the company which was 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.
c) During the year, 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.
d) 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 PCCH vide letter dated 08.12.2022, which is under process at the Central Govt/ MoEF level.
- Trade Receivable includes ₹ 4,977.39 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.
- During the year quarter ended September 30, 2020, the Company has made provision for doubtful debts and advances amounting to ₹ 2,359.04 Lacs, for the advance given to vendors in earlier years on account of supply of material/services, as the same seems doubtful, and have been shown under the head other expenses in profit and loss statement.
- Previous year/ period figures have been rearranged / regrouped wherever necessary to make them comparable with current period figures.





B. Nath & Co.

Chartered Accountants

Limited Review Report on Unaudited Consolidated Financial Results of Balasore Alloys Limited for the quarter December 31, 2020 pursuant to Regulation 33 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended.

To
The Board of Directors of
Balasore Alloys Limited

1. We have reviewed the accompanying statement of unaudited consolidated financial results of **Balasore Alloys Limited** (the 'Company') for the quarter December 31, 2020 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulation").
2. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting (Ind AS 34) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India, is the responsibility of the Company's management and has been approved by the Board of Directors of the Company on April 26, 2023. Our responsibility is to issue a conclusion on the financial results based on our review.
3. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India, specified under Section 143(10) of the Companies Act, 2013. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. 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 Lakhs and advances to vendors amounting to ₹ 15,503.08 Lacs given in earlier years at this stage.
 - b) We draw attention to Note No.7 of the consolidated financial results which indicates that the Company has incurred operating losses as on December 31, 2020, 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 as on December 31, 2020 that may cast significant doubt on the Company's ability to continue as a going concern. However as mentioned in Note 8 of the financial results, before signing of this report, significant events took place like funds have been infused in the company, power being restored in plant and plant production being started, hence accounts have been prepared on going concern basis.



- c) We draw attention to note no 2 of the financial results which states that the, post declaration of COVID-19 as a pandemic by the World Health Organization, the Government in India and across the world have taken significant measures to curtail the widespread of virus, including countrywide lockdown and restriction in economic activities. In continuance of such lockdown and restrictions being imposed by government, operations of the Company have been remained adversely impacted.
- d) We draw attention to Note No.4 of the consolidated financial results regarding certain advances of ₹7,949.66 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.
- e) We draw attention to Note No.9 of the consolidated financial results regarding trade receivable of ₹4,977.39 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.
- f) We draw attention to Note no 6 of the consolidated financial results, whereby the Company during the quarter ended September 2020, has worked out a plan to use Inventory of Tailings lying at captive mines accumulated from more than 10 years which is a by-product of Chrome Ore Benefication Process (COB) in nearby future being very cost effective and simplified process. Considering same company has valued the aforesaid inventory amounting to ₹ 13,602.52 lacs.
- g) We draw attention to Note no.10 of the consolidated financial results, where the Company has during quarter ended September 30, 2020, made provision for doubtful debts and advances amounting to ₹ 2,359.04 Lacs, for the advance given to vendors in earlier years on account of supply of material/services, as the same seems doubtful, and have been shown under the head other expenses in profit and loss statement.

Our conclusion are not modified in respect of above matters.

- 5. We did not audit the financial results of two subsidiaries whose financial reflects total revenue of ₹ Nil lakhs, total net loss after tax of ₹ (2.67 lacs) and total comprehensive loss of ₹ (2.67 lakhs) and net cash flow of ₹ NIL lakhs for the quarter ended December 31, 2020, as considered in Consolidated Financial Results. These unaudited financial results 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 statements certified by the management.

The consolidated financial results include the Group's share of net loss of ₹ Nil Lacs for the quarter ended December 31, 2020 as considered in the consolidated financial results, 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.

- 6. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, as amended read with relevant rules



issued there under and other recognized accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material mismanagement.



For **B Nath & Co**
Chartered Accountants
Firm Registration No: 307057E

Gaurav More
Gaurav More

Partner

Membership No.: 306466
UDIN- 23306466BGSAHW4226 .

Place: Kolkata

Date: April 26, 2023

Particulars	Three Months Ended			Nine Months Ended		(₹ in Lacs)
	31.12.2020 (Unaudited)	30.09.2020 (Unaudited)	31.12.2019 (Unaudited)	31.12.2020 (Unaudited)	31.12.2019 (Unaudited)	Year Ended 31.03.2020 (Audited)
1 Income						
a. Revenue from Operations	225.02	2,077.61	15,465.73	9,832.82	63,537.82	76,746.28
b. Other Income	17.46	119.43	1,446.04	236.18	2,035.89	2,313.14
Total Income [1(a)+1(b)]	242.48	2,197.04	16,911.77	10,069.01	65,573.71	79,059.42
2 Expenses						
a. Cost of Material Consumed	18.84	1,750.62	6,155.97	1,918.79	27,096.54	32,556.29
b. Purchase of Stock -in- Trade	-	484.39	-	3,625.76	-	-
c. Change in inventories of finished goods and work in progress	126.25	(12,881.96)	130.20	(11,587.02)	606.57	632.46
d. Power	1,080.72	1,618.30	6,479.59	4,874.96	21,544.30	28,104.31
e. Employee benefits expense	785.17	1,081.37	1,362.35	3,064.52	4,210.98	5,518.85
f. Depreciation and amortisation expense	709.37	722.75	758.35	2,197.34	2,217.19	3,028.57
g. Finance Cost (Net)	898.08	967.11	1,145.24	2,638.95	3,673.59	4,958.59
h. Other expenses	622.17	3,507.77	3,327.02	5,446.53	12,362.14	17,180.97
Total Expense [2(a) to 2(h)]	4,240.58	(2,749.65)	19,358.72	12,179.83	72,111.31	91,979.99
3 Profit/(Loss) from operations before exceptional item (1-2)	(3,998.11)	4,946.69	(2,446.95)	(2,110.82)	(6,537.60)	(12,920.57)
4 Exceptional Item	-	-	2,022.35	-	2,022.35	2,022.35
5 Profit/(Loss) from operations before exceptional item and before tax (3-4)	(3,998.11)	4,946.69	(4,469.30)	(2,110.82)	(8,559.95)	(14,942.92)
6 Tax Expense	(973.54)	1,204.52	(641.73)	(513.98)	(2,202.49)	(4,041.24)
7 Net Profit/Loss for the period (5-6)	(3,024.58)	3,742.17	(3,827.57)	(1,596.84)	(6,357.46)	(10,901.68)
8 Other Comprehensive Income/(Loss)						
-FVTOCI of Employee benefit Expenses	-	-	-	-	-	-
9 Total Comprehensive Income/(Loss) (7+8)	(3,024.58)	3,742.17	(3,827.57)	(1,596.84)	(6,357.46)	(10,901.68)
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	4,666.27
11 Other Equity						
12 Earnings per Share (Face value of ₹ 5/- each)						
- Basic & diluted (not annualised)	(3.24)	4.01	(4.10)	(1.71)	(6.80)	(11.63)



Notes:

- 1 The above consolidated results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 26th April, 2023. The consolidated results for the quarter ended December 31, 2020 has been subjected to Limited Review by the Statutory Auditors.
- 2 Post declaration of COVID-19 as a pandemic by the World Health Organization, the Government in India and across the world have taken significant measures to curtail the widespread of virus, including country wide lockdown and restriction in economic activities. In continuance of such lockdown during the first quarter of the financial year 2020, operations of the Company have been remained adversely impacted.
- 3 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.
- 4 Advances under Other Assets include ₹ 7,949.66 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 December 31, 2020 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 +15mRL 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 During the quarter ended and half year ended September 30, 2022, the company has reworked its strategy of operations considering inadequate supply from Mines and shutdown of plant due to non-availability of power and worked out a plan to use Inventory of Tailings lying at captive mines accumulated from more than 10 years which is a by-product of Chrome Ore Beneficiation Process (COB) in near by future being very cost effective and simplified process. Considering same company has valued the aforesaid inventory amounting to ₹ 13,602.52 Lacs and shown under Stock in process.
- 7 The Company has incurred losses during the year FY 2019-20 and during current quarter and nine months ended December 31, 2020 the Company had incurred operational losses, 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 accounts for quarter ended December 31, 2020, 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.
- 8 **Event Occurring after Balance Sheet Date**
a) The Company has entered into outstanding dues settlement with TP Northern Odisha Distribution Limited ("TPNODL") wherein outstanding dues were frozen 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 installments. Subsequent to upfront payment, Power was restored at Balasore Plant and operations were resumed in the month of December, 2022. Accordingly, outstanding of TPNODL has been reclassified into current and non-current liability based on an agreed schedule.
b) Promoter group entities has infused long term funds amounting to ₹ 52831.41 lacs into the company which was 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.
c) During the year, 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 ₹ 4201.26 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.
d) 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 compliance 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 Trade Receivable includes ₹ 4,977.39 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.
- 10 During the year quarter ended September 30, 2020, the Company has made provision for doubtful debts and advances amounting to ₹ 2,359.04 Lacs, for the advance given to vendors in earlier years on account of supply of material/services, as the same seems doubtful, and have been shown under the head other expenses in profit and loss statement.
- 11 Previous year/ period figures have been rearranged / regrouped wherever necessary to make them comparable with current period figures.

Place: Kolkata
Date: 26th April 2023



For Balasore Alloys Limited

Akula Nagendra Kumar
Managing Director
DIN: 08462253