

ELECTROSTEEL STEELS LTD.

CIN : L27310JH2006PLC012663

Registered Office : 801, Uma Shanti Apartments, Kanke Road, Ranchi - 834 008, Jharkhand

Corporate Office : Lohanchal Colony, Plot No. 10, Beside Sector 12, Bokaro Steel City - 827013, Jharkhand, India

Tel. : 08651-102477

E-mail : esl.shares@vedanta.co.in , Website: www.electrosteelsteels.com

NOTICE OF 12th ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 12th Annual General Meeting (AGM) of the Members of the Company will be held on Saturday 21st September, 2019, at Capitol Hill Hotel, Mahatma Gandhi Marg, Main Road, Ranchi- 834001 at 2:00 P.M. to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31st March, 2019 together with the Reports of the Board and Auditors thereon.
2. To appoint Ms. Rashmi Mohanty (DIN : 07072541), who retires by rotation and being eligible, offers herself for re-appointment as a Director and in this regard, to pass the following resolution as an **Ordinary Resolution** :
"**RESOLVED THAT** pursuant to the provisions of Sec. 152 of the Companies Act, 2013, Ms. Rashmi Mohanty (DIN : 07072541), who retires by rotation at this meeting and being eligible, has offered herself for re-appointment, be and is hereby re-appointed as a Non-Executive Director of the Company, liable to retire by rotation."

SPECIAL BUSINESS:

3. To consider appointment of Mr. Pankaj Malhan (DIN : 08516185), who is also the Acting Chief Executive Officer, as Whole Time Director and Key Managerial Personnel, for a period of two years, with effect from 22nd July, 2019 and to pass, with or without modification(s), the following resolution as a **Special Resolution**:
"**RESOLVED THAT** subject to provisions of Sec. 152 and other applicable provisions of the Companies Act, 2013 and the relevant rules made thereunder, including any statutory modifications or re-enactment thereof, for the time being in force and the applicable provisions of Articles of Association of the Company, Mr. Pankaj Malhan, Acting Chief Executive Officer (DIN : 08516185), appointed as an Additional Director, designated as Whole Time Director by the Board of Directors, at their Meeting held on 22nd July 2019, based on the recommendation of the Nomination & Remuneration Committee of the Board and who holds office as such up to the date of ensuing Annual General Meeting and in respect of whom, the Company has received a Notice in writing under Sec. 160(1) of the Companies Act, 2013 from a Member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company and the period of his office shall be liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to the provisions of Section 196, 197, 203 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Schedule V of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Articles of Association of the Company and subject to such other approval, as may be necessary, consent of the Members of the Company, be and is hereby accorded to the appointment of Mr. Pankaj Malhan (DIN: 08516185) as Whole Time Director for a period of 2 years with effect from 22nd July, 2019 on the terms and conditions and remuneration as follows:

Terms and Conditions of Appointment:

Fixed Pay	Rs. 110.60 Lacs
Benefits	Rs. 6.78 Lacs
Target Annual Bonus	Rs. 44.24 Lacs
Other benefits	As per Policy applicable to the Company.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in the financial year, the Company will pay remuneration by way of Salary including perquisites and allowances as specified under Section II of Part II of Schedule V to the Companies Act, 2013 or in accordance with any statutory modification(s) thereof.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter and vary the terms and conditions of the appointment and/or remuneration based on the recommendation of the Nomination & Remuneration Committee subject to the same not exceeding the limits specified under Section 197 read with Schedule V of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force).

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and matters and things as in its absolute discretion it may consider necessary, expedient and desirable to give effect to this resolution."

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Company hereby approves the remuneration of Rs. 60,000 (Rupees sixty thousand only) plus applicable taxes and reimbursement of out of pocket expenses payable to M/s. S G & Associates, Cost Accountants (Firm Registration No. 000138), who have been appointed by the Board of Directors as the Cost Auditors of the Company, to conduct the audit of the cost records maintained by the Company for the Financial Year 2019-20.

RESOLVED FURTHER THAT the Board of Directors (the 'Board' which term includes a duly constituted Committee of the Board of Directors) be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this resolution."

By Order of Board of Directors of
Electrosteel Steels Limited

Binaya Kumar Dash
Company Secretary
ACS - 17982

Place: Bokaro

Date: July 22, 2019

NOTES:

- 1. THE RELATIVE EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 SETTING OUT MATERIAL FACTS CONCERNING THE BUSINESS UNDER ITEM NOS. 3 and 4 OF THE NOTICE, IS ANNEXED HERETO.**
- 2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED HERewith AND, IF INTENDED TO BE USED, IT SHOULD BE RETURNED DULY COMPLETED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE COMMENCEMENT OF ANNUAL GENERAL MEETING.**
- 3. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY IN NUMBER AND HOLDING IN THE AGGREGATE NOT MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. HOWEVER, A MEMBER HOLDING MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR SHAREHOLDER. PROXIES SHALL BE MADE AVAILABLE FOR INSPECTION DURING TWENTY FOUR HOURS BEFORE THE TIME FIXED FOR THE COMMENCEMENT OF THE MEETING AND ENDING WITH THE CONCLUSION OF THE MEETING.**
- Relevant details as required under Section 164(2) of The Companies Act, 2013 and Secretarial Standard -2 on General Meetings issued by The Institute of Company Secretaries of India, of person seeking appointment/re-appointment as Director forms part of the notice.
- Members are requested to notify immediately changes of address, nominations, etc., if required:

- (i) to their Depository Participants (DPs) in respect of their shares held in Demat form and
 - (ii) to the Company or to its Registrar & Transfer Agent in respect of the shares held in physical form, if any.
6. All documents referred to in the notice and accompanying explanatory statement are open for inspection at the Registered Office of the Company on all working days, except Saturday, Sunday and public holidays, between 10:00 A.M. to 3:00 P.M., up to the date of the AGM. The notice is also available on the Company's website: www.electrosteelsteels.com
 7. Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 shall be open for inspection during business hours at the Registered Office of the Company and shall be kept open for inspection at the Annual General Meeting. The Register of Contracts and Arrangements in which Directors are interested under Section 189 of the Companies Act, 2013 shall be made available at the commencement of the meeting and shall remain open and accessible to the members during the continuance of the meeting.
 8. M/s. Lodha & Co., Chartered Accountants (Firm Registration No.: 301051E), had been appointed as the Statutory Auditors at the 10th Annual General Meeting of the Company for a period of five years up to the conclusion of 15th Annual General Meeting. As per Companies (Amendment) Act, 2017 (Section 139 of the Companies Act, 2013), notified on 07 May, 2018, the requirement of ratification of appointment of the Statutory Auditor at every Annual General Meeting has been done away with. As such, resolution for ratification of appointment of Auditor is no longer required to be passed at the Annual General Meeting.
 9. Members are requested to bring their attendance slips together with their copies of the Annual Report to the meeting.
 10. Members desiring any information on the Audited Annual Accounts 2018-19 and operations of the Company, are requested to write to the Company Secretary at the Registered Office at least seven days before the meeting, so as to enable the Management to keep the information ready at the Meeting.
 11. Pursuant to Section 72 of the Companies Act 2013, members holding shares in physical form are advised to file nomination in prescribed Form SH-13 with the Company's Registrar Karvy Fintech Private Limited. In respect of shares held in Electronic/Demat form, members may please contact their respective Depository Participants.
 12. Electronic copy of this notice along with Attendance Slip, Proxy Form and the Annual Report for FY 2018-19 is being sent to all the members whose, email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies of this notice along with Attendance Slip, Proxy Form and the Annual Report for FY 2018-19 is being sent as per the permitted mode.
 13. The Board has appointed Ms. Sarita Pandey (CP No.:20671), Proprietor of Sarita Pandey & Associates, Company Secretary, as Scrutinizer for conducting the voting and remote e-voting process, in a fair and transparent manner.
 14. Members who still hold share certificates in physical form are advised to dematerialize their shareholding to avail the benefits of dematerialization, which includes easy liquidity, electronic transfer, savings in stamp duty and elimination of any possibility of loss of documents and bad deliveries.
 15. Members may also note that the Notice of the 12th Annual General Meeting and the Annual Report for 2018-19 will also be available on the Company's website www.electrosteelsteels.com for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form by post, upon making a request for the same, free of cost. For any communication, the shareholders may send requests to the Company's investor email id: esl.shares@vedanta.co.in.
 16. In case of joint shareholders attending the meeting, joint holder whose name is higher in the order of names will be entitled to vote.
 17. **VOTING THROUGH ELECTRONIC MEANS:**
 - a) In compliance with provisions of Section 108 of the Companies Act, 2013, read with Rules made thereunder, the Company will provide facility for voting by electronic means for the businesses to be transacted at the AGM.

- b) A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date, i.e. 13th September, 2019 shall be entitled to avail the facility of voting through remote e- voting/Venue of the meeting. The shareholders shall have one vote per equity share held by them as on the cut-off date 13th September, 2019. The facility of remote e-voting would be provided for every folio/client ID, irrespective of the number of joint holders. A person who is not a member as on the cut- off date should treat this notice for information purpose only.
- c) VOTING THROUGH REMOTE E-VOTING:
- (1) The Company has engaged the services of Karvy Fintech Private Limited (Karvy) to provide remote e- voting facilities to the members. The facility of casting votes by a member using an electronic voting system from a place other than the venue of the Annual General Meeting (remote e-voting) will be provided by Karvy and the items of businesses as detailed in the Notice may be transacted through remote e-voting.
 - (2) The remote e-voting period commences on Wednesday, 18th September, 2019 (9:00 A.M.) and ends on Friday, 20th September, 2019 (5:00 P.M.). The remote e-voting module shall be forthwith blocked by Karvy.
 - (3) A member who has cast his vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
 - (4) The members who have not casted their vote through remote e-voting process can vote at venue of the AGM.
 - (5) In case a Member receiving an email of the AGM Notice from Karvy [for Members whose e-mail IDs are registered with the Company/Depository Participant(s)]:
 - (i) Launch internet browser by typing the URL: <https://evoting.karvy.com>.
 - (ii) Enter the log in credentials (i.e., User ID and password). For physical cases, Event No. followed by Folio No. and for electronics cases, DPID/Client ID will be your User ID. However, if you are already registered with Karvy for e- voting, you can use your existing User ID and password for casting your vote.
 - (iii) After entering these details appropriately, click on "LOGIN".
 - (iv) You will now reach password change menu where in you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one uppercase (A-Z), one lowercase (a-z), one numeric value (0-9) and a special character (@,#,\$,etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
 - (v) You need to login again with the new credentials.
 - (vi) On successful login, the system will prompt you to select the "EVENT" i.e. Electrosteel Steels Limited.
 - (vii) On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially for "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as mentioned therein. You may also choose the option ABSTAIN. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
 - (viii) Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each folios/demat accounts.
 - (ix) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
 - (x) You may then cast your vote by selecting an appropriate option and click on "Submit".
 - (xi) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

(xii) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: acssaritapandey@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "Electrosteel Steels Limited 12th Annual General Meeting".

(xiii) In case a person has become the Member of the Company after the dispatch of AGM Notice but on or before the cut-off date i.e. 13th September, 2019, may write to the Karvy on the Email ID: evoting@karvy.com or to Mr. PSRCH Murthy, Contact No. 040-6716 2222, at [Unit: Electrosteel Steels Limited], Karvy Fintech Private Limited, Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500032, requesting for the User ID and Password. After receipt of the above credentials, please follow all the steps from Sr. No. (i) to (xii) as mentioned above, to cast the vote.

(6) In case of Members receiving physical copy of the AGM Notice by Post / courier [for Members whose e-mail IDs are not registered with the Company/Depository Participant(s)]:

(i) User ID and initial password as in the enclosed Attendance Slip.

(ii) Please follow all steps from Sr. No. (i) to (xii) as mentioned in (17c) above, to cast your vote.

(7) In case of any query pertaining to remote e-voting, please visit Help & FAQ's section of <https://evoting.karvy.com>. (Karvy's website).

18. VOTING AT AGM VENUE:

The facility for voting through Ballot shall be made available at the venue of the meeting and the members attending the meeting who have not casted their vote by remote e-voting shall be able to exercise their right at the meeting.

19. Corporate members/trusts/societies intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and/or vote (poll) on their behalf at the Meeting.

20. The Scrutinizer shall after the conclusion of voting at the Annual General Meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses, who are not in the employment of the Company and shall make, not later than 2 days of the conclusion of the Annual General Meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith. Subject to receipt of the requisite number of votes, the resolutions shall be deemed to be passed on the date of Annual General Meeting.

The results declared along with the Scrutinizer's Report shall be placed on the website of the Company i.e. www.electrosteelsteels.com and on Karvy's website and displayed on the Notice board of the Company at its Registered Office within the stipulated time from the conclusion of the Annual General Meeting.

21. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting.

22. In keeping with the Ministry of Corporate Affairs "Green Initiative" measures and applicable provisions of Companies Act, 2013 read with the allied rules made thereunder, the Company hereby requests Members who have not registered their email addresses so far, to register their email addresses for receiving all communication including Annual Report, Notices, etc. from the Company electronically.

23. A route map showing directions to reach the venue of the 12th AGM is given at the end of this Notice as per the requirement of the revised Secretarial Standards-2 on "General Meetings".

By Order of Board of Directors of
Electrosteel Steels Limited

Binaya Kumar Dash
Company Secretary
ACS - 17982

Place: Bokaro

Date: July 22, 2019

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**Item No. 3**

The Board on the recommendation of the Nomination & Remuneration Committee at its meeting held on 22nd July, 2019, approved the appointment of Mr. Pankaj Malhan, (DIN : 08516185) Acting Chief Executive Officer as Additional Director designated as Whole Time Director of the Company for a period of two years, with effect from 22nd July, 2019 subject to approval of shareholders at the forthcoming Annual General Meeting.

Pursuant to Sections 196, 197, 203 and other applicable provisions of the Companies Act, 2013, (the Act) the Companies (Appointment and Qualification of Directors), Rules, 2014, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Schedule V of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force, the appointment of Mr. Pankaj Malhan, requires approval of the Members by way of special resolution.

The terms and conditions of the re-appointment and remuneration payable to Mr. Pankaj Malhan are provided in the resolution referred in Item No. 3.

The Company has received from Mr. Pankaj Malhan (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; (ii) intimation in Form DIR-8 pursuant to Rule 14 of the Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect that he is not disqualified in accordance with sub-section (2) of Section 164 of the Act.

In terms of Section 160 of the Companies Act, 2013, the Company has received notice in writing from a member, proposing the candidature of Mr. Pankaj Malhan for appointment.

Except Mr. Pankaj Malhan and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors/Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 3.

The Board of Directors accordingly recommends the Special Resolution set out at Item no. 3 of the Notice for approval of the Members.

Item No. 4

The Board of Directors of the Company at its meeting held on 25th April, 2019 appointed M/s. S G & Associates, Cost Accountants, (Firm Registration No: 000138) the Cost Auditors for the audit of the cost records to be maintained by the Company for the goods to be produced during the Financial Year 2019-20, at a remuneration of Rs. 60,000 plus applicable taxes, reimbursement of out of pocket expenses to be incurred in connection with cost audit of the accounts.

In terms of the provisions of the Section 148 of the Companies Act, 2013 read with the relevant rules prescribed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration payable to the Cost Auditor shall be ratified subsequently by the shareholders.

Accordingly, consent of the members is sought for passing the Ordinary Resolution as set out in the Notice for approval of the remuneration payable to the Cost Auditors for the audit of the cost records to be maintained by the Company for the goods to be produced during the Financial Year 2019-20.

The Board of Directors recommends the Ordinary Resolution at Item No. 4 as set out in the Notice for approval of the Members.

None of the Directors or Key Managerial Personnel including their relatives is concerned or interested, financially or otherwise, in the said resolution.

By Order of Board of Directors of
Electrosteel Steels Limited

Binaya Kumar Dash
Company Secretary
ACS - 17982

Place: Bokaro
Date: July 22, 2019

Annexure to AGM Notice dated 22nd July, 2019
Details of Directors seeking appointment/re-appointment at the forthcoming 12th Annual General Meeting

Name of the Director	Mr. Pankaj Malhan (DIN : 08516185)	Ms. Rashmi Mohanty (DIN: 07072541)
Date of Birth/ Age	15.05.1972	04.03.1972
Date of Appointment on the Board	22.07.2019	04.06.2018
Brief Resume	Mr. Malhan has done his B. Tech (Instrumentation) & Control from NIT, Jalandhar and also has done his PG Diploma in Business Management from XLRI, Jamshedpur.	Ms. Mohanty has a bachelor's engineering (Computers) degree from Delhi University and is an MBA from IIM Bangalore.
Expertise	Mr. Malhan is having over 23 years of rich experience. Prior to joining Electrosteel Steels, he was working as Head –Engineering & Projects at Tata Steel, Jamshedpur and was responsible for leading Tata Steel's capital expansion Programme in the area of iron making. He was associated with Tata Group since 2000 and had held various Positions at Tata Group, such as Tata Steel, Tata Blue Scope Steel Limited and Tata Power Limited. Prior to joining Tata Group, he has worked with Indian Acrylics Limited and Fisher Rosemount Limited	Ms. Mohanty Heads the Group Investor Relations function at Vedanta. She is finance professional with over 23 years of experience in treasury and investment banking functions across various companies and finance roles. She has worked with Deutsche Bank, GE Capital, Religare in the past and her areas of expertise include international and domestic fund raising, foreign exchange & derivatives market and treasury management. She joined Vedanta in 2015 as Head Group Treasury and in Jan 2018 was appointed to head the Investor Relations function, along with continuing to manage the Treasury.
Relationships between Directors inter-se	There is no inter-se relationship	There is no inter-se relationship
Terms and conditions of appointment	Appointed for a period of two years w.e.f. 22nd July, 2019.	N.A.
Details of remuneration sought to be paid.	As detailed in resolution	NIL
Remuneration last drawn.	NIL	NIL
Number of Board meeting attended during the year	NIL	6
Disclosure of relationship with other directors/ KMP	Not related with any of the Directors/KMPs of the Company	Not related with any of the Directors/KMPs of the Company
Directorship held in other listed entities	Nil	Nil
Number of Memberships in Audit/Stakeholder Committee(s) including this Company	2	1
Number of shares held in the Company as on 31.03.2019	Nil	Nil

12th Annual General Meeting

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of Companies (Management and Administration) Rules, 2014]

CIN: L27310JH2006PLC012663

Name of the Company: **ELECTROSTEEL STEELS LIMITED**

Registered Office: 801, Uma Shanti Apartments, Kanke Road, Ranchi - 834 008, Jharkhand

Name of the Member(s) :	
Registered Address:	
E-mail id:	Folio No./Client ID:
DP ID:	

I/We, being the member(s) holding _____ Shares of Electrosteel Steels Limited, hereby appoint

- (1) Name: _____
 Address: _____
 E-mail ID: _____
 Signature: _____, or failing him/her
- (2) Name: _____
 Address: _____
 E-mail ID: _____
 Signature: _____, or failing him/her
- (3) Name: _____
 Address: _____
 E-mail ID: _____
 Signature: _____, or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 12th Annual General Meeting of the Company, to be held on Saturday, 21st September, 2019 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolutions No.	Resolutions	Optional*	
		For	Against
Ordinary Business			
1.	Adoption of Annual Financial Statement for the year ended 31st March, 2019		
2.	Re-appointment of Ms. Rashmi Mohanty (DIN: 07072541) as a Non-Executive Director		
Special Business			
3.	Appointment of Mr. Pankaj Malhan (DIN : 08516185) as Whole Time Director		
4.	Ratification of remuneration payable to M/s. S G & Associates, Cost Accountants as Cost Auditors of the Company for the F.Y. 2019-20.		

Signed thisday of2019.

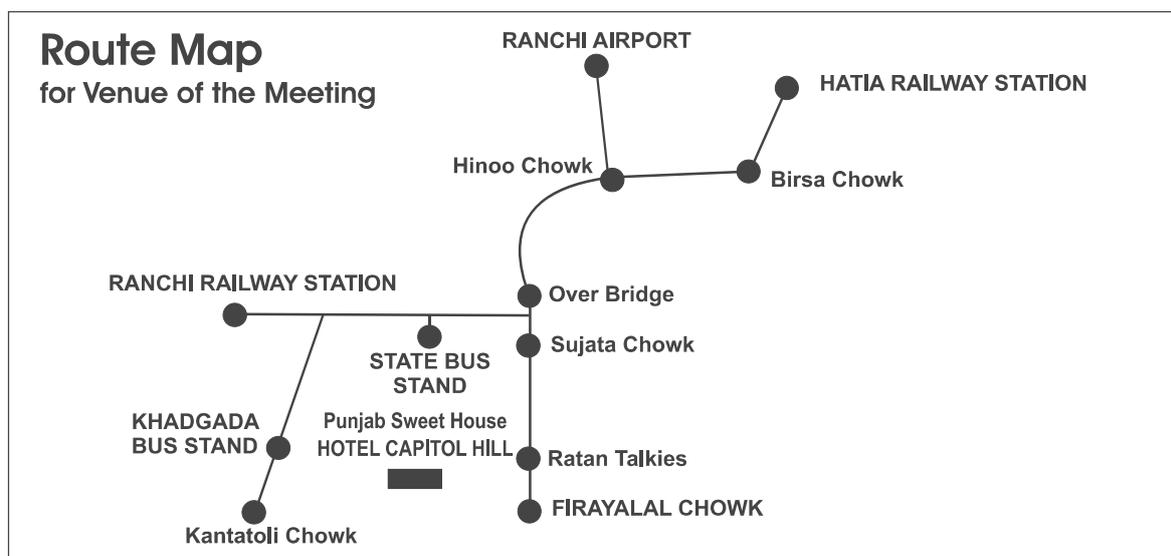
Signature of Shareholder:

Signature of Proxy holder(s):

Affix a Revenue stamp

Notes:

1. This form of Proxy in order to be effective should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes please refer to the Notice of the 12th Annual General Meeting dated 22nd July, 2019.
3. It is optional to put a (✓) in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.



ELECTROSTEEL STEELS LIMITED

Registered Office: 801, Uma Shanti Apartments, Kanke Road, Ranchi-834 008, Jharkhand
Corporate Office: Lohanchal Colony, Plot No. 10, Beside Sector 12, Bokaro Steel City - 827013, Jharkhand
Phone: 08651-102477
CIN: L27310JH2006PLC012663,
E-mail: esl.shares@vedanta.co.in, Website: www.electrosteelsteels.com

**12th Annual General Meeting
ATTENDANCE SLIP**

Only Shareholders or the proxies will be allowed to attend the meeting

Particulars	
Name of Shareholder(s)	
Address	
Joint Holder(s)	
Registered Folio No./DP ID/Client ID	
No. of shares held	

I certify that I am a member/proxy/authorized representative for the member of the Company.

I hereby record my presence at the 12th Annual General Meeting of Electrosteel Steels Limited being held on Saturday, 21st September, 2019 at Capitol Hill Hotel, Mahatma Gandhi Marg, Main Road, Ranchi-834001, Jharkhand at 2:00 P.M.

Name of Shareholder _____
(in capital letter)

Name of Shareholder _____
(in capital letter)

(Signature)

Note: Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand over at the entrance of the meeting.

E-VOTING

EVEN (E-Voting Event Number)	User Id	Password/PIN
4936		

NOTE: Please read the e-voting instructions in the Notice carefully before exercising your vote.

A turnaround success story

12th ANNUAL REPORT 2018-19



CONTENTS

Corporate Information	02
Board's Report	03
Independent Auditor's Report	27
Balance Sheet	36
Statement of Profit & Loss	37
Statement of changes in Equity	38
Cash Flow Statement	39
Notes to the Financial Statements	41

CORPORATE INFORMATION

CIN: L27310JH2006PLC012663

BOARD OF DIRECTORS	Mr. Mahendra Singh Mehta (DIN: 00019566)	Non-Executive Independent Director
	Mr. Pankaj Malhan (DIN: 08516185)	Whole Time Director & Acting Chief Executive Officer
	Mr. Prasun Kumar Mukherjee (DIN: 00015999)	Non-Executive Independent Director
	Ms. Rashmi Mohanty (DIN: 07072541)	Non-Executive Director
CHIEF FINANCIAL OFFICER	Mr. Jalaj Kumar Malpani	
COMPANY SECRETARY	Mr. Binaya Kumar Dash (ACS-17982)	
STATUTORY AUDITORS	M/s. Lodha & Co., Chartered Accountants	
REGISTERED OFFICE	801, Uma Shanti Apartments, Kanke Road, Ranchi - 834 008 Jharkhand.	
PLANT	Village Siyaljori, P.O - Jogidih, P.S - Chandankyari, Dist - Bokaro, Pin - 828 303, Jharkhand.	
CORPORATE OFFICE	Lohanchal Colony, Plot No. 10, Beside Sector 12, Bokaro Steel City, Jharkhand Pin - 827013 Phone : 0865-1102477 Email: esl.shares@vedanta.co.in Website: www.electrosteelsteels.com	

BOARD'S REPORT

Dear Shareholders,

The Board of Directors (Board) presents the Company's 12th Annual Report along with the Audited Financial Statements for the year ended 31st March, 2019.

FINANCIAL SUMMARY/HIGHLIGHTS AND BUSINESS PERFORMANCE

Amount (₹ in Lakhs)
(Except otherwise stated)

Particular	Year Ended	Year Ended
	31 Mar, 2019	31 Mar, 2018
Revenue from operation	495,154.94	365,504.78
Other Income	5,518.43	8,853.19
Finance Cost	32,127.67	78,995.91
Exceptional Item	93,093.53	(523,835.81)
Profit/(Loss) before tax	118,803.56	(613,885.15)
Profit/(Loss) after tax	118,803.56	(613,885.15)
EPS (Basic and diluted)	5.38	(25.48)

The Fiscal year 2019 has been transformational year for the Company, where significant progress has been made in various fronts such as enhanced capacity utilisation, restarting of Blast furnace #3, improvement in cost through commercial and operational excellence, enhanced production of value added product (VAP) etc. These accomplishments set up strong momentum to aspire for robust growth for Fiscal Year 2020.

In June 2018, Vedanta Limited acquired a 90% stake in Company, a primary producer of steel and downstream value-added products. The Company was acquired under the Insolvency and Bankruptcy Code (IBC) 2016 in line with Resolution Plan approved by Hon'ble National Company Law Tribunal (NCLT), Kolkata Bench. Subsequent to the acquisition, Vedanta Limited, through its wholly owned subsidiary, Vedanta Star Limited, took over control and management of Electrosteel Steels Limited and acquired 90% shares of the Company.

FY2019 recorded annual steel production at 1.2 million tonnes up 17% on year to year basis. The Company achieved hot metal production run rate of c.1.5mtpa in FY2019. The production ramped up substantially and other operational efficiencies has resulted in record EBITDA margin. Under Vedanta's management, the business has seen significant operational improvements leading to healthy financial position.

These achievements, underpinned by a strong emphasis on safety practices, position the Company well to become a serious player in the Indian steel sector.

DIVIDEND

In order to conserve resources, your Directors do not recommend any dividend for the Financial Year ended March, 2019.

TRANSFER TO RESERVES

No amounts have been transferred to the Reserve during the year under review.

CORPORATE INSOLVENCY RESOLUTION PROCESS

Vide Order of Hon'ble National Company Law Tribunal (NCLT), Kolkata Bench, Corporate Insolvency Resolution Process ("CIRP") under Insolvency & Bankruptcy Code, 2016 was initiated in respect of the Company. In terms of the decision of the Committee of Creditors (CoC), the Resolution Professional, appointed for the Company, invited expression of interest ("EOI") from prospective investors, i.e. potential resolution applicants and after evaluating the

resolution plans, the CoC approved the resolution plan submitted by Vedanta Limited, at its Meeting held on 29th March, 2018.

NCLT vide its Order dated 17th April, 2018 approved the Resolution Plan submitted by Vedanta Limited, wherein the Company's majority ownership and management would be with Vedanta Limited and such plan shall be binding on the Company, its employees, members, creditors and other stakeholders.

With the passing of the Order, CIRP initiated in respect of the Company, came to end and the Resolution Professional completed his tenure.

As per the approved Resolution Plan, during the interim period, until the date on which Vedanta Limited acquired control of the Company (i.e. effective date), a "Steering Committee" was constituted comprising of majority nominees representing the financial creditors of the Company and minority nominees from Vedanta Limited.

In addition to the above, PricewaterhouseCoopers Private Limited was appointed as Independent Managing Authority (IMA) to monitor the affairs of the Company under the instructions, control and management of the Steering Committee.

Pursuant to the approved Resolution Plan, with effect from 4th June, 2018 i.e. effective date, Vedanta Limited through its wholly-owned subsidiary, deposited Rs. 5,320 crs., in favour of erstwhile financial creditors, through an Escrow Account and took over control and management of the Company and new Board of Directors was constituted and Steering Committee ceased to exist. Thereafter Vedanta Limited initiated the process of implementation of Resolution Plan.

RESOLUTION PLAN & CHANGE OF MANAGEMENT

Pursuant to the approved Resolution Plan, passed by an Order of Hon'ble NCLT, Vedanta Star Limited, a wholly-owned subsidiary of Vedanta Limited, subscribed to the share capital of the Company for an aggregate amount of Rs. 1765.51 Crores and provided additional funds aggregating of Rs. 3,554.49 Crores by way of debt. The funds received thus by the Company as debt and equity were used to settle the debts owed to the erstwhile financial creditors of the Company, by an upfront payment of Rs. 5,320 Crores.

Upon implementation of the Resolution Plan, Vedanta Star Limited now holds approximately 90% of the paid up share capital of the Company. The remaining 10% of the Company's share capital is held by the Company's existing shareholders and the erstwhile financial creditors who received shares in exchange for the part debt owed to them.

The Resolution Plan covers the treatment of all the stakeholders including the shareholders of the Company and in terms of Section 31 of the Insolvency and Bankruptcy Code, 2016, the Approved Plan is binding on the Company and all its stakeholders that are involved in the Approved Plan.

Salient features of the Resolution Plan approved and implemented during the year are as follows:

a. **Conversion of debt into equity share capital of the Company:**

An amount of Rs. 7399,13,20,550 due to the financial creditors was converted into 739,91,32,055 fully paid-up equity shares of Rs. 10 each of the Company ("New Equity Shares"), which was issued to the erstwhile financial creditors in proportion to their respective portion of the debt;

b. **Capital Reduction and Consolidation of the share capital:**

The existing equity shares of the Company i.e. 240,92,35,023 of Rs. 10 each and the New Equity Shares issued pursuant to conversion of debt i.e. 739,91,32,055 of Rs. 10 each stood reduced by reducing the face value of the equity shares, from Rs. 9808,36,70,780 divided into 980,83,67,078 equity shares of Rs. 10 each fully paid-up to Rs. 196,16,73,416 divided into 980,83,67,078 equity shares of Re 0.20 each fully paid-up. Immediately thereafter, 50 (fifty) equity shares of Re 0.20 each as reduced, was consolidated into 1 (one) fully paid-up equity share of Rs. 10 each;

c. **Issue of equity shares to Vedanta Star Ltd.:**

Vedanta Star Ltd. (VSL) was issued and allotted 176,55,06,078 fully paid up equity shares of Rs. 10 each of the fully diluted share capital of the Company.

d. **Delisting:**

As an integral part of the approved Resolution Plan, the Company's shares were delisted from both BSE Limited and National Stock Exchange of India Limited, with effect from 20th December, 2018.

Status of implementation of the Approved Plan:

Particulars	Date of Board approval of the Company
Conversion of debt into equity share capital of the Company	6th June, 2018
Capital Reduction and Consolidation of the share capital	14th June, 2018
Issue of equity shares to the Acquirer (VSL)	15th June, 2018
Delisting of Shares of the Company	20th December, 2018

All the activities, as per the approved Resolution Plan have been implemented during the year.

EQUITY SHARE CAPITAL**(a) Authorised Share Capital:**

Authorised Share Capital of the Company as on 31st March, 2018 was Rs. 50,000,000,000 (Rupees Five Thousand crores), divided into 5,000,000,000 equity shares of Rs. 10 each. Issued and paid up share capital was Rs. 24,092,350,230 divided into 2,409,235,023 equity shares of Rs. 10 each.

Pursuant to the implementation of the Resolution Plan, Authorized Share Capital of the Company has since been increased to Rs. 100,000,000,000 (Rupees Ten Thousands crores), divided into 10,000,000,000 equity shares of Rs. 10 each, w.e.f. 6th June, 2018.

(b) Issue and allotment of shares to erstwhile financial creditors:

Prior to implementation of Resolution Plan, the issued and paid up capital of the Company was Rs. 2409,23,50,230 consisting of 240,92,35,023 no. of equity shares of Rs. 10 each.

As an integral part of approved Resolution Plan, 739,91,32,055 fully paid-up equity shares of Rs. 10 each were issued and allotted to the erstwhile financial creditors in proportion to their respective portion of the debt, the issued and paid up capital was increased to Rs. 9808,36,70,780 consisting of 980,83,67,078 shares of Rs. 10 each.

(c) Reduction and Consolidation of shares:

As an integral part of approved Resolution Plan, the existing equity shares of the Company i.e. 240,92,35,023 of Rs. 10 each and the new Equity Shares issued pursuant to conversion of debt i.e. 739,91,32,055 of Rs. 10 each stood reduced by reducing the face value of the equity shares, from Rs. 9808,36,70,780 divided into 980,83,67,078 equity shares of Rs. 10 each fully paid-up to Rs. 196,16,73,416 divided into 980,83,67,078 equity shares of Re 0.20 each fully paid-up. Immediately thereafter, 50 (fifty) equity shares of Re 0.20 each as reduced was consolidated into 1 (one) fully paid-up equity share of Rs. 10 each. Post reduction and consolidation, the issued and paid up capital of the Company stands at Rs. 196,16,73,420 divided into 19,61,67,342 no. of shares of Rs. 10 each.

(d) Issue and allotment of shares to new Promoter:

On 15th June, 2018, Vedanta Star Ltd., new Promoter of the Company was allotted 176,55,06,078 fully paid-up equity shares of the Company at par value of Rs. 10/- each. Post issue of equity shares to Vedanta Star Limited, Company's paid up equity share capital was increased to INR 1961,67,34,200 divided into 196,16,73,420 number of equity shares of Rs. 10 each.

(e) Buy Back of Securities:

The Company has not bought back any of its securities during the Financial Year under review.

(f) Sweat Equity:

The Company has not issued any Sweat Equity Shares during the Financial Year under review.

(g) Bonus Shares:

The Company has not issued any Bonus Shares.

(h) Employees Stock Option Plan:

The Company has not provided any Stock Option Scheme to the employees.

None of the Directors of the Company hold any equity shares or convertible instruments of the Company.

RECLASSIFICATION OF PROMOTERS

During the year, Vedanta Star Limited became the new Promoter of the Company.

As an integral part of approved Resolution Plan, the Company had made application to BSE Ltd. and National Stock Exchange of India Ltd., for re-classification of Promoter. Both the Stock Exchanges approved the reclassification of the erstwhile promoter of the Company, i.e. Electrosteel Castings Limited, to the public category shareholder.

Post re-classification of Promoter, Vedanta Star Ltd., the sole Promoter of Electrosteel Steels Limited is holding 90% of paid up share capital of the Company.

DE-LISTING OF SHARES

De-listing was an integral part of approved Resolution Plan. As a part of the delisting process, the existing shareholders holding Equity Shares were offered an exit at Rs. 9.54 per equity share by way of the Letter of Delisting Offer dated 18th September, 2018. During the delisting period, commencing from 11th October, 2018 and ending on 17th October, 2018, 46,957 number of equity shares representing 0.002% of the paid-up share capital of the Company were validly tendered by the eligible public shareholders of the Company. Thereafter the Company made an application to BSE Limited and National Stock Exchange of India Limited, and both the Stock Exchanges vide their letter dated 6th December, 2018, confirmed that the shares of the Company were delisted with effect from 20th December, 2018.

EXIT OFFER

Prior to de-listing of shares of the Company, Vedanta Star Limited, Promoter of the Company had given an exit offer to the eligible public shareholders, to surrender their shares, at a price of Rs. 9.54 each. In the exit offer, 46,957 no. of shares, representing 0.002% of the paid-up share capital of the Company were validly tendered by the public shareholders.

The exit price was calculated as per the procedure prescribed in the Resolution Plan and in compliance with SEBI Delisting Regulations.

Post de-listing, Vedanta Star Limited, the acquirer, has provided an exit opportunity to the Residual Public Shareholders of the Company, who were unable to participate in the delisting offer or who unsuccessfully tendered their Equity Shares during the Delisting Period, to tender their Equity Shares for a period of one year from the Date of Delisting i.e. till 20th December, 2019.

SCHEME OF AMALGAMATION

During the year under review, the Board of Directors of the Company at their meeting held on 22nd December, 2018 approved Scheme of Amalgamation of Vedanta Star Limited, Holding and Promoter Company (the Transferor Company) with Electrosteel Steels Limited (the Transferee Company) with effect from 1st October, 2018 ("**Appointed Date**"), under the provisions of Sections 230 and 232 of the Companies Act, 2013 and consequential reduction and re-organisation of existing share capital of the Transferee Company.

Hon'ble National Company Law Tribunal, Kolkata Bench vide its Order dated 24th January, 2019 inter alia had ordered to hold the meeting of Shareholders of Electrosteel Steels Limited on 29th March, 2019, seeking approval from the Shareholder for the scheme of Merger and accordingly Meeting of the Shareholders of the Company was held on said date and the resolution approving merger has been passed with requisite majority.

To further the process, both the Transferor and the Transferee Company have filed application before Hon'ble NCLT, to approve the Scheme of Amalgamation.

NATURE OF BUSINESS

There has been no change in the nature of the business of the Company during the year.

NUMBER OF BOARD & COMMITTEE MEETINGS

The Board of Directors met eleven times during the year. The intervening gap between the meetings was within the period prescribed under the provision of Section 173 of the Companies Act, 2013.

Attendance**Board of Director's Meeting:**

Name of the Director	No. of the meetings during the year 2018-19	
	Held	Attended
Mr. Prasun Kumar Mukherjee	11	10
Mr. Mahendra Singh Mehta1	11	6
Mr. Naveen Kumar Singhal	11	11
Ms. Rashmi Mohanty	11	6

Committee Meeting:-

- Audit Committee**

Name of the Director	No. of the meetings during the year 2018-19	
	Held	Attended
Mr. Prasun Kumar Mukherjee	3	2
Mr. Mahendra Singh Mehta1	3	3
Mr. Naveen Kumar Singhal	3	3

- Nomination and Remuneration Committee**

Name of the Director	No. of the meetings during the year 2018-19	
	Held	Attended
Mr. Prasun Kumar Mukherjee	1	1
Mr. Mahendra Singh Mehta1	1	1
Mr. Naveen Kumar Singhal	1	1

- Stakeholders' Relationship Committee**

Name of the Director	No. of the meetings during the year 2018-19	
	Held	Attended
Mr. Prasun Kumar Mukherjee	2	2
Mr. Naveen Kumar Singhal	2	2
Ms. Rashmi Mohanty	2	2

1. Mr. Mahendra Singh Mehta was appointed as Non Executive Independent Director w.e.f. 21st June, 2018. The remaining all the Directors were appointed on 4th June, 2018, during the year.

DEPOSITS

The Company has not accepted or renewed any fixed deposits during the period under review. It has not accepted any deposits from the public within the meaning of the provisions of Section 73 of the Companies Act, 2013 and Rules made thereunder.

SUBSIDIARY / ASSOCIATE / JOINT VENTURE COMPANY

The Company did not have any subsidiary/associate /joint venture Company during the year ended 31st March, 2019.

INTERNAL FINANCIAL CONTROLS

Your Company has in place systems, policies and procedures/ frameworks, which are currently operational, for ensuring the orderly and efficient conduct of its business, which includes adherence to policies, safeguarding its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and

timely preparation of reliable financial information. In line with best practices, the Audit Committee and the Board reviews these internal control systems to ensure they remain effective and are achieving their intended purpose.

INVESTOR EDUCATION AND PROTECTION FUND

All unclaimed / unpaid share application money, remaining unclaimed / unpaid for a period of seven years from the date they became due for payment, are required to be transferred to the Investor Education And Protection Fund (IEPF).

During the year, the Company was not required to transfer any amount to the said IEPF.

SIGNIFICANT AND MATERIAL ORDERS

1. With the passing of Order by Hon'ble National Company Law Tribunal, Kolkata Bench, CIRP came to an end and pursuant to the approved Resolution Plan, Vedanta Limited through its wholly-owned subsidiary, Vedanta Star Limited, took control and management of affairs of Electrosteel Steels Limited.

One of the unsuccessful Resolution Applicant, Renaissance Steel Private Limited, had challenged the resolution plan before the Hon'ble National Company Law Appellate Tribunal, New Delhi (NCLAT). NCLAT vide its Judgement dated 10th August, 2018 has inter alia upheld the order of NCLT. Subsequent to Order of Hon'ble National Company Law Appellate Tribunal (NCLAT) dated 10th August, 2018, the said Renaissance Steel, approached the Hon'ble Supreme Court, challenging the Order of the NCLAT. The matter is still pending before the Hon'ble Supreme Court.

2. Few erstwhile operational creditors had preferred an appeal before Hon'ble NCLAT against the order of the NCLT. Hon'ble NCLAT by an order dated 20th August, 2018 also rejected the appeals preferred by a few erstwhile operational creditors against the order dated 17th April, 2018 of this Hon'ble Tribunal. A few such erstwhile operational creditors have since also preferred further appeals to the Hon'ble Supreme Court of India against the order dated 20th August, 2018 of NCLAT. By an order dated 4th February, 2019, the Hon'ble Supreme Court of India directed the parties to maintain status quo as on the date of the order.
3. The Consent to Operate (CTO) for the steel plant at Bokaro, which was valid till December 2017, was not renewed by the State Pollution Control Board (PCB). This was followed by the Ministry of Environment, Forests and Climate Change revoking the Environmental Clearance (EC). Both the directions have since been stayed by the Hon'ble High Court of Jharkhand until the next date of hearing.

There has been no material changes and commitments affecting the financial position of the Company that have occurred between the end of the Financial Year and the date of the Board's Report.

ANNUAL EVALUATION OF THE BOARD

The Board on the recommendation of the Nomination and Remuneration Committee had adopted Schedule IV to the Companies Act, 2013 (hereinafter referred to as "the Act") as criteria for evaluating performance of Independent Directors.

The Independent Directors of the Company in their meeting held on January 25, 2019, without the attendance of Non-Independent Directors and members of the Management, on the basis of defined and agreed parameters, inter alia, had (i) reviewed the performance of the Non Independent Directors, the Board and Committees thereof and (ii) assessed the quality, quantity and timeliness of flow of information between the Management and the Board, that is necessary for the Board to be effective and reasonably perform their duties.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Appointment:

With the commencement of CIRP on 21st July, 2017, the power of Board of Directors was suspended till 17th April, 2018 i.e. date of approval of Resolution Plan by Hon'ble NCLT, Kolkata Bench. With effect from 18th April, 2018, till effective date of takeover of Management by Vedanta Limited, the Company was managed under the supervision and guidance of Steering Committee constituted pursuant to the approved Resolution Plan.

With effect from 4th June, 2018, i.e. effective date, new Board was constituted with the following Directors on the Board:-

Sl. No.	Name of Director	Designation
1.	Mr. Prasun Kumar Mukherjee	Non – Executive Independent Director
2.	Mr. Naveen Kumar Singhal	Non – Executive Director
3.	Ms. Rashmi Mohanty	Non – Executive Director

Further, Mr. Mahendra Singh Mehta was appointed as Non – Executive Independent Director w.e.f. 21st June, 2018. The shareholders of the Company at the 11th Annual General Meeting had approved the appointment of all the aforesaid Directors. Mr. Pankaj Malhan (DIN: 08516185), Acting Chief Executive Officer (Acting CEO) was appointed as Additional Director designated as Whole Time Director of the Company with effect from 22nd July, 2019, subject to approval of shareholders.

Cessation:-

With the reconstitution of new Board, the erstwhile Directors, detailed as below were deemed to be resigned with effect from 4th June, 2018.

Sl. No.	Name of Director
1.	Mr. Raj Kumar Khanna
2.	Mr. Naresh Pachisia
3.	Mr. Sunil Vasant Diwakar
4.	Mr. Lalit Kumar Singhi
5.	Mr. Rama Shankar Singh
6.	Mr. Jinendra Kumar Jain
7.	Mr. Devprasad Mozumder
8.	Ms. Jayantika Ganguly
9.	Mr. Umang Kejriwal

Mr. Naveen Kumar Singhal (DIN: 02642057), Non-Executive Director resigned from Board of Directors with effect from 22nd July, 2019 due to change in his job profile to Group Projects.

COMMITTEES:

AUDIT COMMITTEE

Audit Committee has been re-constituted, pursuant to provisions of Companies Act, 2013, with effect from 22nd July, 2019, detailed as below :

1. Mr. Prasun Kumar Mukherjee, Non-Executive Independent Director – Chairman
2. Mr. Mahendra Singh Mehta, Non-Executive Independent Director – Member
3. Mr. Pankaj Malhan, Whole Time Director & Acting CEO – Member

NOMINATION & REMUNERATION COMMITTEE

Nomination & Remuneration Committee has been re-constituted, pursuant to provisions of Companies Act, 2013, with effect from 22nd July, 2019, detailed as below :

1. Mr. Prasun Kumar Mukherjee, Non-Executive Independent Director – Chairman
2. Mr. Mahendra Singh Mehta, Non-Executive Independent Director - Member
3. Mr. Pankaj Malhan, Whole Time Director & Acting CEO – Member

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Stakeholders' Relationship Committee has been re-constituted, pursuant to provisions of Companies Act, 2013, with

effect from 22nd July, 2019, detailed as below :

1. Mr. Prasun Kumar Mukherjee, Non-Executive Independent Director – Chairman
2. Mr. Pankaj Malhan, Whole Time Director & Acting CEO – Member
3. Ms. Rashmi Mohanty, Non-Executive Director – Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Corporate Social Responsibility Committee has been re-constituted, pursuant to provisions of Companies Act, 2013, with effect from 22nd July, 2019, detailed as below:

1. Mr. Prasun Kumar Mukherjee, Non-Executive Independent Director – Chairman
2. Mr. Pankaj Malhan, Whole Time Director & Acting CEO – Member
3. Ms. Rashmi Mohanty, Non-Executive Director – Member

CHANGE IN DIRECTORS:

Mr. Pankaj Malhan (DIN: 08516185), Acting CEO was appointed as Additional Director designated as Whole Time Director with effect from 22nd July, 2019, subject to approval of Shareholders at the forthcoming Annual General Meeting.

Mr. Naveen Kumar Singhal (DIN: 02642057), Non-Executive Director resigned from Board of Directors with effect from 22nd July, 2019 due to change in job profile to Group Projects.

DIRECTOR RETIRING BY ROTATION

Pursuant to the provision of Companies Act, 2013, Ms. Rashmi Mohanty (DIN: 07072541), Non-Executive Director of the Company, is liable to retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible, has offered herself for re-appointment. Accordingly, the appointment of Ms. Rashmi Mohanty is being placed for approval of the members at the AGM. A brief profile of Ms. Mohanty and other related information is provided in the AGM notice. The Board recommends her re-appointment as Director.

DETAILS OF KEY MENAGERIAL PERSONNEL:

During the period under review, Mr. Jalaj Kumar Malpani was appointed as Chief Financial Officer and Key Managerial personnel of the Company, with effect from 29th August, 2018.

Further, during the year under review the following Key Managerial Personnel (KMP's) have vacated the office:

Sl. No	Name	Designation
1.	Mr. Ashutosh Agarwal	Chief Financial Officer
2.	Mr. Sunil Katial	Chief Executive Officer

The above named have vacated the office w.e.f. 11th August, 2018 and 31st October, 2018 respectively.

Mr. Pankaj Malhan has been appointed as Acting Chief Executive Officer and Key Managerial Personnel with effect from 25th April, 2019 and further Mr. Malhan was appointed as Additional Director designated as Whole Time Director with effect from 22nd July, 2019, subject to approval of Shareholders at the forthcoming Annual General Meeting.

As on date the, the Company is having the following Key Managerial Personnel :

1. Mr. Pankaj Malhan, Whole Time Director & Acting Chief Executive Officer
2. Mr. Jalaj Kumar Malpani, Chief Financial Officer and
3. Mr. Binaya Kumar Dash, Company Secretary

INDEPENDENT DIRECTORS

Mr. Prasun Kumar Mukherjee and Mr. Mahendra Singh Mehta are the Independent Directors of the Company. The Company has received declarations pursuant to Section 149(7) of the Companies Act, 2013 from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under Section 149(6) of the Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors hereby confirm, in terms of Section 134 (5) of the Companies Act, 2013 ("the Act"), that:

- a) in the preparation of annual accounts, containing financial statements for the year ended 31st March, 2019, the applicable accounting standards have been followed along with proper explanations, wherever required.
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2018-19 and of the profit/loss of the Company for that period.
- c) they have taken proper and sufficient care for the 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 any fraud and other irregularities.
- d) they have prepared Annual Accounts on a going concern basis.
- e) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information related to conservation of energy, technology absorption, foreign exchange earnings and outgo is enclosed as "Annexure A" and forms an integral part of this Report.

STATUTORY AUDITORS

The shareholders of the Company at the Tenth Annual General Meeting (AGM) held on 7th November, 2017 had appointed M/s. Lodha & Co., Chartered Accountants (Firm Registration No.:301051E) of 14, Government Place East, Kolkata 700069, as Statutory Auditors of the Company to hold office for a period of five consecutive years, commencing from the conclusion of Tenth Annual General Meeting till the conclusion of the Fifteenth Annual General Meeting, subject to ratification by the members at every subsequent AGM.

As per the Notification of Ministry of Corporate Affairs dated 7th May, 2018, ratification of appointment of Statutory Auditors at every AGM is not required.

The said M/s. Lodha & Co., Chartered Accountants have confirmed that they are eligible to continue as Statutory Auditors of the Company for the financial year ended 31st March, 2020.

AUDITOR'S REPORT

M/s. Lodha & Co., Chartered Accountants have audited the books of accounts of the Company for the financial year ended 31st March, 2019 and have issued the Auditors' Report thereon. There are no qualifications or reservations or adverse remarks or disclaimer in the said Report.

COST AUDITORS & COST AUDIT REPORT

In terms of requirement of Section 148 of the Act, read with Companies (Audit and Auditors) Rules, 2014, the Board in its meeting held on 29th August, 2018 and on the recommendation of the Audit Committee, had approved appointment of M/s S. G. & Associates, Cost Accountants, (Registration No. 000138) as Cost Auditors for audit of the Cost records to be maintained by the Company for the goods to be produced by the Company during the Financial Year 2018-19. The appointment as Cost Auditors is till the expiry of 180 days from the closure of the financial year ending 31st March, 2019 or till the submission of the Cost Audit Report for the financial year 2018-19 in the prescribed format to the Board, whichever is earlier.

The Cost Auditor is expected to submit their Cost Audit Report to the Board of Directors in the prescribed form for the financial year 2018-19 within the due date of 27th September, 2019.

The Cost Audit Report for the Financial Year 2017-18 does not contain any qualification or reservation or adverse remark and was filed with the Ministry of Corporate Affairs within the stipulated time.

As required under the Act, the remuneration payable to the Cost Auditors is required to be placed before the Members for ratification. Accordingly, a resolution seeking Members ratification for the remuneration payable to M/s. S. G. & Associates, Cost Accountants is included in the Notice convening the ensuing AGM. The Company has

received consent letter from M/s. S. G. & Associates, Cost Accountants, for their re-appointment for the financial year ended 31st March, 2020.

SECRETARIAL AUDITOR & SECRETARIAL AUDIT REPORT

The Board in its meeting held on 29th August, 2018 had appointed M/s. Chandrasekaran Associates, Company Secretaries of 11-F, Pocket –IV, Mayur Vihar, Phase I, Delhi, as Secretarial Auditors of the Company for the FY 2018-19. The said M/s Chandrasekaran Associates have submitted their Report for the financial year ended 31st March, 2019. The report contain observations of the Auditor and is enclosed as “**Annexure B**” and forms an integral part of this Report. The Company is taking necessary steps for compliance of the observations.

EXTRACTS OF ANNUAL RETURN

In accordance with Section 134 (3)(a) of the Companies Act, 2013, an extract of the Annual Return in the prescribed format is enclosed as “**Annexure C**” and forms an integral part of this Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES

The related party transactions are entered into based on considerations of various business requirement such as synergy in operations, profitability, legal requirements, liquidity, resources availability, etc. of related parties. All related party transactions are intended to further the Company’s interests.

All related party transactions entered during the year 2018-19 have been placed on quarterly basis before the Audit Committee for approval and before the Board for consideration and noting.

During the period under review related party transactions have been on arms- length basis and in ordinary course of business and they were not material in nature. Accordingly the particulars of the transactions as prescribed in form AOC-2 under Section 134 of the Act read with rules made therein are not required to be disclosed as they are not applicable.

The policy on Related Party Transactions as approved by the Board is available on the Company’s website: www.electrosteelsteels.com.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year, the Company has not provided any loan, or made investment under provisions of Section 186 of the Act. However, the Company has provided security, by way of execution of a deed of hypothecation and mortgage in favour of lenders of Vedanta Star Limited.

RISK MANAGEMENT POLICY

The Company has in place a Risk Management Policy, which is reviewed by the Audit Committee from time to time. The Company has constituted Risk Management Committee at management level, which identifies potential risks associated with the Company and formulates its mitigation plan.

CORPORATE SOCIAL RESPONSIBILITY POLICY

The Company has in place a Board approved Corporate Social Responsibility Policy and it is available on the website of the Company at www.electrosteelsteels.com.

During the year, the Company has undertaken various CSR initiatives, although not mandatory under Section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014.

MANAGERIAL REMUNERATION

None of the Directors of the Company draw any remuneration from the Company except payment of sitting fees for attending the meeting.

DISCLOSURE UNDER “THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. As part of Vedanta Group, your Company is an equal opportunity employer and believes in providing opportunity and key positions to women professionals. The

Company has endeavoured to encourage women professionals by creating proper policies to tackle issues relating to safe and proper working conditions, and create and maintain a healthy and conducive work environment that is free from discrimination. This includes discrimination on any basis, including gender, as well as any form of sexual harassment.

During the period under review, no complaints were received.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has in place a robust vigil mechanism for reporting genuine concerns through the Company's Whistle Blower Policy. As per the Policy adopted by various businesses in the Group, all complaints are reported to the Director – Management Assurance, who is independent of operating management and the businesses. In line with global practices, dedicated email IDs, a centralized database, a 24X7 whistle blower hotline and a web-based portal have been created to facilitate receipt of complaints. All employees and stakeholders can register their integrity related concerns either by calling the number or by writing on the web-based portal which is managed by an independent third party. The hotline provides multiple local language options. All cases reported as part of whistle blower mechanism are taken to their logical conclusion within a reasonable timeframe. After the investigation, established cases are brought to the Group Ethics Committee for decision making. All Whistle Blower cases are periodically presented and reported to the Company's Audit Committee. The details of this process are provided in the Whistle Blower Policy and is posted on the Company's website www.electrosteelsteels.com.

SECRETARIAL STANDARDS

The Company has in place proper system to ensure compliance with the provisions of the applicable Secretarial Standards issued by The Institute of Company Secretaries of India and such systems are adequate and operating effectively.

APPRECIATION

Your Directors take this opportunity to place on record their gratitude and thanks to the Banks, Financial Institutions, Government Authorities and other advisors / consultants, customers, vendors, shareholders and employees for their valuable guidance, support, continued assistance and co-operation to the Company and look forward for their sustained support in helping the Company to scale new heights in future.

For and on behalf of the Board of Directors

Place : Bokaro
Dated : July 22, 2019

Pankaj Malhan
Whole Time Director
& Acting CEO
(DIN : 08516185)

Rashmi Mohanty
Non-Executive Director
(DIN : 07072541)

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014 DURING THE FINANCIAL YEAR 2018-19

A) CONSERVATION OF ENERGY

(i) Steps taken for Conservation of Energy

Electrosteel Steels Ltd. has been a front runner in adopting technological innovations in manufacturing process. The thrust on the energy conservation continued during the year. The Company recognized the importance of the energy conservation in decreasing the effects of global warming and climate change. The various measures under taken by the Company includes:

- (a) In Blast Furnace, the reduction of power consumption is about 4400 MWH has been achieved by optimizing the slag granulation pumps.
- (b) In Blast furnace 3, the Power Consumption of 2299 MWH is attained by eliminating the idle running hours of the cast house de-dusting system.
- (c) Auxiliary power consumption in Turbo Generator pumps reduced to 182 MWH by optimizing the reduction in the number of pumps in operation.
- (d) Reduction of power to 204 MWH in Lime and Dolo plant by reducing the working hours of crusher.
- (e) Reduction of power consumption to 4200 MWH in Rolling Mills by improving the production and productivity.

(ii) Proposed Project in Energy Savings

Electrosteel has taken various measures for saving energy across the plant. Recently Energy audit has been conducted and many areas of improvements will be identified. Some of them are mentioned below:

- a) Replacement of Solar Powered LED lights across the plants
- b) Reduce the idle hours running of all the utilities by automating the system there by reducing the power consumption.

(iii) Capital investment on energy conservation equipment

Since the Plant is under energy Audit, post completion of the same, Company will identify various initiative under the energy savings project and subsequently capital investments will be done.

B) TECHNOLOGY ABSORPTION

(i) Efforts made towards technology absorption

Conscious efforts are being made to ensure that the technology is understood and necessary measures to minimize energy consumption are incorporated in the Plant.

(ii) Benefits derived like product improvement, cost reduction, product development or import substitution

- a) Improvement in productivity and reduction in conversion cost
- b) Establishing production of various grades of value added steel in Wire Rod Mill

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - Not Applicable

(iv) Expenditure incurred on Research and Development

Cannot be quantified separately.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

	Rs. In Lakhs
Foreign Exchange earnings	3429.78
Foreign Exchange outgo	173335.64

For and on behalf of the Board of Directors

Pankaj Malhan

Whole Time Director
& Acting CEO
(DIN : 08516185)

Rashmi Mohanty

Non-Executive Director
(DIN : 07072541)

Place : Bokaro

Dated : July 22, 2019

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

To,
The Members,
Electrosteel Steels Limited
801, Uma Shanti Apartments,
Kanke Road Ranchi
Jharkhand 834008

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by Electrosteel Steels Limited (hereinafter called "**Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on March 31, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the "Act") and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 76 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):- (Applicable upto 20th December, 2018)
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; Not Applicable
- (vi) As confirmed and certified by the management, there is no law specifically applicable to the Company based on the Sectors / Businesses:

We have also examined compliance with the applicable clauses/ Regulations of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Applicable upto 20th December, 2018)

During the period under review, the Company has substantially complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except as mentioned below:

1. The following forms have not been filed with Registrar of Companies.
 - A) Form MGT-14 in respect of 8(Eight) Board Resolutions passed during the period under review, in terms of Section 117(3) read with section 179(3) of Companies Act 2013.
 - B) Form GNL-2 in respect of filing of Complete Record of Private Placement in PAS-5 to Registrar of Companies in terms of Section 42 of Companies Act, 2013.
 - C) Form DIR-12 for change in designation of Mr Naveen Kumar Singhal, Ms Rashmi Mohanty and Mr Prasun Kumar Mukherjee from date of Annual General Meeting in terms of Section 170 of Companies Act, 2013.
2. Board of Directors' has passed a resolution by circulation on 18th August, 2018 for availing of Non Fund based credit facility amounting to INR 250 crores against 100% FD margin and bill discounting facility of INR 100 crores, provided by State Bank of India, however pursuant to Section 179 of the Companies Act 2013.
 - a. The above resolution should have been passed in a duly called Board Meeting;
 - b. Form MGT-14 has not been filed in above respect pursuant to Section 179 read with Section 117 of the Act;
3. Board of Directors in its meeting held on 29th August, 2018 has ratified availing of bill discounting facility of INR 100 Cr. with prior acceptance of the bills and non-fund based facilities in aggregate of INR 500 Cr. against 100% cash margin, however in terms of Section 179(3) borrowing power shall only exercise with prior approval of Board. Further Form MGT-14 has also not been filed in this respect.
4. Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of approval of Financial Results by Board of Directors for quarter ending on 31st March 2018 and quarter ending on 30th June, 2018 and;

BSE Limited and National Stock Exchange of India Limited has imposed a penalty for delay in filing financial results for quarter ending 31st March, 2018 and 30th June, 2018 of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes, if any, in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board/ Committee Meetings. Agenda and detailed notes on agenda were sent in advance (and at a shorter notice for which necessary approvals obtained, if any) and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the following specific events / actions took place having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.-

- 1) Approval of Resolution Plan under Insolvency and Bankruptcy Code, 2016 by Hon'ble NCLT Kolkata Bench via order number CPA (IB) 361/KB/2017 dated 04th June, 2018 and following events took place pursuant to said Resolution Plan-
 - a) Increase in borrowing limit of Company from 14,000 Crores to 18,000 Crores and thereafter reduced to Rs. 10,000 crores.

- b) Conversion of Rs. 7399,13,20,550 due to the financial creditors into 739,91,32,055 fully paid-up equity shares of Rs. 10 each of the Company ("New Equity Shares"), which was issued to the financial creditors in proportion to their respective portion of the debt;
 - c) Increase in Authorised Share Capital of Company from present INR 5,000,00,00,000/- (Indian Rupees Five thousand crore only) divided into 500,00,00,000 (Five hundred crore) equity shares of the face value of INR 10/- each to Rs 10,000,00,00,000/- (Rupees Ten thousand crore only) divided into 1000,00,00,000 (One thousand crore) equity shares of face value of INR 10/- each
 - d) Alteration of Capital Clause of Memorandum of Association of Company from 5000/- Crores to 10,000 Crores.
 - e) Reduction of the entire Issued, Subscribed and Paid up equity share capital of the Company, by reducing the face value of all the Issued Equity Shares, from the present sum of INR 10/- (Indian Rupees Ten) each fully paid to equity shares of INR 0.20/.
 - f) Consolidation of entire authorised and issued share capital of the Company, by combining 50 equity shares of face value of INR 0.20/- each into 1 (One) fully paid up equity share of INR 10/-.
 - g) Approval for transfer 7827 equity shares issued to Fractional Escrow Demat Account of Electrosteel Steels Ltd. be transferred to Vedanta Star Ltd., at a consideration of Rs. 9.54 per share.
 - h) Delisting of equity shares of the Company listed on BSE Limited and National Stock Exchange of India Limited w.e.f December 20, 2018.
- 2) The Shareholders of the Company has Approved Scheme of Amalgamation between Vedanta Star Limited ("Transferor Company") and Electrosteel Steel Limited ("Transferee Company") under section 230 and 232 of Companies Act, 2013.

For Chandrasekaran Associates
Company Secretaries

Shashikant Tiwari
Partner

Membership No. A28994
Certificate of Practice No. 13050

Date: 25.04.2019
Place: Delhi

Note: This report is to be read with our letter of even date which is annexed and forms an integral part of this report.

Annexure to Secretarial Audit report

To,
The Members,
Electrosteel Steels Limited
801, Uma Shanti Apartments,
Kanke Road Ranchi
Jharkhand 834008

1. Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Whenever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For Chandrasekaran Associates
Company Secretaries

Shashikant Tiwari
Partner

Membership No. A28994
Certificate of Practice No. 13050

Date: 25.04.2019
Place: Delhi

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on financial year ended on 31st March, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I REGISTRATION AND OTHER DETAILS :

i) CIN	L27310JH2006PLC012663
ii) Registration Date	20.12.2006
iii) Name of the Company	Electrosteel Steels Limited
iv) Category / Sub-Category of the Company	Company Limited by shares / Non-Government Company
v) Address of the Registered office and contact details	801, Uma Shanti Apartments, Kanke Road, Ranchi : 834 008, Jharkhand, India Email id:esl.shares@vedanta.co.in Website: www.electrosteelsteels.com
vi) Whether listed Company	No
vii) Name, Address and Contact details of Registrar and Transfer Agent	Karvy Fintech Private Limited Unit: Electrosteel Steels Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda Hyderabad-500 032 Contact Person: Mr. PSRCH Murthy Tel: 040 67162222 Fax: 040 23001153 E-mail: einward.ris@karvy.com

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sl No	Name and Description of the main Products	NIC Code of the Product	% of total turnover of the Company
1	Basic Iron & Steel	24101/24103/24105	84.51%
2	Ductile Iron Pipe	24311	13.50%

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Vedanta Star Limited is the Holding Company of Electrosteel Steels Limited, detailed as below:

Company	Relationship	% share held	Applicable Section
Vedanta Star Limited	Holding Company	90.002%	2(46)

The Company does not have any subsidiary or associate Company.

IV	SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)		
	i)	Category-wise Share Holding	Attachment A
	ii)	Shareholding of Promoters	Attachment B
	iii)	Change in Promoters' Shareholding	Attachment C
	iv)	Shareholding Pattern of top ten Shareholders (other than Directors and Promoters)	Attachment D
	v)	Shareholding of Directors and Key Managerial Personnel	Attachment E
V	INDEBTEDNESS		
	Indebtedness of the Company including interest outstanding/accrued but not due for payment		Attachment F
VI	REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL		
	A	Remuneration to Managing Director, Whole Time Directors and/or Manager	Attachment G
	B	Remuneration to other Directors	Attachment H
	C	Remuneration to Key Managerial Personnel other than Whole Time Directors	Attachment I
VII	PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES		During the year the Company had paid penalty/fine to the Stock Exchanges, under protest, for non-submission of financial results for the quarter/year ended 31st March, 2018 and 30th June, 2018, within stipulated period.

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAK UP AS PERCENTAGE OF TOTAL EQUITY)

i) *Category-wise Share Holding (Attachment - A)*

Category Code	Category of Shareholder	No. of Shares held at the beginning of the year 01/04/2018				No. of Shares held at the end of the year 31/03/2019				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	PROMOTER AND PROMOTER GROUP									
(1)	INDIAN									
(a)	Individual /HUF	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government/ State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	1089800000	0	1089800000	45.23	0	0	0	0	-45.23
		0	0	0	0.00	1765553035	0	1765553035	90.002	90.002
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(1) :	1089800000	0	1089800000	45.23	1765553035	0	1765553035	90.002	90.002
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(2) :	0	0	0	0.00	0	0	0	0.00	0.00
	Total A = A(1)+ A(2)	1089800000	0	1089800000	45.23	1765553035	0	1765553035	90.002	90.002
(B)	PUBLIC SHAREHOLDING									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Financial Institutions /Banks	1254122	0	1254122	0.05	136550122	0	136550122	6.96	6.91
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	15305000	0	15305000	0.64	0	0	0	0.00	-0.64
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	1000000	0	1000000	0.04	20000	0	20000	0.00	-0.04
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(1) :	17559122	0	17559122	0.73	136570122	0	136570122	6.96	6.23
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	322083779	0	322083779	13.37	39462618	0	39462618	2.01	-11.36
(b)	Individuals									
	(i) Individuals holding nominal share capital upto Rs.1 lakh	131072435	229702	131302137	5.45	13253571	5700	13259271	0.68	-4.77
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	427572544	50000	427622544	17.75	5098125	0	5098125	0.26	-17.49
(c)	Others									
	CLEARING MEMBERS	3993929	0	3993929	0.17	0	0	0	0.00	-0.17
	FOREIGN BODIES	122136860	0	122136860	5.07	0	0	0	0.00	-5.07
	FOREIGN COMPANIES	272746161	0	272746161	11.32	1265667	0	1265667	0.06	-11.26
	NON RESIDENT INDIANS	18386272	0	18386272	0.76	387871	0	387871	0.02	-0.74
	NRI NON-REPATRIATION	3476268	0	3476268	0.14	74187	0	74187	0.00	-0.14
	TRUSTS	127951	0	127951	0.01	2524	0	2524	0.00	-0.01
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(2) :	1301596199	279702	1301875901	54.04	59544563	5700	59550263	3.04	-51.00
	Total B = B(1)+ B(2) :	1319155321	279702	1319435023	54.77	196114685	5700	196120385	10.00	-44.77
	Total (A + B) :	2408955321	279702	2409235023	100.00	1961667720	5700	1961673420	100.00	0.00
(C)	Shares held by custodians, against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group									
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	GRAND TOTAL (A + B + C) :	2408955321	279702	2409235023	100.00	1961667720	5700	1961673420	100.00	0.00

Note: During the year, pursuant to the approved Resolution Plan passed by Hon'ble National Company Law Tribunal, Kolkata Bench, Vedanta Star Limited became the new Promoter of the Company. Electrosteel Castings Limited (ECL), the erstwhile Promoter was re-classified as public shareholder. ECL, as on 31st March, 2019 holds 2,17,96,000 no of Shares, as a Public Shareholder.

(ii) *Shareholding of Promoters (Attachment - B)*

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2018)			Shareholding at the end of the year (As on 31.03.2019)			% of change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.	Electrosteel Castings Limited	108,98,00,000	45.23	79.53	0	0	0	-45.23
2.	Vedanta Star Limited	0	0	0	176,55,53,035	90.002	0	90.002

Note: During the year, pursuant to the approved Resolution Plan passed by Hon'ble National Company Law Tribunal, Kolkata Bench, Vedanta Star Limited became the new Promoter of the Company. Electrosteel Castings Limited, the erstwhile Promoter was re-classified as public shareholder. ECL, as on 31st March, 2019 holds 2,17,96,000 no of Shares, as a Public Shareholder.

 (iii) *Change in Promoters' Shareholding (Attachment - C)*

Sl. No.	Name	Shareholding at the beginning of the year (As on 01.04.2018)/ end of the year (31.03.2019)		Cumulative Shareholding during the year (01.04.2018-31.03.2019)		
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company	
1	Electrosteel Castings Limited					
		At the beginning of the year (as on 01.04.2018)	1,08,98,00,000	45.23	1,08,98,00,000	45.23
		At the end of the year (as on 31.03.2019)	0	0	0	0
2.	Vedanta Star Limited					
		At the beginning of the year (as on 01.04.2018)	0	0	0	0
		At the end of the year (as on 31.03.2019)	176,55,53,035	90.002	176,55,53,035	90.002

Note: During the year, pursuant to the approved Resolution Plan passed by Hon'ble National Company Law Tribunal, Kolkata Bench, Vedanta Star Limited became the new Promoter of the Company. Electrosteel Castings Limited, the erstwhile Promoter was re-classified as public shareholder. ECL, as on 31st March, 2019 holds 2,17,96,000 no of Shares, as a Public Shareholder.

 (iv) *Shareholding Pattern of top ten Shareholders (Other than Directors and Promoters) (Attachment - D)*

Sl. No.	Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	SCIIL STEEL CAST IRON INVESTMENTS (CYPRUS) LIMITED	197558730	8.20	01/04/2018			197558730	8.20
				06/04/2018	-83000000	Transfer/Reduction	114558730	4.75
				13/04/2018	-24057700	Transfer/Reduction	90501030	3.76
				20/04/2018	-28736849	Transfer/Reduction	61764181	2.56
				27/04/2018	-15285449	Transfer/Reduction	46478732	1.93
				04/05/2018	2781551	Transfer/Reduction	49260283	2.04
				11/05/2018	-17972845	Transfer/Reduction	31287438	1.30
				18/05/2018	-25443685	Transfer/Reduction	5843753	0.24
				25/05/2018	-5843753	Transfer/Reduction	0	0.00
2	IFCI LTD	90000000	3.74	01/04/2018			90000000	3.74
				31/03/2019			1800000	0.09
3	GPC MAURITIUS II LLC	87441860	3.63	01/04/2018			87441860	3.63
				03/08/2018	-9001	Transfer/Reduction	87432859	4.46
				24/08/2018	-242898	Transfer/Reduction	87189961	4.44
				31/08/2018	-25500	Transfer/Reduction	87164461	4.44
				07/09/2018	-7330	Transfer/Reduction	87157131	4.44
				14/09/2018	-46420	Transfer/Reduction	87110711	4.44
				28/09/2018	-1155000	Transfer/Reduction	85955711	4.38
				19/10/2018	-262688	Transfer/Reduction	85693023	4.37
		31/03/2019			0	0.00		

iv) Shareholding Pattern of top ten Shareholders (Other than Directors and Promoters) (Attachment - D) (Contd.)

Sl. No.	Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
4	PGS INVEST CORP	75187431	3.12	01/04/2018			75187431	3.12
				12/10/2018	-238081	Transfer/Reduction	74949350	3.82
				31/03/2019			1265667	0.06
5	STATE BANK OF INDIA	0	0.00	01/04/2018			0	0.00
				31/03/2019			54323584	2.77
6	SANGHAI COMMERCIAL AND CREDITS PVT LTD	47500000	1.97	01/04/2018			47500000	1.97
				25/05/2018	850000	Transfer/Reduction	48350000	2.01
				14/09/2018	4000	Transfer/Reduction	48354000	2.46
				21/09/2018	-4000	Transfer/Reduction	48350000	2.46
				05/10/2018	-293000	Transfer/Reduction	48057000	2.45
				09/11/2018	-100000	Transfer/Reduction	47957000	2.44
				23/11/2018	-106000	Transfer/Reduction	47851000	2.44
				07/12/2018	-100000	Transfer/Reduction	47751000	2.43
				11/01/2019	4000	Transfer/Reduction	47755000	2.43
				01/03/2019	-150000	Transfer/Reduction	47605000	2.43
7	TARA INDIA HOLDINGS A LTD	34695000	1.44	01/04/2018			34695000	1.44
				11/05/2018	-6451200	Transfer/Reduction	28243800	1.17
				18/05/2018	-2775600	Transfer/Reduction	25468200	1.06
				25/05/2018	-2775600	Transfer/Reduction	22692600	0.94
				01/06/2018	-16653600	Transfer/Reduction	6039000	0.25
				08/06/2018	-6039000	Transfer/Reduction	0	0.00
				31/03/2019			0	0.00
8	ELECTROSTEEL CASTINGS LIMITED	1089800000	45.23	01/04/2018			1089800000	45.23
				31/03/2019			21796000	1.11
9	PAYAL COMMERCIAL COMPANY LIMITED	19350000	0.80	01/04/2018			19350000	0.80
				06/04/2018	-400000	Transfer/Reduction	18950000	0.79
				02/11/2018	-5000	Transfer/Reduction	18945000	0.97
				09/11/2018	-100000	Transfer/Reduction	18845000	0.96
				16/11/2018	-100000	Transfer/Reduction	18745000	0.96
				30/11/2018	-50000	Transfer/Reduction	18695000	0.95
				01/03/2019	150000	Transfer/Reduction	18845000	0.96
10	VISTRA ITCL (INDIA) LIMITED	15305000	0.64	01/04/2018			15305000	0.64
				04/05/2018	-237937	Transfer/Reduction	15067063	0.63
				11/05/2018	-2448800	Transfer/Reduction	12618263	0.52
				18/05/2018	-1224400	Transfer/Reduction	11393863	0.47
				25/05/2018	-1224400	Transfer/Reduction	10169463	0.42
				01/06/2018	-7346400	Transfer/Reduction	2823063	0.12
				08/06/2018	-2823063	Transfer/Reduction	0	0.00
				31/03/2019			0	0.00

v) *Shareholding of Directors and Key Managerial Personnel: (Attachment - E)*

Sl. No.	Name of the Share Holder	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the Year	
		No of Shares at the beginning (01/04/18) / end of the year (31/03/19)	% of total shares of the Company				No. of Shares	% of total shares of the Company
A	ERSTWHILE DIRECTORS							
1	UMANG KEJRIWAL *	517000	0.02	01/04/2018			517000	0.02
				31/03/2019			10340	0.00
2	RAMA SHANKAR SINGH*	200000	0.01	01/04/2018			200000	0.01
				31/03/2019			4000	0.00
3	NARESH PACHISIA *	50000	0.00	01/04/2018			50000	0.00
				08/06/2018	-50000	Transfer/ Reduction	0	0.00
				31/03/2019			0	0.00
4	LALIT KUMAR SINGHI*	10000	0.00	01/04/2018			10000	0.00
				31/03/2019			200	0.00
B	CURRENT DIRECTORS							
1	MAHENDRA SINGH MEHTA	0	0				0	0
2	PANKAJ MALHAN	0	0				0	0
3	PRASUN KUMAR MUKHERJEE	0	0				0	0
4	RASHMI MOHANTY	0	0				0	0
5	NAVEEN KUMAR SINGHAL**	0	0				0	0
C	KEY MANAGERIAL PERONNEL							
1	ASHUTOSH AGARWAL*	250	0	01/04/2018			250	0
				31/03/2019			5	0
2	JALAJ KUMAR MALPANI	0	0				0	0
3	BINAYA KUMAR DASH	100	0	01/04/2018			100	0
				31/03/2019			2	0

*ceased to be Directors or Key Managerial Personnel during the year.

** ceased to be Director w.e.f. 22nd July, 2019

V. INDEBTEDNESS (Attachment - F)

Indebtedness of the Company including interest outstanding/accrued but not due for payment :

(₹ In lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2018)				
(i) Principal Amount	990,682.21	-	-	990,682.21
(ii) Interest due but not paid	281,018.20	-	-	281,018.20
(iii) Interest accrued but not due	589.53	-	-	589.53
Total (i + ii + iii)	1,272,289.94	-	-	1,272,289.94
Change in Indebtedness during the financial year				
Addition	-	355,449.39	-	-
Reduction	1,272,289.94	-	-	-
Net Change	(1,272,289.94)	355,449.39	-	(916,840.55)
Indebtedness at the end of the financial year (31.03.2019)				
(i) Principal Amount	-	355,449.39	-	355,449.39
(ii) Interest due but not paid	-	-	-	0.00
(iii) Interest accrued but not due	-	-	-	0.00
Total (i + ii + iii)	-	355,449.39	-	355,449.39

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Whole Time Director (Attachment - G)

There was no Whole Time Director during the period.

B. Remuneration to other Directors (Attachment - H):

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Mahendra Singh Mehta	Prasun Kumar Mukherjee	Rashmi Mohanty	Naveen Kumar Singhal	Total Amount
1	Independent Directors:					
	Fee for attending Board and or/ Committee meetings	4.00	6.25	-	-	10.25
	Commission	-	-	-	-	-
	Others	-	-	-	-	-
	Total (1)	4.00	6.25	-	-	10.25
2	Other Non-Executive Directors :	-	-	-	-	-
	Fee for attending Board and or/ Committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1 + 2)	-	-	-	-	-
	Total Managerial Remuneration	-	-	-	-	-
	Overall ceiling as per the Act	-	-	-	-	-

Note: Sitting fees is paid to Independent Directors only.

C. Remuneration to Key Managerial Personnel other than Wholetime Director (Attachment - I) :

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Chief Executive Officer Mr. Sunil Katial*	Chief Financial Officer Mr. Ashutosh Agarwal*	Chief Financial Officer Mr. Jalaj Kumar Malpani**	Company Secretary Mr. Binaya Kumar Dash
1	Gross salary & Others	208.34	77.62	55.80	20.19
	Total	208.34	77.62	55.80	20.19

*Ceased to be CEO & CFO w.e.f. 31.10.2018 & 11.08.2018 respectively

** Appointed as CFO w.e.f. 29.08.2018

Place : Bokaro
Dated : July 22, 2019

For and on behalf of the Board of Directors

Pankaj Malhan

Whole Time Director

& Acting CEO

(DIN : 08516185)

Rashmi Mohanty

Non-Executive Director

(DIN : 07072541)

INDEPENDENT AUDITORS' REPORT

To the Members of Electrosteel Steels Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Electrosteel Steels Limited ("the Company"), which comprise the balance sheet as at March 31, 2019, and the statement of Profit and Loss (including other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes for the year ended on that date (hereinafter referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note no. 43 of the Standalone financial Statement which indicates that matters relating to denial of approval for Consent to Operate (CTO) and Environmental Clearance are pending before Hon'ble High Court of Jharkhand. Pending final decision of the court, there is an uncertainty on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone financial statements of the current year. These matters were addressed in the context of our audit of the Standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have considered the matters described below to be the Key Audit Matters for incorporation in our Report.

Key Audit Matters	Addressing the key audit matters
Accounting and Other Implications arising from Resolution Plan (ARP) approved by Hon'ble NCLT (Note no. 42 of the Standalone financial statements)	
The non-sustainable debts of 7,39,911.32 lakhs remaining after making payment to financial creditors on full and final settlement of their debt have been converted into Equity Share Capital. The Equity Share Capital so converted along with existing Equity Share Capital have been reduced thereafter and consolidated. Rs. 9,61,219.97 lakhs being the amount so reduced as prescribed in ARP has been credited to Capital Reserve. Rs. 85,627.50 lakhs being the amount no longer payable to Operational Creditors in terms of ARP has been written	Our Audit procedures based on which we arrived at the conclusion regarding reasonableness of the accounting treatment, implication on taxation and disclosures include the following: <ul style="list-style-type: none"> Understanding the requirement of the Standard and the accounting being effected and overriding effect of the provisions and requirements of ARP; Where relevant, reading external expert advices obtained by the management or discussion of open matters with the management and placing reliance on

Key Audit Matters	Addressing the key audit matters
<p>back and shown as exceptional items in the statement of profit and loss.</p> <p>As per ARP, the contingent liabilities primarily concerning EPCG obligations, Custom Duty, Sales Tax, Excise Duty, Service Tax, Entry Tax, etc., and commitments, claims and obligations, stand extinguished and accordingly no outflow of economic benefits with respect to these are expected.</p>	<p>the expert advices on contingent liabilities, legal, taxation matters and conclusions drawn therefrom;</p> <ul style="list-style-type: none"> • Meeting with management and reading/reviewing the correspondences, memos and notes on related matters; • The audit team in conjunction with tax specialists evaluated the treatment by the management under Income Tax Act vis-a-vis the Income Tax provisions which included reviewing the external opinions, Judicial pronouncements, computations, suggestion received by the management from advisers by the management and assumptions made in this respect; and • Assessing and analysing management’s contention, disclosures, the accounting and legal requirement vis-a-vis order of NCLT and conclusion thereof and understanding precedents set in similar cases.
Non-Recognition of Deferred Tax Assets (Note no.45 of the Standalone financial statements)	
<p>Deferred tax assets amounting to Rs. 2,49,020.29 lakhs (attributable to loss carry forwards) have not been recognized in the Standalone financial statements as at March 31, 2019</p>	<p>Our Audit procedures based on which we arrived at the conclusion regarding reasonableness of the accounting effect and disclosures of the Deferred Tax Assets include the following:</p> <ul style="list-style-type: none"> • Utilisation of Deferred tax assets have been tested on the basis of internal forecasts prepared by the Company and probability of future taxable income; • This includes critical review of the underlying assumptions for consistency and for arriving at reasonable degree of probability on the matters; and • Due consideration of principle of prudence especially in absence of past established trend and track records.
Impairment of Property, Plant and Equipment (PPE), Capital Work in Progress (CWIP) and Intangible Assets (Note no. 5.5 of the Standalone financial statements)	
<p>Evaluation of the impairment involves assessment of value in use of the Cash Generating Units (CGUs) and comparison of carrying value and amount recoverable there against (Higher of the Value in Use and fair value less cost of disposal) requires significant judgements and assumptions about the future cash flow forecasts, forecast production, forecast volumes, prices and discount rate.</p> <p>Impairment testing of PPE, CWIP and Intangible assets were carried out during the year ended March 31, 2018 and provision of Rs. 5,11,193.02 lakhs was made. No further provision or reversal thereof has been considered necessary during this year.</p>	<p>Our Audit procedures based on which we arrived at the conclusion regarding reasonableness of the impairment include the following:</p> <ul style="list-style-type: none"> • Critical evaluation of internal and external indicators of impairment (or reversal thereof) in line with Ind AS 38; and • Review of impairment valuation models used in relation to CGU to determine the recoverable amount by analysing the key assumptions used by management in this respect including: <ul style="list-style-type: none"> Consistency with respect to forecast for arriving at the valuation and assessing the potential impact of any variances; - Price assumptions used in the models; and - The assumption/estimation for the weighted average cost of capital and rate of discount for arriving at the value in use.

Key Audit Matters	Addressing the key audit matters
Non-Renewal of Consent to Operate from JPSCB (Note no. 43 of the Standalone financial statements)	
<p>The Company's application for renewal of Consent to Operate ('CTO') was denied by Jharkhand State Pollution Control Board ('JSPCB'). Further Environmental Clearance has also not been granted by Ministry of Environment and Forest (MoEF). Hon'ble High Court of Jharkhand has extended a stay on these orders and allowed the operations till next hearing.</p>	<p>Our Audit procedures based on which we arrived at the conclusion regarding possible effect and implication of the availability of CTO and environmental clearances include the following:</p> <ul style="list-style-type: none"> • Obtained the status of the case from the legal department and their view on the matter; • Evaluated the steps being taken by management for ensuring the related compliances and plans for future actions; • Reliance placed on the legal experts view vis-a-vis stay being granted, pending final judgement; and • Reviewed the appropriateness of disclosure by the management and disclosure made below the basis for opinion para of this report.

Information Other than the Standalone Financial Statements and Auditors' Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the Standalone financial statements and our auditors' report thereon. The other information as stated above is expected to be made available to us after the date of this Auditors' Report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the other information as stated above and conclude that there is a material misstatement therein we are required to communicate to those charged with governance and describe necessary action required as per applicable laws and regulation.

Responsibilities of the Management and those charged with governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), Profit or Loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free

from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- 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 our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. Further to our comments in the annexure referred to in the paragraph above, 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 (including Other Comprehensive Income), and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements in place and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal control with reference to financial statements; and
3. 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 financial statements – Refer Note no. 39(ii)(A) to the Standalone 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 – Refer Note no. 43(d) to the Standalone financial statements; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
4. With respect to the reporting under section 197(16) of the Act to be included in the Auditors' Report, In our opinion and according to the information and explanations given to us, remuneration paid by the Company to its CEO who was appointed as Manager under Section 196 of the Act and sitting fees paid to the Director's of the Company are in accordance with the provision of Section 197 of the Act and are not in excess of the limit laid down therein.

For **Lodha & Co,**
Chartered Accountants
Firm's ICAI Registration No.:301051E

R. P. Singh
Partner
Membership No: 52438

Place: Kolkata
Date: April 25, 2019

ANNEXURE “A” TO THE AUDITORS’ REPORT OF EVEN DATE:

- i) a. The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets.
- b. The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to this program and also as a specific and comprehensive exercise subsequent to the change of the management, detailed verification of fixed assets by engaging the services of an Independent firm of professional has been undertaken in this year. The discrepancies noted on such verification as stated in Note no. 5.6 of the Standalone financial statements which were material in certain cases, have been provided for and shown as other adjustments under Gross Block of Property, Plant and Equipment (Note no. 5 of the Standalone financial statements). Reasons for such variation are however yet to be substantiated and will be dealt with on determination thereof.
- c. According to the information and explanations given to us, the records examined by us and based on the conveyance deeds provided to us, we report that, the title deeds for immovable properties of land and building are held in the name of the Company as on the balance sheet date except as detailed below: (Refer Note no. 5.4 to the Standalone financial statements).

(Amount ₹ In Lakhs)

Freehold Land	Area	Gross Block
Title Deeds- pending execution	229.42 acres	1,615.99
Title Deeds- not in possession of the company	263.74 acres	1,929.88
Title Deeds- Defective title to be regularized and converted to leasehold.	325.19 acres	5,461.16
Title Deeds on Forest Land- pending compliance of afforestation	455.35 acres	25,323.31

Title deeds with defective title for 325.19 acres of land as stated herein above and in Note no. 5.4(d) is to be regularised and converted to leasehold land after obtaining necessary approvals of the authorities and charge holders. Pending execution of lease deed, these have been shown as leasehold prepayments under Other Non-current Assets (Note no. 11.1 of the Standalone financial statements).

- ii) As informed, the inventories of the Company except for materials in transit and those lying in depot have been physically verified by the management during the year. In our opinion and according to the information and explanations given to us, the frequency of such verification is reasonable. As the Company’s inventory of raw materials comprises mostly of bulk materials such as coal, coke, iron ore, etc. requiring technical expertise for quantification, the Company has hired an independent agency for the physical verification of the stock of these materials. The discrepancies noted on such verification as stated in Note no. 30.1 of the Standalone financial statement even though material in certain cases, have been properly dealt with in the books of the account.
- iii) The Company has not granted any loans secured or unsecured to companies, firms or parties covered in the register maintained under Section 189 of the Act. Accordingly, clause 3 (iii) of the Order is not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made investments or provided any guarantees/securities to parties covered under Section 185 and 186 of the Act. Accordingly, clause 3 (iv) of the Order is not applicable to the Company.
- v) The Company has not accepted any deposits during the year and does not have any unclaimed deposits as at March 31, 2019 from public covered under Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder and therefore the provisions of clause 3(v) of the Order is not applicable to the company
- vi) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148 (1) of the Act in respect of the Company’s products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed records have been maintained. We have however not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
- vii) a. According to the information and explanations given to us, during the year, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection fund, Employees’ State Insurance, Income Tax, Sales Tax, Wealth Tax, Goods and Service

- Tax, Service tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues as applicable to it.
- b. According to the information and explanations given to us and as stated in Note no. 39(ii)(a) of the Standalone financial statements, all disputed dues of sales tax, income tax, customs duty, wealth tax, excise duty, service tax, and Cess, if any, prior to the effective date i.e. June 04, 2018 stand extinguished in terms of the resolution plan approved by Hon'ble NCLT. This is supported by the legal opinion taken by the company on the said matter. Other than these, there are no such disputed taxes and duties which were outstanding as on March 31, 2019.
- viii) As stated in Note no. 42 of the Standalone financial statements the dues of banks and financial institutions determined in terms of the Resolution Plan has been settled. Subsequent to this, the company has not taken any loans from banks or financial institutions and as such disclosure with respect to default as required in terms of clause 3 (viii) of the Order are not applicable.
- ix) In our opinion and according to the information and explanations given to us, the company did not raise any money by way of public offer (including debt instruments) or term loans during the year. Accordingly, provisions of clause 3 (ix) of the Order are not applicable.
- x) During the course of our examination of books of account carried out in accordance with generally accepted auditing practices in India, we have neither come across any incidence of fraud on or by the Company nor have we been informed of any such cases by the management.
- xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration 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 and hence reporting under paragraph 3(xii) of the Order is not applicable to the Company.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Standalone Financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has made preferential allotment equity shares to financial creditors by conversion of Debt amounting to Rs. 7,39,913.21 lakhs to 7,39,91,32,055 Equity Shares of Rs. 10 each pursuant to the resolution plan as stated in Note no. 42 of the Standalone financial statements. Further, the company also has made preferential allotment to the Holding Company by issue of 176,55,06,078 Equity Shares of Rs. 10 each and proceeds thereof as required in terms of resolution plan (Note no. 42 of the Standalone financial statements) has been utilised for payment of dues of financial creditors.
- xv) According to the information and explanations given to us and as represented to us by the management and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **Lodha & Co,**
Chartered Accountants
Firm's ICAI Registration No.:301051E

R. P. Singh
Partner
Membership No: 52438

Place: Kolkata
Date: April 25, 2019

ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 2(f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls with reference to financial statements of Electrosteel Steels Limited (“the Company”) as of March 31, 2019 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial

statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

The discrepancies noticed on physical verification of fixed assets as stated in Note no. 5.6(a) are pending substantiation and final determination. Reliance has been placed on the managements contention and procedures followed for testing the control and forming an opinion on the matter.

Place: Kolkata
Date: April 25, 2019

For **Lodha & Co,**
Chartered Accountants
Firm's ICAI Registration No.:301051E

R. P. Singh
Partner
Membership No: 52438

BALANCE SHEET AS AT MARCH 31, 2019

Particulars	Note No.	₹ in lakhs	
		As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	5	5,14,178.54	5,16,160.32
(b) Capital work-in-progress	6	91,073.72	91,943.13
(c) Other Intangible Assets	7	69.97	82.54
(d) Financial Assets:			
(i) Loans	8	69.50	871.62
(ii) Other Financial Assets	9	146.34	3.25
(e) Non Current Tax Assets (net)	10	756.28	494.75
(f) Deferred Tax Assets (net)	45	-	-
(g) Other Non-Current Assets	11	5,565.95	3,173.01
Current assets			
(a) Inventories	12	84,256.53	84,472.78
(b) Financial Assets:			
(i) Investments	13	62,675.96	-
(ii) Trade Receivables	14	23,312.83	18,251.97
(iii) Cash and Cash Equivalents	15	35,690.55	4,151.71
(iv) Bank Balances other than (iii) above	16	19,089.62	64,681.37
(v) Other Financial Assets	17	962.21	982.22
(c) Other Current Assets	18	4,262.37	11,824.05
TOTAL ASSETS		8,42,110.37	7,97,092.72
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	19	1,96,167.34	2,40,923.50
(b) Other Equity	20	1,68,418.92	(9,11,685.49)
Liabilities			
Non-current liabilities			
(a) Financial Liabilities:			
Borrowings	21	3,55,449.39	-
(b) Provisions	22	820.22	1,190.30
Current liabilities			
(a) Financial Liabilities:			
(i) Borrowings	23	-	42,045.88
(ii) Trade Payables	24		
- Total Outstanding dues of micro enterprises and small enterprises		2,768.76	727.76
- Total Outstanding dues of creditors other than micro enterprises and small enterprises		83,858.92	1,08,678.21
(iii) Other Financial Liabilities	25	23,807.47	12,67,398.49
(b) Other Current Liabilities	26	10,623.85	24,925.01
(c) Provisions	27	195.50	22,889.06
TOTAL EQUITY AND LIABILITIES		8,42,110.37	7,97,092.72

Significant accounting policies and other accompanying notes (1 to 48) form an integral part of the financial statements

As per our report of even date

For Lodha & Co,
Chartered Accountants

R.P. Singh
Partner
Kolkata
Dated: April 25, 2019

For and on behalf of the Board

Naveen Kumar Singhal Non-Executive Director
(DIN : 02642057)

Rashmi Mohanty Non-Executive Director
(DIN : 07072541)

Pankaj Malhan Acting CEO
Jalaj Kumar Malpani Chief Financial Officer

Binaya Kumar Dash Company Secretary
M.No. A17982

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

Particulars	Note No.	(₹ in lakhs)	
		Year ended March 31, 2019	Year ended March 31, 2018
Revenue from Operations			
Sale of Products	28	4,87,105.62	3,59,416.02
Other Operating Income	28A	8,049.32	6,088.76
Total Revenue from Operations		4,95,154.94	3,65,504.78
Other Income	29	5,518.43	8,853.19
Total Income		5,00,673.37	3,74,357.97
Expenses			
Cost of Materials Consumed	30	2,91,466.71	2,12,472.34
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	31	3,952.39	8,085.98
Excise Duty on Sale of Goods		-	6,629.74
Employee Benefits Expense	32	15,452.82	14,770.55
Finance Costs	33	32,127.67	78,995.91
Depreciation and Amortisation Expense	34	30,463.42	53,415.20
Other Expenses	35	1,01,500.33	90,037.59
Total Expenses		4,74,963.34	4,64,407.31
Profit/ (Loss) before exceptional items and tax		25,710.03	(90,049.34)
Exceptional Items	36	93,093.53	(5,23,835.81)
Profit/ (loss) before tax		1,18,803.56	(6,13,885.15)
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax	45	-	-
Profit/ (loss) for the year		1,18,803.56	(6,13,885.15)
Other Comprehensive Income:			
(i) Items that will not be reclassified to profit or loss	37	80.88	(92.24)
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
Other Comprehensive Income for the Year (net of taxes)		80.88	(92.24)
Total Comprehensive Income for the year		1,18,884.44	(6,13,977.39)
Earning per equity share of Par value of Rs. 10 each:	41		
Basic and Diluted		5.38	(25.48)

Significant accounting policies and other accompanying notes (1 to 48) form an integral part of the financial statements

As per our report of even date

For Lodha & Co,
Chartered Accountants

R.P. Singh

Partner

Kolkata

Dated: April 25, 2019

For and on behalf of the Board

Naveen Kumar Singhal Non-Executive Director
(DIN : 02642057)

Rashmi Mohanty Non-Executive Director
(DIN : 07072541)

Pankaj Malhan Acting CEO
Jalaj Kumar Malpani Chief Financial Officer

Binaya Kumar Dash Company Secretary
M.No. A17982

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH, 31, 2019

A. Equity Share Capital

(₹ in lakhs)

Particulars	Amount
Balance as at March 31, 2018	2,40,923.50
Issued during the year (Refer Note no. 42)	9,16,463.81
Reduction and consolidation during the year (Refer Note no. 42)	(9,61,219.97)
Balance as at March 31, 2019	1,96,167.34

B. Other Equity

As at March 31, 2019

(₹ in lakhs)

Particulars	Capital Reserve	Reserves and Surplus		Total
		Securities premium	Retained earnings	
Balance as at March 31, 2018	-	3,993.17	(9,15,678.66)	(9,11,685.49)
Profit for the Year	-	-	1,18,803.56	1,18,803.56
Other Comprehensive Income for the year	-	-	80.88	80.88
Total comprehensive income for the year	-	-	1,18,884.44	1,18,884.44
Capital Reduction during the year (Refer Note no. 42)	9,61,219.97	-	-	9,61,219.97
Balance at March 31, 2019	9,61,219.97	3,993.17	(7,96,794.22)	1,68,418.92

As at March 31, 2018

(₹ in lakhs)

Particulars	Capital Reserve	Reserves and Surplus		Total
		Securities premium	Retained earnings	
Balance as at March 31, 2017	-	3,993.17	(3,01,701.27)	(2,97,708.10)
Loss for the Year	-	-	(6,13,885.15)	(6,13,885.15)
Other Comprehensive Income for the year	-	-	(92.24)	(92.24)
Total comprehensive income for the year	-	-	(6,13,977.39)	(6,13,977.39)
Capital Reduction during the year (Refer Note no. 42)	-	-	-	-
Balance at March 31, 2018	-	3,993.17	(9,15,678.66)	(9,11,685.49)

Refer Note no. 20 for nature and purpose of reserves

Significant accounting policies and other accompanying notes (1 to 48) form an integral part of the financial statements

As per our report of even date

For Lodha & Co,
Chartered Accountants

R.P. Singh

Partner

Kolkata

Dated: April 25, 2019

For and on behalf of the Board

Naveen Kumar Singhal Non-Executive Director
(DIN : 02642057)

Rashmi Mohanty Non-Executive Director
(DIN : 07072541)

Pankaj Malhan Acting CEO
Jalaj Kumar Malpani Chief Financial Officer

Binaya Kumar Dash Company Secretary
M.No. A17982

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2019

	(₹ in lakhs)	
	Year ended March 31, 2019	Year ended March 31, 2018
A. Cash flow from Operating Activities		
Profit / (Loss) before tax	1,18,803.56	(6,13,885.15)
Adjustment for non cash items to reconcile profit before tax to net cash flows		
Impairment of Property, Plant and Equipment	-	4,33,869.51
Impairment of Intangible Assets	-	43.39
Impairment of Capital Work in Progress	-	77,280.11
Provision for Claims admitted pursuant to CIRP	-	22,642.80
Liability written back being no longer required pursuant to CIRP	(85,627.50)	-
Bad Debt Written Off	557.18	-
Provision for Obsolete and Non-moving Stores and Spares	1,330.16	1,752.92
Depreciation and amortization expenses	30,463.42	53,415.20
Loss/(profit) on sale of fixed assets	20.53	0.37
Sundry credit balances written back	(184.30)	(5,222.85)
Sundry Balances written-off	95.04	517.84
Net (gain)/ Loss on foreign currency translation and transaction	1,647.89	76.95
Net gain/(loss) on Derivative Instruments on fair valuation through profit and loss	923.60	(96.13)
Interest Income	(3,009.90)	(1,596.38)
Net Gain/(loss) on Current Investments on Fair Valuation through profit and loss	(441.21)	-
Net Gain/(loss) on disposal of Current Investments	(534.74)	-
Provision for doubtful advances	3,696.25	737.74
Impairment Allowance for doubtful debts	1,062.19	1,592.06
Finance Cost	32,127.67	78,995.91
Operating profit before Working Capital Changes	1,00,929.84	50,124.29
Movements in working capital		
Decrease/(Increase) in Inventories	(1,113.91)	(7,049.50)
Increase/(Decrease) in Trade Payables, Other financial and Non-Financial liabilities and Provisions	(12,794.74)	65,501.28
Decrease/(Increase) in Trade Receivables	(1,145.99)	(7,641.40)
Decrease/(increase) in loans and advances, Other financial and non-financial assets and other assets	(1,294.20)	3,135.13
Cash generated from / (used in) operations	84,581.00	1,04,069.80
Direct taxes paid (net of refunds)	(261.53)	(117.53)
Net Cash flow from / (used in) Operating Activities (A)	84,319.47	1,03,952.27
B. Cash flow from Investing Activities		
Purchase of Property, Plant and Equipments including intangible assets and movement in Capital Work in Progress	(7,094.96)	(5,196.95)
Proceeds from sale of Property, Plant and Equipments	3.12	1.46
Investment in Fixed Deposits (having original maturity of more than three months)	45,451.33	(60,776.55)
Investment in mutual funds (Net)	(62,582.43)	-
Interest received	3,528.36	1,036.95
Net Cash flow from / (used in) Investing Activities (B)	(20,694.58)	(64,935.09)
C. Cash flow from Financing Activities		
Proceeds from issuance of share capital	1,76,555.30	-
Proceeds/(Repayment) from long-term borrowings (net)	1,46,726.27	(10,553.85)
Proceeds/(Repayment) from short-term borrowings (net)	(42,045.88)	(27,583.38)
Interest and other borrowing cost paid	(3,13,321.74)	(6,230.27)
Net Cash flow from / (used in) Financing Activities (C)	(32,086.05)	(44,367.50)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	31,538.84	(5,350.32)
Cash and cash equivalents at the beginning of the year	4,151.71	9,502.03
Cash and cash equivalents at the end of the year (Refer Note no. 15)	35,690.55	4,151.71

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2019

Notes

1. The above Statement of Cash flow has been prepared under Indirect Method as set out in Ind AS 7 "Statement of Cash Flows" as notified under Companies Act, 2013

2. Change in Company's liabilities arising from financing activities:

	As at March 31, 2018	Cash flows*	Non-Cash Flows**	As at March 31, 2019
Non-current borrowings [Refer Note no. 21]	-	3,55,449.39	-	3,55,449.39
Current maturities of long term debt [Refer Note no. 25]	9,48,636.33	(2,08,723.12)	(7,39,913.21)	-
Short Term borrowings [Refer Note no. 23]	42,045.88	(42,045.88)	-	-
Interest accrued and due on borrowings [Refer Note no. 25]	2,81,018.20	(2,81,018.20)	-	-
Interest accrued but not due on borrowings [Refer Note no. 25]	589.53	(589.53)	413.66	413.66

*Includes cash flows on account of both principal and interest.

** Includes conversion of Debt to Equity in accordance with Approved Resolution Plan (Refer Note no. 42)

3. Cash and cash equivalents consists of the following for the purpose of the Cash Flow Statement:

	As at March 31, 2019	As at March 31, 2018
Balances with Banks		
In Current Accounts	7,608.72	4,150.68
Cash on hand	4.70	1.03
Fixed Deposits with original maturity of less than 3 months	28,077.13	-
Total cash and cash equivalents (Refer Note No. 15)	35,690.55	4,151.71

Significant accounting policies and other accompanying notes (1 to 48) form an integral part of the financial statements

As per our report of even date

For Lodha & Co,
Chartered Accountants

R.P. Singh

Partner

Kolkata

Dated: April 25, 2019

For and on behalf of the Board

Naveen Kumar Singhal Non-Executive Director
(DIN : 02642057)

Rashmi Mohanty Non-Executive Director
(DIN : 07072541)

Pankaj Malhan Acting CEO
Jalaj Kumar Malpani Chief Financial Officer

Binaya Kumar Dash Company Secretary
M.No. A17982

**Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019****1 CORPORATE INFORMATION**

Electrosteel Steels Limited ("ESL" or "the Company") is a public limited company in India having its registered office at, 801, Uma Shanti Apartments, Kanke Road, Ranchi - 834 008 and is engaged in the manufacture and supply of Billets, TMT Bars, Wire Rods and Ductile Iron(DI) Pipes and also deals in Pig Iron and Iron and Steel Scrap products generated while manufacturing these products. It also produces Metallurgical Coke, Sinter and Power for captive consumption. The Company caters to the needs of construction, automobile, industrial machinery and equipments and water Infrastructure development. The Company's shares were listed on the National Stock Exchange of India Limited and BSE Limited till October 29, 2018. Currently, the company is a subsidiary of Vedanta Star Limited which is a wholly owned subsidiary of Vedanta Limited.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**i. Statement of Compliance**

The financial statement have been prepared in accordance with Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013 ("the Act"). The Company has complied with Ind As issued, notified and made effective till the date of authorisation of the financial statements.

Accounting Policies have been consistently applied except where a newly issued Indian Accounting Standard is initially adopted or a revision to an existing Indian Accounting Standard requires a change in the accounting policy hitherto in use.

Application of new and revised standards:

- a) "Ind AS 115, Revenue from Contracts with Customers Ind AS 115 has been introduced with effect from April 01, 2018 under modified retrospective approach which does not have any impact on the financial statements."
- b) Ind AS 21- Appendix B, "Foreign Currency Transactions and Advance Consideration" and Ind AS 12 "Income Taxes" have been revised with effect from the said date. Revision in other standards are either not applicable or don not have any impact on the financial statements.

ii. Recent accounting pronouncements

On March 30, 2019, Ministry of Corporate Affairs ("MCA") has issued Companies (Indian Accounting Standards) Amendment Rules, 2019 notifying Ind AS 116, Leases and Appendix C, 'Uncertainty over Income Tax Treatments' to Ind AS 12, 'Income Taxes', which are applicable with effect from financial period ending on or after April 1, 2019.

a) Ind AS 116, Leases

Ind AS 116 will affect the accounting of lessees primarily by removing the current distinction between operating and finance leases. This requires recognition of an asset (the right-of-use the leased item) and a financial liability to pay rentals over the period all lease contracts. An optional exemption exists for short-term and low-value leases. The statement of profit and loss will also be affected because the expense in the earlier years of a lease is expected to be higher. Presently, the Company is in the process of evaluating the impact that application of Ind AS 116 is expected to have on its financial statements."

"b) Appendix C, 'Uncertainty over Income Tax Treatments', to Ind AS 12, 'Income Taxes'

The appendix explains the recognition and measurement of deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. Presently, the Company is in the process of evaluating the impact that application of this appendix is expected to have on its financial statements. "

3 SIGNIFICANT ACCOUNTING POLICIES**A. Basis of Preparation**

The Financial Statements have been prepared under the historical cost convention on accrual basis except certain financial instruments that are measured in terms of relevant Ind AS at fair values/ amortized costs at the

**Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019**

end of each reporting period and certain class of Property, Plant and Equipment which on the date of transition have been fair valued to be considered as deemed costs.

Historical cost convention is generally based on the fair value of the consideration given in exchange for goods and services.

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Ind AS-1 'Presentation of Financial Statements' and Schedule III to the Companies Act, 2013. Having regard to the nature of business being carried out by the Company, the Company has determined its operating cycle as twelve months for the purpose of current and non-current classification.

The functional currency of the Company is determined as the currency of the primary economic environment in which it operates. The Financial Statements are presented in Indian Rupees and all values are rounded off to the nearest two decimal lakhs except otherwise stated.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed for such measurements:

- a) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- b) Level 2: Inputs other than quoted prices included in inputs that are observable, either directly or indirectly for the asset or liability.
- c) Level 3: Inputs for the asset or liability which are not based on observable market data.

The Company has an established control framework with respect to the measurement of fair value. This includes a finance team headed by Chief Financial Officer who has overall responsibility for overseeing all significant fair value measurements who regularly reviews significant unobservable inputs, valuation adjustments and fair value hierarchy under which the valuation should be classified.

B. PROPERTY, PLANT AND EQUIPMENT (PPE)

Property, plant and equipment are stated at cost of acquisition, construction and subsequent improvements thereto less accumulated depreciation and impairment losses, if any. For this purpose cost includes deemed cost on the date of transition and comprises purchase price of assets or its construction cost including inward freight, duties and taxes (net of cenvat availed) and other expenses related to acquisition or installation and any cost directly attributable to bringing the assets into the location and condition necessary for it to be capable of operating in the manner intended for its use.

Parts of an item of PPE having different useful lives and material value and subsequent expenditure on PPE arising on account of capital improvement or other factors are accounted for as separate components.

The cost of replacing part of an item of PPE is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of PPE are recognised in the statement of profit and loss when incurred. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

Direct Expenditure on implementation of the project prior to commencement of production and stabilization of commercial production of the respective plant facility, are classified as Project Development Expenditure and disclosed under Capital Work-in-Progress (net of income earned during the project development stage).

Capital work in progress includes Project Development expenditure, equipment to be installed, construction and erection costs, etc. Such items are classified to the appropriate categories when completed and ready for its intended use.

Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019

Depreciation and Amortisation

"Depreciation on PPE except otherwise stated, is provided as per Schedule II of the Companies Act, 2013 on straight line method over the estimated useful lives. Certain Plant and Machinery have been considered Continuous Process Plant on the basis of technical assessment. Depreciation on upgradation of Property, Plant and Equipment is provided over the remaining useful life of the entire component/ PPE. Depreciation on PPE commences when the assets are ready for their intended use. Based on above, the estimated useful lives of assets for the current period are as follows:"

Category	Useful life
Buildings	Upto 60 years**
Roads	Upto 10 years
Plant and machinery	Upto 40 years**
Computer equipment	3 to 6 years
Furniture and fixtures, Electrical Installation and Laboratory Equipments	10 Years
Railway Sidings	15 Years
Office equipment	5 Years
Vehicles	
- Motor cycles, scooters and other mopeds	10 Years
- Others	8 Years

**For these class of assets, the useful life has been determined based on internal assessment and independent evaluation carried out by technical experts. The useful life in case of remaining assets have been taken as per Schedule II of the Act. The company believes that the useful life as given above represents the period over which the company expects to use the assets.

Major Furnance relining are depreciated over a period of 15 years (average expected life)

Pipe Moulds of 350 MM and above are depreciated over a period of three years. Other such moulds are charged to consumption in the year of issue.

Machinery Spares which can be used in connection with an item of PPE and whose use are expected to be irregular, are amortised over the useful life of the respective PPE and the amount amortised is included under stores and spares consumed.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

C. INTANGIBLE ASSETS

Intangible assets are stated at cost of acquisition/deemed cost on transition date, comprising of purchase price inclusive of taxes and duties (net of GST) less accumulated amortization and impairment losses.

Accordingly, cost of computer software are amortized over the useful life using straight line method over a period of 3-5 years.

Depreciation methods, useful lives and residual values and are reviewed, and adjusted as appropriate, at each reporting date.

D. DERECOGNITION OF TANGIBLE AND INTANGIBLE ASSETS

An item of PPE/Intangible assets is de-recognised upon disposal or when no future economic benefits are expected to arise from its use or disposal. Gain or loss arising on the disposal or retirement of an item of PPE/Intangible Assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

**Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019****E. LEASES**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of an asset to the Company. All other leases are classified as operating leases.

Finance leases are capitalized at the inception of the lease at lower of its fair value and the present value of the minimum lease payments and a liability is recognised for an equivalent amount. Any initial direct costs of the lessee are added to the amount recognised as an asset. Each lease payments are apportioned between finance charge and reduction of the lease liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the outstanding amount of the liabilities

Payments made under operating leases are recognised as expenses on a straight-line basis over the term of the lease unless the lease arrangements are structured to increase in line with expected general inflation or another systematic basis which is more representative of the time pattern of the benefits availed. Contingent rentals, if any, arising under operating leases are recognised as an expense in the period in which they are incurred.

F. IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

Tangible and Intangible assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of assets is determined. An impairment loss is recognized in the statement of profit and loss, whenever the carrying amount of assets either belonging to Cash Generating Unit (CGU) or otherwise exceeds recoverable amount. The recoverable amount is the higher of assets' fair value less cost to disposal and its value in use. In assessing value in use, the estimated future cash flows from the use of the assets are discounted to their present value at appropriate rate.

Impairment losses recognized earlier may no longer exist or may have come down. Based on such assessment at each reporting period the impairment loss is reversed and recognized in the Statement of Profit and Loss. In such cases the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years that reflects current market assessments of the time value of money and the risk specific to the asset for which the estimate of future cash flow have not been adjusted.

G. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities (financial instruments) are recognised when Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

The financial assets and financial liabilities are classified as current if they are expected to be realised or settled within operating cycle of the company or otherwise these are classified as non-current.

The classification of financial instruments whether to be measured at Amortized Cost, at Fair Value Through Profit and Loss (FVTPL) or at Fair Value Through Other Comprehensive Income (FVTOCI) depends on the objective and contractual terms to which they relate. Classification of financial instruments are determined on initial recognition.

i. Cash and cash equivalents

All highly liquid financial instruments, which are readily convertible into determinable amounts of cash and which are subject to an insignificant risk of change in value and are having original maturities of three months or less from the date of purchase, are considered as cash equivalents. Cash and cash equivalents includes balances with banks which are unrestricted for withdrawal and usage.

Notes forming part of the Financial Statements as at and For the year ended March 31, 2019

ii. **Financial Assets and Financial Liabilities measured at amortised cost**

Financial Assets held within a business whose objective is to hold these 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 are measured at amortized cost.

The above Financial Assets and Financial Liabilities subsequent to initial recognition are measured at amortized cost using Effective Interest Rate (EIR) method.

The effective interest rate is the rate that discounts estimated future cash payments or receipts (including all fees, transaction costs and other premiums or discounts) through the expected life of the Financial Asset or Financial Liability to the gross carrying amount of the financial asset or to the amortised cost of financial liability.

iii. **Financial Asset at Fair Value through Other Comprehensive Income (FVTOCI)**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets 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. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised directly in other comprehensive income.

iv. For the purpose of para (ii) and (iii) above, principal is the fair value of the financial asset at initial recognition and interest consists of consideration for the time value of money and associated credit risk.

v. **Financial Assets or Liabilities at Fair value through profit or loss (FVTPL)**

Financial Instruments which does not meet the criteria of amortised cost or fair value through other comprehensive income are classified as Fair Value through Profit or loss. These are recognised at fair value and changes therein are recognized in the statement of profit and loss.

vi. **Derivative and Hedge Accounting**

"The company enters into derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in foreign exchange rates in respect of financial instruments and forecasted cash flows denominated in certain foreign currencies. The Company uses hedging instruments which provide principles on the use of such financial derivatives consistent with the risk management strategy of the Company. The hedge instruments are designated and documented as hedges and effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis. Any derivative that is either not designated as a hedge, or is so designated but is ineffective as per Ind AS 109 "Financial Instruments", is categorized as a financial asset/liability, at fair value through profit or loss. Transaction costs attributable to the same are also recognized in statement of profit and loss. Changes in the fair value of the derivative hedging instrument designated as a fair value hedge are recognized in the statement of profit and loss. Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized in other comprehensive income and presented within equity as cash flow hedging reserve to the extent that the hedge is effective. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity till that time remains and thereafter to the extent hedge accounting being discontinued is recognised in Statement of Profit and Loss. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss accumulated in equity is transferred to the statement of profit and loss."

vii. **Impairment of financial assets**

A financial asset is assessed for impairment at each balance sheet date. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the

**Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019**

estimated future cash flows of that asset.

The company measures the loss allowance for a financial assets at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

In case of trade receivables or contract assets that result in relation to revenue from contracts with customers, the company measures the loss allowance at an amount equal to lifetime expected credit losses.

viii. Derecognition of financial instruments

"The Company derecognizes a financial asset or a group of financial assets when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable are recognized in statement of profit and loss. On derecognition of assets measured at FVTOCI the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Financial liabilities are derecognized if the Company's obligations specified in the contract expire or are discharged or cancelled. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in Statement of Profit and Loss."

H. INVENTORIES

Inventories are valued at lower of the cost or net realizable value. Cost of inventories is ascertained on 'weighted average' basis. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost in respect of raw materials and stores and spares includes expenses incidental to procurement of the same. Cost in respect of finished goods represents raw material cost plus costs of conversion, comprising labor costs and an attributable proportion of manufacturing overheads based on normal levels of activity.

By-products and scrap are valued at net realisable value.

I. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing on the date of the transactions. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction. The loss or gain thereon and also on the exchange differences on settlement of the foreign currency transactions during the year are recognized as income or expense in the statement of Profit and Loss account. Foreign exchange gain/loss to the extent considered as an adjustment to Interest Cost are considered as part of borrowing cost.

J. EQUITY SHARE CAPITAL

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Par value of the equity shares is recorded as share capital and the amount received in excess of par value is classified as Securities Premium.

Costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

K. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a legal or constructive obligation as a result of past events and it is probable that there will be an outflow of resources and

**Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019**

a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses. 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.

Contingent liabilities are not recognised and disclosed by way of notes to the financial statements when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or when there is a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the same or a reliable estimate of the amount in this respect cannot be made.

Contingent Assets are not recognized but disclosed in the financial statement by way of notes when inflow of economic benefit is probable.

L. EMPLOYEE BENEFITS

Employee benefits are accrued in the year in which services are rendered by the employee.

Short term Employee benefits are recognised as an expense in the statement of profit and loss in the year in which services are rendered.

Contribution to defined contribution plans such as Provident Fund etc. is being made in accordance with the statute and are recognized as and when incurred.

Contribution to defined benefit plans consisting of contribution to gratuity are determined at close of the year at present value of the amount payable using actuarial valuation techniques. Actuarial gain and losses arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income.

Other long term employee benefits consisting of Leave encashment are determined at close of the year at present value of the amount payable using actuarial valuation techniques. The changes in the amount payable including actuarial gain or loss are recognised in the Statement of Profit or Loss.

M. REVENUE RECOGNITION**i. REVENUE FROM SALE OF PRODUCT**

Revenue from Sales is recognised when control of the products has been transferred and/or the products are delivered to the customers. Delivery occurs when the product has been shipped or delivered to the specific location as the case may be, and loss has been transferred and either the customer has accepted the product in accordance with the contract or the company has objective evidence that all criteria for acceptance has been satisfied.

Discount as estimated based on expected sales volume or otherwise is deducted from Revenue from Operations and recorded as a contract liability. Accumulated experience is used to estimate the discounts, using the most likely method and revenue is recognised to the extent that it is highly probable that a significant reversal will not occur.

The Company provides warranties for defects, replacement etc. that existed at the time of sale based on historical trend and records.

ii. INTEREST, DIVIDEND AND CLAIMS

Dividend income is recognized when the right to receive payment is established. Interest has been accounted using effective interest rate method. Insurance claims/ other claims are accounted as and when admitted /settled.

iii. EXPORT BENEFITS

Export incentives are accounted for in the year of export if the entitlements and realisability thereof can be estimated with reasonable accuracy and conditions precedent to claim is fulfilled.

**Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019****N. BORROWING COST**

Borrowing cost comprises of interest and other costs incurred in connection with the borrowing of the funds. All borrowing costs are recognized in the Statement of Profit and Loss using the effective interest method except to the extent attributable to qualifying Property Plant Equipment (PPE) which are capitalized to the cost of the related assets. A qualifying PPE is an asset, that necessarily takes a substantial period of time to get ready for its intended use or sale. Borrowing cost also includes exchange differences to the extent considered as an adjustment to the borrowing costs.

O. RESEARCH AND DEVELOPMENT

Research and development cost (other than cost of fixed assets acquired) are charged as an expense in the year in which they are incurred.

P. GOVERNMENT GRANTS

Government grants are recognized on systematic basis when there is reasonable certainty of realization of the same. Revenue grants including subsidy/rebates are credited to Statement of Profit and Loss Account under "Other Income" or deducted from the related expenses for the period to which these are related. Grants which are meant for purchase, construction or otherwise acquire non current assets are recognized as Deferred Income and disclosed under Non Current Liabilities and transferred to Statement of Profit and Loss on a systematic basis over the useful life of the respective asset. Grants relating to non-depreciable assets is transferred to Statement of Profit and Loss over the periods that bear the cost of meeting the obligations related to such grants.

Q. TAXES ON INCOME

Income tax expense representing the sum of current tax expenses and the net charge of the deferred taxes is recognized in the income statement except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current income tax is provided on the taxable income and recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets include Minimum Alternative Tax (MAT) measured in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability and such benefits can be measured reliably and it is probable that the future economic benefit associated with asset will be realized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

R. EARNINGS PER SHARE

Basic earnings per share are computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted

Notes forming part of the Financial Statements as at and For the year ended March 31, 2019

average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

S. SEGMENT REPORTING

Operating segments are identified and reported taking into account the different risk and return, organisation structure and the internal reporting provided to the chief-operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Segment manager who allocates resources and assess the operating activities, financial results, forecasts, or plans for the segment.

4 CRITICAL ACCOUNTING JUDGMENTS, ASSUMPTIONS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

The preparation of the financial statements in conformity with the measurement principle of Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Differences between the actual results and estimates are recognized in the year in which the results are known / materialized and, if material, their effects are disclosed in the notes to the financial statements.

Application of accounting policies that require significant areas of estimation, uncertainty and critical judgments and the use of assumptions in the financial statements have been disclosed below. The key assumptions concerning the future and other key sources of estimation/assumptions at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

a) Depreciation / amortisation of and impairment loss on property, plant and equipment / intangible assets.

Property, plant and equipment and intangible assets are depreciated/amortized on straight-line basis over the estimated useful lives (or lease term if shorter) in accordance with Internal assessment and Independent evaluation carried out by technical expert/ Schedule II of the Companies Act, 2013, taking into account the estimated residual value, wherever applicable.

The company reviews its carrying value of its Tangible and Intangible Assets whenever there is objective evidence that the assets are impaired. The required level of impairment losses to be made is estimated by reference to the estimated value in use or recoverable amount. In such situation Assets' recoverable amount is estimated which is higher of asset's or cash generating units (CGU) fair value less cost of disposal and its value in use. In assessing value in use the estimated future cash flows are discounted using pre-tax discount rate which reflect the current assessment of time value of money. In determining fair value less cost of disposal, recent market realisations are considered or otherwise in absence of such transactions appropriate valuations are adopted.

During the previous year ended March 31, 2018 the company determined the recoverable amount of the CGU based on value in use (i.e. the transaction price in terms of approved resolution plan) and impairment with respect to carrying value of the assets was provided. This has been reviewed based on the assumptions and adjustments for forecasts which may vary subsequently. According to such review, no further adjustment in the carrying value thereof has been considered essential. As at March 31, 2019, the carrying amount of Property, Plant and Equipment, Intangible assets and Capital Work in Progress is Rs. 6,05,322.23 lakhs (March 31, 2018: Rs. 6,08,185.99 lakhs)

b) Impairment loss on trade receivables

The Company evaluates whether there is any objective evidence that trade receivables are impaired and determines the amount of impairment loss as a result of the inability of the debtors to make required payments. The Company bases the estimates on the ageing of the trade receivables balance, credit-worthiness of the trade

Notes forming part of the Financial Statements as at and For the year ended March 31, 2019

receivables and historical write-off experience. If the financial conditions of the trade receivable were to deteriorate, actual write-offs would be higher than estimated.

c) **Income taxes**

Significant judgment is required in determination of taxability of certain income and deductibility of certain expenses during the estimation of the provision for income taxes. During the year, the company subsequent to approval of ARP by Hon'ble NCLT as stated in Note no. 42 has credited the amount of Equity Share Capital issued against non-sustainable debt and reduced thereafter to Capital Reserve in accordance with ARP. The management does not expect any tax liability in this respect based on independent professional advises received in this respect.

The Company has significant amount of unused tax losses and tax credits. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profit together with future tax planning strategies. Considering the uncertainties of realisation thereof against future taxable income, adjustments in absence of past trend and records, recognition of deferred tax assets has not been carried out.

d) **Arrangement contain leases and classification of leases**

The Company enters into service / hiring arrangements for various assets / services. The determination of lease and classification of the service / hiring arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

e) **Going Concern assumption**

As indicated in Note no. 43 of the financial statements, renewal of Consent to Operate (CTO) and environmental clearance has been denied by the respective authorities and the matter has been referred to Hon'ble High Court of Jharkhand whereby a stay has been granted till further hearing. Even though there is a uncertainty in this respect on this date, pending final decision and considering the steps being taken in this respect, the financial statement has been prepared on a Going Concern basis.

f) **Provisions and Contingencies**

"Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. Management uses in-house and external legal professional to make judgment for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations/ against the Company as it is not possible to predict the outcome of pending matters with accuracy. As stated in Note no. 42 contingent liability prior to the effective date of NCLT Order has been extinguished. Although there can be no assurance with regard to final outcome of the legal proceeding, the company does not expect to have an adverse impact in this respect. Disclosure in this respect have been made in Note no. 39(ii)(A) of the financial statements."

g) **Defined benefit obligation (DBO)**

Critical estimate of the DBO involves a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate, anticipation of future salary increases etc. as estimated by Independent Actuary. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

**Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019**

5 Property, Plant and Equipment:

As at March 31, 2019

Particulars								(₹ in lakhs)
	Freehold land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipments	Railway Siding	Total
Gross Block								
As at March 31, 2018	42,450.01	1,98,916.76	8,10,322.01	1,370.30	169.70	713.82	18,044.97	10,71,987.57
Additions	23,552.55	18.00	5,951.18	53.51	-	155.05	69.01	29,799.30
Disposal	-	-	(24.21)	-	(32.69)	-	-	(56.90)
Other Adjustments	451.29	589.94	(22,706.67)	(834.36)	253.38	2,542.07	1,915.69	(17,788.66)
As at March 31, 2019	66,453.85	1,99,524.70	7,93,542.31	589.45	390.39	3,410.94	20,029.67	10,83,941.31
Accumulated Depreciation								
As at March 31, 2018	-	26,531.72	92,101.74	504.44	84.19	286.71	2,448.94	1,21,957.74
Charge for the period	-	3,878.04	25,489.57	47.70	27.68	228.95	764.13	30,436.07
Disposal	-	-	(8.90)	-	(24.35)	-	-	(33.25)
Other Adjustments	-	144.04	(3,023.57)	(326.70)	173.23	486.11	376.35	(2,170.54)
As at March 31, 2019	-	30,553.80	1,14,558.84	225.44	260.75	1,001.77	3,589.42	1,50,190.02
Impairment								
As at March 31, 2018	19,385.88	78,724.10	3,28,017.53	392.87	34.91	191.90	7,122.32	4,33,869.51
Charge for the period	-	-	-	-	-	-	-	-
Disposal	-	-	(7.57)	-	(2.09)	-	-	(9.66)
Other Adjustments	462.46	(1,201.89)	(14,833.31)	(234.81)	34.17	921.70	564.58	(14,287.10)
As at March 31, 2019	19,848.34	77,522.21	3,13,176.65	158.06	66.99	1,113.60	7,686.90	4,19,572.75
Net carrying amount								
As at March 31, 2019	46,605.51	91,448.69	3,65,806.82	205.95	62.65	1,295.57	8,753.35	5,14,178.54

As at March 31, 2018

Particulars								Total
	Freehold land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipments	Railway Siding	Total
Gross Block								
As at March 31, 2017	42,449.91	1,98,557.29	7,98,466.54	1,317.37	172.31	635.34	18,022.15	10,59,620.91
Additions	0.10	338.26	10,870.76	54.65	-	74.56	20.37	11,358.70
Disposal	-	-	(0.02)	(1.72)	(2.61)	-	-	(4.35)
Other Adjustments	-	21.21	984.73	-	-	3.92	2.45	1,012.31
As at March 31, 2018	42,450.01	1,98,916.76	8,10,322.01	1,370.30	169.70	713.82	18,044.97	10,71,987.57
Accumulated Depreciation								
As at March 31, 2017	-	14,581.20	52,201.38	324.46	55.27	165.65	1,285.43	68,613.39
Charge for the period	-	11,950.52	39,900.37	180.94	30.48	121.06	1,163.51	53,346.88
Disposal	-	-	(0.01)	(0.96)	(1.56)	-	-	(2.53)
Other Adjustments	-	-	-	-	-	-	-	-
As at March 31, 2018	-	26,531.72	92,101.74	504.44	84.19	286.71	2,448.94	1,21,957.74
Impairment								
As at March 31, 2017	-	-	-	-	-	-	-	-
Charge for the period	19,385.88	78,724.10	3,28,017.53	392.87	34.91	191.90	7,122.32	4,33,869.51
Disposal	-	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-	-
As at March 31, 2018	19,385.88	78,724.10	3,28,017.53	392.87	34.91	191.90	7,122.32	4,33,869.51
Net carrying amount								
As at March 31, 2018	23,064.13	93,660.94	3,90,202.74	472.99	50.60	235.21	8,473.71	5,16,160.32

- Gross block includes certain property, plant and equipment i.e. freehold land which have been valued on April 01, 2015 i.e. the date of transition by an Independent Valuer and considered as "deemed cost" resulting in increase in value thereof by Rs. 17,355.54 lakhs
- Gross book value of Railway siding includes Rs. 120,70.19 lakhs (March 31, 2018: Rs 12,070.19 lakhs), incurred for construction of Railway siding ownership of which does not vest with the company.
- Other adjustments includes Rs. Nil (March 31, 2018: Rs. 818.26 lakhs) being interest and Rs. Nil (March 31, 2018: Rs. 194.05 lakhs)

Notes forming part of the Financial Statements as at and For the year ended March 31, 2019

being other project development expenditure allocated and transferred to Assets and capitalised. (Refer Note no. 6.1 below)

- 5.4 "Freehold land includes:-a) 229.42 acres amounting to Rs. 1,615.99 lakh (March 31, 2018: 229.43 acres amounting to Rs. 1,615.99 lakh) which is pending execution of registration thereof;b)263.74 acres amounting to Rs. 1,929.88 lakhs (on proportionate basis) (March 31, 2018: Nil) for which deeds are currently not available with the company and/or are yet to be obtained from erstwhile promoters;c) 455.35 acres amounting to Rs. 25,323.31 lakhs (March 31, 2018: Nil) (on proportionate basis) including demand of Rs. 23,552.55 lakhs against which Rs. 2,295.98 lakhs has been paid as advance, the title deed for which are on forest land pending compliance of requirement of afforestation and approval from respective authorities, for which necessary steps are being taken; andd) 325.19 acres which are under process of regularisation by conversion to leasehold land and cost thereof (including amount of Rs.4,144.74 lakhs being demand for such conversion) pending execution of lease deed as stated in Note no. 11.1 of the financial statements has been shown as leasehold land prepayment.
- 5.5 During the previous year, the Company had carried out the Impairment testing determining the Fair Value less cost to Sale and Value in Use. The said Valuation has been carried out by an Independent Valuer appointed in this respect. For the said purpose, the entire Steel manufacturing facility consisting of DI Pipe, Wire Rod, TMT Bar, Steel Billets and Pig Iron has been considered as a single unit for arriving at the value in use. This had been estimated as per the Discounted Cash Flow method based on future projections and assumptions. The pre-tax discount rate used for value-in-use was 12.20%. The recoverable amount of the CGU was determined to be Rs. 6,08,186.00 lakhs as on March 31, 2018 and impairment of Rs. 5,11,193.01 lakhs was provided in that year. During the year, no further impairment/reversal thereof has been indicated and provision for impairment as determined in the previous year has remained unchanged."
- 5.6 "a) During the year, the management had appointed an External Agency for physical verification of fixed assets and review of useful life and residual value of the Property, Plant and Equipment. On completion of the same, discrepancies in respect to Property, Plant and Equipment being physically not traceable amounting to Rs.14,277.91 lakhs has been provided for in these financial statements.b) Further due to change in estimated useful life and residual value which has been applied prospectively, charge for the depreciation is lower by Rs. 564.54 lakhs.
- 5.7 Refer note. No. 21.1 regarding hypothecation of 1,993.29 acres of land against borrowings by the Holding Company. This includes 325.19 acres of land to be converted to leasehold land as stated in Note no. 5.4(d) above.

6 Capital work-in-progress		(₹ in lakhs)	
Particulars	Refer Note No.	As at	As at
		Mar 31, 2019	Mar 31, 2018
(a) Capital Work in Progress		96,838.15	97,710.54
(b) Project Development Expenditure		71,469.15	71,512.71
(c) Impairment	5.5	(77,233.58)	(77,280.12)
		91,073.72	91,943.13

6.1 Project Development Expenditure

The installation of certain plant and equipments and other facilities mainly consisting of one Blast furnace, Horizontal Coke Oven batteries and related plants, equipments and facilities which were suspended in earlier years, is pending completion as on this date. The balance proportionate Interest and other pre-operative expenditure related to the same continues to be accounted as 'Project Development Expenditure' under 'Capital Work-in-Progress'. Capital work in progress includes Rs. 96,838.15 Lakhs (March 31, 2018: Rs. 97,710.54 lakhs), in respect of plant and equipment and other facilities to be installed and following project development expenditure.

Particulars	As at	As at
	Mar 31, 2019	Mar 31, 2018
Balance brought forward	71,512.71	72,525.02
Less: Allocated/Transferred during the year	(43.56)	(1,012.31)
Total Project development expenditure carried forward	71,469.15	71,512.71

**Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019**

7 Other Intangible Assets

As at Mar 31, 2019												(₹ in lakhs)	
Particulars	Gross Block				Amortisation				Impairment				Net carrying amount
Particulars	As at March 31, 2018	Additions	Other Adjustments	Gross Block As at Mar 31, 2019	As at March 31, 2018	Charge for the period	Other Adjustments	Amortisation as at Mar 31, 2019	As at April 1, 2018	For the period	Other Adjustments	As at March 31, 2019	Net carrying amount As at March 31, 2019
Computer Softwares	356.86	30.13	(6.53)	380.46	230.93	27.35	(2.45)	255.83	43.39	-	11.27	54.66	69.97

As at Mar 31, 2018												(₹ in lakhs)	
Particulars	Gross Block				Amortisation				Impairment				Net carrying amount
Particulars	As at March 31, 2017	Additions	Other Adjustments	Gross Block As at Mar 31, 2018	As at March 31, 2017	Charge for the period	Other Adjustments	Amortisation as at Mar 31, 2018	As at April 1, 2017	For the period	Other Adjustments	As at March 31, 2018	Net carrying amount As at March 31, 2018
Computer Softwares	340.48	16.38	-	356.84	162.61	68.32	-	230.93	-	43.39	-	43.39	82.54

8 Loans

Particulars	Refer Note No.	As at March 31, 2019	As at March 31, 2018
(a) Security Deposit			
Unsecured, considered good		69.50	871.62
Unsecured, Credit Impaired		856.55	-
Less: Impairment Allowance for doubtful deposit	8.1	(856.55)	-
		69.50	871.62

8.1 Movement of Impairment Allowances for doubtful deposits

Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Balance at the beginning of the year	-	-
Recognised during the year	856.55	-
Reversal during the year	-	-
Balance at the end of the year	856.55	-

9 Other Financial Assets

Particulars	Refer Note No.	As at March 31, 2019	As at March 31, 2018
(a) Fixed Deposits with Banks (having original maturity of more than 12 months)	16.1	143.67	3.25
(b) Interest receivable on fixed deposits		2.67	-
		146.34	3.25

Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019

		(₹ in lakhs)	
10 Non-Current Tax Assets (net)			
Particulars	Refer Note No.	As at	As at
		March 31, 2019	March 31, 2018
Advance Income Tax including Tax deducted at source (net of provision)		756.28	494.75
		756.28	494.75

11 Other Non-Current Assets			
Particulars	Refer Note No.	As at	As at
		March 31, 2019	March 31, 2018
(a) Capital advances			
Considered good		35.87	3,100.71
Considered Doubtful		3,044.85	-
Less: Impairment Allowance for doubtful Advances	11.2	(3,044.85)	-
(b) Leasehold land prepayment	11.1	5,530.08	72.30
		5,565.95	3,173.01

11.1 Leasehold prepayment includes Rs. 5,461.16 lakhs (March 31, 2018: Nil) in respect of 325.19 acres of freehold including demand of Rs. 4,144.74 lakhs against which Rs. 3,315.79 lakhs paid as advance, the title deed of which being defective will be regularised by conversion to leasehold land on execution of agreement thereof with Revenue Department, Government of Jharkhand. This however, is subject to necessary approval from the authorities and the charge holders (as stated in Note no. 5.7) and execution of required deed in this respect. These will be amortised over the period of agreement from the date of execution thereof.

11.2 Movement of Impairment Allowances for doubtful advances

Particulars	For the Year ended	For the Year ended
	March 31, 2019	March 31, 2018
Balance at the beginning of the year	-	-
Recognised during the year	3,044.85	-
Reversal during the year	-	-
Balance at the end of the year	3,044.85	-

12 Inventories			
Particulars	Refer Note No.	As at	As at
		March 31, 2019	March 31, 2018
(a) Raw Materials		45,790.04	32,705.59
(b) Raw Materials in transit		4,558.98	12,037.34
(c) Semi Finised Goods/ Work In Progress		2,079.96	6,184.71
(d) Finished Goods		8,001.88	5,315.69
(e) Finished Goods in transit		1,589.93	166.77
(f) Stores and Spares	12.1	19,747.68	22,008.18
Less: Provision for Obsolete and Non-moving Stores and Spares	12.2	(3,083.08)	(1,752.92)
(g) Stores and Spare Parts in transit		3,181.51	1,460.78
(h) Scrap and By Products		2,389.65	6,346.64
		84,256.55	84,472.78

**Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019**

12.1 Stores and Spares stock includes stock of DI Pipe Mould of size 350 mm and above amounting to Rs. 777.11 lakhs (March 31, 2018: Rs.773.51 lakhs).

12.2 The Company had adopted a policy of provisions against obsolete and non-moving stores and spares for a period above two years. The movement in provisions are as follows:

(₹ in lakhs)

Particulars	For the Year ended	For the Year ended
	March 31, 2019	March 31, 2018
Balance at the beginning of the year	1,752.92	-
Recognised during the year	1,330.16	1,752.92
Reversal during the year	-	-
Balance at the end of the year	3,083.08	1,752.92

13 Investments

Particulars	As at March 31, 2019		As at March 31, 2018	
	Units	Amount	Units	Amount
Investments measured at fair value through Profit and Loss Investment in Mutual Funds (quoted)				
(a) Kotak Savings Fund - Regular Growth Plan (Face Value: Rs. 10)	6,38,016.93	9,252.90	-	-
(b) UTI Money Market Fund - Regular Growth Plan (Face Value: Rs. 1,000)	1,24,144.10	2,605.57	-	-
(c) UTI Liquid Cash Plan - Regular Growth Plan (Face Value: Rs. 1,000)	69,055.59	2,106.15	-	-
(d) Aditya Birla Sunlife Savings Fund- Regular Growth Plan (Face Value: Rs. 100)	14,67,989.52	5,418.88	-	-
(e) Aditya Birla Sunlife Money Manager Fund- Regular Growth Plan (Face Value: Rs. 100)	10,41,686.58	2,608.06	-	-
(f) Aditya Birla Sunlife Liquid Fund- Regular Growth Plan (Face Value: Rs. 100)	9,07,949.29	2,714.82	-	-
(g) HDFC Ultra-Short Term Fund- Regular Growth Plan (Face Value: Rs. 10)	5,29,88,880.56	5,541.10	-	-
(h) HDFC Liquid Fund- Regular Growth Plan (Face Value: Rs. 1,000)	71,696.78	2,624.32	-	-
(i) ICICI Prudential Money Market Fund- Regular Growth Plan (Face Value: Rs. 100)	12,79,036.55	3,310.56	-	-
(j) ICICI Prudential Liquid Fund-Regular Growth Plan (Face Value: Rs. 100)	5,11,927.14	1,409.94	-	-
(k) L&T Liquid Fund- Regular Growth Plan (Face Value: Rs. 1,000)	88,428.28	2,258.13	-	-
(l) L&T Ultra Short Term Fund- Regular Growth Plan (Face Value: Rs. 10)	1,05,71,599.63	3,228.02	-	-
(m) LIC MF Liquid Fund-Regular Plan- Growth Plan (Face Value: Rs. 1,000)	73,261.33	2,466.87	-	-
(n) Reliance Liquid Fund - Growth Plan - Growth Option (Face Value: Rs. 1,000)	64,501.64	2,927.87	-	-

**Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019**

(₹ in lakhs)

(o) Reliance Money Market Fund - Growth Plan- Growth Option (Face Value: Rs. 1,000)	74,587.47	2,105.77	-	-
(p) SBI Magnum Ultra Short Duration Fund- Regular Growth Plan (Face Value: Rs. 1,000)	2,16,270.24	8,964.27	-	-
(q) SBI Liquid Fund - Regular Growth Plan (Face Value: Rs. 1,000)	58,907.39	1,717.92	-	-
(r) TATA Liquid Fund Regular Plan- Regular Growth Plan (Face Value: Rs. 1,000)	48,277.97	1,414.81	-	-
		62,675.96		
13.1 Aggregate amount of quoted Investments in Mutual Funds		62,675.96		-
13.2 Aggregate amount of NAV of Investments in Mutual Funds		62,675.96		-
13.3 Particulars of Investments as required under Section 186(4) of the Companies Act, 2013 have been disclosed herein above.				

14 Trade Receivable

Particulars	Refer Note No.	As at March 31, 2019	As at March 31, 2018
Unsecured			
Considered good	14.1	22,899.70	18,251.97
Considered good, having significant increase in Credit Risk	14.1	413.13	-
Credit Impaired		1,755.49	1,587.81
Less: Impairment Allowance for doubtful debts	14.2	(1,755.49)	(1,587.81)
		23,312.83	18,251.97

14.1 Ageing of Trade Receivables

Particulars	As at March 31, 2019	As at March 31, 2018
Within the credit period	15,245.52	15,559.89
0 - 180 days	6,689.50	2,263.75
More than 180 days	1,377.81	428.33
	23,312.83	18,251.97

14.2 Movement of Impairment Allowances for doubtful debts

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the year	1,587.81	-
Recognised during the year	167.68	1,587.81
Reversal during the year	-	-
Balance at the end of the year	1,755.49	1,587.81

**Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019**
15 Cash and Cash Equivalents

(₹ in lakhs)

Particulars	Refer Note No.	As at March 31, 2019	As at March 31, 2018
(a) Balances with Banks			
- In Current Accounts		7,608.72	4,150.68
(b) Cash on hand		4.70	1.03
(c) Fixed Deposits with original maturity of less than 3 months		28,077.13	-
		35,690.55	4,151.71

16 Bank Balances other than Cash and cash equivalents

Particulars	Refer Note No.	As at March 31, 2019	As at March 31, 2018
(a) Fixed Deposits with Banks (having original maturity of more than 3 months)	16.1	19,089.62	64,681.37
		19,089.62	64,681.37

16.1 Fixed Deposits with banks includes Rs. 12,361.02 lakhs ((March 31, 2018: Rs. 64,397.00 lakhs), including Rs. 141.10 lakhs (March 31, 2018: Rs. Nil Lakhs) disclosed under other non-current assets)) have been lodged with bank as margin money against Letter of Credit/Bank Guarantees issued by them and Rs. 25.64 lakhs ((March 31, 2018: Rs. 287.62 lakhs), including Rs. 2.57 lakhs (March 31, 2018: Rs. 3.25) disclosed under other non-current assets)) lying with Customers/ Vendors/ Government Authorities in term of agreement/orders.

17 Other Financial Assets

Particulars	Refer Note No.	As at March 31, 2019	As at March 31, 2018
(a) Earnest Money to Vendors			
Considered good		52.38	236.86
Considered Doubtful		35.46	
Less: Impairment Allowance for doubtful deposits	17.1	(35.46)	
(b) Earnest Money to Customers			
Considered good		131.00	6.50
Considered Doubtful		6.75	4.25
Less: Impairment Allowance for doubtful debts	17.1	(6.75)	(4.25)
(c) Derivative Assets at fair value through profit and loss		-	96.13
(d) Interest receivable on fixed deposits	16.1	121.59	642.73
(e) Export incentive receivables		124.97	-
(f) Insurance Claim Receivable		532.27	-
		962.21	982.22

Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019

17.1 Movement of Impairment Allowances for doubtful Debts and Deposits (₹ in lakhs)

Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Balance at the beginning of the year	4.25	-
Recognised during the year	37.96	4.25
Reversal during the year	-	-
Balance at the end of the year	42.21	4.25

18 Other current assets

Particulars	Refer Note No.	As at March 31, 2019	As at March 31, 2018
(a) Balance with Government Authorities		393.18	448.28
(b) Advances for supply of goods and services			
Considered good		3,514.89	9,092.76
Considered doubtful		1,389.15	737.74
Less: Impairment Allowance for doubtful balances	18.1	(1,389.15)	(737.74)
(c) Leasehold land prepayment		3.35	3.32
(d) Prepaid Expenses		174.85	2,144.53
(e) Advances against salaries		7.33	19.18
(f) Stamp papers on hand		10.22	11.88
(g) MEIS Licences		146.92	-
(e) Others		11.63	104.10
		4,262.37	11,824.05

18.1 Movement of Impairment Allowances for doubtful balances:

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the year	737.74	-
Recognised during the year	651.41	737.74
Reversal during the year	-	-
Balance at the end of the year	1,389.15	737.74

19 Equity Share Capital

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Authorised:		
10,00,00,00,000 Equity Shares of Rs. 10/- each (March 31, 2018: 5,00,00,00,000 Equity Shares)	10,00,000.00	5,00,000.00
	10,00,000.00	5,00,000.00
(b) Issued, Subscribed and Fully Paid Up:		
1,96,16,73,420 Equity Shares of Rs. 10/- each (March 31, 2018: 2,40,92,35,023 Equity Shares)	1,96,167.34	2,40,923.50
	1,96,167.34	2,40,923.50

Notes forming part of the Financial Statements
 as at and For the year ended March 31, 2019

19.1 Reconciliation of the number of Equity Shares Outstanding:

(₹ in lakhs)

Particulars	Refer Note No.	As at	As at
		March 31, 2019	March 31, 2018
No. of shares as at the beginning		2,40,92,35,023	2,40,92,35,023
Additions during the Year	42	9,16,46,38,133	-
Reduction and consolidation during the year	42	(9,61,21,99,736)	-
No. of shares as at the end		1,96,16,73,420	2,40,92,35,023

19.2 Shareholders holding more than 5% Shares Equity Shares:

Name of Shareholder	As at 31st March 2019		As at 31st March 2018	
	Nos	% holding	Nos	% holding
Vedanta Star Limited	1,76,55,53,035	90.00%	-	0.00%
Electrosteel Castings Limited	-	0.00%	1,08,98,00,000	45.23%
SCIIL STEEL CAST IRON INVESTMENTS (CYPRUS) LIMITED (Formerly Stemcor Cast Iron Investments Ltd.)	-	0.00%	40,09,09,646	16.64%

19.3 The Company has one class of shares referred to as Equity Shares having a par value of Rs. 10/-. Each Holder of Equity Shares is entitled to one vote per share. In the event of liquidation of the Company, the equity shareholders will be entitled to receive assets of the Company remaining after distribution of all preferential amounts, in proportion of their shareholding.

19.4 Also refer Note no. 42, the adjustments arising in respect to Implementation of Hon'ble NCLT Order.

20 Other Equity

Particulars	Refer Note No.	As at	As at
		March 31, 2019	March 31, 2018
(a) Capital Reserve	20.2	9,61,219.97	-
(b) Securities Premium	20.3	3,993.17	3,993.17
(c) Retained Earnings	20.4	(7,96,794.22)	(9,15,678.66)
		1,68,418.92	(9,11,685.49)

20.1 Refer Statement of changes in equity for movement in balances of reserves.
20.2 Capital Reserve

Capital Reserve represents the amount recognised on Reduction of Equity Share Capital on Jun 14, 2018 in terms of Hon'ble NCLT Order dated April 17, 2018, as stated in Note no. 42.

20.3 Securities Premium

Securities Premium represents the amount received in excess of par value of securities and is available for utilisation as specified under Section 52 of Companies Act, 2013.

20.4 Retained Earnings

Retained earnings generally represents the undistributed profit/ amount of accumulated earnings of the company. This includes Other Comprehensive Income of (Rs. 142.47 lakhs) (March 31, 2018: (Rs. 223.35 lakhs)) relating to remeasurement of defined benefit plans (net of tax) which cannot be reclassified to Statement of Profit and Loss.

Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019

(₹ in lakhs)			
Particulars	Refer Note No.	As at March 31, 2019	As at March 31, 2018
Secured Borrowings	21.2		
(a) From Banks:			
- Restructured Term Loan		-	5,96,704.97
- Additional Term Loan		-	1,22,687.44
- Funded Interest Term Loan (FITL)		-	1,37,888.23
Total (a)		-	8,57,280.64
(b) From Others:			
- Restructured Term Loan		-	75,511.91
- Funded Interest Term Loan (FITL)		-	15,843.78
Total (b)		-	91,355.69
Unsecured Borrowings			
(a) Inter-Corporate Deposits from Holding Company	21.1, 21.3 and 21.4	3,55,449.39	-
		3,55,449.39	9,48,636.33
Less: Disclosed under Current Maturity of Long Term Debt- Secured	25(a)	-	(9,48,636.33)
		<u>3,55,449.39</u>	<u>-</u>

21.1 The Company has executed Deed of Hypothecation on November 28, 2018 in favour of Vistra ITCL (India) Limited, security trustees by way of deposit of 1,993.29 acres of title deed of mortgagable lands (Refer Note no. 5.7) against Rs. 3,40,000.00 lakhs borrowed by Vedanta Star Limited (Holding Company of Electrosteel Steels Limited). The said amount has in turn been given as Inter-Corporate deposit to the Company for discharging the dues of the financial creditors in terms of Approved Resolution Plan (Refer Note no. 42).

21.2 Security

- (i) The entire borrowings from lender banks amounting to Nil (March 31, 2018: Rs. 8,57,280.64 lakhs) and Nil (March 31, 2018: Rs. 46,483.21 lakhs) (included in from others i.e. HUDCO and Life Insurance Corporation of India) was secured by first ranking pari passu charge by way of mortgage/hypothecation of all immovable and movable properties (including fixed assets, plant & machinery, tools & accessories etc.), current assets (including inventory and book debts), present and future and assignment over all of Company's bank accounts.
- (ii) The loan of Nil (March 31, 2018: Rs. 42,976.76 lakhs) of SREI Infrastructure Finance Ltd included from others was secured by second pari passu charge by way of hypothecation of all movable assets (including receivables and intangibles), present and future; second charge on all rights, titles and interest in all assets of the Project, letter of credit/guarantee/performance bond provided in respect of the Project and all Project documents, Contracts, Insurance Policies etc; and first charge by way of mortgage of land with factory building situated at Elavur owned by Electrosteel Castings Limited.
- (iii) The loan of Nil (March 31, 2018: Rs. 1,895.72 lakhs) from IL&FS Financial Services Ltd included from others was secured by second ranking pari passu charge by way of mortgage/hypothecation of all assets mentioned in 21.2(i) above.
- (iv) The entire secured borrowings (including working facilities as given in 23 below) as stated in Note no. 42 has been settled and repaid in terms of Resolution plan approved by NCLT.

Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019

21.3 The applicable rate of interest on Unsecured Inter-Corporate Deposits from Holding Company is based on the Interest Rate charged by banks to the Holding Company which works is 9.35% P.a as on March 31, 2019

21.4 The above loan is repayable in 4 equal quarterly installments of Rs. 63.98 lakhs from May 04, 2020 and thereafter in 29 quarterly installments of Rs. 113.74 lakhs from May 04, 2021.

(₹ in lakhs)			
22 Provisions	Refer Note No.	As at	As at
Particulars		March 31, 2019	March 31, 2018
Provision for Employee Benefits	32.1	820.22	1,190.30
		820.22	1,190.30

23 Borrowings	Refer Note No.	As at	As at
Particulars		March 31, 2019	March 31, 2018
Loans Repayable on Demand (Secured):			
Working Capital Facility from banks	23.1	-	42,045.88
		-	42,045.88

23.1 Loan repayable on demand being working capital facilities from Banks (both fund based and non-fund based) were secured as specified in Note No.21.2(i) above.

24 Trade Payables	Refer Note No.	As at	As at
Particulars		March 31, 2019	March 31, 2018
Payable for goods and services			
Due to Micro and Small Enterprises	24.3	2,768.76	727.76
Others	24.1 and 24.2	83,858.92	1,08,678.21
		86,627.68	1,09,405.97

24.1 Includes acceptances of Rs. 366,14.86 lakhs (March 31, 2018: Rs. 290,28.54 lakhs) and Rs. 173,61.79 lakhs (March 31, 2018: Rs. 576,85.92 lakhs) backed by LC's secured against fixed deposits (Refer Note No. 16.1)

24.2 Includes Rs. 828.95 lakhs (March 31, 2018: Nil) provided for balance amount of demand (Net of Advance of Rs. 3,315.79 lakhs) for execution of leasehold agreement (Refer Note No. 11.1)

24.3 Disclosure of Trade payables as required under section 22 of Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, based on the confirmation and information available with the company regarding the status of suppliers.

Particulars	As at	As at
	March 31, 2019	March 31, 2018
a) Principal amount remaining unpaid but not due as at year end	2,768.76	727.76
b) Interest amount remaining unpaid but not due as at year end	-	-
c) Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-

**Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019**

(₹ in lakhs)

d) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	-	-
e) Interest accrued and remaining unpaid as at year end	-	-
f) 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 enterprise	5.26	75.42

25. Other Financial Liabilities

Particulars	Refer Note No.	As at March 31, 2019	As at March 31, 2018
(a) Current maturities of long-term debts- Secured	21	-	9,48,636.33
(b) Interest accrued but not due on borrowings		413.66	589.53
(c) Interest accrued and due on borrowings		-	2,81,018.20
(d) Earnest Money Deposit against EOI		-	2,000.00
(e) Capital Vendors	25.1	21,318.15	33,892.11
(f) Derviative Instrument Liability at fair value through profit and loss (net)		923.60	-
(g) Others Payables		1,152.06	1,262.32
		23,807.47	12,67,398.49

25.1 Includes Rs. 21,256.57 lakhs (March 31, 2018: Nil) provided for balance amount of demand (net of advance of Rs. 2,295.98 lakhs) against cost of afforestation against forest land acquired by the Company (Refer Note No. 5.4(c)).

26. Other Current Liabilities

Particulars	Refer Note No.	As at March 31, 2019	As at March 31, 2018
(a) Advance from customers		6,002.22	22,684.88
(b) Statutory Dues Payables (includes Provident Fund, GST, Tax deducted at source etc.)		4,621.63	2,240.13
		10,623.85	24,925.01

27. Provisions

Particulars	Refer Note No.	As at March 31, 2019	As at March 31, 2018
(a) Provision for Employee Benefits	32.1	195.50	246.26
(b) Provision for Claims admitted pursuant to CIRP	27.1	-	22,642.80
		195.50	22,889.06

**Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019**
27.1 Movement of Provision for Claims:

(₹ in lakhs)

Particulars	Refer Note No.	As at	As at
		March 31, 2019	March 31, 2018
Balance at the beginning of the year		22,642.80	-
Recognised during the year related to Operational Creditors	42	-	22,642.80
Written back during the year	42	(22,642.80)	-
Balance at the end of the year		-	22,642.80

28 Revenue from Operations

Particulars	Refer . Note No	For the Year ended	For the Year ended
		March 31, 2019	March 31, 2018
Sale of Products (including excise duty):			
Semi-Finished & Finised Goods:			
- Export Sales		3,487.96	18,200.38
- Domestic Sales		4,83,617.66	3,41,215.64
		4,87,105.62	3,59,416.02

28.1 Goods and Service Tax ("GST") which has been implemented with effect from July 01, 2017 has not been included in the Revenue from Operations, however till that date it was inclusive of Excise Duty and as such figures for the year ended March 31, 2018 are not comparable with figures of current year.

28A Other Operating Income

Particulars	For the Year ended	For the Year ended
	March 31, 2019	March 31, 2018
Scrap/ By-products & Others (including excise duty)	7,747.36	5,572.18
Incentive on exports	301.96	516.58
	8,049.32	6,088.76

29 Other Income

Particulars	Refer . Note No	For the Year ended	For the Year ended
		March 31, 2019	March 31, 2018
(a) Interest income on Fixed deposits, overdue debts etc. measured at amortised cost		3,009.90	1,527.77
(b) Interest income on financial assets measured at amortised cost		-	68.61
(c) Sundry credit balances written back	29.1	184.30	5,222.85
(d) Net gain/(loss) on Derivative Instruments on fair valuation through profit and loss		393.67	1,082.83
(e) Net Gain/(loss) on Current Investments on Fair Valuation through profit and loss		441.21	-
(f) Net Gain/(loss) on disposal of Current Investments		534.74	-
(g) Miscellaneous Income		954.61	951.13
		5,518.43	8,853.19

**Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019**

29.1 Relates to old credit balances of certain suppliers/service providers for equipment supplies, civil and commissioning jobs, excess provision done being no longer payable.

30 Cost of Materials Consumed

(₹ in lakhs)

Particulars	Refer Note No	For the Year ended March 31, 2019	For the Year ended March 31, 2018
(a) Raw material and other materials consumed			
Inventory at the beginning of the year		44,742.93	28,299.50
Add: Purchases		2,97,072.92	2,31,524.40
Less: Cost of goods sold		0.12	2,608.63
Less: Inventory at the end of the year		50,349.02	44,742.93
	30.1	2,91,466.71	2,12,472.34

30.1 During the year, physical verification of Inventories was carried out by an Independent professionals appointed in this respect. On reconciliation of the physical stock with book stock, the following amounts have been adjusted to Cost of Material consumed/ Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress:

Particulars	Refer . Note No	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Cost of Material consumed			
Increase/(Decrease) in Stock of Raw Material		2,732.77	5,230.39
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress			
Increase/(Decrease) in Stock of Finished Goods		(8.45)	(489.91)
Increase/(Decrease) in Stock of Semi-Finished Goods		(352.82)	(250.81)
Increase/(Decrease) in Stock of Scrap/ By-products		(4,307.03)	(5,513.97)
		(1,935.53)	(1,024.30)

31 Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress

Particulars	Refer Note No	For the Year ended March 31, 2019	For the Year ended March 31, 2018
(i) Inventories at the end of the year			
(a) Finished Goods		9,591.81	5,482.46
(b) Semi-Finished Goods		2,079.96	6,184.71
(c) Scrap / By-products		2,389.65	6,346.64
		14,061.42	18,013.81
(ii) Inventories at the beginning of the year			
(a) Finished Goods		5,482.46	9,001.72
(b) Semi-Finished Goods		6,184.71	7,082.70
(c) Scrap / By-products		6,346.64	10,015.37
		18,013.81	26,099.79
	31.1	3,952.39	8,085.98

**Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019**

31.1 Also Refer Note no. 30.1 for adjustments carried out on reconciliation of physical stock with book stock.

31.2 Disclosures as required under Ind AS 2 "Inventories" are as follows:

Particulars	(₹ in lakhs)	
	For the Year ended March 31, 2019	For the Year ended March 31, 2018
a) Reversal/ Write-down in value of Inventories	-	214.74
b) Inventories recognised as expense	3,85,118.94	3,03,069.59

32 Employee Benefits Expense

Particulars	Refer Note No	(₹ in lakhs)	
		For the Year ended March 31, 2019	For the Year ended March 31, 2018
(a) Salaries and wages		14,100.71	13,467.88
(b) Contribution to Provident and Other Funds	32.1	781.68	721.31
(c) Staff welfare expenses		570.43	581.36
		15,452.82	14,770.55

32.1 POST RETIREMENT EMPLOYEE BENEFITS

The disclosures required under IND AS 19 on "Employee Benefits", are given below:

Defined Contribution Plans

Contributions to Defined Contribution Plans, recognized for the year are as under:

Particulars	(₹ in lakhs)	
	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Employer's Contribution to Provident Fund	321.66	309.18
Employer's Contribution to Pension Scheme	245.08	234.66

Defined Benefit Plans

The Employee's Gratuity Fund scheme managed by TATA AIA is a defined benefit plan. The present value of obligation is determined based on independent actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

(a) Change in the present value of the defined benefit obligation:

Particulars	Gratuity (funded)	
	As at March 31, 2019	As at March 31, 2018
Liability at the beginning of the year	964.83	739.80
Interest Cost	74.77	53.97
Current Service Cost	167.67	174.20
Benefits paid	(184.77)	(86.81)
Remeasurements - Due to Financial Assumptions	(4.85)	(16.23)
Remeasurements - Due to Experience Adjustments	(64.61)	99.90
Liability at the end of the year	953.04	964.83

**Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019**

(b) Changes in the Fair Value of Plan Asset (₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Fair value of Plan Assets at the beginning of the year	535.34	504.79
Expected return on Plan Assets	41.48	39.12
Contributions by the Company	286.01	86.81
Benefits paid	-	(86.81)
Remeasurements - Return on Assets (Excluding Interest Income)	11.42	(8.57)
Fair value of Plan Assets at the end of the year	874.25	535.34

(c) Amount recognised in Balance Sheet

	As at March 31, 2019	As at March 31, 2018
Liability at the end of the year	953.04	964.83
Fair value of Plan Assets at the end of the year	874.25	535.34
Amount recognised in the Balance Sheet	78.79	429.49

(d) Components of Defined Benefit Cost

	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Current Service Cost	167.67	174.20
Interest Cost	74.77	53.97
Expected return on plan assets	(41.48)	(39.12)
Total Defined benefit recognised in Statement of Profit & Loss Account	200.96	189.05

(e) Remeasurements recognised in Other Comprehensive Income

	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Remeasurements - Due to Financial Assumptions	(4.85)	(16.23)
Remeasurements - Due to Experience Adjustments	(64.61)	99.90
Remeasurements- Return on Assets	(11.42)	8.57
Remeasurements recognised in Other Comprehensive Income	(80.88)	92.24

(f) Balance Sheet Reconciliation

	As at March 31, 2019	As at March 31, 2018
Opening Net Liability	429.49	235.01
Defined Benefit Cost included in Statement of Profit and Loss Account	200.96	189.05
Remeasurements recognised in OCI	(80.88)	92.24
Employers Contribution	(286.01)	(86.81)
Benefit Paid Directly by Enterprise	(184.77)	-
Amount recognised in Balance Sheet	78.79	429.49

Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019

(g) Percentage allocation of plan assets in respect of fund managed by insurer is as follows: (₹ in lakhs)

	As at March 31, 2019	As at March 31, 2018
Fund managed by Insurer	100.00%	100.00%

(h) The Principal actuarial assumptions as at the Balance Sheet date are set out as below:

	As at March 31, 2019	As at March 31, 2018
Summary of Financial Assumptions		
Discount Rate	7.80%	7.75%
Future Salary Increase	6.00%	6.00%
Salary Escalation- After Five Years	6.00%	6.00%
Expected Return on Plan Assets	7.80%	7.75%
Summary of Demographic Assumptions		
Mortality Rate [as % of IALM (2006-08) (Mod.) Ult. Mortality Table]	100.00%	100.00%
Disability Table (as % of above mortality rate)	5.00%	5%
Withdrawal Rate	1% to 8%	1% to 8%
Retirement Age	60 Years	60 Years
Average Future Service	23.56	23.85
Weighted Average Duration	13.95	5.60

Sensitivity Analysis

Particulars	Change in Assumption	Gratuity As at March 31, 2019	Gratuity As at March 31, 2018
Changes in Defined Benefit Obligations:			
Salary Escalation	+ 1%	101.33	96.89
Salary Escalation	-1%	(94.10)	(84.18)
Withdrawal Rates	+ 1%	11.65	8.05
Withdrawal Rates	-1%	(13.84)	(9.72)
Discount Rates	+ 1%	(92.79)	(79.51)
Discount Rates	-1%	100.16	92.67

The above sensitivity analysis is based on a change in assumption while holding all other assumption constant. In practice, this is unlikely to occur, and changes in some of the assumption may be co-related. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligations recognised in the balance sheet.

Estimate of expected benefit payments (in absolute terms i.e. undiscounted)

Particulars	As at March 31, 2019	As at March 31, 2018
Year 1	57.85	43.65
Year 2	28.41	119.53
Year 3	33.38	81.50
Year 4	47.78	70.49

Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019

(₹ in lakhs)

Year 5	54.83	109.75
Remaining Subsequent Years	730.79	539.91

Other Long Term Employee benefits**Compensated Absences**

The obligation for compensated absences is recognised in the same manner as gratuity except remeasurement benefit which is treated as part of other comprehensive income. The actuarial liability of Compensated Absences (unfunded) of accumulated privileged and sick leaves of the employees of the Company as at March 31, 2019 is given below:

Particulars	As at	As at
	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Privileged Leave	921.87	862.97
Sick Leave	15.06	141.73
Average number of people employed	2,187	2,181

Risk analysis

Company is exposed to a number of risks in the defined benefit plans. Most significant risks pertaining to defined benefit plans and, management's estimation of the impact of these risks are as follows:

Investment risk

The Gratuity plan is funded with Tata AIA Limited. Company does not have any liberty to manage the fund provided to LIC and ICICI. The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to Government of India bonds. If the return on plan asset is below this rate, it will create a plan deficit.

Interest risk

A decrease in the interest rate on plan assets will increase the plan liability.

Longevity risk / Life expectancy

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and at the end of the employment. An increase in the life expectancy of the plan participants will increase the plan liability

Salary growth risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

33 Finance Costs

Particulars	Refer	For the Year ended	For the Year ended
	<u>Note No.</u>	<u>March 31, 2019</u>	<u>March 31, 2018</u>
(a) Interest Expense on financial liabilities not measured at FVTPL		30,485.00	77,498.43
(b) Other Borrowing Cost (i.e. LC charges, Suppliers Credit, Guarantee Commission etc.)		1,642.67	1,497.48
		<u>32,127.67</u>	<u>78,995.91</u>

Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019

34 Depreciation and Amortisation Expense

(₹ in lakhs)

Particulars	Refer Note No.	For the Year ended March 31, 2019	For the Year ended March 31, 2018
(a) Depreciation on Tangible Assets	5	30,436.07	53,346.88
(b) Amortisation of Intangible Assets	7	27.35	68.32
		30,463.42	53,415.20

35 Other Expenses

Particulars	Refer Note No.	For the Year ended March 31, 2019	For the Year ended March 31, 2018
(a) Consumption of Stores and Spares		18,003.36	17,243.19
(b) Power and Fuel		23,541.24	19,589.22
(c) Freight and Forwarding Charges		12,328.69	13,863.28
(d) Rent		401.59	340.09
(e) Rates and taxes		325.53	410.63
(f) Insurance		2,566.58	2,936.99
(g) Repairs to Plant and Machinery		9,417.50	7,736.43
(h) Repairs to Building		289.17	830.74
(i) Repairs to Others		324.38	288.98
(j) Operation & Maintenance expenses		10,582.06	10,472.43
(k) Machine Hire Charges		1,298.45	1,244.32
(l) Material Handling Expenses		1,105.32	982.99
(m) Listing & Registrar Expenses		362.48	54.94
(n) Security Expenses		897.23	877.11
(o) Advertisement and Business Promotion Expenses		12.53	96.63
(p) Travelling & Conveyance		1,145.53	1,171.74
(q) Legal & Professional Fees		2,503.92	3,527.27
(r) Payment to Auditors	35.1	48.07	34.27
(s) Excise Duty on Closing Stock		-	(2,465.04)
(t) Net (gain)/loss on foreign exchange fluctuation		6,211.37	1,853.30
(u) Loss on Sale of Fixed Assets (Net)		20.53	0.37
(v) Selling & Distribution Expenses		1,971.78	3,201.87
(w) CSR Expenditure		151.29	74.75
(x) Impairment Allowance for Doubtful Debt and Deposits		1,062.19	1,592.06
(y) Provision for Doubtful Advance		3,696.25	737.74
(z) Provision for Obsolete and Non-moving Stores and Spares		1,330.16	1,752.92
(aa) Bad Debt Written Off		557.18	-
(ab) Sundry Balances written-off		95.04	517.84
(ac) Other Miscellaneous Expenses		1,250.91	1,070.53
		1,01,500.33	90,037.59

**Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019**

35.1 Payment to Auditors

(₹ in lakhs)

Particulars	For the Year ended	For the Year ended
	March 31, 2019	March 31, 2018
(a) Statutory Audit Fee	25.00	25.00
(b) Tax Audit Fee	3.00	3.00
(c) Certification etc.	19.05	5.35
(d) Out of Pocket Expenses	2.90	0.92
	48.07	34.27

36 Exceptional Items

Particulars	Refer Note No.	For the Year ended	For the Year ended
		March 31, 2019	March 31, 2018
Insurance Claims	36.1(a)	7,466.03	10,000.00
Provision for Claims admitted pursuant to CIRP	36.1(b)	-	(22,642.80)
Loss on Property, Plant and Equipment writtten off	36.1(c)	14,277.91	-
Impairment reversal on Property, Plant and Equipment written off	36.1(c)	(14,277.91)	-
Impairment of Property, Plant and Equipment	36.1(d)	-	(4,33,869.51)
Impairment of Intangible Assets	36.1(d)	-	(43.39)
Impairment of Capital Work in Progress	36.1(d)	-	(77,280.11)
Liability written back being no longer required pursuant to CIRP	36.1(e)	85,627.50	-
		93,093.53	(5,23,835.81)

36.1 Exceptional Item relates to:

- Claim lodged against ""Loss of Profit"" claim due to accident at the Oxygen Plant. The balance amount has been recognised in this year on acceptance thereof by the Insurance Authorities.
- Provision for Claims admitted pursuant to Corporate Insolvency Resolution Process (CIRP).
- Pursuant to the physical verification of Property, Plant and Equipment (PPE) carried out during the year (as stated in Note no. 5.6), discrepancy with respect to PPE pending final determination as per books has been provided for and shown as exceptional Items. An equivalent amount being resultant excess amount of the provision for impairment made in earlier years have been written back and credited against the same under exceptional items.
- Impairment recognised as stated in Note no. 5.5
- The liabilities/provision pertaining to Operational Creditors being no longer payable in terms of ARP amounting to Rs. 85,627.50 lakhs have been written back (Refer Note no. 42).

Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019

37 Components of Other Comprehensive Income

(₹ in lakhs)

Particulars	Refer Note No.	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Items that will not be reclassified to Statement of Profit and Loss			
Remeasurement of Defined benefit plans	32.1	80.88	(92.24)
		80.88	(92.24)

38 RELATED PARTY TRANSACTIONS

Related party disclosure as identified by the management in accordance with the Ind AS 24 on 'Related Party Disclosures' are as follows:

Names of the related parties and description of relationships:

A Company	Relationship
Volcan Investment Limited	Ultimate Holding Company****
Vedanta Star limited	Holding Company****
Electrosteel Castings Limited	Promoter/ Associate Company***
B Key Management personnel	Designation
Prasun Kumar Mukherjee	Director*
Mahendra Singh Mehta	Director*
Naveen Kumar Singhal	Director*
Rashmi Mohanty	Director*
Jalaj Kumar Malpani	Chief Financial Officer (Appointed w.e.f. August 29, 2018)
Umang Kejriwal	Director**
Rajkumar Khanna	Director**
Jinendra Kumar Jain	Director**
Lalit Kumar Singhi	Director**
Naresh Pachisia	Director**
Sunil Vasant Diwakar	Director**
Jayantika Ganguly	Director**
Devaprasad Mozumder	Director**
Sunil Katial	Chief Executive Officer (Resigned w.e.f. October 31, 2018)
Ashutosh Agarwal	Chief Financial Officer (Resigned w.e.f. August 11, 2018)
*Appointed w.e.f. June 04, 2018	
**Ceased to be a Director w.e.f. June 04, 2018	
C Entities where KMP or their close member have significant influence or control or Group Enterprises or Companies under common control and with whom transaction have taken place during the year	
Bose Estates Private Limited***	
Sree Khemisati Constructions Private Limited***	
Hooghly Alloy & Steels Company Private Limited***	
Wilcox Merchants Private Limited***	
Tulsi Highrise Private Limited***	
Vedanta Limited****	
Bharat Aluminium Company Limited****	
Sterlite Power Transmission limited****	
Vizag General Cargo Berth Private Limited****	

Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019

(₹ in lakhs)

D Close member of key management personnel where transactions have taken place during the year

<u>Key Management personnel</u>	<u>Relationship</u>
Radha Kinkari Kejriwal Agarwal	Daughter of Umang Kejriwal***
Nityangi Kejriwal Jaiswal	Daughter of Umang Kejriwal***
Madhav Kejriwal	Son of Umang Kejriwal***

***Ceased to be a related party w.e.f. June 04, 2018

**** Related Party w.e.f. June 06, 2018

E Related party transaction:

Nature of Transaction	Promoter/Associate Company		Holding Company	
	<u>2018-19</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2017-18</u>
Sale of Goods (Inclusive of taxes)	-	5,734.17	-	-
Purchase of materials	-	6,118.53	-	-
Commission on Sales	847.86	210.21	-	-
Rent expenses	-	0.15	-	-
Interest Expenses	-	-	28,329.52	-
Inter corporate deposit received	-	-	3,55,449.39	-
Closing balance as at March 31				
Inter corporate deposit	-	-	3,55,449.39	-
Interest payable	-	-	66.80	-
Trade Payables	712.49	3,370.74	-	-
Trade Receivables	-	2,498.12	-	-
Advance received against supplies/services	-	20,278.63	-	-

Nature of Transaction	Key Management Personnel		Close member of KMP		Entities where KMP or their close member have significant influence or control and Companies under Common control or Group Enterprises	
	<u>2018-19</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2017-18</u>
Sale of goods						
Vedanta Limited	-	-	-	-	0.08	-
Sterlite Power Transmission limited	-	-	-	-	392.94	-
Purchase of materials						
Vedanta Limited	-	-	-	-	191.98	-
Bharat Alluminium Company Ltd.	-	-	-	-	17.05	-
Purchase of assets						
Vedanta Limited	-	-	-	-	60.43	-
Reimbursement of Expenses						
Vedanta Limited	-	-	-	-	355.54	-
Bharat Alluminium Company Ltd.	-	-	-	-	14.12	-
Services Received						
Vedanta Limited	-	-	-	-	157.69	-
Talwandi Sabo Power Limited	-	-	-	-	16.28	-
Bharat Alluminium Company Ltd.	-	-	-	-	16.66	-
Vizag General Cargo Berth	-	-	-	-	62.60	-
Rent expenses						
Tulsi Highrise Private Limited	-	-	-	-	13.23	19.89
Wilcox Merchants Private Limited	-	-	-	-	13.23	19.89

Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019

(₹ in lakhs)

Nature of Transaction	Key Management Personnel		Close member of KMP		Entities where KMP or their close member have significant influence or control and Companies under Common control or Group Enterprises	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Bose Estates Private Limited	-	-	-	-	23.49	35.32
Maintainence charges						
Sree Khemisati Constructions Private Limited	-	-	-	-	95.49	143.93
Remuneration						
Jalaj Kumar Malpani	55.80	-	-	-	-	-
Sunil Katial	208.34	177.37	-	-	-	-
Ashutosh Agarwal	77.62	115.15	-	-	-	-
Radha Kinkari Kejriwal Agarwal	-	-	30.76	46.23	-	-
Nityangi Kejriwal Jaiswal	-	-	9.82	28.98	-	-
Madhav Kejriwal	-	-	1.14	2.94	-	-
Electricity Charges						
Sree Khemisati Constructions Private Limited	-	-	-	-	21.37	29.91
Director sitting fees						
Prasun Kumar Mukherjee	6.25	-	-	-	-	-
Mahendra Singh Mehta	4.00	-	-	-	-	-
Pradeep Kumar Misra	-	0.05	-	-	-	-
Devaprasad Mozumder	-	0.05	-	-	-	-
Jayantika Ganguly	-	0.05	-	-	-	-
Jinendra Kumar Jain	-	0.05	-	-	-	-
Lalit Kumar Singhi	-	0.05	-	-	-	-
Naresh Pachisia	-	0.10	-	-	-	-
Rajkumar Khanna	-	0.10	-	-	-	-
Umang Kejriwal	-	0.05	-	-	-	-
Closing balance as at March 31						
Remuneration Payable						
Jalaj Kumar Malpani	7.02	-	-	-	-	-
Sunil Katial	-	4.42	-	-	-	-
Radha Kinkari Kejriwal	-	-	-	3.69	-	-
Nityangi Kejriwal	-	-	-	7.47	-	-
Madhav Kejriwal	-	-	-	0.50	-	-
Ashutosh Agarwal	-	1.67	-	-	-	-
Electricity Charges Payable						
Sree Khemisati Constructions Private Limited	-	-	-	-	-	5.78
Maintenance Charges Payable						
Sree Khemisati Constructions Private Limited	-	-	-	-	-	13.41
Purchase of assets Payable						
Vedanta Limited	-	-	-	-	4.37	-

Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019

(₹ in lakhs)

Nature of Transaction	Key Management Personnel		Close member of KMP		Entities where KMP or their close member have significant influence or control and Companies under Common control or Group Enterprises	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Purchase of materials Payable						
Vedanta Limited	-	-	-	-	0.38	-
Reimbursement of Expenses Payable						
Vedanta Limited	-	-	-	-	36.31	-
Bharat Alluminium Company Ltd.					15.25	-
Services Received Payable						
Vedanta Limited	-	-	-	-	103.22	-
Talwandi Sabo Power Limited	-	-	-	-	14.90	-

F Compensation of Key management personnel

The remuneration of directors and other member of key management personnel during the year was as follows:

Particulars	Year ended	Year ended
	March 31, 2019	March 31, 2018
Short-term employee benefits	299.19	279.08
Post-employment benefits	19.02	13.05
Other long-term benefits	23.55	5.18

Notes:

- The above related party information is as identified by the management and relied upon by the auditor
- In respect of above parties, there is no provision for doubtful debts as on March 31, 2019 and no amount has been written back or written off during the year in respect of debts due from/ to them
- Post-Employee benefits and other long term employee benefits have been disclosed made on retirement/resignation of services but does not include provision made on actuarial basis as the same is available for all the employees together.
- All transactions from related parties are made in ordinary course of business. For the year ended March 31 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.
- Terms and conditions of transactions with related parties**
All transactions are from related parties are made in ordinary course of business. For the year ended March 31 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

39 COMMITMENTS AND CONTINGENCIES**i. Operating leases:**

Lease payments in respect of land taken on operating lease terms, are recognised as an expense on straight line basis over the lease term. The Company does not have the right to sub-let the said land. The company has an option to renew the said lease land after the expiry of initial period of 30 years from the date of agreement, at such rent as may then be fixed by the lessor. The Company does not have an option to purchase the leased land at the expiry of the lease period.

Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019

(₹ in lakhs)

Particulars	Year ended	Year ended
	March 31, 2019	March 31, 2018
Payments recognised as an expense	3.35	3.32
Future Minimum lease payments		
Not later than one year	4.57	4.56
Later than one year and not more than five years	23.80	23.59
Later than five years	76.94	81.72

Further to above, the Company has certain operating lease arrangements for office, transit houses, furnitures and fixtures etc. with tenure extending upto 3 years. Term of certain lease arrangements includes deposit/refund of security deposit etc. Expenditure incurred on account of rental payments under such leases during the year and recognized in the Profit and Loss account amounts to Rs. 401.59 lakhs (March 31, 2018: Rs. 340.09 lakhs).

ii. **Contingent Liabilities and Commitments (to the extent not provided for):**

A) Contingent Liabilities (Refer Note no. 2 below)

	As at	As at
	March 31, 2019	March 31, 2018
a) "Various show cause notices/demands issued/ raised, which in the opinion of the management are not tenable and are pending with various forum/ authorities"		
- Central Excise & Service Tax	-	3,707.54
- Customs Duty (under EPCG)	-	1,57,739.94
- Customs Duty (others)	-	5,974.73
- Sales Tax	-	25,704.83
- Entry Tax	-	29,380.05
- Income Tax	-	182.43
b) Guarantees given by banks on behalf of the Company	2,937.09	2,916.25
c) Penalty for non-compliance of listing agreement and disputed by the company	-	100.00
d) Claims filed against the company by the vendors	-	5,569.80
e) Bills discounted with banks	16,754.14	8,094.21
	19,691.23	2,39,369.78

Notes:

- The Company's pending litigations comprises of claims against the company and proceedings pending with Statutory/ Government Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, and disclosed contingent liabilities, where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material impact on its financial positions. Future cashflow, if any in respect of (a) and (d) is dependent upon the outcome of judgements/ decisions and acceptance by the respective authorities.
- The contingent liabilities as disclosed on March 31, 2018 has not been so considered as per the Resolution Plan approved by Hon'ble NCLT (as stated in Note no. 42) vide their order dated April 17, 2018. All such liabilities prior to effective date has been extinguished and no outflow in this respect is expected to arise. This is supported by the legal opinion taken by the company on the said matter. Steps for intimation to/approval by respective authorities as advised by the legal experts, if necessary will however be taken in due course of time.

B) Capital and other commitments

	As at	As at
	March 31, 2019	March 31, 2018
(a) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for (net)	9.89	0.95
(b) Export Obligation Commitments under EPCG Scheme (Refer Note no. 2 above)	-	5,00,677.83

**Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019**

	In Foreign Currency	In Foreign Currency
(c) Forward Contract Outstanding		
In USD	7,50,57,028.00	6,06,02,625.00
In JPY	1,17,60,000.00	-
In GBP	27,300.00	-
In EURO	63,080.00	-

40 Segment information
(a) Description of segments and principal activities

Electrosteel Steels Limited is engaged in the manufacture and supply of billets, TMT bars, Wire rods and Ductile Iron(DI) Pipes and also deals in pig iron and iron and steel scrap products generated while manufacturing these products. In term of Ind AS 108 "Operating Segment", the Company has one business segment i.e. Iron and Steel and related products and all other activities revolve around the said business.

(b) Geographical information

The company is domiciled in India, however also sells its products outside India. The amount of its revenue from external customers broken down by location of the customers and each product is shown in the table below.

	As at March 31, 2019	As at March 31, 2018
		(₹ in lakhs)
In India		
- Billets	9,995.88	4,421.30
- TMT bars	1,73,990.31	1,03,514.56
- Wire rods	1,84,145.82	1,18,510.22
- DI pipes	60,854.16	50,159.03
- PIG Iron	40,383.35	43,069.37
- Others	14,306.32	21,725.41
Outside India		
- Billets	762.15	7,723.32
- Wire rods	2,667.63	10,292.80

(c) There are no single customer directly or indirectly from whom more than 10% of the revenue is derived.

41 Calculation of Earning Per Share is as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
a) Net Profit/ (Loss) for basic and diluted earnings per share as per Statement of Profit and Loss	1,18,803.56	(6,13,885.15)
Net Profit/ (Loss) for Basic and Diluted earnings per share	1,18,803.56	(6,13,885.15)
b) Weighted average number of equity shares for calculation of basic and diluted earnings per share (Face value Rs. 10/- per share)		
Number of equity shares outstanding as on March 31	2,40,92,35,023	2,40,92,35,023
Add: Equity Shares issued during the period (Refer Note no. 42)	9,16,46,38,133	-
Less: Capital Reduction and Consolidation of Shares during the period	(9,61,21,99,736)	-
Number of equity shares outstanding	1,96,16,73,420	2,40,92,35,023

Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019

(₹ in lakhs)

	Weighted average number of equity shares considered for calculation of basic and diluted earnings per share	2,20,97,47,691	2,40,92,35,023
c)	Earnings per share (EPS) of Equity Share of Rs. 10/- each:		
	Basic EPS (Rs.) (a/d)	5.38	(25.48)
	Diluted EPS (Rs.) (a/d)	5.38	(25.48)
42	(a) Corporate Insolvency Resolution Process (CIRP) initiated on July 21, 2017 under Insolvency and Bankruptcy Code' 2016 by Hon'ble National Company Law Board Tribunal (NCLT) has been completed and order to the effect approving the resolution plan (ARP) submitted by Vedanta Limited (Vedanta) one of the applicant was passed on April 17, 2018 by NCLT (NCLT Order). The NCLT Order and ARP has been upheld by National Company Law Appellate Tribunal vide its Order dated August 10, 2018 (NCLAT Order). Consequential impact giving effect to ARP approved as above are as follows:		
	a) The Board of the Company has been reconstituted on June 4, 2018 i.e. the effective date with nominees of Vedanta being inducted as member of the Board.		
	b) Vedanta Star Limited (a wholly owned subsidiary of Vedanta Limited) has on June 04, 2018 deposited Rs. 532,000.00 lakh in an escrow account ("Escrow Account") of the Company for payment to financial creditors of the entire amount of sustainable debts in terms of the ARP out of total Outstanding amount of Rs. 12,71,913.21 lakhs and the same has been remitted to them on June 21, 2018.		
	c) 739,91,32,055 equity shares of Rs. 10 each were allotted on June 6, 2018 to financial creditors converting the non-sustainable debt to equity.		
	d) On June 14, 2018, the existing 980,83,67,078 equity shares including those allotted on June 6, 2018 to financial creditors as above have been reduced from Rs. 9,80,836.71 lakhs to Rs. 19,616.73 lakhs divided into 980,83,67,078 equity shares of Re. 0.20 each fully paid-up. Simultaneously, 50 such shares of Re 0.20 each thereafter has been consolidated into 1 fully paid-up equity share of Rs. 10 each. The amount of Rs. 9,61,219.97 lakhs reduced as above in compliance with the Order of Hon'ble NCLT has been credited to Capital Reserve.		
	e) On June 15, 2018, 176,55,06,078 fully paid equity shares of Rs. 10 each were allotted to Vedanta Star Limited against the money deposited in Escrow Account, leaving the balance of Rs. 355,449.39 lakhs to be considered as long term interest bearing loan.		
	f) Consequent to above allotment and consolidation of shares, equity share capital of the company stands at Rs. 19,61,67.34 lakhs divided into 196,16,73,420 equity shares of Rs.10 each. (ARP) by NCLT "		
	g) The liability pertaining to Operational Creditors being no longer payable in terms of ARP amounting to Rs. 85,627.50 lakhs has been written back and shown as exceptional items. Further, contingent liabilities, export obligations and other claims etc. against the company prior to the effective date stand extinguished and there being no outflow of fund is expected in this respect, the disclosure with respect to these has not been continued.		
	h) The charges created in respect of borrowing have been released by lenders subsequent to approval of the ARP and the company is in the process of filing the satisfaction of charges with the relevant authorities.		
	(b) Subsequent to Order of Hon'ble National Company Law Appellate Tribunal (NCLAT) dated August 10, 2018, Renaissance Steel Private Limited, an unsuccessful resolution applicant, approached the Hon'ble Supreme Court of India, challenging the Order of the Hon'ble NCLAT. The matter is still pending for hearing before the Hon'ble Supreme Court of India.		
43	The Company had filed application for renewal of Consent to Operate ('CTO') on August 24, 2017 for the period of five years which was denied by Jharkhand State Pollution Control Board ('JSPCB') on August 23, 2018. Further,		

Notes forming part of the Financial Statements as at and For the year ended March 31, 2019

Ministry of Environment and Forest (MoEF) has revoked the environmental clearance vide order dated September 20, 2017. The order of denial of CTO by JPSCB and Environmental clearance by MoEF has been stayed by Hon'ble High Court of Jharkhand and continued their interim order to allow the operations till next hearing on the matter involved. The matter is now posted for hearing on May 16, 2019. This being procedural matter and considering that steps and compliances are being ensured in due course of time, the accounts of the company have been prepared on going concern basis.

44 FINANCIAL INSTRUMENTS

a) The accounting classification of each category of financial instrument, their carrying amount and fair value are as follows:-

Particulars	As at March 31, 2019		As at March 31, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets (Current and Non-Current)				
Fair Value through Profit and Loss Account				
Derivative Assets - not designated as hedging instruments				
-Forward Contracts	-	-	96.13	96.13
Investments in Mutual Funds	62,675.96	62,675.96	-	-
Financial Assets at amortised cost				
Trade receivables	23,312.83	23,312.83	18,251.97	18,251.97
Cash and Bank Balances	7,613.42	7,613.42	4,151.71	4,151.71
Fixed Deposits with bank	47,310.42	47,310.42	64,684.62	64,684.62
Loans	69.50	69.50	871.62	871.62
Other Financial Assets	964.88	964.88	886.09	886.09
Financial Liabilities (Current and Non-Current)				
Financial Liabilities at amortised cost				
Borrowings- Floating Rate	3,55,449.39	3,55,449.39	-	-
Borrowings- Fixed Rate	-	-	9,90,682.21	9,90,682.21
Trade payables	86,627.68	86,627.68	1,09,405.97	1,09,405.97
Interest on Loans and Borrowings	413.66	413.66	2,81,607.73	2,81,607.73
Others financial liabilities	22,470.21	22,470.21	37,154.43	37,154.43
Fair Value through Profit and Loss Account				
Derivative Liabilities - not designated as hedging instruments				
-Forward Contracts	923.60	923.60	-	-

b) Fair Valuation Techniques

"The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:"

- The fair value of cash and cash equivalents, current trade receivables and payables, current financial liabilities and assets and borrowings approximate their carrying amount largely due to the short-term nature of these instruments. The management considers that the carrying amounts of financial assets and financial liabilities recognised at nominal cost in the financial statements approximate their fair values.
- The Company's long-term debt has been contracted at floating rates of interest. Fair value of variable interest

Notes forming part of the Financial Statements as at and For the year ended March 31, 2019

rate borrowings approximates their carrying value subject to adjustments made for transaction cost. In respect of fixed interest rate borrowings, fair value is determined by using discount rates that reflects the present borrowing rate of the company.

- Investment in liquid and short-term mutual funds which are classified as fair value through profit and loss are measured using quoted market prices at the reporting date multiplied by the quantity held.
- The fair value of derivative financial instruments is determined based on observable market inputs including currency spot and forward rates, yield curves, currency volatility etc. The said valuation has been carried out by the counter party with whom the contract has been entered with and Management has evaluated the credit and non-performance risks associated with the counterparties and believes them to be insignificant and not requiring any credit adjustments.

c) Fair value hierarchy

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2019:

Particulars	As at March 31, 2019	As at March 31, 2018	Fair value measurements at reporting date using		
			Level 1	Level 2	Level 3
Financial Assets					
- Derivative- not designated as hedging instruments					
o Forward Contracts	-	96.13	-	-	-
			-	(96.13)	-
- Investment in Mutual Funds	62,675.96	-	62,675.96	-	-
			(-)	-	-
Financial Liabilities					
- Borrowings- Floating Rate	3,55,449.39	-	-	3,55,449.39	-
			(-)	(-)	(-)
- Borrowings- Fixed Rate	-	9,90,682.21	-	-	-
			(-)	(9,90,682.21)	(-)
- Derivative- not designated as hedging instruments					
o Forward Contracts	923.60	-	-	923.60	-
			(-)	(-)	-

(*) Figures in round brackets () indicate figures as at March 31, 2018

During the year ended March 31, 2019 and March 31, 2018, there were no transfers between Level 1, Level 2 and Level 3.

The Inputs used in fair valuation measurement are as follows:

-Fair valuation of Financial assets and liabilities not within the operating cycle of the company is amortised based on the borrowing rate of the company.

-Financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace. In respect of derivative financial instruments, the inputs used for forward contracts are Forward foreign currency exchange rates and Interest rates to discount future cash flow.

d) Derivatives assets and liabilities:

The Company follows established risk management policies, including the use of derivatives to hedge its exposure to foreign currency fluctuations on foreign currency assets / liabilities. The counter party in these derivative instruments is a bank and the Company considers the risks of non-performance by the counterparty as non-material.

Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019

- i) The following tables present the aggregate contracted principal amounts of the Company's derivative contracts outstanding:

Category	Currency	As at 31st March 2019		As at 31st March 2018	
		No. of Deals	Amount in Foreign Currency	No. of Deals	Amount in Foreign Currency
Buy Forward	USD/INR	61	7,50,57,028	11	6,06,02,625
	EUR/INR	1	63,080		
	GBP/INR	1	27,300		
	JPY/INR	1	1,17,60,000	-	-

- ii) Unhedged Foreign Currency exposures are as follows: -

Nature	Currency	(Amount in Foreign Currency)	
		As at March 31, 2019	As at 31-Mar-18
Trade Payables (Including acceptances)	USD	-	4,42,51,783
Trade Payables (Including acceptances)	RMB	97,252	51,160
Trade Receivable	USD	-	-

- iii) The foreign exchange forward contracts mature within twelve months. The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet date:

Particulars	(Amount Rs. In Lakh)	
	As at March 31, 2019	As at March 31, 2018
Not later than one month	57.69	40.60
Later than one month and not later than three months	(541.80)	50.67
Later than three months and not later than one year	(439.49)	4.86
Later than one year	-	-

- e) **Sale of financial assets**

In the normal course of business, the Company transfers its bills receivable to banks. Under the terms of the arrangements, the Company surrenders control over the financial assets and transfer is without recourse. Accordingly, such transfers are recorded as sale of financial assets. Gains and losses on sale of financial assets without recourse are recorded at the time of sale based on the carrying value of the financial assets. In certain cases, transfer of financial assets may be with recourse. Under arrangements with recourse, the Company is obligated to repurchase the uncollected financial assets, subject to limits specified in the agreement with the banks. Accordingly, in such cases the amounts received are recorded as borrowings in the statement of financial position and cash flows from financing activities.

During the year ended March 31, 2019 and 2018, the Company transferred and recorded as sale of financial assets of Rs. 522,00.00 lakhs and Rs. 567,34.98 lakhs respectively, under arrangements without recourse and has included the proceeds from such sale in net cash provided by operating activities. These transfers resulted in loss of Rs. 414.84 lakhs and Rs. 336.88 lakhs for the year ended March 31, 2019 and 2018 respectively.

- f) **FINANCIAL RISK MANAGEMENT**

The Company's activities are exposed to a variety of financial risks. The key financial risk includes market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Director's reviews and approves policies for managing these risks. The risks are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

Notes forming part of the Financial Statements as at and For the year ended March 31, 2019

MARKET RISK

Market risk is the risk or uncertainty arising from possible market fluctuation resulting in variation in the fair value of future cash flows of a financial instrument. The major components of Market risks are currency risk, interest rate risk and other price risk. Financial instruments affected by market risk includes trade receivables, investment in fixed deposits and mutual funds, borrowings and trade and other payables.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's trade and other payables and trade receivables.

The Company incurred foreign exchange loss of Rs. 6,211.37 lacs during the year. In order to mitigate such losses, the company has adopted a comprehensive risk management review system wherein it actively hedges its foreign currency exposure with defined parameters through use of hedging instrument such as forward contracts. The Company periodically reviews its risk management initiatives and also takes expert advice on regular basis on hedging strategy.

The carrying amount of the various exposure to foreign currency as at the end of the reporting period are as follows:

Particulars	(Amount in Foreign Currency)	
	As at March 31, 2019	
	USD	RMB
Acceptances	-	-
Interest	(1,70,102)	
Trade and other Payables	-	(97,252)
Net assets/(liabilities)	(1,70,102)	(97,252)

Particulars	(Amount in Foreign Currency)	
	As at March 31, 2018	
	USD	RMB
Acceptances	(6,01,83,968)	-
Interest on LC	(1,68,74,164)	
Trade and other Payables	(4,42,51,783)	(51,160)
Net assets/(liabilities)	(12,13,09,915)	(51,160)

Sensitivity analysis resulting in profit or loss arises mainly from USD denominated receivables and payables are as follows:

Particulars	Effect on Profit before tax	
	For the year ended March 31, 2019	For the year ended March 31, 2018
PAYABLES (Weakening of INR by 5%)		
USD	-	1,434.86

A 5% strengthening of INR would have an equal and opposite effect on the Company's financial statements

Interest Rate Risk

The company exposure in market risk relating to change in interest rate primarily arises from floating rate borrowing from the holding company which in turn has borrowed from banks and financial institutions. Considering the same the carrying amount of said borrowing was considered to be at fair value.

Further there are deposits with banks which are for short term period are exposed to interest rate falling due for renewal. These deposits are however generally for trade purposes and as such do not cause material implication.

Notes forming part of the Financial Statements as at and For the year ended March 31, 2019

(₹ in lakhs)

With all other variables held constant, the following table demonstrates the impact of the borrowing cost on floating rate portion of loans and borrowings:

Particulars	Effect on Profit before tax	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Increase in 50 basis points		
Borrowings- Floating Rate	1,777.25	-

A decrease in 50 basis point in Inter-Corporate deposit would have an equal and opposite effect on the Company's financial statements.

Other price risk

The Company also invests in mutual fund schemes of leading fund houses. Such investments are susceptible to market price risk that arise mainly from changes in interest rate which may impact the return and value of such investments. However, given the relatively short tenure of underlying portfolio of the mutual fund schemes in which the Company has invested, such price risk is not significant.

CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables). To manage this, the management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends and ageing of accounts receivable. Individual risk limits are set accordingly. Further the company obtains necessary security including letter of credits and/or bank guarantee to mitigate its credit risk.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. Receivables from customers are reviewed/evaluated periodically by the management and appropriate provisions are made to the extent recovery there against has been considered to be remote.

The carrying amount of respective financial assets recognised in the financial statements, (net of impairment losses) represents the Company's maximum exposure to credit risk. The concentration of credit risk is limited due to the customer base being large and unrelated. Of the trade receivables balance at the end of the year, there are two customers having outstanding of Rs 13,262.16 lakhs (March 31, 2018: Rs 4,991.67 lakhs) which accounts for more than 10% of the accounts receivable.

The Company takes collateral or other credit enhancements to secure the credit risk. The Company has also taken advances, security deposits and Letter of Credit from its customers, which mitigate the credit risk to that extent.

Financial assets that are neither past due nor impaired

Cash and cash equivalents and deposits with banks are neither past due nor impaired. Cash and cash equivalents with banks are held with reputed and credit worthy banking institutions.

Financial assets that are past due but not impaired

Trade receivables amounting to Rs. 1,377.81 lakhs (March 31, 2018: Rs. 428.33 lakhs) which are past due at the end of the reporting period, no credit losses there against are expected to arise.

LIQUIDITY RISK

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's objective is to maintain optimum level of liquidity to meet its cash and collateral requirements at all times. The company relies on internal accruals and borrowings from holding company to meet its fund requirement. The ongoing implementation measures will have a positive cash flow and in term help to control the liquidity crisis.

Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019

Liquidity and interest risk tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

Interest rate and currency of borrowings

(₹ in lakhs)

Particulars	As at March 31, 2019		
	Floating rate borrowings	Fixed rate borrowings	Weighted average Interest Rate (%)
INR	3,55,449.39	-	9.30%
Total	3,55,449.39	-	
Particulars	As at March 31, 2018		
	Floating rate borrowings	Fixed rate borrowings	Weighted average Interest Rate (%)
INR	-	9,90,682.21	10.96%
Total	-	9,90,682.21	

Maturity Analysis of Financial Liabilities

As at March 31, 2019

Particulars	Carrying Amount	On Demand	Less than 6 months	6 to 12 months	> 1 year	Total
Interest bearing borrowings (including current maturities)	3,55,449.39	-	-	-	3,55,449.39	3,55,449.39
Interest payable	413.66	-	413.66	-	-	413.66
Trade and other payables	1,09,097.89	71,559.23	37,536.75	1.91	-	1,09,097.89

As at March 31, 2018

Particulars	Carrying Amount	On Demand	Less than 6 months	6 to 12 months	> 1 year	Total
Interest bearing borrowings (including current maturities)	9,90,682.21	9,90,682.21	-	-	-	9,90,682.21
Interest payable	2,81,607.73	2,81,018.20	589.53	-	-	2,81,607.73
Trade and other payables	1,46,560.40	1,17,531.86	29,028.54	-	-	1,46,560.40

The company has current financial assets which will be realised in ordinary course of business. Further it has significant retained surplus lying invested in fixed deposits, the company ensures that it has sufficient cash on demand to meet expected operational expenses and obligations.

CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value. The Company's objective when managing capital is to safeguard their ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stake holders. The Company is focused on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required without impacting the risk profile of the Company.

Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019

The gearing ratio as at March 31, 2019 and March 31, 2018 are as follows:

(₹ in lakhs)

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Current loans and borrowings	-	9,90,682.21
Non-current loans and borrowings	3,55,449.39	-
Total loans and borrowings	3,55,449.39	9,90,682.21
Less: Cash and Cash Equivalents	35,690.55	4,151.71
Net Debt	3,19,758.84	9,86,530.50
Total equity attributable to the equity shareholders of the Company	3,64,586.26	(6,70,761.99)
Capital and Debt	6,84,345.10	3,15,768.51
Total capital (loans and borrowings and equity)	0.88	(1.47)

45 INCOME TAX

- (a) Income Tax has been provided considering the provisions of Income Tax Act and Resolution Plan approved by Hon'ble NCLT vide their order dated April 17, 2018 and based on the legal opinion and advices received in this respect.
- (b) In assessing the reliability of deferred tax assets, the Company considers the extent to which, it is probable that the deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment.

Movement of Deferred Tax Assets (Net) from beginning to the end of the financial year is as follows:

Particulars	As at	Charge/	As at March	Charge/	As at March
	March 31, 2017	(Credit)	31, 2018	(Credit)	31, 2019
Deferred Tax Liability					
a) Related to Property, Plant and Equipment and Intangible Assets	1,38,447.68	(1,15,937.44)	22,510.24	12,313.23	34,823.47
b) Fair Valuation of Mutual Funds	-	-	137.66	137.66	-
Total Deferred Tax Liability	1,38,447.68	(1,15,937.44)	22,510.24	12,450.89	34,961.13
Deferred Tax Assets					
a) Accumulated business loss and unabsorbed depreciation	75,070.80	75,070.80	-	(32,303.63)	32,303.63
b) Provision for doubtful debts and advances and others	-	(7,791.45)	7,791.45	5,579.92	2,211.53
c) Amount deductible on payment basis	63,376.88	48,658.09	14,718.79	14,272.82	445.97
Total Deferred Tax Assets	1,38,447.68	1,15,937.44	22,510.24	(12,450.89)	34,961.13
Deferred Tax Liability/(Assets) (Net)	-	-	-	-	-

The ultimate realisation of deferred tax assets, carried forward losses and unused tax credit is dependent upon the generation of future taxable income. In absence of historical trend and this being initial year of operation, considering the principle of prudence Deferred tax asset in respect of unused tax losses and others (net of liabilities) amounting to Rs. 2,49,020.29 lakhs and Rs. 2,89,486.46 lakhs as of March 31, 2019 and March 31, 2018 respectively have not been recognized by the Company.

Notes forming part of the Financial Statements
as at and For the year ended March 31, 2019

(c) **The Expiry date for accumulated business loss and unabsorbed depreciation are as follows:** (₹ in lakhs)

Particulars	Year of Expiry	Amount
Business Loss	2019-2020	12,810.76
Business Loss	2020-2021	22,317.85
Business Loss	2021-2022	58,445.72
Business Loss	2022-2023	28,638.62
Unabsorbed depreciation	No Expiry	6,74,089.44

(d) **Reconciliation of Tax expense and the accounting profit multiplied by domestic tax rate for March 31, 2019**

Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Profit/ (Loss) before tax	1,18,803.56	(6,13,885.15)
Income Tax Charge/(Credit) thereon based on tax rate @ 31.20%	37,066.71	(1,91,532.17)
Deferred Tax assets on losses and unabsorbed depreciation not recognised	-	1,91,532.17
Utilisation/ Credit of unrecognised tax losses and unabsorbed depreciation	(37,066.71)	-
	0.00	0.00

46 The Board of Directors of Vedanta Star Limited and Electrosteel Steels Limited at their respective Board Meetings held on December 22, 2018, have approved the Scheme of Amalgamation, whereby Vedanta Star Limited shall amalgamate with Electrosteel Steels Limited with effect from October 01, 2018, the appointed date. Consequent to said amalgamation, the company will become subsidiary of Vedanta Limited. Pending Order of Hon'ble NCLT, adjustments in this respect have not been given effect to in these financial statements.

47 These financial statements have been approved by the Board of Directors of the Company on April 25, 2019 for issue to the shareholders for their adoption. These financial statements have been approved by the Board of Directors of the Company on May 15, 2017 for issue to the shareholders for their adoption.

48 Previous Period's figure has been regrouped/rearranged wherever necessary to comply with current year presentation. These financial statements have been approved by the Board of Directors of the Company on May 15, 2017 for issue to the shareholders for their adoption.

As per our report of even date

For Lodha & Co,
Chartered Accountants

R.P. Singh

Partner

Kolkata

Dated: April 25, 2019

For and on behalf of the Board

Naveen Kumar Singhal Non-Executive Director
(DIN : 02642057)

Rashmi Mohanty Non-Executive Director
(DIN : 07072541)

Pankaj Malhan Acting CEO

Jalaj Kumar Malpani Chief Financial Officer

Binaya Kumar Dash Company Secretary

M.No. A17982

V-XEGA

TMT BAR



V-WIRRO

WIRE RODS

V-DUCPIPE

DI PIPES



Electrosteel Steels Limited

Registered office address:
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Website: www.electrosteelsteels.com