



IMFA Building  
Bhubaneswar -751010  
Odisha, India

Corporate Identity No.  
L27101OR1961PLC000428

TEL +91 674 3051000  
+91 674 2580100  
FAX +91 674 2580020  
+91 674 2580145

mail@imfa.in

www.imfa.in

21<sup>st</sup> May, 2018

The Listing Department National Stock Exchange of India Ltd. Exchange Plaza Plot No.C/1, G. Block Bandra-Kurla Complex Bandra (E) Mumbai-400051 <b>Stock Symbol &amp; Series : IMFA, EQ</b>	The Deputy General Manager (Corporate Services) BSE Limited Floor 25, P.J. Towers Dalal Street , Fort Mumbai-400001 <b>Stock Code : 533047</b>
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**Re: Outcome of the meeting of the Board of Directors held on 21<sup>st</sup> May, 2018**

Dear Sir,

The Board of Directors of the Company at their meeting held on 21<sup>st</sup> May 2018, inter-alia, have transacted the following:

1. Approved the Audited Financial Results for the quarter and year ended 31<sup>st</sup> March 2018. A copy each of the Audited Financial Results and Report of Statutory Auditors are enclosed.
2. Recommended final dividend of Rs 10/- per equity share of Rs 10/- each subject to approval of the shareholders in the forthcoming Annual General Meeting of the Company.

Thanking you,

Yours faithfully  
For INDIAN METALS & FERRO ALLOYS LIMITED

(PREM KHANDELWAL)  
CFO & COMPANY SECRETARY

Encl: As above

# INDIAN METALS & FERRO ALLOYS LIMITED

Regd. Office: IMFA Building, Bomikhal, Rasulgarh, Bhubaneswar - 751 010 (Odisha)  
Phone: +91 674 3051000, 2580100; Fax: +91 674 2580020; Email: mail@imfa.in; Website: www.imfa.in  
CIN: L27101OR1961PLC000428

(Rs. in Crores)

STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2018							
Particulars	Standalone			Standalone		Consolidated	
	Quarter ended			Year ended		Year ended	
	31-Mar-2018 (Audited)	31-Dec-2017 (Unaudited)	31-Mar-2017 (Audited)	31-Mar-2018 (Audited)	31-Mar-2017 (Audited)	31-Mar-2018 (Audited)	31-Mar-2017 (Audited)
<b>1. Income</b>							
(a) Revenue from Operations (refer Note No. 3)	443.27	483.65	594.17	1,769.26	1,697.04	1,769.26	1,697.04
(b) Other Income	(2.86)	21.38	36.55	37.33	49.35	36.21	48.12
<b>Total Income</b>	<b>440.41</b>	<b>505.03</b>	<b>630.72</b>	<b>1,806.59</b>	<b>1,746.39</b>	<b>1,805.47</b>	<b>1,745.16</b>
<b>2. Expenses</b>							
(a) Cost of Materials Consumed	218.78	199.36	185.20	813.44	706.55	813.44	706.55
(b) Changes in Inventories of Finished Goods	12.42	(12.69)	(13.37)	1.40	(1.57)	1.40	(1.57)
(c) Excise Duty (refer Note No. 3)	-	-	5.97	3.66	24.69	3.66	24.69
(d) Employee Benefits Expense	49.96	43.68	55.52	176.70	170.25	176.69	169.86
(e) Finance Costs	20.66	19.21	16.74	78.23	86.33	75.41	83.47
(f) Depreciation and Amortisation Expense	26.08	25.15	27.73	100.80	108.69	100.80	108.69
(g) Other Expenses	96.57	114.73	87.82	350.00	281.79	350.99	284.02
<b>Total Expenses</b>	<b>424.47</b>	<b>389.44</b>	<b>365.61</b>	<b>1,524.23</b>	<b>1,376.73</b>	<b>1,522.39</b>	<b>1,375.71</b>
<b>3. Profit before exceptional items and tax (1-2)</b>	<b>15.94</b>	<b>115.59</b>	<b>265.11</b>	<b>282.36</b>	<b>369.66</b>	<b>283.08</b>	<b>369.45</b>
4. Exceptional Items - (Income)/Expense	-	-	-	-	-	-	-
<b>5. Profit before tax (3-4)</b>	<b>15.94</b>	<b>115.59</b>	<b>265.11</b>	<b>282.36</b>	<b>369.66</b>	<b>283.08</b>	<b>369.45</b>
6. Tax Expense :							
- Current Tax	13.43	37.40	69.39	95.74	92.23	96.52	93.12
- Deferred Tax	(2.39)	3.45	21.72	(0.31)	27.60	(0.23)	27.63
<b>7. Profit after tax (5-6)</b>	<b>4.90</b>	<b>74.74</b>	<b>174.00</b>	<b>186.93</b>	<b>249.83</b>	<b>186.79</b>	<b>248.70</b>
<b>8. Other Comprehensive Income/(Expense)</b>							
- Items that will not be reclassified to profit or loss (net of tax)	(4.13)	0.30	(0.22)	(2.35)	0.17	(2.35)	0.13
- Items that will be reclassified to profit or loss	-	-	-	-	-	0.12	(0.43)
<b>9. Total Comprehensive Income after tax (7+8)</b>	<b>0.77</b>	<b>75.04</b>	<b>173.78</b>	<b>184.58</b>	<b>250.00</b>	<b>184.56</b>	<b>248.40</b>
<b>10. Profit/(Loss) attributable to :</b>							
(a) Owners of the Company	4.90	74.74	174.00	186.93	249.83	186.37	248.94
(b) Non-controlling interest	-	-	-	-	-	0.42	(0.24)
<b>11. Other Comprehensive Income/(Expense) (net of tax) attributable to :</b>							
(a) Owners of the Company	(4.13)	0.30	(0.22)	(2.35)	0.17	(2.23)	(0.29)
(b) Non-controlling interest	-	-	-	-	-	-	(0.01)
<b>12. Total Comprehensive Income/(Expense) after tax attributable to : (10+11)</b>							
(a) Owners of the Company	0.77	75.04	173.78	184.58	250.00	184.14	248.65
(b) Non-controlling interest	-	-	-	-	-	0.42	(0.25)
<b>13. Paid-up Equity Share Capital (Face Value Rs. 10/- each)</b>	<b>26.98</b>	<b>26.98</b>	<b>26.98</b>	<b>26.98</b>	<b>26.98</b>	<b>26.98</b>	<b>26.98</b>
<b>14. Other Equity excluding Revaluation Reserves</b>				<b>1,168.61</b>	<b>1,016.22</b>	<b>1,188.72</b>	<b>1,037.05</b>
<b>15. Earnings per share-Basic &amp; Diluted (in Rupees) (*not annualised)</b>	<b>*1.81</b>	<b>*27.71</b>	<b>*64.50</b>	<b>69.29</b>	<b>95.04</b>	<b>69.08</b>	<b>94.70</b>

## BALANCE SHEET

(Rs. in Crores)

Particulars	Standalone	Standalone	Consolidated	Consolidated
	As at 31-Mar-18 (Audited)	As at 31-Mar-17 (Audited)	As at 31-Mar-18 (Audited)	As at 31-Mar-17 (Audited)
<b>A ASSETS</b>				
<b>1 Non - Current Assets</b>				
(a) Property, Plant and Equipment	987.80	1,001.72	1,169.69	1,186.91
(b) Capital Work-in-Progress	89.66	56.45	273.08	236.18
(c) Investment Property	10.96	11.26	10.96	11.26
(d) Goodwill on Consolidation	-	-	73.12	73.09
(e) Intangible Assets	2.66	3.56	2.66	3.56
(f) Investments in Subsidiaries and Associate	168.65	168.42	-	-
(g) Financial Assets				
(i) Investments	-	-	0.10	0.10
(ii) Trade Receivables	11.39	11.39	11.39	11.39
(iii) Loans	23.65	22.84	23.69	22.88
(iv) Other Financial Assets	3.40	0.77	3.40	0.77
(h) Other Non-Current Assets	165.41	157.82	165.41	157.82
(i) Non-Current Tax Assets (Net)	24.48	22.93	25.50	23.92
<b>Total Non-Current Assets</b>	<b>1,488.06</b>	<b>1,457.16</b>	<b>1,759.00</b>	<b>1,727.88</b>
<b>2 Current Assets</b>				
(a) Inventories	428.06	340.08	428.07	340.14
(b) Financial Assets				
(i) Investments	144.82	158.50	147.86	161.26
(ii) Trade Receivables	65.20	66.68	65.24	66.68
(iii) Cash and Cash Equivalents	16.12	6.65	16.50	7.39
(iv) Other Bank Balances	22.29	20.19	30.52	28.59
(v) Loans	263.16	263.78	-	-
(vi) Other Financial Assets	1.44	9.93	1.44	9.97
(c) Other Current Assets	200.82	160.82	201.41	162.18
<b>Total Current Assets</b>	<b>1,141.91</b>	<b>1,026.63</b>	<b>891.04</b>	<b>776.21</b>
<b>TOTAL ASSETS</b>	<b>2,629.97</b>	<b>2,483.79</b>	<b>2,650.04</b>	<b>2,504.09</b>
<b>B EQUITY AND LIABILITIES</b>				
<b>1 Equity</b>				
(a) Equity Share Capital	26.98	26.98	26.98	26.98
(b) Other Equity	1,168.61	1,016.22	1,188.72	1,037.05
(c) Non-Controlling Interests	-	-	30.43	30.54
<b>Total Equity</b>	<b>1,195.59</b>	<b>1,043.20</b>	<b>1,246.13</b>	<b>1,094.57</b>
<b>2 Non-Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	546.52	632.70	516.16	601.75
(ii) Other Financial Liabilities	11.94	13.08	11.96	13.11
(b) Provisions	9.11	9.47	9.11	9.55
(c) Deferred Tax Liabilities (Net)	96.06	78.46	96.16	78.47
(d) Other Non-Current Liabilities	132.24	130.11	132.24	130.11
<b>Total Non-Current Liabilities</b>	<b>795.87</b>	<b>863.82</b>	<b>765.63</b>	<b>832.99</b>
<b>3 Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	193.22	181.37	193.22	181.37
(ii) Trade Payables	196.43	117.84	196.43	117.83
(iii) Other Financial Liabilities	230.77	233.74	230.44	233.49
(b) Other Current Liabilities	11.47	37.34	11.57	37.36
(c) Provisions	6.62	6.48	6.62	6.48
<b>Total Current Liabilities</b>	<b>638.51</b>	<b>576.77</b>	<b>638.28</b>	<b>576.53</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,629.97</b>	<b>2,483.79</b>	<b>2,650.04</b>	<b>2,504.09</b>

## Segment wise Revenue, Results, Assets and Liabilities

(Rs. in Crores)

Particulars	Standalone Quarter ended			Standalone Year ended		Consolidated Year ended	
	31-Mar-2018 (Audited)	31-Dec-2017 (Unaudited)	31-Mar-2017 (Audited)	31-Mar-2018 (Audited)	31-Mar-2017 (Audited)	31-Mar-2018 (Audited)	31-Mar-2017 (Audited)
<b>1. Segment Revenue</b>							
a) Ferro Alloys	429.66	469.32	578.61	1,697.85	1,650.49	1,697.85	1,650.49
b) Power	130.26	103.88	115.76	443.45	425.38	443.45	425.38
c) Mining	63.49	49.41	54.72	189.94	173.51	189.94	173.51
d) Others	0.77	0.66	0.28	2.42	1.41	2.42	1.41
<b>Total</b>	<b>624.18</b>	<b>623.27</b>	<b>749.37</b>	<b>2,333.66</b>	<b>2,250.79</b>	<b>2,333.66</b>	<b>2,250.79</b>
Less: Inter Segment Revenue	193.96	153.35	170.57	633.89	599.24	633.89	599.24
<b>Net Income from Operations</b>	<b>430.22</b>	<b>469.92</b>	<b>578.80</b>	<b>1,699.77</b>	<b>1,651.55</b>	<b>1,699.77</b>	<b>1,651.55</b>
<b>2. Segment Results</b>							
a) Ferro Alloys	57.47	117.53	254.85	358.85	438.74	358.85	438.74
b) Power	(3.09)	(1.62)	(2.22)	(9.35)	(8.54)	(9.35)	(8.54)
c) Mining	(6.83)	1.95	(2.01)	(6.59)	(6.28)	(7.54)	(8.83)
d) Others	(2.29)	(2.23)	(2.58)	(8.95)	(9.58)	(8.95)	(9.58)
<b>Total</b>	<b>45.26</b>	<b>115.63</b>	<b>248.04</b>	<b>333.96</b>	<b>414.34</b>	<b>333.01</b>	<b>411.79</b>
Less: Finance Costs	20.66	19.21	16.74	78.23	86.33	75.41	83.47
Add: Other Un-allocable Income net of Un-allocable Expenditure	(8.66)	19.17	33.81	26.63	41.65	25.48	41.13
<b>Total Profit Before Tax</b>	<b>15.94</b>	<b>115.59</b>	<b>265.11</b>	<b>282.36</b>	<b>369.66</b>	<b>283.08</b>	<b>369.45</b>
<b>3. Segment Assets</b>							
a) Ferro Alloys	765.51	686.34	697.56	765.51	697.56	765.51	697.56
b) Power	944.44	916.86	892.26	944.44	892.26	944.93	893.41
c) Mining	115.09	116.68	94.44	115.09	94.44	488.74	468.65
d) Others	61.14	62.43	66.70	61.14	66.70	61.14	66.70
e) Unallocated	743.79	834.96	732.83	743.79	732.83	389.72	377.77
<b>Total Segment Assets</b>	<b>2,629.97</b>	<b>2,617.27</b>	<b>2,483.79</b>	<b>2,629.97</b>	<b>2,483.79</b>	<b>2,650.04</b>	<b>2,504.09</b>
<b>4. Segment Liabilities</b>							
a) Ferro Alloys	153.39	178.81	125.52	153.39	125.52	153.39	125.52
b) Power	253.16	212.06	198.70	253.16	198.70	253.16	198.71
c) Mining	36.27	25.11	49.72	36.27	49.72	36.53	50.13
d) Others	0.84	1.19	0.94	0.84	0.94	0.84	0.94
e) Unallocated	139.15	151.23	124.64	139.15	124.64	139.37	124.64
<b>Total Segment Liabilities</b>	<b>582.81</b>	<b>568.40</b>	<b>499.52</b>	<b>582.81</b>	<b>499.52</b>	<b>583.29</b>	<b>499.94</b>

NOTES:

1. The above results have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Company at their respective meetings held on 21st May, 2018.
2. The entire operations of the Company relate to three broad operating segments viz. "Ferro Alloys", "Power" and "Mining".
3. Revenue from Operations upto 30th June, 2017 is inclusive of excise duty. Post the applicability of Goods and Service Tax (GST) w.e.f 1st July, 2017, Revenue from Operations for subsequent quarters/periods is disclosed net of GST, in accordance with 'Ind AS 18 - Revenue' and hence not strictly comparable with previous quarters/periods.
4. Special Leave Petitions (SLP) filed by Utkal Coal Limited ('UCL', a Subsidiary of the Company) in respect of compensation for land and mine infrastructure of UCL's coal block Utkal 'C' and change of end use of Utkal 'C' before the Hon'ble Supreme Court, are pending for adjudication. Pending resolution of the said matters, no accounting adjustments have been made by UCL in its books of account and no provision is deemed necessary against the Company's net exposure in UCL as at 31st March, 2018 amounting to Rs. 111.42 crore invested as equity and Rs. 263.15 crore given as unsecured loan.
5. In view of the circumstances detailed above and considering the probability of economic benefits associated with the transaction flowing to the Company, as envisaged in paragraph 29 of Ind AS 18 on "Revenue", with effect from 1st October, 2014 the Company has postponed recognition of income from interest on unsecured loan given to UCL. Due to this, profit before tax for the quarter and year ended 31st March, 2018 is lower by Rs. 10.47 crore and Rs. 40.72 crore respectively. The interest income would be considered as revenue of the period in which it is properly recognised.
6. Indmet Mining Pte Ltd ('Indmet'), a wholly-owned subsidiary of the Company incorporated in Singapore, has investment of USD 8.75 million (Rs. 56.08 crore) [Previous year USD 8.75 million (Rs. 56.04 crore)] in its Indonesian subsidiary PT Sumber Rahayu Indah ('PT Sumber'). PT Sumber is holding a coal mining concession in Indonesia but due to overlapping boundary issues, the mining concession could not be operationalised till date.  
  
Consequently, the Company has initiated arbitration proceedings against the Government of the Republic of Indonesia on 24th July, 2015 pursuant to Article 3 of the United Nations Commission on International Trade Law (UNCITRAL) Arbitration Rules and Article 9 of the Agreement between the Governments of the Republic of Indonesia and the Republic of India for the Promotion and Protection of Investments (the "Treaty"), raising claims of breach of the protections granted under the Treaty. On 23rd December, 2016, the Company has filed its statement of claim and hearing on the arbitration proceedings are under progress. The matter is now scheduled for a final hearing in August, 2018.  
  
No provision is considered necessary by the Company at this stage towards any impairment in the carrying value of its investment in Indmet amounting to Rs. 53.13 crore.
7. Demand notices in respect of four mines viz., Sukinda Chromite Mines, Chingudipal Chromite Mines, Bangur Chromite Mines and Nuasahi Chromite Mines have been raised by the respective Deputy Director of Mines and Mining Officers of Government of Odisha amounting to Rs 122.90 crore for the alleged excess extraction of minerals over the quantity permitted under environment clearance during 2000-01 to 2010-11 under section 21(5) of the Mines & Minerals (Development and Regulation) Act, 1957. Aggrieved by the said notices which are illegal and are in complete violation of the principle of natural justice, the Company filed Revision Applications before the Mines Tribunal, New Delhi challenging the said demand notices. The Revisionary Authority of Mines Tribunal vide order dated 10.05.2018, stayed the demand notices with a direction that the State Government shall not take any coercive measures to recover the amounts demanded and the matters are pending. The Company has disclosed the aforesaid amount of Rs. 122.90 crore as a contingent liability as on 31st March, 2018.
8. An interim dividend of Rs. 5 per equity share was declared on 21st March, 2018. The Board has recommended final dividend of Rs.10 per equity share of Rs. 10 each subject to approval of shareholders at the forthcoming Annual General Meeting.
9. The figures for the quarter ended 31st March, 2018 and 31st March, 2017 are the balancing figures between the audited figures in respect of the full financial year and the year-to-date figures upto the 3rd quarter of the respective financial year.
10. Previous years/periods' figures have been rearranged/regrouped, wherever necessary, to make them comparable with those of current year/period.

Place : Bhubaneswar  
Date : 21st May, 2018

By order of the Board  
For INDIAN METALS & FERRO ALLOYS LTD



Subhrakant Panda  
Managing Director  
DIN: 00171845

## INDEPENDENT AUDITOR'S REPORT

To the Members of Indian Metals and Ferro Alloys Limited

### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Indian Metals and Ferro Alloys Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

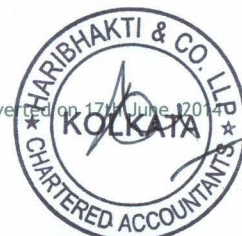
### Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation



# HARIBHAKTI & CO. LLP

Chartered Accountants

of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31<sup>st</sup> March, 2018, its profit (financial performance including other comprehensive income), its cash flows and changes in equity for the year ended on that date.

## Emphasis of Matters

- (a) We draw attention to Note No. 6.1 to the standalone Ind AS financial statements relating to the Company's equity investment amounting to Rs. 53.13 crore in Indmet Mining Pte Ltd ('Indmet'), a wholly-owned subsidiary incorporated in Singapore which, in turn, has investment in its Indonesian subsidiary PT Sumber Rahayu Indah ('PT Sumber'). The Company's carrying value of investment in Indmet is substantially dependent on the latter's carrying value of investment in PT Sumber and the Company has initiated arbitration proceedings for protecting its said investment.
- (b) We draw attention to Note Nos. 45 and 46 to the standalone Ind AS financial statements relating to the Company's exposure in a subsidiary and non-recognition of income from interest on unsecured loan given to the subsidiary, respectively. These matters have arisen out of the cancellation of allotment of the coal block being held by the subsidiary vide the Hon'ble Supreme Court of India's order dated 24<sup>th</sup> September, 2014 and the subsequent events in connection therewith.

Our opinion is not modified in respect of these matters.

## Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.



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Chartered Accountants

(2) As required by Section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. The matters described in the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
- f. On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure 2".
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note Nos. 6.1,38,45,46,47,48,49 and 50 to the standalone Ind AS financial statements;
  - (ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - (iii) There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For Haribhakti & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No. 103523WYW100048

*A. K. Chandra*

Anand Kumar Jhunjhunwala  
Partner  
Membership No.056613

Bhubaneswar  
21<sup>st</sup> May, 2018





## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report of even date, to the members of the Company on the standalone Ind AS financial statements for the year ended 31<sup>st</sup> March, 2018]

- (i)
- (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) According to the information and explanations given to us, major portion of fixed assets has been physically verified by the Company's Management ("management") during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets.
  - (c) The title deeds of immovable properties recorded as fixed assets in the books of account of the Company are held in the name of the Company.
- (ii) According to the information and explanations given to us, the inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. As explained to us, no material discrepancies were noticed on physical verification.
- (iii) The Company has granted unsecured loan to a Company covered in the register maintained under Section 189 of the Act.
- (a) According to the information and explanations given to us, we are of the opinion that the terms and conditions of the grant of the aforesaid loan are not prejudicial to the Company's interest, except that the loan and interest thereon is repayable/payable either on demand or to be adjusted against the supply of coal by the borrower in future, which may be prejudicial to the Company's interest as the borrower's ability to repay/pay such loan/interest is contingent on the outcome of certain matters as detailed in Note No. 45 to the standalone Ind AS financial statements.
  - (b) According to the information and explanations given to us, the aforesaid loan and interest thereon is repayable/payable either on demand or to be adjusted against the supply of coal by the borrower in future. As no such demand has been raised by the Company till date, clause (b) is not applicable in this case.
  - (c) As explained in (b) aforesaid, there is no amount which is overdue.
- (iv) According to the information and explanations given to us in respect of loans, investments, guarantees and security, the Company has complied with the provisions of Sections 185 and 186 of the Act.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public.
- (vi) The maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act. We have broadly reviewed such records and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.



# HARIBHAKTI & CO. LLP

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(vii)

- (a) According to the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and services tax, cess and any other material statutory dues have generally been regularly deposited with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were in arrears as at 31<sup>st</sup> March, 2018 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, the dues as at 31<sup>st</sup> March, 2018 of income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax and goods and services tax, which have not been deposited on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	17.45	Assessment Years 1987-88 to 1989-90	Orissa High Court
Income Tax Act, 1961	Income Tax	29.43	Assessment Year 2015-16	Commissioner of Income Tax (Appeals)
Odisha Sales Tax Act, 1947	Sales Tax	1.02	1990-91 to 1991-92	Orissa High Court
Odisha Sales Tax Act, 1947	Sales Tax	4.19	1994-95	Odisha Sales Tax Tribunal
Central Excise Act, 1944	Excise Duty	19.10	1993-2002	Orissa High Court
Central Excise Act, 1944	Excise Duty	1.45	2012-2013	Commissioner (Appeals), Central Excise, Customs & Service Tax
Central Excise Act, 1944	Cenvat Credit reversal	0.11	2011-2012	Assistant Commissioner, Central Excise, Customs & Service Tax
Central Excise Act, 1944	Cenvat Credit reversal	1,818.16	2009-2014	Customs, Excise & Service Tax Appellate Tribunal
Central Excise Act, 1944	Cenvat Credit reversal	7.58	2012-2014	Customs, Excise & Service Tax Appellate Tribunal
Central Excise Act, 1944	Cenvat Credit reversal	4.64	2012-2013	Commissioner (Appeals), Central Excise, Customs & Service Tax
Central Excise Act, 1944	Cenvat Credit reversal	126.12	April, 2015 to September, 2015	Commissioner (Appeals), Central Excise, Customs & Service Tax
Central Excise Act, 1944	Cenvat Credit reversal	526.04	2014-2015	Customs, Excise & Service Tax Appellate Tribunal
Odisha Value Added Tax Act, 2004	Value Added Tax	2.76	October, 2011 to March, 2015	Odisha Sales Tax Tribunal



# HARIBHAKTI & CO. LLP

Chartered Accountants

- (viii) Based on our audit procedures and as per the information and explanations given to us by the management, we are of the opinion that during the year the Company has not defaulted in repayment of loans or borrowings to a financial institution, bank or Government. The Company has not issued any debentures as at the balance sheet date.
- (ix) In our opinion and according to the information and explanations given to us, term loans were prima facie applied during the year for the purposes for which those were raised. The Company has not raised any money during the year by way of initial public offer or further public offer (including debt instruments).
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone Ind AS financial statements and as per the information and explanations given to us by the management, we report that we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.
- (xi) According to the information and explanations given to us, managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company.
- (xiii) According to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and the details have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) As per the information and explanations given to us, the Company has not entered into any non-cash transactions during the year with directors or persons connected with them.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Haribhakti & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No. 103523W/W100048

*A. K. Jhunjunwala*

Anand Kumar Jhunjunwala  
Partner  
Membership No. 056613

Bhubaneswar  
21<sup>st</sup> May, 2018



## ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph (2)g under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date, to the members of the Company on the standalone Ind AS financial statements for the year ended 31<sup>st</sup> March, 2018]

### Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of the Company as of 31<sup>st</sup> March, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

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

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

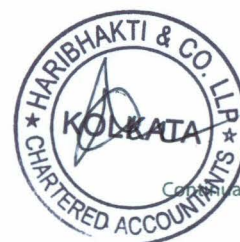
Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that



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

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

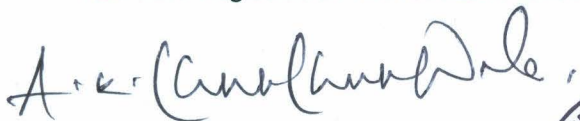
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal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

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2018, based on the internal control over financial reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Haribhakti & Co. LLP

Chartered Accountants  
ICAI Firm Registration No.103523W/W100048



Anand Kumar Jhunjunwala  
Partner  
Membership No. 056613



Bhubaneswar  
21<sup>st</sup> May, 2018

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Indian Metals and Ferro Alloys Limited

#### Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Indian Metals and Ferro Alloys Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2018, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Ind AS financial statements, the respective Board of Directors of the Companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the



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consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the Consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated state of affairs of the Group as at 31<sup>st</sup> March, 2018, its consolidated profit (including consolidated other comprehensive income), consolidated cash flows and consolidated changes in equity for the year ended on that date.

## Material Uncertainty Related to Going Concern

- (a) We draw attention to the 'Material Uncertainty Related to Going Concern' paragraph in the audit report on the financial statements of Utkal Coal Ltd., a subsidiary of the Holding Company, issued by us vide our report dated 20<sup>th</sup> May, 2018 and reproduced as hereunder:

"We draw attention to Note No. 25 in the financial statements which indicates that due to the events or conditions as mentioned in the said Note, material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern".

- (b) We draw attention to the following Emphasis of Matters in the audit report on the financial statements of Utkal Power Ltd., a subsidiary of the Holding Company, issued by an independent firm of Chartered Accountants vide its report dated 27<sup>th</sup> April, 2018 and reproduced by us as hereunder :

" Since inception of the company, it has not started its operation. During the year the government refunded the security deposit to the company which was deposited earlier for its power project. At present the company has no other projects to run but the continuity of the company depends on the financial assistance by its holding company".

- (c) We draw attention to the following Emphasis of Matters in the audit report on the financial statements of Utkal Green Energy Ltd., a subsidiary of the Holding Company, issued by an



# HARIBHAKTI & CO. LLP

Chartered Accountants

independent firm of Chartered Accountants vide its report dated 27<sup>th</sup> April, 2018 and reproduced by us as hereunder :

“ The company since inception has not started its operation. We draw attention to Note No.09 to the standalone Ind AS financial statement, where it has been described the continuity and going concern of the business. In our opinion the continuity of this company completely depends on the financial assistance by its holding company ”.

Our opinion is not modified in respect of these matters.

## Emphasis of Matters

(a) We draw attention to Note No. 38 to the consolidated Ind AS financial statements relating to the Holding Company's equity investment amounting to Rs. 53.13 crore in Indmet Mining Pte Ltd ('Indmet'), a wholly-owned subsidiary incorporated in Singapore which, in turn, has investment in its Indonesian subsidiary PT Sumber Rahayu Indah ('PT Sumber'). The Holding Company's carrying value of investment in Indmet is substantially dependent on the latter's carrying value of investment in PT Sumber and the Holding Company has initiated arbitration proceedings for protecting its said investment.

The auditors of Indmet, an independent firm of Public Accountants and Chartered Accountants, have also emphasised the matter in their audit report on the financial statements of Indmet for the financial year 2017-18, dated 30<sup>th</sup> April, 2018.

(b) We draw attention to Note No. 40 to the consolidated Ind AS financial statements relating to the Holding Company's exposure in Utkal Coal Ltd., a subsidiary. The matter has arisen out of the cancellation of allotment of the coal block being held by the subsidiary vide the Hon'ble Supreme Court of India's order dated 24<sup>th</sup> September, 2014 and the subsequent events in connection therewith.

We, as independent auditors of the subsidiary, have also emphasised the matter in our audit report on the financial statements of the subsidiary for the financial year 2017-18, dated 20<sup>th</sup> May, 2018.

Our opinion is not modified in respect of these matters.

## Other Matters

We did not audit the Ind AS financial statements of six subsidiaries, whose Ind AS financial statements reflect total assets of Rs. 107.80 crores as at 31<sup>st</sup> March, 2018, total revenues of Rs. 3.05 crores and net cash outflows amounting to Rs. 0.54 crores for the year ended on that date, as considered in the consolidated Ind AS financial statements. These Ind AS financial statements have been audited by other auditors whose reports have been furnished to us by the Management of the Holding Company and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Two of these subsidiaries are located outside India whose financial statements have been prepared in accordance with the accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries (refer Note No. 42 to the consolidated Ind AS financial statements). The Holding Company's management has converted the financial statements of such subsidiaries located outside India to Ind AS financial statements (i.e from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India and relevant for preparation of the aforesaid consolidated Ind AS financial statements). Our opinion, in so far as it relates to the balances and affairs of such subsidiaries located outside India, is based on





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the reports of other auditors and the conversion adjustments prepared by the management of the Holding Company.

The financial statements of one of these subsidiaries, located in India, have been prepared in accordance with the Accounting Standards (Indian GAAP) [as it is a Non Banking Financial Company and Ind AS is not yet applicable to it] and which have been audited by other auditors. Such Indian GAAP financials have been restated into Ind AS financials by the Holding Company's management, for the purposes of consolidation (refer Note No. 42 to the consolidated Ind AS financial statements). Our opinion, in so far as it relates to the balances and affairs of such subsidiary located in India, is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company.

Our opinion on the Consolidated Ind AS Financial Statements and our report on the Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors and the conversion adjustments prepared by the management of the Holding Company.

## Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- d. In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. The matters described in the 'Material Uncertainty Related to Going Concern' and 'Emphasis of Matters' paragraphs above, in our opinion, may have an adverse effect on the functioning of the Group;
- f. On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31<sup>st</sup> March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- g. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, we give our separate Report in the "Annexure".



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h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note Nos. 37,38,40,43,44,45, and 46 to the consolidated Ind AS financial statements;

(ii) Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W/W100048



Anand Kumar Jhunjunwala

Partner

Membership No. 056613



Bhubaneswar

21<sup>st</sup> May, 2018

## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph (g) under 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report of even date, to the members of the Holding Company on the consolidated Ind AS financial statements for the year ended 31<sup>st</sup> March, 2018]

### Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Holding Company as of and for the year ended 31<sup>st</sup> March, 2018, we have audited the internal financial controls over financial reporting of the Group, in respect of companies incorporated in India, as of that date.

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

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

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system over financial reporting.

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial



# HARIBHAKTI & CO. LLP

Chartered Accountants

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

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

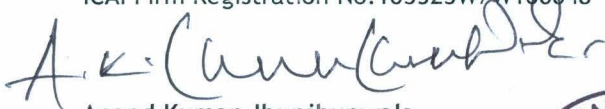
## Opinion

In our opinion, the Group, in respect of companies incorporated in India, has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2018, based on the internal control over financial reporting criteria established by the Holding Company, considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

## Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting, in so far as it relates to four subsidiaries of the Holding Company which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For Haribhakti & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No.103523W/W100048



Anand Kumar Jhunjunwala  
Partner  
Membership No. 056613



Bhubaneswar  
21<sup>st</sup> May, 2018



IMFA Building  
Bhubaneswar -751010  
Odisha, India

Corporate Identity No.  
L27101OR1961PLC000428

TEL +91 674 3051000  
+91 674 2580100  
FAX +91 674 2580020  
+91 674 2580145

mail@imfa.in

www.imfa.in

## "DECLARATION"

[Pursuant to Regulation 33 (3) (d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

We, **Indian Metals and Ferro Alloys Limited** having its registered office at IMFA Building, Bomikhal, Bhubaneswar – 751010, Odisha, do hereby declare and confirm that the Audit Report issued by the Statutory Auditor of the Company, Haribhakti & Co. LLP, Chartered Accountants, Kolkata (Firm Registration no. 103523W/W100048) on the Standalone Annual Audited Financial Results for the year ended 31<sup>st</sup> March 2018 is with unmodified opinion(s) and a declaration to this effect is being made pursuant to the proviso to regulation 33(3)(d) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended vide notification dated May 25, 2016.

**For Indian Metals and Ferro Alloys Limited**

**Subhrakant Panda**

Managing Director

DIN: 00171845

Date : 21st May, 2018

Place: Bhubaneswar



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**For Indian Metals and Ferro Alloys Limited**

**Subhrakant Panda**  
Managing Director  
DIN: 00171845

Date : 21st May, 2018  
Place: Bhubaneswar