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GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF INVESTMENT AND PUBLIC ASSET MANAGEMENT

Dated: 15 March 2021

AMMENDMENT TO THE PRELIMINARY INFORMATION MEMORANDUM INVITING EXPRESSION OF INTEREST FOR DIVESTMENT OF 93.71% STAKE OF MMTC, NMDC, MECON, BHEL, OMC & IPICOL IN NEELACHAL ISPAT NIGAM LIMITED ALONG WITH TRANSFER OF MANAGEMENT AND CONTROL

CORRIGENDUM - I

The Preliminary Information Memorandum (PIM) for inviting expression of interest for strategic disinvestment of equity shareholding of MMTC (49.78%), NMDC (10.10%), MECON (0.68%), BHEL (0.68%), IPICOL (12.00%) and OMC (20.47%) in Neelachal Ispat Nigam Limited (NINL) to a strategic buyer was issued on 25th January 2021.

The following amendments are made in the Preliminary Information Memorandum (PIM) document:

1. The Clause 5.2(10) relating to Change in Consortium/ Sole Bidder post shortlisting of bidders is substituted by the following:

   "If after shortlisting of IBs, a Consortium desires a change in the Consortium, by inclusion/exclusion of members, or a sole bidder desires to form a Consortium by inducting new member(s), it shall have to apply for approval for such change to the Transaction Advisor (TA) no later than **60 days** from date of shortlisting of IB."

2. The first sentence of Annexure 1A relating to Declaration relating to Ultimate Beneficial Owner is substituted by the following: -

   "We hereby represent and undertake that our ultimate beneficial owner is not the same as that of any other IB or member of any other Consortium participating in the Transaction and we have not submitted more than one (1) EOI, either as a Sole Bidder or as a Consortium Member."

3. In Clause 6.2 (r) relating to disqualification Criteria- in the definition of "Wilful Defaulter" the word "**issuer**" shall be substituted by the word "**Person**".

4. Annexure 12 A (g) – The original clause is as below:
   In case any investigation is pending in case which if decided against the bidder, may disqualify the bidder in terms of (a) & (b) above on the eligibility criteria prescribed in EoI **against bidder other concern** in which the bidder has substantial interest.

   The underlined words "**against bidder other concern**" are to be substituted by "**or against other Person**".

Date: March 15, 2021

STRATEGIC DISINVESTMENT OF NEELACHAL ISPAT NIGAM LIMITED

GLOBAL INVITATION FOR EXPRESSION OF INTEREST (EOI) FOR PROPOSED STRATEGIC DISINVESTMENT OF NEELACHAL ISPAT NIGAM LIMITED (NINL) BY GOVERNMENT OF INDIA (GoI)

IMPORTANT NOTICE

Responses to Queries of Interested Bidders

This has reference to the Advertisement and Preliminary Information Memorandum issued on January 25, 2021 for inviting Expressions of Interest from Interested Bidders for strategic divestment of NINL along with transfer of management and control through a single transaction by Government of India uploaded on websites of DIPAM at www.dipam.gov.in, MMTC Limited at www.mmtclimited.com, Company at www.ninl.in and Transaction Advisor at www.sbicaps.com. In response to these pre-bid queries were received by due date of 25th February 2021. The response of queries is as under:

PART A –PRELIMINARY INFORMATION MEMORANDUM

S. No.	Queries from Interested Bidders			Response to Queries
	Clause No. Part A	**Clarification/ Additional Information required**	**Rationale for clarification or additional information required**	
A.	**Audited Financials & Other Queries on Asset & Liability Position (including banks liabilities)**			
1.	Clause 2.5 & Clause 4	Financial Overview - Please provide the audited financial information for	This section in the PIM states that FY20 accounts of NINL are not yet audited. Please clarify the status	NINL's FY20 unaudited accounts signed by the Board of Directors is uploaded. Audited FY20 financials

S. No.	Queries from Interested Bidders			Response to Queries
	Clause No. Part A	**Clarification/ Additional Information required**	**Rationale for clarification or additional information required**	
		FY20 and the latest unaudited financial information for FY21	specifically concerning liabilities / commitments due to MMTC. Please also confirm when the accounts would be audited and made available. Please also clarify if any accounts are available for FY 21.	will be uploaded to VDR once the CAG audit is completed. Key outstanding liability position as on 31.12.2020 is being annexed as part of this document.
2.	Clause 3.9	Please provide further details of (i) any wages due; (ii) the current status of the plant; (iii) costs being incurred after shut down and steps taken for the preservation of the plant; and (iv) how these costs are being paid by NINL.	To understand any labour issues and other costs which may have arisen due to the shutdown, and any steps taken for preservation of the plant.	Key outstanding liability position, including wages, as on 31.12.2020 is being annexed as part of this document. As informed by NINL, with a view to safe shut down & provision to restart the Coke Oven early , all the ovens are filled up with coking coal and the estimated expenditure to restart shall be around Rs. 100 Crs. Regarding Blast Furnace, a long term shut down has been undertaken in a planned manner which can be restarted at any point of time. All other auxiliary units/equipment for restarting of furnace are in running condition for which periodical maintenance and trial run are being taken up. The expenditure for maintenance of

S. No.	Queries from Interested Bidders			Response to Queries
	Clause No. Part A	**Clarification/ Additional Information required**	**Rationale for clarification or additional information required**	
				equipment is met from internal accrual. IB is required to undertake their due diligence regarding status of plant to their own satisfaction. The transaction structure for current disinvestment is based on Enterprise Value and envisages payment of wages dues upfront as part of pre-defined waterfall mechanism as stated in Part B Clause 3.1 (C). Further information regarding the specific queries would be made available to shortlisted bidders through VDR for purpose of due diligence in Stage II of the transaction.
3.	Clause 3.9 Human Resource Strength	i. complete profile of the employees and other relevant data. ii. please provide details of any lay off/retrenchment of labour (including status of contract labour)any agitation/unrest among the employees.	It would help in planning the future expansion, understanding labour issues and estimating costs	Relevant updated data would be made available to shortlisted bidders through VDR for purpose of due diligence in Stage II of the transaction.

S. No.	Queries from Interested Bidders			Response to Queries
	Clause No. Part A	**Clarification/ Additional Information required**	**Rationale for clarification or additional information required**	
4.	Clause 4.2 Balance Sheet	Kindly provide detailed list of inventories and the work in progress till date.	It would help in valuation.	Relevant updated data would be made available to shortlisted bidders through VDR for purpose of due diligence in Stage II of the transaction.
5.	Clause 4.3 to 4.5	Please provide the latest information for debt (term loan and Working capital), contingent liabilities, etc. (as on December 2020) We understand from the shared PIM that NINL has outstanding loans from several banks. Kindly provide details of long-term loan from each bank from where consortium lending is outstanding.	To understand most recent debt position.	Key outstanding liability position as on 31.12.2020 is being annexed as part of this document. It maybe noted that the transaction structure for current disinvestment is based on Enterprise Value and envisages payment of lenders dues upfront as part of pre-defined waterfall mechanism as stated in Part B Clause 3.1 (C). Relevant updated data would be made available to shortlisted bidders through VDR for purpose of due diligence in Stage II of the transaction.
6.	Clause 4.1	We note that creditors/banks were paid dues and interest until January 2020 – has any default notice or	To understand if any claims have been made by any creditor.	Relevant updated data would be made available to shortlisted bidders through VDR for purpose of due diligence in Stage II of the transaction.

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		threat of action been issued since February 2020 until date?		As on date, NINL has written to lenders for NOC for disinvestment process. It maybe noted that the transaction structure for current disinvestment is based on Enterprise Value and envisages payment of lenders dues upfront as part of pre-defined waterfall mechanism as stated in Part B Clause 3.1 (C). Relevant updated data would be made available to shortlisted bidders through VDR for purpose of due diligence in Stage II of the transaction
7.	Clause 2.5	What will be timing and process for replacement of the sureties and guarantees provided by MMTC (corporate guarantee of INR 1,471 Crore to banks and financial institutions) /other selling shareholders to financial institutions for NINL? Has there been any discussions with lenders in this regard?	To determine the mechanism for replacement of guarantee and substitution with guarantee to be provided by the successful bidder.	Refer Clause 3.1 (3) and (4) of Part B (Request for Expression of Interest) wherein it is mentioned that "*The amount payable by successful bidder would be applied (on a priority basis) towards settlement of labour dues, operational creditors, commercial lender debt, promoter debt and purchase of 93.71% of shareholding of NINL as per a pre-determined waterfall mechanism.*" Further clarification regarding the same would be provided in Stage II of the transaction.

S. No.	Queries from Interested Bidders			Response to Queries
	Clause No. Part A	**Clarification/ Additional Information required**	**Rationale for clarification or additional information required**	
B	**Shareholding & Board Composition Related Clarifications**			
8.	Clause 2.2	Partly Paid Shareholders	Capital Structure refers to partly paid up shares subscribed to by G.A. Danieli Indian Ltd and SMS India Pvt Ltd -– as part of the transaction structure what is contemplated for the partly paid up shareholders? Under the PIM it states that the balance unpaid will be called and paid up at time of winding up of the company as per the current understanding. To also clarify if there is any shareholders agreement or specific rights granted to these shareholders. To determine if the shares held by these shareholders can be purchased/cancelled	The partly paid shares are not a part of the current disinvestment process. There is no shareholder agreement available for the same.
9. .	Clause 2.3	Shareholding Pattern -– Lender Holdings	We note that there are several banks and financial institutions that hold shares in the company. To be clarified as part of the transaction structure what is contemplated for the shares held by the banks and if there are any	The shares held by lenders are not a part of the current disinvestment process. The said shares were allotted under CDR restructuring which was undertaken in FY 2005. There is no separate shareholding agreement for the same.

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	Clause No. Part A	Clarification/ Additional Information required	Rationale for clarification or additional information required	
			specific terms and conditions based on which such shares were allotted. Based on information in the public domain - it also appears that the company had requested its lenders for one-time restructuring of its loans as per 'Resolution Frame work for COVID-19 related stress' announced by RBI on August 6, 2020. Please clarify and provide details.	The transaction structure for current disinvestment is based on Enterprise Value and envisages repayment of lenders as part of pre-defined waterfall mechanism as stated in Part B Clause 3.1 (C). Accordingly, lenders NOC has been sought by NINL. NINL has submitted a Restructuring Plan on 17.12.2020 to the Consortium of Banks which consists of Restructuring Plan as well as the requirement of Corpus Fund of Rs 350 Cr for Plant & Mines operation (Starting Up). The same is under consideration by lenders.
10.	Clause 2.3	In the shareholding pattern, who are the 'subscribers to MOA' who hold 75 shares?	This is in the nature of a clarification to the shareholding pattern.	The shares are not a part of the current disinvestment process. The list of shareholders is being annexed to this document.

S. No.	Queries from Interested Bidders			Response to Queries
	Clause No. Part A	**Clarification/ Additional Information required**	**Rationale for clarification or additional information required**	
11.	Clause 3.1 (4)	How will the shareholders of the remaining 6.29% shares interact and participate in the process? Will their shares be available for purchase? Will they be infusing proportional capital to settle the liabilities?	Since proceeds from the divestment will be used to settle all liabilities (except 6.29% shares) and therefore post divestment company would be free of all previous liabilities, the shareholders of the 6.29% shares gain unfarely at the cost of the interested bidders. Sensibly either the remaining 6.29% shares should also come under divestment or they should proportionally infuse capital since their role (as a post process shareholder) in the process is similar to the interest bidder.	The said shares are not a part of the current disinvestment process and would continue to be shareholders post disinvestment. No infusion of capital from the remaining 6.29% of shareholders is envisaged to settle the liabilities of NINL. Bidders may evaluate their rights *vis-à-vis* the remaining shareholders, under the Companies Act as 93.71% shareholders of NINL after disinvestment
12.	Clause 2.3 of Part A and 3.1 of Part B	Please provide details of (i) any agreement or arrangement with all remaining shareholders (i.e., those that are not part of this divestment transaction); and (ii) any rights of such remaining shareholders pursuant to any shareholders agreement or otherwise.	To understand if any remaining shareholders will have any rights in NINL after closing.	The transaction envisages divestment of 93.71% shareholding of NINL in favour of successful bidder along with transfer of management control. The remaining shareholders would be minority shareholders as compared to Successful Bidder on completion of the disinvestment.
13.	Clause 2.4	Will the entire board of directors of NINL resign at the closing of the	To determine the composition of the board of directors post-closing	The transaction contemplates transfer of management control and the

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		transaction or does the board also include any nominees of the remaining shareholders?		Definitive Agreement (s) would incorporate the same. Since the transaction also contemplates satisfaction of the entire debt of NINL, any existing rights with the lenders will also expire. Entire transfer of management control implies that entire board of directors can be constituted by the successful bidder as per applicable law. There is no lenders nominee director on Board of NINL. The draft Definitive Agreement(s) would be provided to shortlisted bidders through VDR/ email during Stage II of the transaction.
C	**Mine Related Queries**			
14.	Clause 3.1 (3)	What will be the process of transfer of mining rights? Will a prior approval from state government on transfer of the mining rights (as required by "The Minerals (Transfer of Mining Lease Granted Otherwise than through Auction for Captive Purpose) Rules, 2016" (and as amended from time to time)) form	Since "The Minerals (Transfer of Mining Lease Granted Otherwise than through Auction for Captive Purpose) Rules, 2016" (and as amended from time to time) requires approval from state government under section 5 sub-section 2 and since the process to gain the approval can only start	All approvals related to mine and land transfer, as may be required under applicable law, including but not restricted to under the Minerals (Transfer of Mining Lease Granted Otherwise than through Auction for Captive Purpose) Rules, 2016, would be the responsibility of the Successful Bidder. The Rules provide the

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	Clause No. Part A	Clarification/ Additional Information required	Rationale for clarification or additional information required	
		an integral part of the final agreement?	after the final bidder has been selected, a prior approval from the state government should be sought and made part of the final agreement and conditions from the state government for transfer of the mine be made part of the EOI in some form	procedure and applicable fee for grant of such approval, which will be applicable to the successful bidders.
15.	Clause 3.3 Mine Details	Is the lease deed of NINL as signed on 11 Jan 2017 legal in consideration of section 10 A (2) (C) of MMDR, 2015? Kindly provide the documents/ conditions/ approval by the appropriate government bodies under which the lease deed for the mine was allowed to be legally signed considering it might bypass section 10 A (2) (C) of MMDR, 2015.	As per Section 10A(2) (C) of MMDR, 2015 (and as amended from time to time), a lease deed could have been executed only after obtaining statutory clearances or else the grant orders for the mine would have become ineligible after 2 years of the commencing date of MMDR, 2015 (being 11th January, 2017). Since the forest clearances were obtained post lease deed, it creates a doubt around the lease deed and its legality.	NINL has commenced mining operations on 9th August 2019 wherein a shipment of around 45 ton of raw materials has been received at the plant site. Moreover, on 5th Jan 2021, Ministry of Mines has granted permission to sell upto 25% of the annual iron ore production of NINL as per the MDPA executed by the company for a period of 1 year or till the completion of disinvestment of the company, whichever is earlier, under intimation to the State Government and Indian Bureau of Mines. Further, mining lease related documents would be provided to shortlisted bidders as part of the VDR for due diligence exercise to be conducted by the bidders. If any further clarifications are required,

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	Clause No. Part A	Clarification/ Additional Information required	Rationale for clarification or additional information required	
				these will be considered in Stage II of the transaction.
16.	Clause 3.3 Mine Details	1. Kindly provide the copy of technical and statutory documents of the mine such as: i. Approved Mining Plan ii. Geological Report and drawings iii. Environmental, Forest and other clearances iv. Ore Characterization report v. Detailed Project Report or Feasibility Report vi. Latest Surface Plan 2. Please provide copy of agreement signed with the MDO for the development of the Koira block of NINL. 3. Kindly clarify whether Successful Bidder is liable to continue the ongoing MDO agreement.	It would help in estimation / valuation.	1. Since price bid is to be submitted after Stage II, relevant documents would be provided to shortlisted bidders as part of the VDR for due diligence exercise to be conducted by the bidders. 2. Regarding the MDO, the agreement would be provided to shortlisted bidders through VDR for conducting due diligence. 3. The same would form a part of Stage II clarifications and would be informed to shortlisted bidder through RFP

S. No.	Queries from Interested Bidders			Response to Queries
	Clause No. Part A	**Clarification/ Additional Information required**	**Rationale for clarification or additional information required**	
		4. Please share production details for the above said mine. 5. We understand that Central Government has granted NINL permission to sell up to 25% of the annual iron ore production for a period of 1 year or till the completion of disinvestment. Kindly clarify if this clause can be extended.		4. The mine has not been operationalized till date apart from shipment of around 45 ton of raw materials in August 2019. 5. The mines have been allotted on captive end use basis to NINL NINL is in receipt of letter dated 9th March 2021 wherein it has been stated that NINL will be allowed to sell upto 50% of the annual iron ore production as per the MDPA for a period of 2 years or till completion of process of disinvestment, whichever is earlier.
17.	Clause 3.3 Mine Details	There should not be any end use restriction on usage of iron ore by the affiliates/Group companies of the Interested Bidder. Necessary permission to facilitate the same should be provided upfront.	Clarity is required upfront as the ability of the usage of such mines for the benefit of Group companies may be a significant convincing factor for a variety of bidders.	The mines have been allotted on captive end use basis to NINL and the special exemption (dated 5th Jan 2021 from Ministry of Mines) for merchant sale of 25% of the annual iron ore production has been granted only for the specific period of 1 year or till completion of disinvestment process and there is no extension of the same envisaged as of now.

S. No.	Queries from Interested Bidders			Response to Queries
	Clause No. Part A	Clarification/ Additional Information required	Rationale for clarification or additional information required	
18.	Clause 3.3 and 5.1 – Mine Details	What are the terms of the mining lease granted to NINL, including any restriction in the use of output from the mining other than captive purpose? Considering the recent approval for sale of upto 25% of annual production, have any steps been taken towards mechanized mining?	To understand the restrictions on the use of the mine.	The mining lease deeds would be provided to shortlisted bidders as part of the VDR for due diligence exercise to be conducted by the bidders. The mines have been allotted on captive end use basis to NINL. End use restrictions, if any, will be governed as per applicable law and rules and the lease deeds. The status of mining is as below: • Requisite fees for felling of trees have been paid to OFDC with financial assistance from NMDC. • MoU with NMDC has been finalized for technical, Commercial & Financial assistance from NMDC. • Finalization of Agency for raising of ore is under way. Further clarification would be provided to Shortlisted Bidders through VDR for the purpose of due diligence.
	Land Lease Related			

S. No.	Queries from Interested Bidders			Response to Queries
	Clause No. Part A	**Clarification/ Additional Information required**	**Rationale for clarification or additional information required**	
19.	Clause 3.1 (3)	What will be the process for transfer of land lease? Would a separate lease agreement be required to be signed between NINL and IDCO once the divestment is complete and NINL is a private entity? Can the terms of the lease hold be shared to be clear on the land rights available to NINL and the terms of the lease agreement?		The lease agreements would be provided in the VDR to shortlisted bidders for the purpose of due diligence at Stage II. [
20.	Clause 3.4 and 5.1	i. Copy of lease agreement ii. Actual details of the split of vacant, constructed and under construction area of land out of the 2,500 acres of land leased to NINL. iii. Material terms of lease deed in relation to use of free, vacant area iv. End Use restrictions, if any	Details are required for assessing any future expansion plans.	i. Please refer reply above in point 19 ii. Land usage details would be provided to shortlisted bidders for due diligence during Stage II of the transaction iii. Please refer reply above in point 19 iv. End use restrictions, if any, will be governed as per applicable law and rules and the lease deeds. If any further clarifications are required, these will be considered at Stage II.

S. No.	Queries from Interested Bidders			Response to Queries
	Clause No. Part A	**Clarification/ Additional Information required**	**Rationale for clarification or additional information required**	
D	**Agreements/ Permits & Consents**			
21.	Clause 3.6 Raw Material Sourcing	Kindly provide any ongoing agreements signed by NINL with other parties for raw material sourcing.	It would help in valuation.	NINL previously procured major raw material through MMTC and OMC. Other raw materials were sourced locally. There are no contracts apart from MMTC/ OMC. Ongoing agreements would be provided to shortlisted bidders as part of VDR during due diligence. SB would be free to source Raw Material post completion of the transaction.
22.	General: Agreement with Railway and Ports	Please provide details of agreements signed with Indian Railway / Public or Private ports for lease or storage facility.	It would help in valuation.	NINL has an agreement with railways for movement of rail for transportation of raw materials and finished goods. NINL also has a plot of 10,400 sq. mtr. under Paradeep Port Trust (PPT) to handle the imported cargo. The outstanding payment till today is around Rs. 1.5 Cr. Ongoing agreements would be provided to shortlisted bidders as part of VDR during due diligence.

<table>
<tr><th rowspan="2">S. No.</th><th colspan="3">Queries from Interested Bidders</th><th rowspan="2">Response to Queries</th></tr>
<tr><th>Clause No. Part A</th><th>Clarification/ Additional Information required</th><th>Rationale for clarification or additional information required</th></tr>
<tr><td>23.</td><td>General: Offtake / Sale agreements</td><td>1. Kindly provide offtake agreements signed with other parties including Indian Railways, other PSUs, and other private companies.
Please share any ongoing sale agreement signed with PSU / private company.</td><td>It would help in valuation.</td><td>Please refer reply to points above</td></tr>
<tr><td>24.</td><td>General: Ongoing long-term contracts with MMTC</td><td>1. As per the Annual Report 2018-19, we understand that NINL has agreement for sale / purchase of finished goods and raw materials with MMTC on 22-June-2012. Kindly provide the copy of such agreement.
Also, kindly clarify if the Successful Bidder is liable to continue the above-mentioned agreement.</td><td>It would help in valuation.</td><td>The transaction structure for current disinvestment is based on Enterprise Value and envisages transfer of management control. Successful Bidder would not be liable to continue the agreement and the same would form a part of the Definitive Agreement (s) which would be shared with the Shortlisted Bidders as part of Stage II transaction documents.</td></tr>
<tr><td>25.</td><td>General: Ongoing long-term contracts with OMC</td><td>1. As per the Annual Report 2018-19, we understand that NINL has agreement for purchase of Calibrated Lump ore and iron ore fines of Daitari Iron ore mines with OMC for 5 years up</td><td>It would help in valuation.</td><td>OMC contract has expired on June 2020. .Copy of Agreement would be provided to shortlisted bidders as part of VDR during due diligence. Please also refer to reply of point above</td></tr>
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S. No.	Queries from Interested Bidders			Response to Queries
	Clause No. Part A	Clarification/ Additional Information required	Rationale for clarification or additional information required	
		to June-2020. Kindly provide the copy of such agreement. Also, please clarify if the same agreement has been renewed or extended.		
26.	Clause, 3.10	Permits and Consents	Given that the permits and consents held by NINL currently expire on March 31, 2021, please provide an update on what is contemplated going forward.	Consent to Operate (CTO) for Plant & Mines are valid upto March,2021. NINL has already applied the renewal of CTO of Mines for FY2021-22 and the same for the Plant is under process. However since the plant is shut down since March 2020, the SB maybe required to renew the requisite permits & licenses. Relevant documents would be made available to shortlisted bidders as part of the VDR for due diligence during Stage II of the transaction.
E	**Others**			
27.	Clause 3.2.6 and 3.2.6.4 (PIM)	Kindly confirm if the plant has a billet caster and if something further has been/was planned. Kindly confirm what is available in the plant as a casting facility (as mentioned in 3.2.6.4) and what is the proposed casting facility (as mentioned in 3.2.6)		Refer Clause 3.2.6.4 wherein it is stated that continuous casting shop consists of 1 x 6 strand high speed billet caster. NINL also has a Pig Casting Machine (2x3200 tons/day). Further clarification will be considered in Stage II of the transaction.

S. No.	Queries from Interested Bidders			Response to Queries
	Clause No. Part A	**Clarification/ Additional Information required**	**Rationale for clarification or additional information required**	
28.	Clause 2.5	Exception in intangible assets	We understand that the Net Worth of NINL (as given by PIM) as on 31st March 2019 includes “Captive iron ore mines under development” of Rs. 180 crores. Going by this principle, the bidders should be allowed to include mining asset in their Net Worth calculation. An exception in intangible assets can be drawn. Please consider the same at earliest	Net worth criteria under Clause 5.1 (2) of Part B (Request for Expression of Interest) would be followed for purpose of determining financial eligibility.

PART B – REQUEST FOR EXPRESSION OF INTEREST

S. No.	Queries from Interested Bidders			Response to Queries
	Clause No. Part B	**Clarification/ Additional Information required**	**Rationale for clarification or additional information required**	
A	**Clarification on Definitions/ Meaning**			
1.	Clause 1, 5.2	The meaning of the term Affiliate and / or Group Company.	The PIM provides- "Group Company(ies)" means a company(ies) which is/are an Affiliate of another company. However, the term 'Affiliate' has not been defined. Clause 5.2 (11) specifies that "The GOI reserves the right to seek any additional clarifications, representations or documents from the Interested Bidders or any of their Group Companies to its sole satisfaction". Therefore, a clarification is sought to the meaning of the terms 'Affiliate' and / or 'Group Company'	These definitions are for the purpose of seeking further clarification primarily for security clearance. The terms "*Affiliate*" and "*Group Company*" has only been used in Clause 5.2 (11) of Part B (Request for EOI). These terms will be clarified if GOI seeks any additional clarifications, representations or documents, under Clause 5.2 (11) from the IB.
2.	Definition	Kindly define "other concern" and "substantial interest" in respect to annexure 12 A clause (g)		For "substantial interest" bidders may make a *bona fide* determination of whether any entity / person has substantial interest in any other Person. Further, it may be noted that under Clause 5.2 (11), GOI reserves the right to seek any additional clarifications, representations or documents from the Interested

S. No.	Queries from Interested Bidders			Response to Queries
	Clause No. Part B	**Clarification/ Additional Information required**	**Rationale for clarification or additional information required**	
				Bidders or any of their Group Companies to its sole satisfaction. The term “other concern” may be read as “Person”.
3.	Definition	Kindly define "Ultimate Beneficial Owner(s)" as mentioned in 5.5 (1) (C), annexure 1A, etc for the purpose of this EOI document		“Ultimate Beneficial Owner” shall have the same meaning as “significant beneficial ownership” defined in the Companies (Significant Beneficial Owners) Rules, 2018 (as amended).
4.	Definition	Kindly define "cross holding of investments" and "cross holding" as mentioned in 5.1 (2) (a) and Annexure 2 form A for the purpose of this EOI document	The same may be required by statutory auditors for certifying the net worth as per the given criteria	Cross holding refers to investment of any 1 Consortium Members in other Consortium Member and/or vice versa. Aggregate cross holding of all Consortium Members would be deducted where the IB is a Consortium
5.	Clause 2.3	Important Dates	The EOI Request at this stage does not specify the timelines for Shortlisted Bidders to be announced - please clarify.	Bidders would be informed by the Transaction Advisor in due course.
6.	Clause 5.1 (2) (a)	Definition of the Net-worth should specifically mention and include the amalgamation/ capital reserves, general reserve, free reserves, etc.	This will help maintain uniform classification of Net Worth for all the Bidders	Refer said Clause 5.1 (2) (a) wherein it is stated that “*does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation*”

S. No.	Queries from Interested Bidders			Response to Queries
	Clause No. Part B	Clarification/ Additional Information required	Rationale for clarification or additional information required	
		which should be added while calculating the Net-worth of the IB.		No change in definition of networth is being made.
7.	Clause 4.3(f)(3)(e)	Meaning of the term principal shareholders.	Clause 4.3.3 (e) requires a certificate for list of Board of Directors, principal shareholders and key management personnel duly signed by the respective Company Secretary or any officer in charge of secretarial/legal affairs of IBs/ Parent of Sole Bidder/ each Consortium Member and also counter signed by its authorized signatory to be submitted. In this regard, a clarification is sought as to the meaning of the term 'principal shareholder'	Principal shareholder implies Promoters or shareholders who exercise Control over the IB/ Parent of IB (in case of networth reliance)/ Consortium Member. "Control" shall have the same meaning as assigned to it in Companies Act, 2013, as amended
8.	Clause 6.2(o)	Meaning and applicability of the term security clearance – whether specific to the current transaction	We note that the DIPAM website sets out a form for security clearance – (Proforma for application for Security Clearance of Bidders for Strategic Disinvestment) dated February 15, 2021. Please confirm. Please also confirm which authority would be providing this security clearance and the process /	Proforma as available on website of DIPAM will be issued to Shortlisted Bidder at RFP Stage. Further details regarding security clearance will be provided in RFP. Under Clause 6.2 (o) of Part B (Request for EOI) refers to the security clearance for any transaction.

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			any other documentation proposed to be provided in this regard. Separately, under 6.2(o) – reference is made to security clearance being denied / revoked. Please confirm that this is in reference to the security clearance for the proposed transaction under the EOI Request and does not refer to any other security clearance.	
9.	Clause 6.2(o)	Meaning of the term substantial interest	This disqualification lays down "If at any stage of the Transaction, the IB/ Consortium Member and/ or its directors/ CEO or the concern in which IB/ Consortium Member and/ or its directors have substantial interest are denied security clearance or their security clearance is revoked by the GOI." A clarification is sought on the term "substantial interest".	For "substantial interest" bidders may make a *bona fide* determination of whether any entity / person has substantial interest in any other Person. Further, it may be noted that under Clause 5.2 (11), GOI reserves the right to seek any additional clarifications, representations or documents from the Interested Bidders or any of their Group Companies to its sole satisfaction.
10.	Annexure 1, paragraph 4	Meaning of the term 'corporate authorisations'	Please confirm the meaning of the term 'corporate authorisations' and does it signify board resolution alone.	Corporate authorizations applicable for the IB as laid down under applicable law and the charter documents of the IB would constitute corporate authorizations. For

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				example, a Board resolution may suffice in the Indian context.
11.	Annexure 8	Meaning of the term investigation	Annexure 8 and various other provisions of the EOI have references to the effect that no 'investigation' is pending against the IB/ Consortium member or their parent. A clarification is sought on whether the term 'investigation' is limited to matters set out under Annexure 12A (i..e, matters concerning security and integrity of the country / grave offence). We note that a clarification on the term ''investigation' has been included on page 103 of the EOI Request. Please confirm if that clarification applies across the EOI Request where the term 'investigation' has been used.	Refer Annexure 1 wherein investigation has been defined as below: *#The investigation by regulatory authority shall be limited to the following: (a) investigation pending against them, by a regulatory authority, which if decided against the bidder, may disqualify the bidder in terms of Clauses (a) & (b) of the Office Memorandum of DIPAM dated 28 September 2017; and (b) investigation pending against them, by a regulatory authority, which if decided against the bidder, may disqualify the bidder in terms of the eligibility criteria prescribed in the PIM. The copy of Office Memorandum of DIPAM dated 28 September 2017 is annexed as annexure X to DIPAM Guidance Note-1 on Strategic Disinvestment (provided as Annexure 12 for reference).*

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			Please confirm that matters in ordinary course of business of an operating company are not proposed to be included. Further please clarify the nature of the actions / proceedings proposed to be covered under the term 'investigation'	The same definition is to be considered for Annexure 8. Matters in ordinary course of business of an operating company are not to be included in the above definition.
12.	Annexure 8, Paragraph 5	Meaning of the phrase 'request for qualification and statement of legal capacity	Please clarify the meaning of the phrase 'request for qualification and statement of legal capacity' and if any separate statement/ confirmation is required for the same.	Refers to submissions made as a part of EOI Submissions. No separate statement/ confirmation is required for the same.
13.	Annexure 12 A (g)	Kindly confirm if the undertaking/disclosure under Clause (g) of Annexure 12 A is required to be made with respect to the pending investigation/s, by a "Regulatory Authority" only or by any "Government Authority", against the bidder, which if decided against the bidder, may disqualify the bidder in terms of (a) and (b)		The undertaking applies to pending investigations by a "Government Authority" including "Regulatory Authority"

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		thereof or the prescribed eligibility criteria?		
B	**Clarification on Documentary Submissions**			
14.	Clause 3.2 (B) (ii)	Quantum of earnest money	While the PIM lays down that the earnest money is payable only at Stage II of the process, a clarification is sought on an indicative quantum / manner of payment.	At Stage I, non-refundable fee of Rs 5 lakh is to be submitted alongwith EOI. The Shortlisted Bidders who submit the financial bids are required to submit EMD in form of BG. The quantum of the said EMD would be notified to Shortlisted Bidders as a part of RFP during Stage II of the transaction.
15.	Clause 3.2 (B) (v)	The Shortlisted Bidders will be required to furnish a certificate from the banker or from its statutory auditor that the Interested Bidder has got enough funds to complete the Transaction. Request if proof of funds from a practicing Chartered Accountant along with the annual report suffice as proof that Interested Bidder has got enough funds to complete the Transaction.		Proof of funds is to be provided in Stage II. Proof of funds should be certified by a statutory auditor (in case of a company) or an independent chartered accountant (in case of other Eligible Entities).

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16.	Clause 4.3) a)	"IB submitting EOI by email shall also be required to submit the EOI in hard physical copy within 7 days from the EOI Due Date." Please confirm that the IB can courier the hard physical copies of the EOI documents and supporting annexures to the address as mentioned in the EOI	Due to prevailing situation arising out of COVID-19 pandemic, there might be travel restrictions imposed by various states in India which can make in-person physical submission of EOI difficult.	To facilitate EOI submission, email submission of EOI is allowed. In person submission is not mandatory. Documents maybe couriered. Both email and physical document submission is to be done within the last date / time as per timelines specified in EOI. However please note that as per Clause 4.3 (i) -"GOI/ Transaction Advisor shall bear no responsibility for non-receipt of documents sent by post/courier/fax."
17.	Clause 4.3) f) 3) m)	"Details of those companies and professional firms, if any, who are (or will be) advising the IB/ Parent of Sole Bidder/ Consortium/ Consortium Member for the Transaction, together with the names of the principal individual advisors at those companies and firms." The above details are not of much relevance in Stage I in as much as the engagement of such firms at Stage I may be considered preliminary. IB	Professional firms and advisors (if required) would be appointed in Stage II of the Transaction.	The said information is a part of requirement as per Annexure 2. Refer Annexure 2 – Important Note wherein it is mentioned that "2) If the IB/ Parent of Sole Bidder /any Consortium Member are unable to respond to a particular question/request or submit any document as per stated requirement, the relevant question/request or request for submission of document, must nonetheless be set out as per the

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		can provide those details, if any, in Stage II of the Transaction. IB should have the flexibility to change/replace such agencies/professionals at any point of time and will provide the requisite information.		Format, with the words "No response given" mentioned against it, stating reasons for the same"
18.	Clause 4.3) f) 3) n)	"Details of contingent liabilities and outstanding litigations, which if materialised, would have or would reasonably be expected to have a material adverse effect on the business, operations (or results of operations), assets, liabilities and/or financial condition of the IB/ Consortium Member/ Parent of Sole Bidder (in case the net worth of same is used for meeting financial eligibility criteria), or other similar business combination or sale." We request you to consider the list of contingent liabilities / material litigations / financial commitments provided as a part of annual financial reports/ other documents of the IB/ affiliates which will be submitted along with other supporting documents for EOI.	The details about the contingent liabilities and outstanding litigations which would have or would reasonably be expected to have a material adverse effect is very subjective in nature.	The declarations to be made by the bidders in this respect are to be made as per their *bona fide* belief of the bidders.

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19.	Clause 4.3(f)(3)(j) Annexure 2, paragraph D (10)	Procedural requirements for the execution of the general power of attorney.	Clause 4.3.3 (j) lays down that "Documents such as a board or shareholders' resolution in favor of the person executing the Power of Attorney for the delegation of power on behalf of the IB/ Consortium Member" are required to be submitted. In this respect, a clarification is sought to ensure that the ordinary processes being followed by a company for executing powers of attorney, and supporting documents for the same are adequate for the fulfillment of this requirement. Please also clarify if a general document/ board resolution containing delegation of power in favour of the person executing the Power of Attorney would suffice or we need a specific resolution granting power of attorney specifically for the NINL transaction.	Under Annexure 3 of Part B, "*verification the extract of the charter documents and documents such as a board or shareholders' resolution/ power of attorney in favour of the person executing this Power of Attorney for the delegation of power hereunder on behalf of the Interested Bidder*." Thus, a general board resolution containing delegation of power in favour of the person executing the Power of Attorney would suffice as long as submission of bids for this transaction is covered in the language of the resolution. Specific board resolutions may be required at Stage II and would be specified in the RFP.

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20.	Clause 4.3 (l) - Documentation	As per clause 4.3(l) details of all international operations, joint ventures, alliances needs to be submitted as per details provided in PIM. We understand that all the required details can be provided in a Brief note format (on letterhead of IB) and no separate certificates are required w.r.t. Incorporation details/ registered office, nature and size of such operations, equity ownership/ effective management and control of its subsidiary/JVs/alliances in India as well as overseas.	Seeking clarity on document to be submitted for EoI.	Details of operations to be provided on letterhead. Please also refer to Annexure 2 D (6) wherein submission requirement for charter documents of IB/ Parent of Sole Bidder (in case of networth reliance)/Consortium Member is to be provided.
21.	Clause 6(2) of Part B	a) We submit that the following grounds for disqualification that extend beyond the IB, its directors, parent, promoters and subsidiaries, are excessive and should not be considered: (i) any charge sheet or conviction in matters pertaining to national security and national integrity for any offence committed by any of the Promoter Group/ Associate Company; (ii) any	Any disqualification should be limited to, and arise only from the status of, the IB, its directors and parent promoters. It should not extend to "subsidiaries", "associates", or "promoter group", which could be very wide and include a number of entities in India and outside India that will have no impact on the ability of the IB to undertake the proposed transaction.	The said disqualification criteria applies to "subsidiaries", "associates" or "promoter group" only in material circumstances like national security and integrity and other limited circumstances. Hence no change is proposed.

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		litigation by an Associate Company against NINL; (iii) Promoter Groups being debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities by any Governmental Authority; and (iv) Promoter Group appearing in the RBI list of wilful defaulters or any such list by a competent authority in their respective jurisdiction.		
22.	Annexure 2	Requirements to be provided by Parent in case parents networth is being relied on	Please clarify in Annexure 2, are all requirements to be provided by the Parent in case the net worth of the parent is relied on or only those specific line items where parent of the sole bidder is mentioned including paras C (4): Contact Person (s), D (1), D (4), D (9) (a), D (10) and H.	In case of reliance on Parent networth by Sole Bidder, Parent should satisfy requirements under all clauses in Annexure 2.
23.	Annexure 3	Request if a general authorization Board Resolution along with Power of Attorney in bidders format for participation in the process for sale of assets will suffice.		Please refer to Notes of Annexure 3 wherein it is stated that "*the Interested Bidder should submit for verification the extract of the charter documents and documents such as a board or shareholders' resolution/ power of attorney in favour of the person executing this Power of Attorney for the delegation*

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				of power hereunder on behalf of the Interested Bidder." Also, the Power of Attorney has to be in specific format as per Annexure 3
24.	Annexure 3: General Power of Attorney	Format for General Power of Attorney In respect of the issuance of a general power of attorney at the time of submission of EoI, it should be clarified whether a preceding board resolution is required to be submitted/attached for issuance of the PoA.	Clarity is required upfront	Confirmed that preceding Board Resolution is required. Refer Note (2) of Annexure 3 for clarity
C	**Parent Related Clarifications**			
25.	Clause 3.2(B)(i)	Shortlisted Bidder Criteria – bidding process	The EOI Request refers to a 'transparent bidding process'. Please clarify.	The transaction is through a two stage process wherein interested bidders shortlisted in Stage I would progress to Stage II of the transaction. During Stage II, Shortlisted bidders would be provided opportunity to undertake their due diligence at their own cost. There after financial bids would be submitted in sealed envelope along with EMD. The financial bids would be opened only after Security Clearance. The highest financial

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			’Will there be any impact in the criteria if EOI or bid is submitted by a subsidiary (Company B) as against a parent (Company A) company. If Company B is submitting an EOI relying on the net-worth of the parent (Company A), will bidding criteria for parent (Company A) can be considered for evaluation of bidding criteria.	bidder (above the reserve price) would be declared as Qualified Bidder. On completion of the conditions precedent, the Qualified Bidder would execute the Definitive Agreements including submission of PBG and thereafter would become the successful bidder. Details of the mechanism of Stage II would be provided in RFP document. Please note Clause 5.1 (2) “if a Sole Bidder is found to be satisfying net worth criteria on the basis of its parent’s net worth, the consolidated net worth of its parent will be considered.”
26.	Clause 4.3(f)(3)	Usage of the term ‘Parent’ and whether the same is only relevant in the scenario where the networth of the Parent is relied upon by the Sole	While the point at 4.3(3) broadly mentions that the details and declarations from the ‘Parent’ of the Sole Bidder are only required when the networth of the Parent is	4.3(f)(3) refers to Parent details only in case Sole Bidder is relying upon parent networth for satisfying the financial criteria.

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		Bidder for the submission of the EOI.	being relied upon for the submission of the EOI Request, the documents mentioned under this Clause do not always specify this condition. Therefore, a clarification is sought that wherever references to the term 'Parent', are used in the EOI Request in relation to information and documents to be submitted, is limited to the case where the networth of the Parent is being relied upon for the submission of the EOI Request. Please clarify whether Form A in its entirety is applicable to the parent or only the specific provisions wherein ''Parent of Sole Bidder' has been specified. Please confirm if Parent in such case is also required to provide the Power of Attorney.	Refer Annexure 11 – Undertaking by Parent wherein it is stated as below: All conditions prescribed in the EOI and the undertaking provided by the IB (Sole Bidder), including the criteria for qualification and disqualification shall be applicable to **[Insert name of Parent]** and we undertake to comply with all such conditions. Form A is required to be filled by Sole Bidder as well as Parent of Sole Bidder in case of reliance on parent networth. Parent is required to submit Undertaking as per Parent (Annexure 11) and not Power of Attorney. Parent would also be required to obtain necessary security clearance.
27.	Clause 5.1(2)(d)	Person signing the definitive documentation	Whether the parent company will be required to sign the definitive documentations if IB is relying on the net-worth of the parent?	Refer Annexure 11- Undertaking by Parent of Interested Sole Bidder wherein it is stated that

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				"We will also sign / be parties to all Definitive Agreements as required;"
28.	Clause 5.1(3)(a)	Eligibility of Sole Bidder with Parent Support	Request you views on whether the following arrangement be workable – NINL's shares are acquired by Company 1 (Sole Bidder) against equity consideration and the remaining consideration is paid by Company 2 (Parent of Sole Bidder whose support is taken for Net Worth) in the form of preference shares/ debt. It is clarified that entire equity of NINL for the transaction will be owned by Company 1.	As per PIM, the Sole Bidder/ Sole Bidder's 100% SPV/ Consortium SPV is required to infuse funds into NINL for completion of the disinvestment.
29.	Clause 5.1(3)	Applicability of Eligibility Criteria to Parent	It is mentioned that "In case IB is relying on parent's net worth and if the IB is forming an SPV, the parent is subjected to Eligibility Criteria." However, it is not clear that in the case IB is not forming an SPV, whether the parent is still subjected to Eligibility Criteria or not	Refer to Clause 5.1(3) of Part B (Request for Expressions of Interest) - If IB is a sole bidder, it has the option to either directly hold shares of NINL or hold shares through an investment vehicle (SPV). Refer Annexure 11 – Undertaking by Parent wherein it is stated that *"All conditions prescribed in the EOI and the undertaking provided by the IB (Sole*

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				Bidder), including the criteria for qualification and disqualification shall be applicable to [Insert name of Parent] and we undertake to comply with all such conditions."
30.	Clause 5.2(3)	All financial statements or data to be derived therefrom for the evaluation of Financial Criteria has been meant to be on a consolidated basis. To confirm if in case a company is using the parent's networth - then will the financial statement of the parent be adequate on standalone basis or will it be required on a consolidated basis.	Assuming that the parent's standalone financials complies with the networth criteria – then in such case, are the consolidated financials of the parent required in such case.	Refer clause 5.1 (2) (a) - if a Sole Bidder is found to be satisfying net worth criteria on the basis of its parent's net worth, the consolidated net worth of its parent based on consolidated financials will be considered.
31.	Section 6.2, Annexure 11	Applicability of annexures, eligibility criteria and disqualifications to the Parent of the Sole Bidder in case the net worth of the Parent is relied upon.	Annexure 11 lays down "All conditions prescribed in the EOI and the undertaking provided by the IB (Sole Bidder), including the criteria for qualification and disqualification shall be applicable to [Insert name of Parent] and we undertake to comply with all such conditions." Additionally, at various places in the PIM, where an eligibility	Refer Annexure 11 – Undertaking by Parent wherein it is stated as below: "All conditions prescribed in the EOI and the undertaking provided by the IB (Sole Bidder), including the criteria for qualification and disqualification shall be applicable to **[Insert name of Parent]** and we undertake to comply with all such conditions."

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			criteria and disqualifications are specifically made applicable to the Parent of the Sole Bidder. However, under para 11 of Section 6 – there is the discretion of the GOI to apply specific disqualification criteria to the Parent. Please clarify if the parent is also to comply with each and every disqualification criteria or only limited to the criteria where it has been specified under Section 6. Further, the various undertakings under Annexure 1 – are these to apply only to the sole bidder / consortium members or verbatim to the parent (in case of networth of parent being applied). For example under paragraph 14 under Annexure 1 – makes reference to directors of the IB – however, where parent net worth is to be applied, does this specific undertaking also then apply to directors of the Parent?	All disqualification (including 6.2 in entirety) as well as qualification criteria shall be applicable to Parent in case of reliance on networth of Parent by the Sole Bidder All undertakings under Annexure 1 will be applicable to Parent in case of reliance on networth of Parent by the Sole Bidder including the directors of the Parent, where applicable. Also, for clauses within 6.2 which make reference to Associate Company / Subsidiary / Promoter / Promoter Group, the undertaking would be applicable such Associate Company / Subsidiary / Promoter / Promoter Group of the Parent as well.

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			Further, 6.2(n) and other clauses within 6.2 makes reference to Associate Company / Subsidiary / Promoter / Promoter Group – where Parent net worth is relied on, please confirm that it is sufficient to provide this confirmation only with respect to the Parent itself and is not intended to extend to the Associate Company / Subsidiary / Promoter / Promoter Group of the Parent.	
D	**Consortium & Transaction Structure Related**			
32.	Clause 5.1(3)(a)	Entity for executing the transaction	If Company 1 is submitting an EoI and the bid, can Company 1 execute the transaction through its subsidiary wherein Company 1 holds more than 51% (but less than 100%) and control by Company 1 instead of forming a new SPV.	Refer Clause 5.1.(3)(a)wherein it is stated that "A Sole Bidder can form a 100% wholly owned subsidiary (SPV) at **any time after submission of EOI but prior to signing of the Definitive Agreement(s).** " Also, in case of consortium bidding – "If IB is a Consortium, the Consortium shall incorporate an investment vehicle (i.e., a Consortium SPV), **any time after submission of EOI but before signing of the Definitive Agreement (s).**"

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	Clause No. Part B	**Clarification/ Additional Information required**	**Rationale for clarification or additional information required**	
33.	Clause 5.1(3) (b)	"Where IB is a Consortium: … (i) Eligibility /disqualification criteria: to be satisfied by the Consortium SPV and all members of Consortium as per the PIM/EOI." Eligibility Criteria includes, inter alia, financial criteria, which requires the IB to have a net-worth of Rs. 2000 crore or US$ 265 million. The point in question requires the criteria to be fulfilled by both the Consortium SPV and all members of Consortium. This is also clarified in the table on pg. 80 which reiterates the same. However, Clause 5.1) 5) c) i) states that "where IB is a Consortium, the Combined Net-worth of all the Consortium Members should meet the Minimum Net-worth Criteria as mentioned in Clause 2(a) above." This is a discrepancy which requires a clarification	Essential for a prospective bidder is ascertaining whether all members of the Consortium are required to meet the financial criteria individually.	Please be guided by Clause 5.1 (2) (e) in respect to financial criteria. All other qualification and disqualification criteria to be met by all Consortium Members.
34.	Clause 5.1(4)	Withdrawal/ Change of EOI "An IB submitting the EoI cannot be replaced by another subsidiary of its	This will help optimize the financing structure	No change in said clause is acceptable. Reference to Clause 5.2(10

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		Parent or a SPV created by its Parent at any stage of the Transaction." The above substitution/replacement of the IB by another subsidiary or affiliate of its Parent or a SPV created by its Parent, should be allowed to IB till completion 90 days from being shortlisted.		of Part B (Request for EoI) may be made.
35.	Clause 5.1(3) (a)	IB should have flexibility to onboard any financial investor(s) in the SPV at any point in time during the Transaction such that SPV will be, directly or indirectly, Subsidiary of the IB. Moreover, the management and control rights of the SPV will be with the IB.	This provides flexibility to the IB to raise funds for the Transaction where the investor, holding equity stake of maximum 49% (on fully diluted basis), would be merely a financial investor in the SPV without any rights for operational and management control.	IB may consider conversion from Sole Bidder to Consortium/ increase in members of consortium by including such financial investor within the consortium as per Clause 5.2 (10) of Part B (Request for EOI). SPV formation and other conditions would be guided would be guided by Clause 5.1 (3) of Part B (Request for EOI).
36.	Clause 5.1(3) (a)	IB should also have the flexibility to identify an existing 100% wholly owned SPV / affiliate company, which could be used to acquire the shares of NINL. There should not be a mandatory requirement to form a new SPV.	This provides flexibility to IB to use an existing SPV and can potentially help maximize the value of the assets.	Existing WOS/ SPV needs to bid either as Sole Bidder or as part of consortium. It is not mandatory for Sole Bidder to form SPV. However, it is mandatory for a Consortium to form SPV. Please refer Clause 5.1 (3) (a) & (b) in this regard.

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37.	Clause 5.1 (5) and Definition	The minimum stake requirement of the Lead Member should be reduced from 40% to 25%. In addition, there should be flexibility in changing the Lead Member post submission of EoI and until the date of signing of the Definitive Agreement	This will help optimize the financing structure and maximize the value of the assets.	Lead Member stake retained as per Clause 5.1 (5)
38.	Clause 5.2(10)	Change in composition of consortium	The PIM lays down certain guidelines that must be followed in case a change is consortium is anticipated after the submission of the EoI and the shortlisting of bids. In this respect, a clarification is sought on whether an IB submitting the bid as part of the consortium can after the shortlisting of bids become a sole bidder provided that such IB was the Lead Consortium Member. In such case, please clarify that in such case the IB will become the “Sole Bidder” and will be allowed to submit the financial bid in such capacity.	As per Clause 5.2 (10)(a) – Application for change of consortium needs to fulfil the criteria specified as per said clause. Additionally, as per Clause 5.2 (1) - “The IB must meet the Eligibility Criteria as stated in Clause 5.1 of this EOI Request, **on the date of submission of the EOI** and must continue to be eligible throughout the Transaction until its completion.” As per above clause, networth of the lead consortium member would be considered, as per the financial eligibility criteria on date of submission of EOI in case change of consortium under clause 5.2 (10) is applied for post shortlisting of interested bidder.

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39.	Clause 5.2(10)	Change in Consortium or conversion of non-consortium IB to Consortium	We understand that within 45 days of shortlisting of a consortium, there can be inclusion or exclusion of member in the consortium. We wanted to check whether post such change, we will have to submit a revised Net Worth certificate? If yes, then whether the revised Net Worth certificate can be obtained as on 31st March 2021?	Refer Clause 5.2 (1) - "The IB must meet the Eligibility Criteria as stated in Clause 5.1 of this EOI Request, **on the date of submission of the EOI** and must continue to be eligible throughout the Transaction until its completion." Refer Clause 5.1 (2) (a) for effective date of networth calculation for meeting financial eligibility criteria.
40.	Clause 5.2(10)	Change in Consortium or conversion of non-consortium IB to Consortium	After the submission of the EoI, if there is a change in composition of a consortium, pursuant to which the members forming part of the consortium merge into one entity, would such merged entity be permitted to submit the financial bid as a Sole Bidder? In such case, would a fresh net worth statement be required and what financial statement back up would be required?	Refer Clause 5.1 (5)(d) and Clause 5.2 (10) wherein it is stated that no change in composition of Consortium will be permitted after last date for submission of EOI, till shortlisting of the IBs. If after shortlisting of IBs there is a proposed change in consortium, Shortlisted IB/ Consortium needs to apply for approval for such change to the Transaction Advisor (TA) no later than 45 days from date of shortlisting of IB. This timeline of 45 days maybe extended under instruction from GOI

S. No.	Queries from Interested Bidders			Response to Queries
	Clause No. Part B	**Clarification/ Additional Information required**	**Rationale for clarification or additional information required**	
				if required. Endeavour shall be made to provide approval or disapproval for such a change no later than 2 weeks from the date of receipt of such application from the IB. Refer Clause 5.2 (1) - "The IB must meet the Eligibility Criteria as stated in Clause 5.1 of this EOI Request, **on the date of submission of the EOI** and must continue to be eligible throughout the Transaction until its completion."
41.	Clause 5.2(10) (c)	"In case where two sole bidders have been qualified based on the EoI submitted by each of the sole bidders, the formation of a Consortium by the Sole Bidders shall not be permitted." This restriction should not be imposed on the sole bidders (IBs). However, timeline of 90 days from getting shortlisted may be provided for formation of such Consortium by sole bidders.	This will facilitate in making the bidding process more competitive with more number of Shortlisted Bidders which are likely to submit the financial bids. This will inadvertently result in better offers from the bidders.	No change in Clause 5.2 (10) (c) is accepted. The said timeline of 45 days as per Clause 5.2 (10) is to be read as 60 days. Corrigendum in this regard has been issued.
42.	Paragraph 9, Annexure 7	While we understand that the change of control requirements will	To confirm that an ongoing merger involving the IB and the Parent,	IB to provide information regarding the ongoing merger and the

S. No.	Queries from Interested Bidders			Response to Queries
	Clause No. Part B	**Clarification/ Additional Information required**	**Rationale for clarification or additional information required**	
		be specified at the RFP stage, we request that an express clarification is included to exclude from the change in control restriction any intra-group corporate restructuring or reorganization (including by way of merger, amalgamation etc.) involving the IB or the Parent, as long as the management of the IB remains the same as disclosed to the GOI and Sellers at the EOI stage.	pursuant to which the parent will be amalgamated into the IB will not trigger any change in control restriction.	associated entities at time of EOI submission. GoI may take decision thereafter.
43.	Clause 5.2(4)	Lock-in of Shares – Transfer intra-group	Will intra-group transfer of shares be permissible given the shareholding lock-in requirements? This may be required as a part of corporate restructuring.	Lock In conditions would be informed in Stage II of the transaction and shortlisted bidders would be provided clarification through the RFP/ Definitive Agreement(s)
44.	Clause 5.2(4)	Lock in period of the shares acquired in the transaction to be waived.	This will help optimize the financing structure and maximize the value of the assets possibly by integrating potential future synergies.	Lock In conditions would be informed in Stage II of the transaction and shortlisted bidders would be provided clarification through the RFP/ Definitive Agreement(s)
E	**Others**			
45.	Clause 2.1	Transaction Background – clarifications on transfer of assets	Will there be any cost involved in transferring the assets, specially mining lease, land, etc. from NINL to IB / its affiliates. Will there be	Shortlisted bidders are required to undertake their own assessment of costs involved for the transaction. As per process, existing documents for

S. No.	Queries from Interested Bidders			Response to Queries
	Clause No. Part B	**Clarification/ Additional Information required**	**Rationale for clarification or additional information required**	
			any cost implications be applicable twice in case Company 1 undertakes acquisition and then NINL's shareholding is transferred to a Company 2 (which is related to Company 1). Can any exemptions be availed for this under DIPAM process. Further, can a clarification be provided with respect to Contingent liabilities and its treatment. Will there be a clean slate principle applicable as under IBC Section 32 (A)	land lease, mining will be provided to shortlisted bidders for due diligence via VDR in Stage II of the process. Transfer of shares from Company 1 to Company 2 will be guided by lock in criteria to be specified at Stage II through RFP/DA. Current disinvestment process under DIPAM does not envisage any exemptions. The Contingent Liabilities continue to remain on books of NINL. The disinvestment does not fall within the purview of IBC, 2016.
46.	Clause 3.1	Salient Features of the Transaction (para 3 and 4) – Enterprise Value calculation	Under para 4 the bid is supposed to be on an 'Enterprise Value' basis - to clarify that prior to the bid the updated audited financials will be made available since the para refers to details in Part A para 4.3, 4.4 and 4.5 (these are all subject to updation at this stage). Further, MMTC has provided the following to NINL – 1. Unsecured loan – 1,425 Cr	NINL's FY20 unaudited accounts signed by the Board of Directors is uploaded. Audited FY20 financials will be uploaded to VDR once the CAG audit is completed. Key outstanding liability position as on 31.12.2020 is being annexed as part of this document. Relevant updated data would be made available to shortlisted bidders

S. No.	Queries from Interested Bidders			Response to Queries
	Clause No. Part B	Clarification/ Additional Information required	Rationale for clarification or additional information required	
			2. Credit Advances – 1,796 Cr totaling to 3,221 Cr as of Mar'20. Given the no. has changed to 3,372 Cr as of Sept'20; would request if some clarity can be provided on treatment of MMTC related loans and its repayment mechanism and any movement from Bid submission / last audited nos. until closing. Also, will the evaluation be purely on the Equity Value offered or is there a contemplated scoring criterion	through VDR for purpose of due diligence in Stage II of the transaction.
47.	Clause 5.2 (5)	Requisite approvals: While the IB shall have the obligation to obtain the approvals that an acquirer is required to obtain, however, relevant government agencies and ministries should facilitate the IB in getting the requisite approvals for the Transaction in an expedited manner.	This can potentially help the transaction conclusion at the earliest	While disinvestment is a priority area of the GoI, the onus for obtaining the requisite approvals is on the IB.
48.	Clause 5.2 (5)	Requisite Approvals	Reference is made to approvals being required to enter into the Definitive Agreements. To clarify what third party approvals are	A tentative list of requisite approvals would be included in the RFP/ Definitive Agreement(s). Bidders may undertake their own

S. No.	Queries from Interested Bidders			Response to Queries
	Clause No. Part B	**Clarification/ Additional Information required**	**Rationale for clarification or additional information required**	
			proposed to be sought by the IB from Ministry of Commerce & Industry to enter into the agreement. To confirm that relevant government approvals such as CCI etc. would only be required to be sought before completing the transaction as conditions precedent under the Definitive Agreements	assessment basis information provided in VDR and applicable law. The Successful Bidder would be responsible for obtaining all relevant approvals to complete the transaction.
49.	Clause 5.2 (5)	Requisite Approvals	Please clarify the impact of not receiving requisite approvals after being selected as a Successful Bidder including the refund of earnest money.	While disinvestment is a priority area for GoI, the onus for obtaining the requisite approvals is on the IB. The matter regarding refund of EMD, if any, would be clarified in RFP/ Definitive Agreement(s) which would be made available to shortlisted bidder.
	Annexure 6 – Draft Confidentiality Agreement			Certain queries pertaining to Draft Confidentiality Agreement have been received. However, since the Draft Confidentially Agreement needs to be submitted by Shortlisted Bidder prior to obtained VDR access, any modifications in the same would be taken up for discussion post intimation to Shortlisted Bidders.

Annexure I – Latest Outstanding Position as on 31.12.2020

NEELACHAL ISPAT NIGAM LIMITED

Outstanding

In Crores

	Banks / Fis	Outstanding as on 31.12.2020 (Provisional)
A	Total Loan Bank	1218
	Non-Fund Base (BG&LC)	150
	Non-Fund Base (Allahabad)	100
	Sub Total	**1468**
B	Fund Base (Cash Credit)(June'20)	150
	Fund base to Nonfund base (BG)	6
	Sub Total	**156.00**
C	**Bond**	
	Bond 10.45%	50
	Bond 11.90%	200
	Bond Intesrest	12
	Sub Total	**262**
D	**OMC**	345
	Interest Outstanding	40
	Total OMC	**385**
E	**MMTC**	
	Working Capital	1425
	Trade Advance	1796
	Total MMTC	**3221**
I	**NMDC**	60
	Interest Outatsnding Jan'20 to March'20	7
	Total NMDC	**67**
J	Operational Creditor	390
	Wages Employees & Contract Labour overdue Payments upto Dec'20	114
	OMC Iron Ore Supply	96
	Sub Total	**600**
	Grand Total	**6159.00**

Annexure II – Detailed Shareholding of NINL (as on 08.03.2020)

NEELACHAL ISPAT NIGAM LIMITED

Shareholding Pattern (As on 08.03.21)

Sl. No.	Name of the Shareholders	No. of shares	Share Capital (In Rs.)	% of Share Capital Holding
1	MMTC	368,762,744	3,687,627,440 00	49.784758
2	IPICOL	88,868,389	888,683,890 00	11 997663
3	OMC	151,598,530	1,515,985,300 00	20 466536
4	NMDC	74,799,878	747,998,780 00	10.098346
5	MECON	5,000,000	50,000,000 00	0 675024
6	BHEL	5,000,000	50,000,000.00	0.675024
7	BECO	700,000	7,000,000.00	0.094503
8	G. A. Danieli India Ltd. (Rs. 5/- each paid up)	1,000,000	5,000,000 00	0 067502
9	SMS India Pvt. Ltd. (Rs. 5/- each paid up)	12,852,000	64,260,000 00	0 867541
10	IDBI Bank Limited	18,846,796	188,467,960.00	2.544409
11	IFCI Limited	2,292,501	22,925,010.00	0.309499
12	Life Insurance Corporation of India	4,422,944	44,229,440.00	0.597119
13	General Insurance Corporation of India	216,112	2,161,120.00	0.029176
14	National Insurance Company Limited	129,305	1,293,050.00	0.017457
15	Bank of Maharashtra	1,887,847	18,878,470 00	0.254868
16	Syndicate Bank	1,961,874	19,618,740 00	0 264863
17	Oriental Bank of Commerce	1,298,091	12,980,910.00	0.175249
18	United Bank of India	1,065,896	10,658,960.00	0.143901
19	State Bank of Mysore	1,015,718	10,157,180.00	0.137127
20	Central Bank of India	5,921,243	59,212,430.00	0.799397
Nominees of IPICOL / Govt.of Odisha		-	-	-
21	Shri Surendra Kumar, IAS	100	1,000.00	0.000014
22	Shri N. B. Jawale, IAS	100	1,000.00	0.000014
Subscribers to MOA		-	-	-
23	Shri S. D. Kapoor	10	100.00	0.000001
24	Dr. B. B. L. Madhukar	15	150.00	0.000002
25	Shri M. P. Gupta	10	100.00	0.000001
26	Shri P. N. Sharma	10	100.00	0.000001
27	Dr. S. R. Jain	10	100.00	0.000001
28	Dr. S. Ray	10	100.00	0.000001
29	Shri S. D. M. Nagpal	10	100.00	0.000001
	Total	**747,640,143**	**7,407,141,430.00**	**100.000000**

NEELACHAL ISPAT NIGAM LIMITED

NINL

UNAUDITED ACCOUNTS FOR THE YEAR 2019-2020

Neelachal Ispat Nigam Limited

Balance Sheet as at 31st. March, 2020

(₹ in lakh)

Particulars	Note No.	As at 31st. March,2020	As at 31st. March,2019
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	2	2,30,042.94	2,47,638.97
(b) Capital work-in-progress	3	14,282.99	13,801.99
(c) Right of use assets	3a	6,693.82	-
(d) Intangible assets	4	15,554.39	17,987.19
(e) Financial assets			
(i) Other financial assets	5	480.13	3,759.82
(f) Deferred tax assets (net)	6	-	60,677.10
(g) Other non-current assets	7	3,667.96	3,678.73
		2,70,722.23	3,47,543.80
(2) Current assets			
(a) Inventories	8	33,466.05	44,636.12
(b) Financial assets			
(i) Cash and cash equivalents	9	3,496.01	5,587.00
(ii) Other financial assets	10	-	52.36
(c) Other current assets	11	5,090.70	4,323.02
		42,052.75	54,598.50
Total Assets		3,12,774.99	4,02,142.30
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	12	74,071.41	58,129.41
(b) Other Equity	13	(3,30,542.57)	(1,53,778.38)
		(2,56,471.15)	(95,648.97)
LIABILITIES			
(1) Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	14	1,27,119.99	1,39,782.09
(b) Provisions	15	11,212.14	8,473.92
(c) Other non-current liabilities	16	10,950.56	10,703.06
		1,49,282.70	1,58,959.07
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	1,56,148.19	1,54,214.21
(ii) Trade payables:-			
(A) total outstanding dues of micro enterprises and small enterprises	18	965.76	383.19
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	18	26,440.33	23,249.53
		27,406.09	23,632.72
(iii) Other financial liabilities [other than those specified in item (c)]	19	48,164.53	33,958.23
(b) Other current liabilities	20	1,87,734.29	1,26,696.55
(c) Provisions	21	510.35	330.49
		4,19,963.44	3,38,832.20
Total Equity and Liabilities		3,12,774.99	4,02,142.30

Significant Accounting Policies	1
Other notes on Financial Statements	31

The above balance sheet should be read in conjuction with the accompanying notes.

Board Approved Unaudited Account

Krishna Chandra Mohanta
Company Secretary
Neelachal Ispat Nigam Ltd,
Bhubaneswar.

Neelachal Ispat Nigam Limited

Statement of Profit and Loss for the year ended 31st. March, 2020

(₹ in lakh)

	Particulars	Note No.	For the year ended 31st. March, 2020	For the year ended 31st. March, 2019
I	Revenue From Operations	22	94,107.47	2,00,543.09
II	Other Income	23	795.86	1,988.65
III	Total Income (I+II)		94,903.32	2,02,531.74
IV	EXPENSES			
	Cost of materials consumed	24	1,08,045.67	1,73,010.82
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	25	4,038.80	(5,948.67)
	Employee benefits expense	26	16,771.78	15,540.52
	Finance costs	27	49,871.58	46,625.56
	Depreciation and amortization expense	28	17,755.00	15,052.58
	Other expenses	29	13,548.82	18,224.18
	Total expenses (IV)		2,10,031.65	2,62,504.99
V	Profit / (loss) before exceptional items and tax (III-IV)		(1,15,128.33)	(59,973.25)
VI	Exceptional Items		-	-
VII	Profit / (loss) before tax (V-VI)		(1,15,128.33)	(59,973.25)
VIII	Tax expense:			
	(1) Current tax		-	-
	(2) Deferred tax	30	60,677.11	(19,828.59)
IX	Profit / (Loss) for the year (VII-VIII)		(1,75,805.44)	(40,144.66)
X	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss - Remeasurement of the defined benefit plans		(831.36)	(213.70)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
XI	Total Comprehensive Income for the year (IX+X) (Comprising Profit (Loss) and Other Comprehensive Income for the year)		(1,76,636.79)	(40,358.36)
XII	Earnings per equity share :			
	(1) Basic (in ₹)		(24.09)	(6.94)
	(2) Diluted (in ₹)		(24.09)	(6.94)
	Significant Accounting Policies	1		
	Other notes on Financial Statements	31		

The above Statement of Profit and Loss should be read in conjuction with the accompanying notes.

Board Approved Unaudited Account

Krishna Chandra Mohanta
Company Secretary
Neelachal Ispat Nigam Ltd.
Bhubaneswar.

Neelachal Ispat Nigam Limited

Cash Flow Statement for the year ended 31st. March, 2020

(₹ in lakh)

	For the year ended 31st. March, 2020		For the year ended 31st. March, 2019	
A. Cash Flow from Operating Activities :				
Net loss as per the Statement of Profit & Loss	(1,75,805.44)		(40,219.34)	
Less Profit on sale of fixed assets	-		(1.17)	
Add Deferred tax	60,677.11		(19,753.91)	
Add Depreciation	17,755.00		15,052.58	
Add Financing Costs	49,871.58		46,625.56	
Operating Cash Flow before changes in working capital		(47,501.74)		1,703.72
Changes in Assets & Liabilities :				
Increase (-) / Decrease (+) in Inventory	11,170.07		(11,311.68)	
Increase (-) / Decrease (+) in Other Non-current Financial Assets	-		227.95	
Increase (-) / Decrease (+) in Other Non-current Assets	10.77		99.55	
Increase (-) / Decrease (+) in Other Current Assets	(767.68)		(905.46)	
Increase (+) / Decrease (-) in Non-current Provisions	1,906.87		1,398.24	
Increase (+) / Decrease (-) in Other Non-current Liabilities	247.51		(86.52)	
Increase (+) / Decrease (-) in Trade Payables	3,773.37		1,988.26	
Increase (+) / Decrease (-) in Other Financial Liabilities	14,206.30		-	
Increase (+) / Decrease (-) in Other Current Liabilities	61,037.84		83,752.43	
Increase (+) / Decrease (-) in Current Provisions	179.86	91,764.90	48.26	75,211.03
Net Cash from Operating Activities		44,263.16		76,914.75
B. Cash Flow from Investing Activities :				
Purchase / Capitalisation of Fixed Assets		(41.27)		(8,123.30)
Disposal of Fixed Assets		-		1.55
(Increase) / Decrease in Right of use assets & Intangible assets		(1,065.34)		(4,896.35)
Reduction in / Addition to Capital Work in Progress		(481.00)		6,028.09
Net Cash from Investing Activities		(1,587.61)		(6,990.01)
C. Cash Flow from Financing Activities :				
Infusion of Equity		15,942.00		-
Redemption of Preference Shares		-		(2,135.72)
Non-current Borrowings		(12,662.11)		(14,605.85)
Current Borrowings		1,933.98		2,704.51
Other Current Financial Liabilities		-		(12,279.59)
Financing Costs paid		(49,871.58)		(46,625.56)
Net Cash from Financing Activities		(44,657.71)		(72,942.21)
Net Increase / (-) Decrease in Cash & Cash Equivalent (A+B+C)		(1,982.16)		(3,017.47)
Cash & Cash Equivalents (Opening)		5,958.30		8,975.77
Cash & Cash Equivalents (Closing)		3,976.14		5,958.30
(Represented by Cash & Bank balances)				
Cash and cash equivalent balances held by the Company, that are not available for use due to the same being held under lien towards margin money for LC / BG with banks or as security deposit with different Government Authorities etc.		3,228.21		3,511.20

Board Approved Unaudited Account

Krishna Chandra Mohanta
Company Secretary
Neelachal Ispat Nigam Ltd.
Bhubaneswar.

Neelachal Ispat Nigam Limited

Statement of Changes in Equity for the period ended 31st. March, 2020

A. Equity Share Capital -

(₹ in lakh)

Balance as at 01.04.2018	Changes in equity share capital during the period 2018-19	Balance as at 31.03.2019	Balance as at 01.04.2019	Changes in equity share capital during the period 2019-20	Balance as at 31.03.2020
58,129.41	-	58,129.41	58,129.41	15,942.00	74,071.41

B. Other Equity -

(₹ in lakh)

	Reserves & Surplus				Equity component of compound financial instruments	Total
	Capital Reserve	Security Premium	Other Reserve	Retained Earnings		
Balance as at 01.04.2018	-	18,150.00	1,666.67	(1,33,236.69)	85.15	(1,13,334.87)
Changes in accounting policy or prior period errors or other adjustments	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	18,150.00	1,666.67	(1,33,236.69)	85.15	(1,13,334.87)
Profit / (Loss) for the year	-	-	-	(40,144.66)	-	(40,144.66)
Other comprehensive income (loss) for the year (net of tax)	-	-	-	(213.70)	-	(213.70)
Total Comprehensive Income for the year	-	-	-	(40,358.36)	-	(40,358.36)
Dividends	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-
Any other change	-	-	-	-	(85.15)	(85.15)
Balance as at 31.03.2019	-	18,150.00	1,666.67	(1,73,595.05)	-	(1,53,778.38)
Balance as at 01.04.2019	-	18,150.00	1,666.67	(1,73,595.05)	-	(1,53,778.38)
Changes in accounting policy or prior period errors or other adjustments	-	-	-	(127.39)	-	(127.39)
Restated balance at the beginning of the reporting period	-	18,150.00	1,666.67	(1,73,722.44)	-	(1,53,905.78)
Profit / (Loss) for the year	-	-	-	(1,75,805.44)	-	(1,75,805.44)
Other comprehensive income (loss) for the year (net of tax)	-	-	-	(831.36)	-	(831.36)
Total Comprehensive Income for the year	-	-	-	(1,76,636.79)	-	(1,76,636.79)
Dividends	-	-	-	-	-	-
Transfer from Bond Redemption Reserve to Retained Earnings	-	-	(1,166.67)	1,166.67	-	-
Any other change	-	-	-	-	-	-
Balance as at 31.03.2020	-	**18,150.00**	**500.00**	**(3,49,192.57)**	-	**(3,30,542.57)**

Board Approved Unaudited Account

Krishna Chandra Mohanta
Company Secretary
Neelachal Ispat Nigam Ltd.
Bhubaneswar.

Neelachal Ispat Nigam Limited

Note 1:

Corporate and General Information

The company is domicile in India and is a public limited company registered under erstwhile Companies Act, 1956. Its country of incorporation is India and the address of its registered office is at 1st Floor, IPICOL House (Annexe Building), Janpath, Bhubaneswar, Odisha with principal place of business at Kalinga Nagar Industrial Complex, Duburi, Jajpur, Odisha. The company is an integrated iron and steel plant manufacturing steel billets, pig iron, coke, fertilizer, crude tar etc.. While pig iron is sold both in domestic as well as export market, the company is principally dependent on the domestic market for remaining products.

The financial statements for the year ended March 31, 2020 were approved by the Board of Directors and authorised for issue on 06/03/2021.

Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for Neelachal Ispat Nigam Limited (the Company).

a) Basis of preparation

i) Compliance with Ind AS

The financial statements of the Company comply in all material aspects with Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other accounting principles generally accepted in India.

ii) Measurement Basis

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following material items that have been measured at fair value as required by relevant Ind AS:

I) Certain financial assets and liabilities which are classified as fair value through profit and loss or fair value through other comprehensive income;

II) Assets held for sale, at the lower of the carrying amounts and fair value less cost to sell and

III) Defined benefit plans and plan assets.

iii) Functional and Presentation Currency

Board Approved Unaudited Account

Krishna Chandra Mohanta
Company Secretary
Neelachal Ispat Nigam Ltd.
Bhubaneswar.

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

iv) Current versus Non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current assets.

A liability is classified as current liability when it is:

- Expected to be settled in normal operating cycle;
- Held primarily for the purpose of trading;
- Due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

v) Use of estimates and judgement

The preparation of financial statements in conformity with Ind AS requires making judgments, estimates and assumptions that affect reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of the financial statements, the amounts of revenue and expenses during the reported period and notes to the Financial Statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Any revision to such estimates is recognized in the period in which the same is determined.

Board Approved Unaudited Account

Krishna Chandra Mohanta
Company Secretary
Neelachal Ispat Nigam Ltd.
Bhubaneswar.

b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade discounts, volume rebates, Goods and Service Tax and amounts collected on behalf of third parties.

Sales are recognized when performance obligation is satisfied by transferring promised goods or services to the customers and the customers obtain control of those goods or services.

Export incentives under various schemes and other incomes are recognized on certainty of their realization.

c) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented under the heading 'Other income'.

d) Leases

The Company has adopted Ind AS 116 Leases from 1st April, 2019. At the inception of a contract, the Company assesses whether a contract is, or contains a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reviewed for indicators of impairment and reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted based on the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will

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exercise a purchase, extension or termination option. When the lease liability is re measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including Information Technology (IT) equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

e) Income Taxes

Tax expense recognised in statement of profit and loss comprises the sum of deferred tax and current tax not recognised in Other Comprehensive Income (OCI) or directly in equity. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Current income tax relating to items recognised outside statement of profit and loss is recognised either in OCI or in equity. Deferred tax liabilities are generally recognised in full for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss, unused tax credits (MAT Credit entitlement) or deductible temporary difference will be utilised against future taxable income. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it is probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside statement of profit and loss is recognised either in OCI or in equity.

f) Impairment of Assets

The Company assesses at each reporting date whether there is any objective evidence that a non financial asset or a group of non financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, the entire plant is considered as a cash-generating unit. Non- financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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g) Cash & cash equivalents

For the purpose of presentation in the statement of cash flows, Cash comprises of cash in hand and demand deposits with banks and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

h) Trade receivables

The carrying amount of trade receivable is considered to be its fair value due to short-term nature.

i) Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value except Liquid Argon, Liquid Oxygen, Liquid Nitrogen, Iron Scrap, Slag, Nut Coke, Coal Tar and Ammonium Sulphate which are valued at net realizable value. Mixed coke is valued at 55% of the value of main product i.e., BF Coke in absence of net realizable value. Similarly, billet scrap & SMS scrap are valued at 75% of the rate at which billet is valued subject to the condition that the rate so derived is not less than the rate at which Iron Scrap is valued. Cost of raw materials and purchased inventories comprises of cost of purchases after deducting rebates, discounts and duty / tax credits. Cost of finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition but excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of weighted average cost. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

j) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment held for use in the production or / and supply of goods or services or for administrative purposes, are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the present value of any obligatory decommissioning costs.

Items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment in accordance with Ind AS 16. However, for the sake of materiality, if the rate per unit of such items exceeds ₹1lakh (Rupees One Lakh only), the same are considered as property, plant and equipment. Otherwise, such items are classified as inventory.

Where cost of a part of the asset is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, they are accounted for as separate items (major

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components) of property, plant and equipment. For the sake of materiality, the cost of a part of the asset is considered as significant if it exceeds ₹50lakh (Rupees Fifty Lakh only).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any replaced item (s) is derecognized. Repairs and maintenance costs are charged to profit or loss during the reporting period in which they are incurred.

Capital work in progress comprises of assets in the course of construction for production and or supply of goods or services or administrative purposes, are carried at cost less any recognized impairment loss. At the point when an asset is ready for management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of property, plant and equipment are capitalized.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives. The useful lives are as prescribed by Schedule II to the Companies Act, 2013 except in case of following category of assets where useful lives have been determined based on technical evaluation done by the management's expert committee / independent technical experts in order to reflect the actual usage of the assets. The useful life assumed by the technical experts is as under:

Asset category	**Estimated useful life (in years)**
Factory Building	50
Plant & Machinery	25 to 30
Water Supply & Sewerage	18 to 22

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

Where, during any financial year, any addition has been made to any property, plant and equipment, or where any property, plant and equipment has been sold, discarded, demolished or destroyed, the depreciation on such property, plant and equipment are calculated on a pro rata basis from the date of such addition or, as the case may be, up to the date on which such asset has been sold, discarded, demolished or destroyed. Assets costing up to ₹5,000 are fully depreciated in the year in which they are put to use.

The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss.

k) Non-current assets held for sale

Company classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is met only when the asset is available for immediate sale in its present condition and its sale is highly probable. Non-current assets including discontinued operations, classified as held for sale are measured at the lower of the carrying amounts and fair value less costs to sell and presented separately in the financial statements. Once classified as held for sale, the assets are not subject to depreciation or amortisation. Any profit or loss arising from the sale or re-measurement of discontinued operations is presented as part of a single line item in statement of profit and loss.

l) Intangible Assets

Mining Rights

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

Costs related to Mining Rights are amortised on the basis of annual production to the total mineable reserves. In case the mining rights are not renewed, the balance related cost will be charged to revenue in the year of decision of non-renewal.

Other Intangible Assets

Other intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective estimated useful lives on a straight-line basis, from the date that they are available for use. The amortization expense is recognized in the statement of profit or loss. The estimated useful life of an identifiable intangible asset is based on a number of factors including terms of covenant, the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditure required to obtain the expected future cash flows from the asset. The amortization period and amortization method are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and treated as changes in accounting estimates. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount and are recognized in the statement of profit and loss.

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m) Stripping Cost

Stripping costs of surface mining is recognised as an asset when they represent significantly improved access to ore, provided all the following conditions are met:

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

The stripping cost incurred during the production phase is added to the existing "stripping cost asset" to the extent the current period stripping ratio exceeds the planned stripping ratio. The "stripping cost asset" is subsequently depreciated on a unit of production basis over the life of the identified component of the ore body that become more accessible as a result of the stripping activity and is then stated at cost less accumulated depreciation and impairment loss, if any.

n) Mine Closure

Mine Closure Provision includes the dismantling and demolition of infrastructure, the removal of residual materials and the remediation of disturbed areas for mines. This provision is based on all regulatory requirements and related estimated cost based on best available information. Mine closure costs are provided for in the accounting period when the obligation arises based on the net present value of the estimated future costs of restoration to be incurred during the life of the operation and post closure.

o) Trade and other payables

These amounts represent liabilities for goods and services supplied / provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 12 months of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. The carrying amounts of trade payables and capital creditors are considered as their fair value due to short-term nature.

p) Financial Instruments

All financial instruments are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognised on trade date. Loans and borrowings and payable are recognised net of directly attributable transactions costs.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets at amortised cost & non derivative financial liabilities at amortised cost.

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The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

Non-derivative financial assets at amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met:

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

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.

Non-derivative financial liabilities at amortised cost

Financial liabilities at amortised cost are initially recognized at fair value minus transaction cost, and subsequently carried at amortized cost using the effective interest method.

q) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability, a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the

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liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

r) Borrowing cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use. The Company considers a period of twelve months or more as substantial period of time. Income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

s) Foreign currency transaction and translation

Items included in the financial statements are measured using the currency of the primary economic environment i.e. Indian Rupee in which the Company operates. In preparing the financial statements, transactions in foreign currencies i.e. currencies other than the Company's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Exchange differences on monetary items are recognised in the statement of profit and loss in the period in which they arise.

t) Provisions, Contingent Liabilities & Contingent Assets

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefit will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the company, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent assets are not recognized in the financial statements.

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u) Employee benefits

Payments under Employees' Family Benefit Scheme: Under the Employees' family benefit scheme, monthly payments are made till the normal date of superannuation to the family members of those employees who are discharged from service due to medical reason or death, on deposit of the amount envisaged under the scheme and liability for the payments is accounted for on the basis of actuarial valuation.

Gratuity:

Gratuity payable to eligible employees is administered by a separate Trust. The liability is recognised on the basis of actuarial valuation.

Provident & Pension fund:

The company's contribution to the provident & pension fund is remitted to Employees' Provident Fund Organisation (EPFO) based on a fixed percentage of employees' salary and accounted for based on actual contribution paid or payable.

Accrued Leave Salary:

Liability towards Accrued Leave Salary, as at the end of the year is recognized on the basis of actuarial valuation.

Post Retirement Settlement Benefit:

Liability towards Post Retirement Settlement Benefit to employees as at the end of the year is recognized on the basis of actuarial valuation.

Actuarial gains or losses are recognized in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. Re-measurements comprising actuarial gains or losses and return on plan assets are not reclassified to profit or loss in subsequent periods.

v) Earnings per share:

(i) Basic earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the Companyby the weighted average number of equity shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per share and also weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

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w) Bond Redemption Reserve:

Bond Redemption Reserve for redemption of Non-convertible Bonds is created out of the profits, if any, every year until the date of redemption of first installment.

x) Rounding off amounts:

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakh as per the requirement of Schedule III to the Companies Act, 2013 unless otherwise stated.

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Note - 2 : Property, Plant and Equipment -

(₹ in lakh)

	Opening gross carrying amount as on 01.04.2019	Additions / Adjustments	Disposals / Adjustments	Closing gross carrying amount as on 31.03.2020	Opening accumulated depreciation as on 01.04.2019	Depreciation charged during the year	Disposals / Adjustments	Closing accumulated depreciation as on 31.03.2020	Closing net carrying amount as on 31.03.2020	Closing net carrying amount as on 31.03.2019
Freehold Land	17.42	-	-	17.42	-	-	-	-	17.42	17.42
Railway Lines & Sidings	1,872.11	-	-	1,872.11	947.25	61.14	-	1,008.39	863.72	924.86
Roads, Bridges & Culverts	1,481.02	-	-	1,481.02	191.44	55.07	-	246.51	1,234.51	1,289.58
Buildings	7,958.16	-	-	7,958.16	1,490.63	375.95	-	1,866.57	6,091.59	6,467.54
Water Supply	3,152.16	-	-	3,152.16	2,490.85	8.83	-	2,499.68	652.48	661.31
Plant & Machinery	2,79,523.30	37.83	-	2,79,561.13	52,288.32	15,727.45	-	68,015.77	2,11,545.36	2,27,234.98
Spare Parts, Stand-by & Servicing Equipments	3,388.58	-	-	3,388.58	364.54	216.29	-	580.83	2,807.75	3,024.04
Power Supply & Distribution	7,776.70	-	-	7,776.70	1,915.50	576.60	-	2,492.10	5,284.60	5,861.20
Furniture & Fittings	39.02	-	-	39.02	23.01	0.40	-	23.41	15.61	16.01
Vehicles	2,266.69	-	-	2,266.69	1,059.31	220.09	-	1,279.40	987.29	1,207.37
Compound Wall, Water Supply & Sewerage	726.81	-	-	726.81	75.25	350.23	-	425.47	301.33	651.56
Office Equipments	143.12	-	-	143.12	85.09	25.36	-	110.46	32.66	58.03
Miscellaneous Equipments	334.97	3.44	-	338.41	109.93	19.86	-	129.79	208.62	225.05
Total	**3,08,680.06**	**41.27**	-	**3,08,721.33**	**61,041.12**	**17,637.26**	-	**78,678.39**	**2,30,042.94**	**2,47,638.94**
Figures for the previous year	3,00,564.41	8,123.30	7.65	3,08,680.06	45,995.78	15,052.58	7.27	61,041.09	2,47,638.97	2,54,568.63

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Note - 3 : Capital work-in-progress -

	(₹ in lakh) As at 31st. March,2020	(₹ in lakh) As at 31st. March,2019
Construction and Erection work in progress	13,918.15	13,466.36
Stock of Construction Material	364.83	335.63
Total	14,282.99	13,801.99

Note - 3a : Right of use assets -

(₹ in lakh)

Description	Gross Block				Accumulated Depreciation / Amortisation				Net Block	
	As at 01.04.2019	Additions / Adjustments	Disposals / Adjustments	As at 31.03.2020	As at 01.04.2019	For the year	Disposals / Adjustments	Upto 31.03.2020	As at 31.03.2020	As at 01.04.2019
Right of use assets	6,522.19	626.28	-	7,148.46	336.91	117.74	-	454.65	6,693.82	6,185.28
Total	6,522.19	626.28	-	7,148.46	336.91	117.74	-	454.65	6,693.82	6,185.28
Figures for the previous year	-	-	-	-	-	-	-	-	-	-

Note - 4 : Intangible assets -

	(₹ in lakh) As at 31st. March,2020	(₹ in lakh) As at 31st. March,2019
Captive iron ore mines#	15,554.39	17,987.19
Total	15,554.39	17,987.19

Borrowing cost capitalised during the year amounting to ₹ Nil (31.03.2019 - ₹1,369.67 lakh).

Note - 5 : Other Financial Assets (Non-current) -

	(₹ in lakh) As at 31st. March,2020	(₹ in lakh) As at 31st. March,2019
Bank deposits with more than 12 months maturity#	480.13	371.30
Prepaid Leasehold Premium	-	3,388.52
Total	480.13	3,759.82

Includes margin money for LC / BG amounting to ₹471.00 lakh (31.03.2019-₹369.00 lakh) and security money with Govt. Deptt. ₹9.13 lakh(31.03.2019- ₹2.30 lakh).

Note - 6 : Deferred Tax Assets (net) -

	(₹ in lakh) As at 31st. March,2020	(₹ in lakh) As at 31st. March,2019
Deferred Tax Assets:		
Tax losses	-	68,545.93
Tax credits	-	4,207.28
Total (a)	-	72,753.21
Deferred Tax Liabilities:		
Tax on differences in WDV of PPE due to depreciation	-	(11,788.06)
Tax effect of transaction cost on loan	-	(288.05)
Total (b)	-	(12,076.11)
Net (a-b)	-	60,677.10

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Movement in deferred tax asset / liability

(₹ in lakh)

Particulars	Tax losses	On diff. on WDV of PPE due to depn.	On transaction cost on loan	Tax credits	Total
At 31st March, 2019	68,545.93	(11,788.06)	(288.05)	4,207.28	60,677.10
(Debited)/credited to profit or loss	-	-	-	-	-
Derecognition of deferred tax asset	(68,545.93)	11,788.06	288.05	(4,207.28)	(60,677.10)
At 31st March, 2020	-	-	-	-	-

Note - 7 : Other non-current assets -

	(₹ in lakh) As at 31st. March,2020	(₹ in lakh) As at 31st. March,2019
(i) Capital Advances :		
Advance to contractors for capital works	**336.84**	371.45
(ii) Advances other than capital advances :		
Security Deposit -		
Deposit with Govt. Departments	**1,993.68**	1,992.27
Deposit with others	**1,337.45**	1,315.01
Total	**3,667.96**	3,678.73

Note - 8 : Inventories -

	(₹ in lakh) As at 31st. March,2020	(₹ in lakh) As at 31st. March,2019
(a) i) Raw Materials	**2,797.18**	9,020.68
ii) Raw material in transit	-	1,551.98
(b) Work-in-progress	**473.14**	1,148.21
(c) Finished goods	**25,804.13**	29,167.86
(d) i) Stores and spares	**4,367.87**	3,021.38
ii) Stores and spares in transit	**23.72**	726.01
Total	**33,466.05**	44,636.12

Mode of valuation - Inventories have been valued at lower of cost and net realisable value.

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Note - 9 : Cash and Cash equivalents -

	(₹ in lakh) As at 31st. March,2020	(₹ in lakh) As at 31st. March,2019
a. Balances with Banks*	3,493.30	5,540.52
b. Cheques, drafts on hand	1.90	46.28
c. Cash on hand	0.81	0.20
Total	3,496.01	5,587.00

*Includes margin money for LC / BG amounting to ₹2,372.42 lakh (31.03.2019 - ₹2,856.58 lakh) and security money with Govt. Deptt. amounting to ₹227.47 lakh (31.03.2019 - ₹218.96 lakh), security against borrowing from bank amounting to ₹ NIL (31.03.2019 - ₹Nil) and deposit under employees' family benefit scheme amounting ₹148.19 lakh (31.03.2019- ₹ 64.36 lakh)

Note - 10 : Other Financial Assets (Current) -

	(₹ in lakh) As at 31st. March,2020	(₹ in lakh) As at 31st. March,2019
Prepaid Leasehold Premium	-	52.36
Total	-	52.36

Note - 11 : Other current assets -

	(₹ in lakh) As at 31st. March,2020	(₹ in lakh) As at 31st. March,2019
Advance to Employees	-	3.08
Advance to Suppliers for Stores, Spares & Raw Materials	390.86	797.52
Advance to Others	100.30	105.23
Prepaid Expenses	324.60	513.97
Claims Receivable	4,038.48	1,720.20
Export Incentive Receivable	-	795.09
Income tax paid in advance / recoverable	92.40	267.57
Interest accrued but not due on term deposits	144.06	120.36
Total	5,090.70	4,323.02

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Note - 12 : Equity Share capital -

	(₹ in lakh) As at 31st. March,2020	(₹ in lakh) As at 31st. March,2019
Authorised :		
190,00,00,000 (previous year 190,00,00,000) Equity Shares of ₹10/- each	1,90,000.00	1,90,000.00
Issued :		
74,76,40,143 (previous year 58,82,20,143) Equity Shares of ₹10/- each	74,764.01	58,822.01
Subscribed:		
74,76,40,143 (previous year 58,82,20,143) Equity Shares of ₹10/- each	74,764.01	58,822.01
Paid up :		
73,37,88,143 (previous year 57,43,68,143) Equity Shares of ₹10/- each	73,378.81	57,436.81
1,38,52,000 (previous year 1,38,52,000) Equity Shares of ₹10 each are allotted as partly paid-up of ₹5/-	692.60	692.60
Total	74,071.41	58,129.41

a) All the equity shares rank equally with regard to the repayment of capital in the event of liquidation of the company.
b) The company has neither issued bonus shares nor bought back any shares during the last five years.
c) The company does not have a holding company.
d) The details of equity share holders holding more than 5% shares :

Name of the shareholders	As at 31st. March,2020 No. of shares	% held	As at 31st. March,2019 No. of shares	% held
MMTC Ltd.	368762744	49.78	289342744	49.78
Industrial Promotion & Investment Corporation of Orissa Ltd.	88868389	12.00	88868389	15.29
NMDC Ltd.	74799878	10.10	74799878	12.87
The Odisha Mining Corporation Ltd.	151598530	20.47	71598530	12.32

e) The reconciliation of the number of shares outstanding is set out below :

	As at 31st. March,2020	As at 31st. March,2019
Issued :		
Equity Shares at the beginning of the year	588220143	588220143
Add Issued during the year	159420000	-
Equity Shares at the end of the year	747640143	588220143
Subscribed :		
Equity Shares at the beginning of the year	588220143	588220143
Add Subscribed during the year	159420000	-
Equity Shares at the end of the year	747640143	588220143
Paid up & partly paid up :		
Equity Shares at the beginning of the year (fully paid up)	574368143	574368143
Equity Shares at the beginning of the year (partly paid up)	13852000	13852000
Add Paid-up during the year	159420000	-
Equity Shares at the end of the year (fully paid up)	733788143	574368143
Equity Shares at the end of the year (partly paid up)	13852000	13852000

f) 1,38,52,000 equity shares of ₹10/- each on which ₹5/- has already been paid up shall not be called up except in the event of and for the purpose of the company being wound up.

Note 13 : Other Equity -

		(₹ in lakh) As at 31st. March,2020	(₹ in lakh) As at 31st. March,2019
Securities Premium Account			
As per last Balance Sheet		18,150.00	18,150.00
	Sub-total	18,150.00	18,150.00
Bond Redemption Reserve			
As per last Balance Sheet		500.00	1,666.67
	Sub-total	500.00	1,666.67
Retained Earnings			
Opening Balance		(1,73,595.05)	(1,33,236.69)
Add Adjustments		1,039.27	-
Add Total Comprehensive Income for the year		(1,76,636.79)	(40,358.36)
	Sub-total	(3,49,192.57)	(1,73,595.05)
	Total	(3,30,542.57)	(1,53,778.38)

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Note - 14 : Borrowings (Non-current):

	Rate of Interest	Date of redemption	(₹ in lakh) As at 31st. March,2020	(₹ in lakh) As at 31st. March,2019
Secured Loans -				
Bonds/debentures				
11.90% Bond	11.90% p.a.	27.03.2021	15,000.00	20,000.00
10.45% Bond	10.45% p.a.	19.02.2018	-	5,000.00
Term Loans				
from banks			85,057.02	99,145.93
from other parties - related parties			5,608.29	11,214.45
- others			2,727.68	4,421.71
Unsecured Loans -				
from other parties - related parties			18,727.00	-
		Total	1,27,119.99	1,39,782.09

a) Each bond is having face value of ₹10 lakh. Bonds carrying rate of interest of 10.45% p.a. are redeemable in 4 equal annual installments commencing from 19.02.2018 without put and call option and Bonds carrying rate of interest of 11.90% p.a. issued on 27.03.2014 are redeemable in 4 equal annual installments commencing from 27.03.2021 without put and call option. 10.45% bonds and 11.90% bonds are secured by registered mortgage on 1463.30 sq. mtrs. of land situated in the state of Gujarat and also secured by charge on the entire immovable property and plant & machinery attached to the earth or permanently fastened to anything attached to the earth of the company with Indian Bank as Trustee for 10.45% Bond Holders and SBI Caps Trustee Company Ltd. as trustee for 11.90% Bond Holders ranking pari passu with other parties and banks.

b) Bonds & loans amounting to ₹82,152.00 lakh (31.03.2019 - ₹96,133.00 lakh) are guaranteed by corporate guarantee of MMTC Ltd.

c) The term loan from banks amounting to ₹76,233.15 lakh (31.03.2019 - ₹82,178.15 lakh)are secured by pari passu first charge on the fixed assets of the company both present and future and second charge on current assets of the company present and future. The short term corporate loan of ₹625.00 lakh (31.03.2019 - ₹2,312.50 lakh) is secured by pari passu first charge on fixed assets and pari passu second charge on current assets.The medium term loan of ₹4,243.81 lakh (31.03.2019 - ₹7,169.92 lakh) is secured by second pari passu charge on movable fixed assets and current assets pending pari passu permission from other consortium lenders .

Short term loan of ₹16,050.07 lakh (31.03.2019 - ₹17,000.00 lakh) is secured by corporate guarantee of MMTC Ltd.

Corporate loan of ₹ 17,613.72 lakh (31.03.2019 - ₹24,606.70 lakh) is secured by way of first charge on fixed assets and second charge on current assets pending pari passu permission from other consortium lenders.

Creation of securities in favour of corporate loan of ₹9,581.24 lakh (31.03.2019 - ₹9,974.99 lakh) is in process.

d) The company has not paid principal instalment amounting to ₹3,443.31 lakh (31.03.2019 - ₹Nil) and interest amounting to ₹ 2,914.69 la (31.03.2019 -₹1,054.52 lakh) to banks and principal amounting to ₹5,172.22(31.03.2019 - ₹Nil) and interest amounting to ₹1,527.52 lakh (31.03.2019 - ₹133.19 lakh) to other parties as on 31.03.2020.

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e) Terms of repayment of loan and rate of interest are set out below :

Name of the lender	Outstanding as on 31.03.2020 (₹ in lakh)	Maturity Date	Terms of repayment	Rate of Interest
UNION BANK OF INDIA	3,883.00	31.03.2023	0.25% per qrt. from 30.9.15 to 31.3.18 (for 11 qrts.), 2% per qrt. from 30.6.18 to 31.3.19 (for 4 qrts.), 4% per qrt. from 30.6.19 to 31.3.21 (for 8 qrts.), 6 % per qrt. from 30.6.21 to 31.3.22 (for 4 qrts.), 8.31 % per qrt. from 30.6.22 to 31.3.23 (for 4 qrts.)	9.85%
INDIAN BANK	3,858.52	31.03.2023	-do-	10.35%
OBC	1,450.45	31.03.2023	-do-	9.46%
ALLAHABAD BANK	7,713.29	31.03.2023	0.253% per qrt. from 30.9.15 to 31.03.18 (for 11 qrts.), 2.021% per qrt. from 30.6.18 to 31.3.19 (for 4 qrts.), 4 .042% per qrt. from 30.6.19 to 31.3.21 (for 8 qrts.), 6.063% per 4qrt. from 30.6.21 to 31.3.22 (for 4 qrts.), 8.337% from 30.6.22 to 31.12.22 (for 3 qrts.) and 7.54 % for the qrt. ended 31.03.23.	9.15%
DENA BANK(PH-II)	8,313.49	31.03.2033	0.25% per qrt. from 30.6.15 to 31.03.17 (for 8 qrts.), 0.32 % per qrt. from 30.6.17 to 31.3.18 (for 4 qrts.), 0.63 % per qrt. from 30.6.18 to 31.3.19 (for 4 qrts.), 1 % per qrt. from 30.6.19 to 31.3.24 (for 20 qrts.) , 1.25 % per qrt. from 30.6.24 to 31.3.25 (4 qrts.), 2% per qrt. from 30.6.25 to 31.3.29 (for 16 qrts.), 2.12 % per qrt. from 30.6.28 to 31.3.30 (for 4 qrts.), 2.5% per qrt. from 30.6.30 to 31.3.31 (for 4 qrts.), 2.57% per qrt. from 30.6.31 to 31.3.32 (for 4 qrts.), 2.13 % per qrt. from 30.6.32 to 31.3.33 (for 4 qrts.)	13.35%
ALLAHABAD BANK--(PH-II)	4,787.23	31.03.2033	0.25% per qrt. from 30.9.15 to 31.03.18 (for 11 qrts.), 0.50% per qrt. from 30.6.18 to 31.3.19 (for 4 qrts.), 1.00% per qrt. from 30.6.19 to 31.3.25 (for 24 qrts.) , 2 % per qrt. from 30.6.25 to 31.3.30 (for 20 qrts.), 2.5 % per qrt. from 30.6.30 to 31.03.32 (for 8 qrts.) , 2.75 % per qrt. from 30.06.32 to 31.12.32 (for 3 qrts.) and 3% for the qrt. ended 31.03.33.	13.35%
UBI(PH-II)	7,000.00	31.03.2033	-do-	12.75%
SBI(PH-II)	18,119.78	31.03.2033	-do-	12.65%
CBI(PH-II)	6,076.15	31.03.2033	-do-	13.20%
SBH(PH-II)	1,801.14	31.03.2033	-do-	13.60%
SBM(PH-II)	1,342.86	31.03.2033	-do-	13.55%
SBI-9393	4,221.75	31.03.2023	0.25% per qrt. from 30.9.15 to 31.03.18 (for 11 qrts.), 2% per qrt. from 30.6.18 to 31.3.19(for 4 qrts.), 4% per qrt. from 30.6.19 to 31.3.21(for 8 qrts.) , 6% per qrt. from 30.6.21 to 31.3.22 (for 4 qrts.), 8% per qrt. from 30.6.22 to 31.12.22 (for 3 qrts.) and 9.25% for the qrt. ended 31.03.23.	12.75%
SBI-5293	3,843.16	31.03.2023	-do-	12.75%
SBI-3205	3,822.33	31.03.2023	-do-	9.05%
SBI(CORPORATE LOAN)	625.00	31.03.2021	1.25% per qrt. from 31.12.14 to 31.3.16 (for 6 qrts.), 4.5% per qrt. from 30.6.16 to 31.3.20 (for 16 qrt.), 5.125% per qrt. from 30.6.20 to 31.3.21 (for 4 qrts.)	11.75%
SBI (MINES)	9,581.24	31.12.2026	1.25% per qrt. from 30.06.18 to 31.3.21 (for 12 qrts.), 2.5% per qrt. from 30.6.21 to 31.3.22 (for 4 qrts.), 3.75% per qrt. from 30.6.22 to 31.3.26 (for 16 qrts.), 5% per qrt. From 30.06.26 to 31.12.26 (for 3 qrts.)	11.55%
VIJAYA BANK	3,300.00	31.12.2021	5% per qrt. from 30.09.18 to 31.12.18 (for 2 qrts.), 6% per qrt. from 01.01.19 to 31.12.19 (for 4 qrts.), 7% per qrt. from 01.01.20 to 31.12.20 (for 4 qrts.) and 9.5% per qrt. from 01.01.21 to 31.12.21 (for 4 qrts.)	12.45%
IFCI	5,200.00	30.09.2022	1.25% per qrt. from 30.6.16 to 30.9.17 (for 6 qrts.), 4.5% from 31.12.17 to 30.9.21 (for 16 qrts.), 5.125% per qrt. from 31.12.21 to 30.9.22 (for 4 qrts.)	13.55%
OMC	16,050.07	31.03.2022	36 monthly instalments starting from April-2019	10.25%
ALLAHABAD BANK (CORPORATE Loan)	9,113.72	31.03.2028	2.5% per qrt. from 30.9.18 to 31.03.19 (for 2 qrts.), 1.25% per qrt. from 01.04.19 to 31.3.20 (for 4 qrts.), 2.5% per qrt. from 01.04.20 to 31.03.26 (for 24 qrts.), & 3.75% per qrt. from 01.04.26 to 31.3.28 (for 8qrts.),	11.70%
INDUSIND BANK	2,000.00	30.10.2022	OD limit to be reduced by Rs. 1.25 crores per month from November 2018 at the end of every month.	11.05%
INDUSIND BANK	2,243.81	30.10.2022	OD limit to be reduced by Rs. 1.41 crores per month from November 2018 at the end of every month.	11.15%
OMC CL - II	15,727.00	27.01.2024	The interest accrued on loan during the moratorium period shall be treated as principal for all purpose. The revised principal amount shall be repaid in monthly instal,emts of Rs.6 crore each.	9.00%
NMDC	6,000.00	27.01.2024	The loan amount of ₹60 crore shall be repaid in equal monthly installments of ₹3 crs. Each.	9.00%

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Note - 15 : Provisions (Non-current) -

	(₹ in lakh) As at 31st. March,2020	(₹ in lakh) As at 31st. March,2019
Provision for employee benefits		
Accrued Leave Liability	6,240.08	4,939.69
Gratuity Liability	4,270.62	2,979.43
Post Retirement Settlement Expenses Liability	190.78	160.16
Employees' Family Benefit Scheme	510.67	394.64
Total	11,212.14	8,473.92

Note - 16 : Other non-current laibilities -

	(₹ in lakh) As at 31st. March,2020	(₹ in lakh) As at 31st. March,2019
Retention money on contracts	9,528.67	9,399.72
Security deposit	1,421.90	1,303.34
Total	10,950.56	10,703.06

Note - 17 : Borrowings (Current) -

	(₹ in lakh) As at 31st. March,2020	(₹ in lakh) As at 31st. March,2019
Secured Loans -		
Loans repayable on demand		
Working capital borrowings from banks	13,648.19	11,714.21
Unsecured Loans -		
Working capital borrowing from related party	1,42,500.00	1,42,500.00
Total	1,56,148.19	1,54,214.21

a) Working capital borrowings from banks are secured by hypothecation of company's inventories, book debts and other current assets and also secured by extension of mortgage / charge on the entire immovable properties and plant & machinery attached to the earth or permanently fastened to anything attached to the earth of the company on second charge basis. Corporate guarantee has been issued towards working capital borrowing from related party.

b) Corporate guarantee has been issued towards working capital borrowing from related party.

Note - 18 : Trade payables (Current) -

	(₹ in lakh) As at 31st. March,2020	(₹ in lakh) As at 31st. March,2019
Sundry Creditors - Due to Micro and Small Enterprises	965.76	383.19
Sundry Creditors - Other than Micro and Small Enterprises	26,440.33	23,249.53
Total	27,406.09	23,632.72

a) The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to such enterprises are as under:

Description	(₹ in lakh) As at 31st. March,2020	(₹ in lakh) As at 31st. March,2019
1) The principal amount remaining unpaid to the suppliers as at the end of accounting year	965.76	383.19
2) The interest due thereon remaining unpaid to the suppliers as at the end of the accounting year	-	-
3) The amount of interest paid in terms of section 16, alongwith the amount of the payment made to the suppliers beyond the appointed day during the year.	-	-
4) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.	-	-
5) The amount of interest accrued during the year and remaining unpaid at the end of the accounting year.	-	-
6) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

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Note - 19 : Other financial liabilities (Current) -

	(₹ in lakh) As at 31st. March,2020	(₹ in lakh) As at 31st. March,2019
Current maturities of long-term debt (Term loan from banks/other parties)	43,385.39	32,588.57
Interest accrued and due on loans	4,442.21	1,187.72
Interest accrued but not due on loans	336.93	181.94
Total	48,164.53	33,958.23

Note - 20 : Other current liabilities -

	(₹ in lakh) As at 31st. March,2020	(₹ in lakh) As at 31st. March,2019
Trade finance / revenue received in advance	1,79,853.01	1,17,750.24
Others :		
Earnest money deposit	230.45	245.42
Payable towards capital works	1,868.11	2,235.79
Others	5,782.72	6,465.10
Total	1,87,734.29	1,26,696.55

Note - 21 : Provisions (Current) -

	(₹ in lakh) As at 31st. March,2020	(₹ in lakh) As at 31st. March,2019
Provision for employee benefits		
Accrued Leave Liability	223.50	111.69
Gratuity Liability	232.60	125.66
Post Retirement Settlement Expenses Liability	0.41	0.40
Employees' Family Benefit Scheme	53.84	92.74
Total	510.35	330.49

Note - 15.1, 21.1 & 26.1 : Employee Benefits -

Gratuity	Payable on separation @ 15 days for each completed year of service or part thereof in excess of six months to eligible employees on death or who have rendered continuous service of 5 years or more subject to a maximum of ₹ 20 lakh.
Leave Encashment	Payable on separation to eligible employees who have accumulated earned and half pay leave. Encashment of accumulated earned leave is also allowed upto 30 days every year.
Post Retirement Settlement Benefits	Payable to retiring employees for settlement at their home town and reimbursement of 50% of mediclaim premium subject to maximum ₹ 3,000/ p.a..
Employees' Family Benefit Scheme	Monthly payments to disabled separated employees / legal heirs of deceased employees in lieu of prescribed deposit till the notional date of superannuation.

Other disclosures, as required under Indian Accounting Standards (IndAS) – 19 on 'Employee Benefits', in respect of defined benefit obligations are:

(a) The provision towards gratuity, accrued leave, post retirement settlement scheme are made by actuarial valuation in terms of provisions of IndAS–19.

(b) Reconciliation of Present Value of Defined Benefit Obligations:

(₹ in lakh)

Sl. No.	Gratuity	Leave Encashment	Post Retirement Settlement Benefit	Employee Family Benefit Scheme
Present value of projected benefit obligations as at 01.04.2019	5,500.66	5,051.38	160.56	487.37
Current Service Cost	514.27	1,121.44	-	-
Interest Cost	361.71	329.56	10.63	31.27
Actuarial Gains(-) / Losses (+) due to change in Financial Assumption	736.05	676.24	19.84	59.10
Actuarial Gains(-) / Losses (+) due to Unexpected Experience	67.88	(553.81)	0.55	18.10
Benefits Paid	89.89	161.24	0.39	31.34
Present value of projected benefit obligations as on 31.03.2020	7,090.68	6,463.58	191.19	564.51

(c) As against gratuity liability of ₹7,090.68 lakh as at 31.03.2020, the company has plan assets of the fund amounting to ₹2,587.47 lakh as at 31.03.2020. The other defined benefit obligations are unfunded.

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(d) Table showing changes in Fair Value of Plan Assets in respect of Gratuity:

	(₹ in lakh) As at 31.03.2020
Fair Value of Plan Asset at the beginning of the year	2,395.57
Interest Income	158.83
Employer's Contributions	130.00
Benefits Paid	89.89
Return on Plan Assets excluding Interest Income	(7.04)
Fair Value of Plan Asset at the end of the year	2,587.47

(e) Table showing funded status in respect of Gratuity:

(f) Table showing funded status:

(₹ in lakh)

	Gratuity	Leave Encashment	Post Retirement Settlement Benefit	Employee Family Benefit Scheme
Present Value of Obligation at the end of the year	7,090.68	6,463.58	191.19	564.51
Fair Value of Plan Asset at the end of the year	2,587.47	-	-	-
Funded Status	(4,503.21)	(6,463.58)	(191.19)	(564.51)
Net Asset / (Liability) Recognised in Balance Sheet	**(4,503.21)**	**(6,463.58)**	**(191.19)**	**(564.51)**

(g) Expenses recognized in the statement of Profit & Loss Account for the year ended 31.03.2020:

(₹ in lakh)

Particulars	Gratuity	Leave Encashment	Post Retirement Settlement Benefit	Employee Family Benefit Scheme
Current Service Cost	514.27	1,121.44	-	-
Net Interest Cost	202.89	329.56	10.63	31.27
Actuarial Gain/Loss applicable only for last year	-	122.43	-	77.20
Benefit cost (Expense recognised in Statement of Profit/Loss)	717.16	1,573.43	10.63	108.47
Amount charged to				
- Employee benefits expense (Note-26)	**717.16**	**1,573.43**	**10.63**	**108.47**
	-	-	-	-

(h) Expenses recognised in Other Comprehensive Income for the year ended 31.03.2020:

(₹ in lakh)

Particulars	Gratuity	Post Retirement Settlement Benefit
Actuarial Gains(-) / Losses (+) due to change in Financial Assumption	736.05	19.84
Actuarial Gains(-) / Losses (+) due to Unexpected Experience	67.88	0.55
Total Acturial (Gain)/Loss	803.93	20.39
Return on Plan Assets excluding Interest Income	(7.04)	-
Balance at the end of the period	810.97	20.39
Net (Income)/Expense for the period recognised in OCI	**810.97**	**20.39**
	-	-

(i) Actuarial assumptions

Description	As at 31.03.2020
Mortality Table	IALM 2006-2008 Ultimate
Superannuation Age	60
Attrition Rate	1%
Early Retirement & Disablement (All Causes Combined)	0.10%
above age 45	0.06%
Between 29-45	0.03%
Below age 29	0.01%
Discount Rate	6.63%
Inflation Rate	7.00%
Return on Capital (for gratuity)	6.63%
Remaining Working Life	14
Formula Used	Projected Unit Credit Method

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Note 22 : Revenue from operations -

		(₹ in lakh) For the year ended 31st. March, 2020	(₹ in lakh) For the year ended 31st. March, 2019
Sale of Products (including Excise Duty)			
Domestic		84,186.20	1,55,741.17
Exports		6,544.61	37,899.61
	Sub-Total	90,730.80	1,93,640.78
Other Operating Revenues		3,376.66	6,902.31
	Total	94,107.47	2,00,543.09

Note 23 : Other income

		(₹ in lakh) For the year ended 31st. March, 2020	(₹ in lakh) For the year ended 31st. March, 2019
Sale of Misc. Scrap		73.79	35.15
Interest on Term / Other Deposit		325.58	747.32
Miscellaneous Receipts		4.69	17.01
Export Incentives		391.79	1,189.17
	Total	795.86	1,988.65

Note 24 : Cost of materials consumed

		(₹ in lakh) For the year ended 31st. March, 2020	(₹ in lakh) For the year ended 31st. March, 2019
Iron Ore		10,651.40	39,936.49
Coke		-	5,292.02
Coking Coal		95,507.29	1,20,206.66
Dolomite		596.26	2,136.10
Limestone		499.15	2,031.78
Sand		9.89	27.18
Quartzite		56.31	282.13
Manganese		-	0.35
Sulphuric Acid		245.67	431.73
Ferro Manganese		2.35	74.40
Ferro Silicon		21.42	228.03
Silico Manganese		96.85	976.50
Aluminium		5.90	56.09
Others		353.19	1,331.36
	Total	1,08,045.67	1,73,010.82

Note 25 : Changes in inventories of finished goods and work-in-progress

	For the year ended 31st. March, 2020	(₹ in lakh)	For the year ended 31st. March, 2019	(₹ in lakh)
Opening Stock				
- Finished Goods	29,167.86		23,923.18	
- Work-in-Progress	1,148.21	30,316.07	444.22	24,367.40
Less: Closing Stock				
- Finished Goods	25,804.13		29,167.86	
- Work-in-Progress	473.14	26,277.28	1,148.21	30,316.07
Changes in inventories of finished goods and work-in-progress		4,038.80		(5,948.67)

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Note 26 : Employee benefits expense

	(₹ in lakh) For the year ended 31st. March, 2020	(₹ in lakh) For the year ended 31st. March, 2019
Salaries, Wages and Allowances	**12,274.55**	11,422.43
Leave Encashment	**1,573.43**	1,347.61
Company's Contribution to Provident & Other Funds	**1,384.98**	1,285.84
Staff Welfare Expenses	**821.66**	867.26
Gratuity	**717.16**	617.38
Total	**16,771.78**	15,540.52

Note 27 : Finance costs

	(₹ in lakh) For the year ended 31st. March. 2020	(₹ in lakh) For the year ended 31st. March. 2019
Interest cost		
- Bonds	**3,375.69**	3,890.24
- Working Capital	**1,662.86**	1,212.73
- Term Loan	**16,430.46**	18,048.95
Other borrowing costs	**28,402.58**	23,473.64
Total	**49,871.58**	46,625.56

Note 28 : Depreciation and amortization expense

	(₹ in lakh) For the year ended 31st. March. 2020	(₹ in lakh) For the year ended 31st. March. 2019
Depreciation on tangible assets	**17,637.26**	15,052.58
Depreciation on Right of Use Assets	**117.74**	-
Total	**17,755.00**	15,052.58

Note 29 : Other expenses

	(₹ in lakh) For the year ended 31st. March. 2020	(₹ in lakh) For the year ended 31st. March. 2019
Consumption of stores and spare parts	**3,132.36**	4,144.29
Power and fuel	**2,923.83**	4,564.44
Rent	**24.07**	74.60
Repairs to buildings	**188.39**	153.07
Repairs to machinery	**1,931.37**	2,311.01
Insurance	**199.09**	140.16
Rates and taxes, excluding taxes on income	**60.89**	168.82
Office & Administrative Expenses	**905.44**	999.94
Trade Margin on Sales and Other Selling Expenses	**783.29**	58.68
Water Charges	**848.47**	756.71
Material handling charges & outsourcing expenses	**2,930.89**	3,502.94
Remuneration to auditors#	**8.25**	7.50
Miscellaneous Expenses	**170.44**	60.96
Differential liability on loan material	**(557.98)**	1,281.06
Total	**13,548.82**	18,224.18

 # Remuneration to auditors -

	(₹ in lakh) For the year ended 31st. March. 2020	(₹ in lakh) For the year ended 31st. March. 2019
As Auditor	**7.25**	6.50
For Taxation Matters	**1.00**	1.00
Total	**8.25**	7.50

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Note 30 : Tax expense

		(₹ in lakh) For the year ended 31st. March, 2020	(₹ in lakh) For the year ended 31st. March, 2019
a)	Current tax		
	Current tax on profits for the year	-	-
	Adjustments for current tax of prior periods	-	-
	Total current tax expense	-	-
	Deferred tax		
	Decrease /(increase) in deferred tax assets	**60,677.11**	(19,828.59)
	Decrease / (increase) in deferred tax liabilities	-	-
	Income tax relating to items that will not be reclassified to Profit or Loss	-	-
	Total deferred tax expense/(benefit)	**60,677.11**	(19,828.59)

b) Reconciliation of tax expense and the accounting profit/loss multiplied by tax rate:

	(₹ in lakh) For the year ended 31st. March, 2020	(₹ in lakh) For the year ended 31st. March, 2019
Profit/(loss) from continuing operation before tax expense	-	(59,973.18)
Items that will not be reclassified to profit or loss - Remeasurement of the defined benefit plans-OCI	-	(213.70)
Profit/(loss) from discontinuing operation before tax expense	-	-
Total	-	(60,186.88)
Tax at the rate of 34.944% for 2018-19	-	(21,031.70)
Tax effect of amounts not deductible (taxable) in calculating taxable income:		
Differences in WDV of PPE due to depreciation	-	39.64
Disallowance u/s 43B for current financial year	-	771.43
Pre-existing liability of Section 43B	-	(96.00)
Disallowance u/s 36(1)(va) for late deposit of Employee's share of PF	-	488.04
Tax expense	-	(19,828.59)

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Note 31: Other notes on financial statements

a) Contingent liabilities

i. Claims against Company not acknowledged as debts ₹1,19,685.82 lakh (Previous year ₹50,706.57 lakh)

ii. Estimated commitment amount of contracts remaining to be executed on Capital Account and not provided for (net of advance) ₹11,891.42 lakh (Previous year ₹12,167.65 lakh).

b) Foreign Currency outgo during the year is ₹1,366.92 lakh (Previous year ₹554.71 lakh).

c) The balances shown under secured loans, loans and advances, receivables including sundry debtors, creditors, and capital stores are reconciled as per accounts. The company is in process of obtaining confirmation of balances from the concerned parties and hence these are subject to consequential adjustments, if any.

d) Segment reporting

The company is domicile in India. The amount of its revenue broken down by location of the customers is shown in the table below:

Particulars	**2019-20 (₹ in lakh)**	**2018-19 (₹ in lakh)**
Sales Revenue		
India	87,562.86	1,62,643.48
Foreign Countries	6,544.61	37,899.61

Productwise revenue is as under:

Particulars	**2019-20 (₹ in lakh)**	**2018-19 (₹ in lakh)**
Pig Iron	47,344.43	1,58,526.42
Billets	9,449.27	10,771.85
Granulated Slag	286.69	994.22
Scrap	3,376.66	6,902.31
BF Coke	25,751.87	11,466.94
Crude Tar	3,150.02	5,518.72
Ammonium Sulphate	323.77	441.33
Others	4,424.76	5921.30

e) Impairment of assets

The entire plant has been considered as a Cash Generating Unit. As recoverable amount of Cash Generating Unit, being its fair value less cost to sales is in excess of its carrying amount, there is no impairment loss in terms of the Ind AS 36 (Impairment of Assets) issued under the Companies (Indian Accounting Standards) Rules, 2015.

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f) Related party

As per Ind AS 24 (Related Party disclosures) issued under the Companies (Indian Accounting Standards) Rules, 2015, details of Related party transactions are as under:

i) The company has following related entities:

Name	Nature of Relationship	Place of incorporation	Ownership interest	
			31.03.2020	31.03.2019
MMTC Limited	Control	India	49.78%	49.78%
OMC Limited	Significant Influence	India	20.47%	12.32%

ii) Details of transactions with related parties:

(₹ in lakh)

Particulars	2019-20		2018-19
Purchase of goods from MMTC Ltd.	91,645.96		1,34,555.93
Sale of goods to MMTC Ltd.	1,04,264.03		2,27,909.08
Equity participation by MMTC Ltd. as on 31.03.2020 / 31.03.2019 (excluding security premium)	36,876.27		28,934.27
Corporate Guarantee issued to MMTC Ltd. as on 31.03.2020 / 31.03.2019	2,80,000.00		1,97,500.00
Corporate Guarantee issued by MMTC in favour of banks / FIs for securing the loans of the company as on 31.03.2020 / 31.03.2019	1,29,582.00		1,34,582.00
Working Capital Borrowing from MMTC Ltd. as on 31.03.2020 / 31.03.2019	1,42,500.00		1,42,500.00
Trade finance from MMTC Ltd. as on 31.03.2020 / 31.03.2019	1,79,600.14*		1,16,723.11
Interest on working capital borrowing and trade finance from MMTC Limited	25,221.16		20,821.07
Purchase of goods from OMC Ltd.	6,716.92		25,767.95
Equity participation by OMC Ltd. as on 31.03.2020 / 31.03.2019 (excluding security premium)	15,159.85		7,159.85
Inter Corporate Loan by OMC Ltd. as on 31.03.2020 / 31.03.2019	31,724.25		16,881.12
Interest on Inter Corporate Loan from OMC Limited	1,837.62		1,979.81
Interest on Raw Material Outstanding from OMC	852.65		1,330.47

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Limited		
Payable to OMC on account of trade as on 31.03.2020 / 31.03.2019	9,128.78	7,429.49

*Excludes ₹143.25 lakh receivable from MMTC Limited on receipt of refund of service tax claimed for 2014-15 and 2015-16.

iii) Key management personnel compensation:

(₹ in lakh)

	2019-20	2018-19
Short-term employee benefits	97.36	87.97
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payment	-	-

iv) Loans from related party:

(₹ in lakh)

	2019-20	2018-19
Beginning of the year – Principal	1,59,381.12	1,59,450.00
- Interest	147.99	1,578.97
- Total	1,59,529.11	1,61,028.97
Loan received	15,727.00	-
Loan repayment made	949.81	-
Ind AS adjustment	65.94	(68.88)
Interest charged	27,058.78	22,800.88
Interest paid	25,651.31	24,231.86
End of the year – Principal	1,74,224.25	1,59,381.12
- Interest	1,555.46	147.99
- Total	1,75,779.71	1,59,529.11

g) Calculation of earnings per share for the year as required by Ind AS 33 (Earnings per Share) issued under the Companies (Indian Accounting Standards) Rules, 2015:

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Type of Share	No. of equity shares	Period of Outstanding (Days)	Amount paid-up per share (₹)	Weighted Average No. of Shares
Equity Share	57,43,68,143	366	10.00	57,43,68,143
	15,94,20,000	349	10.00	15,20,15,246
	1,38,52,000	366	5.00	69,26,000
Total	74,76,40,143		(A)	73,33,09,389
Profit / (loss) after tax as per Statement of Profit & Loss (₹/ lakh) (B)				(1,76,636.79)
Basic & Diluted Earnings Per Share (B/A) (₹)				(24.09)

h) Disinvestment of Neelachal Ispat Nigam Limited

The Cabinet Committee on Economic Affairs has given 'in principle' approval on 08.01.2020 for strategic disinvestment of equity shareholding of Minerals & Metals Trading Corporation Limited (MMTC) (49.78%), National Mineral Development Corporation (NMDC) (10.10%), MECON (0.68%) and Bharat Heavy Electricals Ltd. (BHEL) (0.68%) and two Odisha State Government PSUs namely; Industrial Promotion and Investment Corporation of Odisha Ltd.(IPICOL) (12.00%) and Odisha Mining Corporation (OMC) (20.47%) in Neelachal Ispat Nigam Limited (NINL) to a strategic buyer, identified through a two-stage auction procedure. The proposed strategic disinvestment of NINL would unlock resources to be used to finance the social sector/developmental programmes of the Government benefiting the public. It is also expected that the successful strategic buyer may bring in new management/technology/investment for the growth of the company and may use innovative methods for the development of the business operations of the company, which may generate more employment opportunities.

In this regard, the Transaction Advisor, Legal Advisor and Asset Valuer have been appointed to guide the Govt. and to carry forward the process of Disinvestment. EOI / PIM has been issued on 25.01.2021.

i) Going Concern

Assessing the changed scenario of plant with present iron & steel market, NINL's post COVID restart plan is the key to overcome prevailing financial crisis. The captive iron ore mines is ready to be operational in two months' time and the Blast Furnace can be restarted with 100% CLO from captive mines without operating the high cost consuming units like Coke Oven, Sinter Plant & SMS with the leverage to make these operational in due course through self-sustaining revenue generation.

Further, Ministry of Mines, Govt. of India (vide order dated 5th January, 2021) has granted permission to sell up to 25% of the annual iron ore production of NINL as per the Mine Development and Production Agreement executed by the Company for a period of one year or till the completion of disinvestment of the Company, whichever is earlier.

Bank consortium has been requested along with detailed proposal on 17.12.2020 to extend a loan of ₹350 crore required to crystalize aforesaid restart plan.

As per latest valuation report of MECON, the total value of NINL has been assessed at ₹8,271.46 crore which includes ₹2,500 crore of land and ₹2,487.27 crore of mines.

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Moreover, RBI has announced measures for restructuring loans to give relief to the borrowers vide circular no. RBI/2020-21/16/DOR no BP/BC/3/21.04.048/2020-21 dated 06.08.2020 under which Banks have been allowed one time restructuring of loans without downgrading and changing the interest rates.

In view of above, the financial statements have been prepared on "Going Concern" basis.

j) The Estimation of uncertainties relating to the global health pandemic from COVID-19 :

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of current and noncurrent assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has used internal and external sources of information. The Company has reviewed the impact of COVID-19 and expects the carrying amount of these assets will be recovered. As per the Company's current assessment, no significant impact on carrying amounts of property, plant and equipment, right-of-use assets, inventories intangible assets, trade receivables, investments and other financial assets is expected and it continues to monitor changes in future economic conditions. The Company has adequate resources to continue operating for the foreseeable future and that the going concern basis for the preparation of its financial statements is appropriate. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of these financial statements in view of uncertain situation.

k) Salary / Wage Revision Arrear

Employees' pay structure and pay revision are in line with that of Steel Authority of India Limited (SAIL) as approved vide 5th meeting of Board of Directors held on 23rd December, 1983. Since then, NINL implements the revision of salary, wages, allowances and benefits after the same is implemented by SAIL. Accordingly, salary / wage revision is due w.e.f. 01.01.2017 in line with SAIL. However, no provision has been made in the financial statements for such revision since SAIL is yet to implement the same on the ground of affordability and other factors.

l) Inventories

Contaminated hard coking coal stock of 3,204 t as on 31.03.2020 has been recognised at salvage value as determined by the Insurance Company and resultant loss of ₹71.97 lakh has been recognized as expense in the statement of profit & loss. Further, due to expiry of shelf life of SMS lime and calcined dolomite, such inventory valuing ₹248.07 lakh as on 31.03.2020 has been written off. Similarly, assessed accumulated coking coal of 5,267 t since inception spreading over the bed of plot at Paradeep Port in compact and embedded form over and above the vessel quantity and recognised in the books of account at a provisional value of ₹886.98 lakh, has been written off considering the same as irrecoverable.

m) Deferred Tax

Keeping in view uncertainty with regard to availability of sufficient future taxable profit to allow the benefit of part or all of the deferred tax asset to be utilized, net deferred tax assets recognized upto 31st March, 2019 amounting to ₹60,677.10 lakh has been charged to the statement of profit and loss for the year ended 31st March, 2020.

Net deferred tax asset (i.e., deferred tax assets net of deferred tax liabilities) has not been recognized in the balance sheet considering uncertainties associated with availability of sufficient future taxable profit. The amount and expiry date of deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax asset is recognised in the balance sheet are as under:

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Financial Year	Unused Tax Losses (₹/ lakh)	Expiry Date
Business Loss -		
2012-13	521.07	31.03.2021
2013-14	9.745.15	31.03.2022
2014-15	12,626.71	31.03.2023
2015-16	22,175.82	31.03.2024
2016-17	34,453.80	31.03.2025
2017-18	35,702.12	31.03.2026
2018-19	42,020.33	31.03.2027
MAT Credit -		
2007-08	1,364.60	31.03.2023
2008-09	993.95	31.03.2024
2009-10	976.67	31.03.2025
2011-12	872.06	31.03.2027
Unabsorbed Depreciation -		
Upto 31.03.2020	1,76,772.46	No expiry date
Total	**3,38,224.74**	

n) Leases

With effect from 1st April, 2019, the Company has adopted Ind AS 116 "Leases" and applied modified retrospective approach to all lease contracts existing as at 1st April, 2019. On transition, the adoption of new standard resulted in recognition of lease liability of ₹626.28 lakh and corresponding amount as right of use asset. Accordingly, comparatives for the year ended 31st March, 2019 have not been restated.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of Ind AS116.

Consequent upto adoption of aforesaid Ind AS, ₹68.89 lakh towards interest and ₹117.74 lakh towards depreciation have been charged as expenses in the statement of profit & loss. On transition to Ind AS 116 the weighted average incremental borrowing rate applied to lease liabilities recognised is 11%.

o) Due to non-payment to suppliers within 180 days from the date of invoice, CGST / SGST input tax credit availed amounting to ₹18.89 lakh will be reversed during the financial year 2020-21 and corresponding interest of ₹1.90 lakh together with unpaid IGST input tax credit amounting to ₹5.32 lakh will be discharged from cash ledger.

p) The Company is providing employment to the displaced persons against land acquisition in a phased manner as per the rules, instructions and guidelines issued by the Government of Odisha. Remaining number of displaced families to be given employment by the company as on 31.03.2020 is 31.

q) Disclosure of sale of finished goods under broad heads:

(₹ in lakh)

Major Products	Sales	Closing Stock	Opening Stock
Pig Iron	47,344.43 (1,58,526.42)	1,174.56 (5,843.39)	5,843.39 (3,146.00)

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Billets	9,449.27 (10,771.85)	203.13 (9,162.58)	9,162.58 (173.01)
Granulated Slag	286.69 (994.22)	471.33 (1,290.84)	1,290.84 (173.99)
Scrap	3,376.66 (6,902.31)	254.27 (3,083.67)	3,083.67 (649.78)
BF Coke	25,751.87 (11,466.94)	10,732.55 (340.73)	340.73 (8,883.50)
Crude Tar	3,150.02 (5,518.72)	496.71 (113.36)	113.36 (548.75)
Ammonium Sulphate	323.77 (441.33)	47.94 (74.73)	74.73 (76.31)
Others	4,424.76 (5,921.30)	12,423.64 (9,258.56)	9,258.56 (10,271.84)
Total	**94,107.47** (2,00,543.09)	**25,804.13** (29,167.86)	**29,167.86** (23,923.18)

r) Expenditure incurred in foreign currency on account of

(₹ in lakh)

	2019-20	2018-19
Know-how	-	-
Interest	-	-
Training expenses & payments to -		
Foreign Technicians	-	22.07
Others	-	Nil
Total	**Nil**	**22.07**

s) Value of imports during the period (Calculated on CIF basis):

(₹ in lakh)

	2019-20	2018-19
Raw Materials	17,452.03	73,694.50
Total	**17,452.03**	**73,694.50**

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t) Value of raw materials consumed during the year

(₹ in lakh)

	2019-20		2018-19	
	₹ in lakh	%	₹ in lakh	%
Imported	95,507.29	88.40	1,20,206.66	69.48
Indigenous	12,538.38	11.60	52,804.16	30.52
Total	**1,08,045.67**	**100.00**	**1,73,010.82**	**100.00**

u) Value of stores / spares & components consumed during the year

(₹ in lakh)

	2019-20		2018-19	
	₹ in lakh	%	₹ in lakh	%
Imported	338.14	10.80	244.43	5.90
Indigenous	2,794.22	89.20	3,899.86	94.10
Total	**3,132.36**	**100.00**	**4,144.29**	**100.00**

v) Particulars of Directors' Remuneration

(₹ in lakh)

	2019-20	2018-19
Salaries	88.40	79.96
Company's contribution to provident & other funds	8.96	8.01
Total	**97.36**	**87.97**

w) Previous year's figures have been re-arranged / re-grouped / re-cast wherever felt necessary to make the figures comparable with the current year's figure.

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