



ELECTROSTEEL STEELS LIMITED



9th Annual Report 2015-2016



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CORPORATE INFORMATION

CIN - L27310JH2006PLC012663

BOARD OF DIRECTORS	Mr. Rajkumar Khanna (DIN: 05180042)	Non-Executive Independent Chairman	
	Mr. Amrendra Prasad Verma (DIN: 00236108)	Nominee Director	
	Mr. Jinendra Kumar Jain (DIN: 00737352)	Non-Executive Independent Director	
	Mr. Lalit Kumar Singhi (DIN: 00893144)	Non-Executive Director	
	Mr. Naresh Pachisia (DIN: 00233768)	Non-Executive Independent Director	
	Mr. Sunil V Diwakar (DIN: 00089266)	Non-Executive Director	
	Mr. Umang Kejriwal (DIN: 00065173)	Non-Executive Director	
	Ms. Rishu Kumari (DIN: 00729938)	Non-Executive Independent Director	
	Mr. Rama Shankar Singh (DIN: 02093276)	Executive Director	
	CHIEF FINANCIAL OFFICER	Mr. Ashutosh Agarwal	
COMPANY SECRETARY	Mr. Anubhav Maheshwari (ACS-22829)		
STATUTORY AUDITORS	M/s. B. Chhawchharia & Co., Chartered Accountants		
LENDERS	Allahabad Bank	LIC of India	
	Andhra Bank	Oriental Bank of Commerce	
	Bank of Baroda	Punjab National Bank	
	Bank of India	Punjab & Sind Bank	
	Bank of Maharashtra	SREI Infrastructure Finance Ltd.	
	Canara Bank	State Bank of Hyderabad	
	Central Bank of India	State Bank of India	
	Corporation Bank	State Bank of Mysore	
	Dena Bank	State Bank of Patiala	
	HUDCO	State Bank of Travancore	
	ICICI Bank Ltd.	Syndicate Bank	
	IL&FS Financial Services Ltd.	UCO Bank	
	Indian Bank	Union Bank of India	
	Indian Overseas Bank	United Bank of India	
	Jammu & Kashmir Bank Ltd.	Vijaya Bank	
	REGISTERED OFFICE	801, Uma Shanti Apartments, Kanke Road, Ranchi - 834 008, Jharkhand. Tel & Fax No.: +91 0651 228 5636	
	PLANT	Village Siyaljori, P.O. - Jogidih, P.S. - Chandankyari, Dist - Bokaro, Pin - 828 303, Jharkhand.	
CORPORATE OFFICE	G K Tower, 2nd & 3rd Floor, 19, Camac Street, Kolkata - 700 017, West Bengal Phone : +91 033-7103 4400 Fax : +91 033-2290 2882 Email: eil.investors@electrosteel.com Website : www.electrosteelsteels.com		

DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the Ninth Annual Report along with Audited Financial Statements for the year ended 31st March 2016.

FINANCIAL SUMMARY/HIGHLIGHTS

Particulars	Amount (Rs in Lakhs)	
	FY 2015-16	FY 2014-15
i. Gross Turnover	288,875.89	203,287.58
ii. Net Turnover	259,769.47	183,124.07
iii. Other Income	1,516.41	1,560.49
iv. Total Revenue	261,285.88	184,684.56
v. Earnings Before Interest, Depreciation, Taxation and Amortization (EBIDTA) (excluding exceptional item)	12,482.81	2,855.09
vi. Interest	52,531.47	45,173.13
vii. Depreciation	20,257.93	20,085.09
viii. Exceptional Item	27,651.92	-
ix. Profit before Taxation (PBT)	(32,654.67)	(62,403.13)
x. Tax including Deferred Tax	-	1.10
xi. Profit after Taxation (PAT)	(32,654.67)	(62,404.23)
xii. Amount available for appropriation	(32,654.67)	(62,404.23)
xiii. Transfer to general reserve	-	-
xiv. Surplus/ (Deficit) carried to Balance Sheet	(32,654.67)	(62,404.23)

OPERATIONS

The Company's Greenfield Integrated Steel & Ductile Iron Pipe Plant with 2.51 Million Ton Per Annum (MTPA) capacity as detailed hereunder is under construction and erection:

Finished Products	MTPA
Wire Rod	0.60
TMT Bars	0.85
Ductile Iron Pipe	0.33
Billets	0.33
Pig Iron	0.40
Total	2.51

Both Blast Furnaces of 1050 M³ and 350 M³ capacity are operating at their optimum capacity resulting in increased production and turnover. Further during the period, Wire Rod Mill, 2nd unit of Sinter Plant and Steel Melt Shop were completed, commissioned and production commenced. Other commissioned ancillary units viz. Lime and Dolomite Plant, Oxygen Plant, Power Plant, etc. have facilitated augmentation of integrated capabilities of the Plant and enhancement of production. At present, out of envisaged installed capacity of 2.51 MTPA, the Plant is running to the current operational capacity of about 1.50 MTPA.

Your Company is selling TMT Bars, Billets, Ductile Iron Pipes, Pig Iron and Wire Rod in the open market. Your Company's flagship product - Ductile Iron Pipe has established its presence in the market and is contributing significantly to Company's growth. Your Company's continuous efforts for reduction of production cost and improvement in operational efficiency has resulted in increase in overall sales in terms of products sold by more than 78% vis-a-vis Financial Year 2014-15 and was also able to report profit in the quarter ended 31st March 2016. Your Company had entered into contracts with several parties for supply of equipment, structures, civil and erection commissioning, etc for its Plant. Since there was inordinate delay in delivery and commissioning of the project modules of the Plant, which in turn had resulted in loss of opportunity/profit, Your Company after its own assessment and in terms of the contracts had recovered a part of the amount payable to such vendors and has recognized it as income in the Statement of Profit and Loss as Exceptional Item. Your Company expects better margins translating into improved performance with increase in turnover. Your Company is presently exporting Billets, Wire Rod and TMT bars to neighboring countries like Nepal and Bangladesh. However, sluggishness in the global steel industry still remains a matter of concern.

As informed in previous Report, even after assessment of the need based working capital facility of Rs 1300 crores under Corporate Debt Restructuring Package, the delay in release of working capital facilities by the Bankers had impacted the cash flow generation of the Company. However, inspite of paucity of the working capital, due to better management of available resources, overall sales has improved. With operationalization of other project modules of Plant together with anticipated release of sanctioned working capital facilities, it is expected that the overall financial health of Your Company should improve considerably as has been reflected from the performance of the period under review.

Lenders of the Company invoked Strategic Debt Restructuring (SDR) pursuant to RBI Circular No. DBR.BP.BC.NO.101/21.04.132.2014-15 dated 8th June 2015 and RBI Circular No. DBR.BP.BC.NO. 41/21.04.048/15-16 dated 24th September 2015. Shareholders of the Company in the Extra-Ordinary General Meeting held on 7th January 2016, had approved Joint Lenders Forum decision taken on 16th October 2015 to convert part of the principle amount of restructured debt aggregating to Rs 2507.57 crores outstanding as on Reference date of 27th July 2015 into 250.75 crores equity shares of Rs 10 each to enable Lenders to collectively hold 51% or more of the equity capital of the Company. Although the Company had received share application forms from the Lenders pursuant to Section 42 of the Companies Act, 2013 read with Rules made therein, the Company, in absence of final communication from the Lenders did not proceed with allotment of the aforesaid equity shares.

EQUITY SHARE CAPITAL

In terms of SDR Package, to accommodate issue and allotment of aforesaid equity shares to the Lenders of the Company and pursuant to the shareholders approval in the Extra-Ordinary General Meeting held on 7th January 2016, the authorized share capital of the Company had been enhanced from Rs 4500 crores to Rs 5000 crores.

DIVIDEND

In view of the loss, your Directors regret their inability to declare any dividend for the year.

TRANSFER TO RESERVES

In view of losses incurred by the Company during the year, no amount has been transferred to the General Reserve.

EROSION OF NETWORTH

As reported in previous Report, since accumulated losses resulted in erosion of over 50% of peak net worth during the immediately preceding four financial years, your Company had become a "Potential Sick Company" within the meaning of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). Shareholders of the Company, at the Extra Ordinary General Meeting held on 11th September 2015 had considered and approved the Report of Directors on the causes of erosion of more than 50% of the net worth and steps to be taken for revival remedial measures. In terms of the requirement of SICA, the Company after shareholders approval had reported to the Board for Industrial and Financial Reconstruction the fact of such erosion.

During the period under review, Your Company, inspite of financial constrains as stated earlier, had been able to improve its overall revenue. However, due to insufficient funds for completion of the remaining modules of the Plant, the Company is not able to operationalize to its envisaged capacity.

Your Board is confident/optimistic that it would continue to implement effective measures in normal course of business to revive the operations of the Company as it did during the period under review, which is evident from the improvement in the overall sales/performance. Accordingly, financial statements for the period under review have been prepared on a going concern basis.

MANAGEMENT DISCUSSIONS AND ANALYSIS

A report on Management Discussion and Analysis is enclosed as “Annexure A” and forms an integral part of this Report.

NATURE OF BUSINESS

There has been no change in the nature of the business of the Company during the year. No material changes and commitments occurred between 31st March 2016 and 13th May 2016 i.e. the date of the Directors Report, affecting the financial position of the Company.

NUMBER OF BOARD MEETINGS

During the year, 5 (Five) Board Meetings were convened and held, details of which are provided in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 (“Act”).

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the period under review.

SUBSIDIARY / ASSOCIATE / JOINT VENTURE COMPANY

The Company does not has any subsidiary/associate /joint venture company during the year ended 31st March 2016.

INTERNAL FINANCIAL CONTROLS

Your Company has in place policies and procedures to ensure orderly and efficient conduct of its business including adherence to Company 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. Your Company with respect to all material aspect has adequate internal financial controls over financial reporting and such internal financial controls were operating effectively during the period under review. The financial reporting criteria established by Your Company considered 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 Accounts of India (ICAI).

The Company's ERP Package “SAP” is operated on a pre-defined manual. The Company also has adopted Standard Operating Practices (SOPs) for its various areas of operations, which are in line with SAP manual. SOPs are adopted or revised, if required, to ensure that internal control system is effective and constantly assessed and strengthen. The Company has appointed Internal Auditors who monitor and evaluate the efficacy and adequacy of the internal control systems in the Company, its compliance with operating systems and accounting procedures and policies adopted by it, besides bench marking controls with best practices in the Industry. Based on the reports of the internal auditor, process owners undertake corrective action in their respective areas and thereby strengthening the controls. Significant audit observation(s) and corrective action(s) thereon, if any, are presented to the Audit Committee and the Board.

SIGNIFICANT AND MATERIAL ORDERS

During the period under review no significant and material order was passed by any regulator or court or tribunal impacting the going concern status and Company's operations in future. However, Members attention is drawn to the statement of contingent liabilities, commitments in the note forming part of Financial Statement.

ANNUAL EVALUATION OF THE BOARD

The Board on recommendation of the Nomination and Remuneration Committee had adopted Schedule IV to the Act, as criteria for evaluating performance of Independent Directors and on the basis of the performance evaluation report has determined to continue their term of appointment as Independent Directors of the Company.

The Independent Directors of the Company in their meeting held on 11th February 2016, 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; (ii) reviewed the performance of the Chairman taking into account the views of the Executive Director and Non-Executive Directors (iii) 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

Shareholders of the Company at the Annual General Meeting held on 11th September 2015 had approved appointment of Ms Rishu Kumari as an Independent Director of the Company for a period of five years w.e.f 21st March 2015. The Company has received from Mr Rajkumar Khanna, Mr Naresh Pachisia, Mr Jinendra Kumar Jain and Ms Rishu Kumari (i) statement on declaration that they meet the criteria of Independence as provided in Section 149 of the Act and Uniform Listing Agreement under SEBI (Listing Obligations and Disclosure Requirements), 2015 ("LODR") and (ii) declaration that they have abide by the provisions specified in Schedule IV to the Act.

All the Directors have made necessary disclosures as required under various provisions of the Act and LODR.

Mr Umang Kejriwal and Mr Rama Shankar Singh, Directors shall retire at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. The Board recommends their re-appointment for the consideration of Members of the Company at the ensuing Annual General Meeting.

The brief Resume/Profile of the Directors recommended by the Board for re-appointment is attached with Notice for the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors hereby confirm that:

- a) in the preparation of annual accounts, containing financial statements for the year ended March 31, 2016, 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 2015-16 and of the 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 Companies Act, 2013 for safe guarding 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 laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.*
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

*Please refer to the Section 'Internal Financial Controls' of the Report and 'Internal Controls' in the enclosed Management Discussion & Analysis Report.

PARTICULARS OF THE EMPLOYEES

The information required pursuant to Section 197 of the Act, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in respect of employees of the Company is given a separate annexure to this Report. The Reports and Accounts are being sent to Members and other entitled thereto, excluding the information on employee's particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on any working day. If any member is interested in obtaining a copy thereof, such member may write to Company Secretary in this regard.

AUDIT COMMITTEE

The composition, terms of the reference and number of meetings of the Audit Committee during the year is covered in the enclosed Corporate Governance Report.

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 B**” and forms an integral part of this Report.

CORPORATE GOVERNANCE

Your Company has complied with the requirements of LODR relating to Corporate Governance. A Report on Corporate Governance and the Auditors Certificate on compliance of conditions as stipulated therein is enclosed as “**Annexure C**” and forms an integral part of this Report.

STATUTORY AUDITORS & AUDITORS REPORT

The Shareholders of the Company in the 7th Annual General Meeting (AGM) held on 16th September 2014 had approved appointment of M/s. B Chhawchharia & Co., Chartered Accountants (Registration No. 30512E) as Statutory Auditors of the Company until the conclusion of the 10th AGM of the Company and authorized the Board to fix their remuneration. In terms of the requirement of the Act, their appointment is required to be ratified by the Members at the ensuing AGM. Accordingly, the Notice convening the ensuing 9th AGM includes the resolution seeking such ratification by the Members for the said appointment of the Auditors.

Pursuant to Sections 139, 141 and 142 of the Act, and relevant rules prescribed therein, the Company has received certificate from the Statutory Auditors to the effect, inter alia, that they are not disqualified for ratification of appointment under the provisions of applicable laws, the appointment is as per the terms and the limits prescribed under the Act and no proceedings against them or any of their partners are pending with respect to matter of professional conduct under the Chartered Accountants Act, 1949 and the rules and regulation made therein.

The Auditors have also confirmed that they have subjected themselves to Peer Review, a process of ICAI and that they hold a valid certificate issued by the Peer Review Board of the ICAI.

The Auditors' Report addressed to the Members of the Company, does not contain any qualification or reservation or adverse remark or disclaimer.

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 13th May 2016 on the recommendation of the Audit Committee, had approved appointment of M/s S. G. & Associates, Cost Accountants, Kolkata (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 2016-17. The appointment as Cost Auditors is till the expiry of 180 days from the closure of the financial year ending 31st March 2017 or till the submission of the Cost Audit Report for the financial year 2016-17 in the prescribed format to the Board, whichever is earlier.

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 AGM. The Company has received consent letter from M/s S. G. & Associates, Cost Accountants, for their appointment.

The Cost Auditors are expected to submit their Cost Audit Report to the Board of Directors in the prescribed form for the financial year 2015-16 within the due date of 27th September 2016.

The Cost Audit Report for the Financial year 2014-15 do not contain any qualification or reservation or adverse remark and was filed with Ministry of Corporate Affairs within the stipulated time.

SECRETARIAL AUDITOR & SECRETARIAL AUDIT REPORT

The Board in its meeting held on 13th May 2016 on the recommendations of the Audit Committee had approved appointment of M/s K Arun & Co., Practicing Company Secretaries, as Secretarial Auditor of the Company for audit of the secretarial and related records of the Company for the financial year ending 31st March 2017. The Company has received consent letter from M/s K Arun & Co., Practicing Company Secretaries, for their appointment.

The Secretarial Audit Report of M/s K Arun & Co., Practicing Company Secretaries for the financial year ended 31st March 2016 do not contain any qualification or reservation or adverse remark or disclaimer and is enclosed as “**Annexure D**” and forms an integral part of this Report.

EXTRACTS OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9 as required under Section 92 of the Act is enclosed as “**Annexure E**” 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 exigencies 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 are placed on quarterly basis before the Audit Committee for approval and before the Board for consideration and noting. The Company pursuant to the requirement of Section 188 of the Act read with Rules made therein had taken shareholders approval on 11th September 2015 for execution of related party transactions with Electrosteel Castings Limited, Promoter Company.

During the period under review related party transactions have been on arms- length 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 <http://www.electrosteelsteels.com/investorrelations/pdf/rpt.pdf>

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year, the Company has not provided any loan, guarantee or made investment under provisions of Section 186 of the Act.

RISK MANAGEMENT POLICY

The Company has in place the Risk Management Policy. The details of the identification of the various risk associated with the business of the Company which in the opinion of the Board may threaten existence of the Company is detailed in the enclosed Management Discussion & Analysis Report.

CORPORATE SOCIAL RESPONSIBILITY POLICY

The Company has in place Corporate Social Responsibility Policy and it is available on the website of the Company www.electrosteelsteels.com. The composition and the terms of reference of the Committee are detailed in the enclosed Corporate Governance Report.

During the year, the CSR initiatives undertaken by the Company, although not mandatory under Section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014, are detailed in the enclosed Management Discussion & Analysis Report.

REMUNERATION POLICY

The Company has in place Remuneration Policy for Directors, Key Managerial Personnel and Senior Management Personnel to align with the requirement of the Act and LODR. The particulars of the remuneration policy are stated in the enclosed Corporate Governance Report.

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

The Company has in place “Internal Complaints Committee” and redressal policy in case of sexual harassment of women at workplace as envisaged under aforesaid Act. During the year, the Company has not received any complaint with respect to sexual harassment of woman at work place.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has in place Vigil Mechanism/Whistle Blower Policy. The details of the Policy as well as establishment of vigil mechanism are provided in the Corporate Governance Report enclosed and are also available on the website of the Company i.e. www.electrosteelsteels.com.

APPRECIATION

Your Directors take this opportunity to place on record their gratitude and thank the Financial Institutions, Bankers, Government Authorities, Customers, Vendors, Shareholders and Employees for their valuable guidance, support continued assistance and co-operation to the Company. The Directors also look forward to their continued support in future.

For and on behalf of the Board of Directors

Place : Kolkata
Dated : 13th May, 2016

R S Singh **Lalit Kumar Singhi**
Whole-time Director *Director*

MANAGEMENT DISCUSSION & ANALYSIS REPORT

ECONOMIC OVERVIEW

During the period under review, global economy remained sluggish. Growth in emerging markets and developing economies continued to be low with a modest recovery in the advanced economies. The slowdown and rebalancing in China, a further decline in commodity prices, especially for oil, a related slowdown in investment and trade, declining capital flows to emerging markets and developing economies, geopolitical tensions and political discord were some of the factors which were generating substantial uncertainty and subdued outlook for the world. The fiscal support and accommodative financial conditions amongst others for the developed countries would be the factors that would shift growth dynamics from emerging to developed economies.

GLOBAL STEEL INDUSTRY

Steel and iron ore prices are sensitive to trends in cyclical industries such as automotive, construction, appliance, machinery, equipment, which are its significant markets. Due to scanty demand, the period under review witnessed a steep fall in commodity prices globally bringing down steel prices, leading to immense pressure on operating margins on the steel plants worldwide. During the period under review economic slowdown in China has dealt a major blow to the global steel industry and is still reeling under overcapacity with barely signs of recovery. Appreciation in dollar and lower crude oil prices have further resulted in reduction of consumption/demand for steel in the market. Further weak infrastructural investments coupled with impact of geographical tension globally have also acted as hindrance factor for the overall growth of the steel industry.

During the period under review the growth in the global steel demand was sluggish, mainly attributable to weaker than expected performance in the emerging and developing economies. The slowdown in the emerging economies has revealed in deceleration in steel usage. Growth in China which had been the main driver for both demand and supply in the past, has moderated significantly reflecting the structural transformation of the economy. China has been exporting steel despite several barricading measures taken by the affective countries.

The global steel prices are languishing at their lower levels amid structural oversupply. The demand for steel in the developed countries is expected to be moderate and growth in emerging and developing economies is also expected to pick up.

Better cost management, more ability to invest in new technology and research & development will help in improving productivity. It will enable a stronger negotiation on prices with raw material producers and shall result in better sales realization despite the challenges of over capacity, exchange rate fluctuation and pressure on margins. The outlook of the sector looks optimistic.

INDIAN STEEL INDUSTRY

Steel is traditionally considered the backbone for economic development. Domestic steel prices are influenced by trends in raw material prices, demand-supply conditions in the market, and international price trends amongst others. The operating margins during the period under review were under pressure mainly attributable to steady fall in sales realization and lower capacity utilization. Weak demand in major steel producing neighbouring countries have forced them to focus on export at aggressive prices to India, impacting the financial health of domestic steel manufacturers. With the persistent low demand for steel being fulfilled by cheap import, the Indian steel industry looking up to the government to define rescue route.

Inspite of imposition of safeguard duty by the Government to protect domestic industry from unrelenting imports from China and other countries, the improvement in the performance of the steel sector was lower than the anticipated primarily due to limited coverage of the products and further corrections of the international prices. The magnitude of the price increase is not expected to be as sharp as the price differential on account of adverse demand-supply in short to medium term. Although the steel industry remains under pressure, it is expected to grow on back of anticipated growth of automotive, infrastructure and construction sectors amongst others.

OVERVIEW OF THE OPERATIONS

Performance of the Company

Your Company's 2.51 MTPA Greenfield Integrated Steel & Ductile Iron (DI) Pipes Plant in the district of Bokaro, Jharkhand, is under construction & erection. A part of the Plant facility has commenced production and Company at present is selling TMT Bars, Billets, Pig Iron, Ductile Iron Pipes and Wire Rod. The following project modules of the Plant have been completed and are under operation:

Vertical Coke Oven	350m ³ Blast Furnace (BF3)	1050m ³ Blast Furnace (BF2)
Pig Casting Machine	Sinter Plant (One & Two both)	Rebar Mill
Water Supply System	220 KV Sub- Station & 33 KV Sub- Station	Soft Water and DM Water Plant
Air Compressor Station	Blast Furnace Gas Holder	Steel Melting Shop (2 Units)
Pulverized Coal Injection System	River Side Pump House	Lime Calcination Plant
Oxygen Plant	Dolo Plant	60 MW Captive Power Plant (2 Units)
Raw Material Handling System (Part)	DI Pipe Plant	Wire Rod Mill

The turnover of your Company increased from Rs1,83,124.07 lakhs to Rs2,59,769.47 lakhs and the losses of the Company reduced from Rs 62,403.13 lakhs to Rs 32,564.67 lakhs primarily attributable to improved operational efficiency, better management of available resources and continuous efforts for reduction of production cost as well as operationalization of some of the project modules.

Fixed Assets (including capital work in progress)

As of 31st March 2016, the Fixed Assets of the Company was Rs12,03,456.99 lakhs, comprising of Rs. 1,83,280.12 lakhs of capital work-in-progress and a Net Block of Rs.10,19,934.43 lakhs. Capital work-in-progress was primarily on account of expenditure including advances towards plant & machinery and construction & erection thereof. The expenditure incurred during the construction period is classified as 'Project Development Expenditure' pending capitalization to be allocated to the asset on the completion thereof. Necessary details as per Schedule III of the Act, have been disclosed in the notes to accounts forming part of the Annual Accounts for the year 2015-2016.

Indebtedness

The total secured outstanding indebtedness (including interest) as on 31st March 2016 is Rs. 11,30,852.43 lakhs out of which the long term borrowings is Rs. 10,66,473.73 lakhs and short term borrowings (including interest) is Rs. 64,378.70 lakhs.

OPPORTUNITIES AND THREATS

Huge global overcapacity and demand slowdown has resulted in historically low international steel prices. This coupled with poor demand outlook for the domestic market has impacted domestic realization. The primary factors, amongst others, which could affect the operations/performance of the Company are:

- Weak domestic and/or global economic growth
- Volatility in supply of prices of raw materials or protracted low steel prices.
- Increased competition in steel industry.
- Excessive capacity in the steel industry may weigh on the profitability of steel producers.

The political and economic importance of steel industry necessitates changes in the steel sector through export benefits, duty protection, etc. The operating efficiencies would largely improve on account of economies of scale, reduction in administrative and overhead cost. The expected growth in housing sector, increasing urbanization of rural India and increase in investments in infrastructure projects are expected to improve industry prospectus.

COMPETITION

During the period under review, there has been decline in prices of billets and rebars mainly because of cheaper import offers from China and in an around India. This has led to deep erosion in price levels especially during the second half of the year. However, with imposition of minimum import price during latter part of the year, resulted in improvement of realisation of price. Your Company has designed an efficient distribution network and robust marketing set up to capture new markets and to remain competitive. Efficient sales process & improved service levels have resulted in customer confidence and positive referrals.

The production of Wire Rod has commenced during the period under review and is being sold in the market domestically as well as in international markets to establish our quality.

Strengthening of marketing team for the sale of products has resulted in product being sold across the country thereby making a pan India presence of the Company. With inclusion of distributors and opening of new stockyard(s), from time to time, for the sale of products across the country, the Company is aggressively making products available for various sections of consumers. Hence, a strong foundation has been laid for the marketing of the products by creation of the marketing team and continuous increase in the customer base which is reflected in the sale of Pig Iron, Billets, TMT bars, Wire Rod and Ductile Iron Pipes. We have supplied products to the projects of L&T, Kalptaru, JP Associates, Ajnara, Sadbhav, SEZ etc. Initiation of branding activity has helped us to penetrate retail markets and enhance our reach to various regions across India. Your Company has also made inroads into export market by supplying Billets & Pig Iron to various customers across Nepal and Bangladesh.

In anticipation of increase in demand of Billets, TMT bars, Wire Rod and Ductile Iron Pipes in future, Your Company is revamping production facilities. Your Company believes that quality and service are sole parameters that will help to develop loyal customers through long term contracts. Your Company has a Customer Services Department, to address complaints and queries raised by customers. It has helped to map consumer perceptions for products and develop focused Brand communication.

RISK MANAGEMENT

The Steel Industry is cyclical and volatile. A willingness to take entrepreneurial risk enables the Company to exploit the opportunities, as they drive. To achieve balance between risk management and maximizing profitability, Your Company is adept at controlling the balance by grasping business opportunities and by ensuring that risk transgression is not pursuit of profit of the Company. Risk Management is a systematic, cyclical process, involving a series of steps from identification of a risk, to the analysis, evaluation and management of risk and finally to monitor the measures taken in reaction to the risk.

The Company has a proper Risk Management and Control framework to ensure that the risks are identified and managed effectively. The risk and mitigation measures are weaved into strategic plans and reviewed periodically as and when required. The purpose of the risk management is to make it more certain that growth and earning targets as well as strategic objectives are met. Your Company has already undertaken, extensive risk management efforts that include Risk Management Manual, compiling a comprehensive profile of the key risks to the Company, identifying the key gaps in managing those risks and developing preliminary action plans to address those risks. These efforts would, inter-alia, facilitate :

- (a) to respond to the Board's need for enhanced risk information and improved mitigation plan(s).
- (b) to provide the ability to prioritize, manage and monitor the risks in the business
- (c) to formalize the explicit requirements for assessing risks on an on-going basis, including an effective internal control and management reporting system.

Market Risk

The key factors that drive Company position are its market share and customer profile. A wide product range enables Your Company to cater to larger client base and thus diversify risk. Your Company has put in efforts for implementing the initiatives that enable it to identify and make assessment of the causes of losses and sharing such information among top management and related departments in the Company for corrective measures.

Commodity Risk

Your Company is exposed to the risk of price fluctuation of raw materials as well as of finished goods. Your Company proactively manages the risk through inventory management, proactive vendor development practices and robust marketing network. The derivative financial instruments are used to hedge the risk of commodity price fluctuations.

Foreign Exchange Rate Risk

The currency exposure is on account of exporting goods and for import of equipment and other goods for commissioning of the Plant as well as for import of raw materials, which is covered by using currency transactions on the spot market and/or forward market. Your Company has adopted a prudent and conservative risk management strategy in line with the Foreign Exchange Policy approved by the Board.

Interest Rate Risk

Interest rate conditions and fluctuations in financial markets have impact on the earnings/performance of the Company. To complete the commissioning of the Plant and to meet the working capital requirements, Your Company procures/avails funds from various Banks/Financial Institutions, from time to time. In some of the cases financial liabilities are exposed to the risk of changing interest rates. To manage these risks regular interest rate analysis are done, from time to time.

Raw Material Risk

The operations of Your Company is primarily dependent on iron ore and coking coal which are linked to international demand for and supply of resources and hence exposed to possible increase in price of raw materials. This exposure is managed through contracts and in some cases exposure in raw materials is covered through derivatives contracts.

Sales Risk

Steel prices are influenced by many factors including demand, raw material cost, capacity utilization and improvement in manufacturing process. The said risk is countered by Your Company on an on-going basis through different measures, monitoring the trend in the market and if necessary, production and capacities are adjusted accordingly.

Credit Risk

Your Company extends credit to its customers and hence exposed to credit risk in form of accounts receivables. The Company regularly reviews customers credit limits and appropriately manage the credit exposure under those limits. Your Company continuously performs credit evaluation on the financial conditions of customers and based on such evaluation take collateral, if required, to secure receivables.

Construction Risk

The Plant of the Company is under construction and erection. The Company has taken out appropriate insurance against the potential losses and liability risks to ensure that potential financial consequences of any risks which have arisen gets eliminated/limited.

Technology Risk

The Company has in place reporting framework with lead indicators that reliably flag emerging risks while they can be efficiently mitigated. This ensures that the Plant is equipped with updated technologies in order to serve customers and secure cost competitiveness. This would facilitate in long term increase productivity across supply chain and improved market valuation.

Environment Risk

The existing environmental regulations if strengthen or new regulations introduced may have impact on the earnings of the Company. The increase volume and scope of regulations is increasing the cost of compliances, risk of non-compliance and delays while interacting with regulators. Your Company has robust compliance tool in place that ensures adherence to all applicable laws and regulations.

INTERNAL CONTROLS

The purpose of the internal control is to prevent risk arising in course of operations by adopting appropriate controls and process, especially with regard to conformity with the laws, compliance with the strategy, the quality of accounting and reporting, the quality of process and protection of assets amongst others.

Your Company has an effective internal control system commensurate to its size, scale and complexities of its operations. M/s K M Gupta & Co, Chartered Accountants, Internal Auditors of the Company have conducted the Internal Audit in line with the scope formulated, functioning, periodicity and methodology agreed with the Audit Committee. The reports furnished by them are exhaustive and detailed discussion are held from, time to time, on their findings/observation with the Management. The Internal Auditors monitors and evaluate the efficacy and adequacy of the internal control system in the Company, its compliance with operating systems and accounting procedures and policies adopted by it. Based on the reports of the internal audit, process owners undertake corrective action in their respective areas and thereby strengthening the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee, from time to time. To maintain its objectivity and independence, the Internal Auditors reports to the Chairman of the Audit Committee. The Company has appointed consultants/professionals to conduct Cost Audit and Secretarial Audit and observations made, if any, are reviewed by the Management periodically and corrective actions, if required, are taken.

INDUSTRIAL RELATIONS AND HUMAN RESOURCE (HR) MANAGEMENT

Your Company recognizes people as the primary source of its competitiveness and continues to focus on people's development by leveraging technology and developing a continuous learning human resource base to unleash their potential and fulfill their aspirations.

During the period under review many HR initiatives which are directed towards building a knowledge sharing and performance enhancing organizational culture were undertaken as mentioned below:

- Strong emphasis on structured communication sessions for all sections of workmen across departments.
- Introduction of state of art facility in attendance monitoring system for all workers by implementation of Face Reader Attendance System.
- Skill development Training and engagement programmes for workers in different categories.
- Structured training and counselling session for improvement of work place behavior and discipline through Central Board for Workers Education (Government of India)
- Ensuring compliance of all Labour Statutes.
- Effective grievance redressal mechanism is in place.
- The HoshinKanri methodology is being used to scientifically align the collective energies and efforts of the group towards achievement of business goals for the current period.
- The Performance Management System and Goal Setting exercise has been cascaded to all managerial employees. It has also been aligned to support the business plan of the Company.
- Leadership development programme "Prerna" launched for Senior Executives.
- Sourcing of young and fresh talents from leading engineering/management colleges for meeting the current and future needs of the Company through Company wide Engineer/Executive trainee programme.
- Formal Reward and Recognition programme launched for all employees to encourage superlative performance and recognise outstanding individual and team achievements and further improve engagement levels.

- Structured training intervention initiated to address behavioural and technical skill gaps through launch of annual training calendar.
- Periodic town hall meetings with all employees with Director and Senior Management for providing business update and by open house interaction.

Safety at project site, medical care requirements of workers and on the job training is being provided at the Plant to avoid mishaps and ensure high level of security, safety and confidence among employees.

During the year, Your Company has maintained cordial relations with the employees and there has been no material development in Human Resources/Industrial Relations front. The number of employees employed in the Company as on 31st March 2016 was 2116.

CORPORATE SOCIAL RESPONSIBILITY

Social and environmental responsibilities have always been at the forefront of Your Company's operating philosophy. The Company acts as a catalyst to bring change in the quality of life of the people through community based development initiatives.

Corporate Social Responsibility (CSR) portrays the deep symbiotic relationship that Your Company enjoys with the communities it is engaged with. Your Company aims to achieve new benchmarks of excellence in delivering responsive socio-economical facilities to the community to bridge the gap of social disparities. Following programmes were taken to address of socio economic challenges:

- Your Company runs small hospitals at Chandaha, under the block Chas, district Bokaro to provide quality and responsive medical facility especially to address the need of the rural area. The initiative named as Sparsh, touching lives of people, provides a comprehensive range of modern health care and in patient treatment facility to under-privileged community dwelling in 30 villages in Bokaro district especially in remote rural areas. Ambulance service is also provided by the Company to transport critical patients to referral hospitals. Around 2000 patients were served in the village based hospital during the period under review.
- Company also conducts mobile health camps and treatment on wheels facility on daily basis in and around villages located near plant area. 165 camps were organised during the last year and around 4500 patients were treated by qualified doctors and provided free medicines in mobile health camps.
- Company organizes blood donation camp every year at it's premise. Similar kind of initiative was conceived this year also. However, this time CSR department was able to rope in both Red Cross Society and Bokaro General Hospital (BGH) team for the great cause. Around 150 employees donated blood voluntarily and contributed in nation building exercise.
- Prerna Class, a special free tuition facility for meritorious but poor students appearing for Board Examination started in 2011 on experimental basis with 20 students in Siyaljuri. Duration of the compact course is 12 months and special arrangements were made to promote girls education for higher studies. The course had been designed with help of local experienced teachers to bridge the gap of quality education that was available in modern cities. Total 4 such centres were running in the project area in Bokaro covering students in 20 villages.
- Your Company also provided school buses on regular basis to transport school children of Modidih and Bhagabandh so that they can also enjoy the benefit of modern education. Special free tuition classes were run last year in 3 villages to provide additional teaching support to the students from the remote villages to enable them to perform at par with city students in city based schools.
- Extra-curricular programmes were conducted in 10 schools where essay writing, quiz, debate and drawing competitions were organized for children of different age groups. The programmes considered to be great success as such kind of initiative was never organized earlier in schools and students got an opportunity to demonstrate their hidden talent other than regular course curriculum.
- Pure and safe drinking water facility has been arranged in middle and secondary schools in the area also in last year. Total 10 Kent water filters were donated to schools so that the students can access pure water and keep water borne diseases away.
- Training on First aid was done in 48 schools and 15 Anganwadi Centres. First aid medical kits and medicines were placed in all these places.

- Your Company repaired 180 defunct tubewells during last year. Company has engaged 3 mechanics to repair defunct tubewells within 48 hours of reporting to ensure availability of safe drinking water in all villages round the year located in and around Plant and mines.
- Your Company also provided drinking water through tanker to the households especially in the months of summer, festival seasons and community functions. Your Company provided free water tanker facility in 362 places in 25 villages in last year.
- Your Company also conducted 55 bleaching powder distribution and safe drinking water awareness programme in all 30 villages round the year to sensitize community on diseases spread through polluted and contaminated water. Villagers across areas of importance now can access clean and safe drinking water round the year.
- With an objective to promote sports and engage youth; Cricket, Football, Volleyball and local sports were promoted in the nearby villages by Your Company. As a motivational aspect cricket kits, footballs and volleyballs were distributed from time to time to the young players. Yearly football and cricket tournaments were also organized among the teams of 30 villages.
- During the year, a total 1500 Mosquito nets have been distributed to households to protect them from Vector Borne Diseases.
- Your Company in association with Animal Husbandry Department, Bokaro organized 12 Animal Vaccination Camps during the year. Total 3460 animals were vaccinated.
- To promote organic farming and promotion of practice of usage of bio-fertilizer, Your Company installed five vermi compost pits in the surrounding villages.
- Women Empowerment drive has brought considerable changes in socio-economical values in the villages in Bokaro. Formation of 120 Self Help Groups (SHGs) consisting of women members with homogenous socio- economic backgrounds and training of these SHGs on credit culture, accounting and book keeping enable them to mobilize savings and use it for consumptive and productive purpose. The Project has made them free from the clutches of money lenders and social exploitation.

Establishment of Sewing Centres and Garment Production Centres in 6 villages to ensure regular income to women made these women independent and they are now able to contribute financially to the growth of the society. 1400 women were already trained in handloom activities and another 200 students are undergoing training this year. Talented Graduated students were then linked with company run production centre to produce garments and handloom products.

Puffed rice units were set up in Bhandih and Chandaha village with technical help of IIT Kharagpur innovation unit so that village based women can explore alternative livelihood possibilities engaging in micro entrepreneurship activities.

CAUTIONARY STATEMENT

This report contains projections, estimates and expectations etc. which are “forward-looking statements”. Actual results could differ from those expressed or implied in this report. Important factors that may have impact on Company's operations include economic conditions affecting demand / supply and price conditions in the domestic and overseas markets, changes in the Government regulations / policies, tax laws and other statutes and other incidental factors. The Company assumes no responsibility to publicly modify or revise any forward looking statements on the basis of any future events or new information. Actual results may differ from those mentioned in the report.

For and on behalf of the Board of Directors

Place : Kolkata
Dated : 13th May, 2016

R S Singh
Whole-time Director

Lalit Kumar Singhi
Director

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO
A) CONSERVATION OF ENERGY
(i) Steps taken for Conservation of Energy

The thrust on the energy conservation continued during the year with more vigor. 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) Use of Capacitor banks to reduce reactive power consumption and increase power-factor for better active power utilization.
- (b) Use of energy efficient motors and VVVF drives.
- (c) In many areas illumination power consumption have been reduced by switching over to alternate light and lighting circuits resulting in energy saving.
- (d) To increase awareness, training programmes are regularly conducted in the Plant.
- (e) Reduced idle time of conveyors by strictly following protocol system.
- (f) Transparent sheets as ceiling at Wire Rod Mill to use day light.

(ii) Steps taken for Utilizing Alternate Source of Energy

- Solar powered LED street lighting system has been installed.
- Utilizing coke oven waste heat recovery from boilers in captive Power Plant.

(iii) Capital investment on energy conservation equipment

Since the Plant is under implementation, conscious efforts are being made during the design, engineering and construction stage itself to ensure that the technology is understood and necessary measures to minimize energy consumption are incorporated in the Plant.

B TECHNOLOGY ABSORPTION
(i) Efforts made towards technology absorption

Since the Plant is under implementation, conscious efforts are being made during the design, engineering and construction stage itself 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

- Improvement in productivity.
- Increase in-house capability.

(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

Since the Plant is under implementation and yet not fully commissioned expenditure incurred on Research & Development cannot be quantified separately at this stage.

C FOREIGN EXCHANGE EARNINGS AND OUTGO:

	Rs in lakhs
Foreign Exchange earnings in terms of Actual inflow	3,512.15
Foreign Exchange outgo earnings in terms of Actual outflow	84,833.14

For and on behalf of the Board of Directors

Place : Kolkata
Dated : 13th May, 2016

R S Singh **Lalit Kumar Singhi**
Whole-time Director *Director*

CORPORATE GOVERNANCE REPORT

1. Company's philosophy on Corporate Governance

The philosophy of Your Company in relation to Corporate Governance is to achieve and to maintain the highest standard of Corporate Governance through implementation of the following objectives:

- (1) To protect and facilitate the shareholders to exercise their rights.
- (2) To provide adequate and timely information to all the shareholders.
- (3) To ensure equitable treatment to all shareholders.
- (4) To recognize the rights of its shareholders and encourage co-operation between the Company and the stakeholders.
- (5) To ensure timely and accurate disclosure on all matters including financial situation, performance, ownership and governance of the Company.

2. Board of Directors

Composition of Board

The composition of the Board of Directors, which is in conformity with the Companies Act, 2013 ("Act") and Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 ("LODR"), along with their attendance at the meetings during the year and number of other directorships in other companies and memberships of the committees of the Board of such companies as on 31st March, 2016 are as follows:

Name of the Directors	Category	No. of Directorship(s) held in other companies		No. of other Board / Committee (s) of Public Companies in which he/she is a Member / Chairman	
		Chairman	Member	Chairman	Member
Mr. Rajkumar Khanna, Chairman	NEI	Nil	1	2	Nil
Mr. Amrendra Prasad Verma #	ND	Nil	6	1	2
Mr. Jinendra Kumar Jain	NEI	Nil	1	Nil	Nil
Mr. Lalit Kumar Singhi	NE	Nil	4	Nil	Nil
Mr. Naresh Pachisia	NEI	Nil	7	Nil	4
Ms. Rishu Kumari	NEI	Nil	4	Nil	Nil
Mr. Sunil V Diwakar	NE	Nil	5	Nil	3
Mr. Umang Kejriwal	NE	Nil	5	Nil	Nil
Mr. Rama Shankar Singh, Whole-time Director	ED	Nil	4	Nil	Nil

Nominated by State Bank of India in capacity as a Lender.

NEI: Non-Executive Independent Director, NE: Non-Executive Director, ED- Executive Director, ND: Nominee Director

As mandated in LODR:

- (a) None of the Directors are member of more than ten (10) Board Level Committees nor are they Chairperson of more than five (5) Committees in which they are members.
- (b) None of the Independent Directors serve as an Independent Director in more than seven listed companies and
- (c) The Whole time director is not serving as an Independent Director in more than three listed companies.

Chairpersonship / Membership of the Board Committee includes membership of Audit Committee and Stakeholders' Relationship Committee in other public limited companies.

The Board periodically evaluates, as and when required, the need for change in its composition and size.

Board Agenda

The meetings of the Board are governed by a structured agenda which is circulated to the Directors well in advance for facilitating meaningful and focused discussion at the meeting. Where it is not practicable to attach any document to the Agenda, it is tabled at the meeting with specific reference to the effect in the agenda. In special and exceptional circumstances additional or supplementary item(s) on the agenda are permitted.

The Board members, Key Managerial Personnel (KMP) and members of Senior Management confirm quarterly to the Board of Directors that they, directly or indirectly or on behalf of third parties, does not have a material interest in the transactions or matters directly affecting the Company. The Board members in consultation with the Chairman may bring upon other matters for consideration at the Board meeting. Members of the Senior Management are occasionally present in the meeting as an invitee as and when required.

Information placed before the Board

Necessary information as required under the Act and LODR are placed before the Board, from time to time. The Board periodically reviews compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliance, if any. Within fifteen (15) days from the date of the conclusion of the Meeting of the Board, the draft Minutes are circulated amongst the members for their comments. The minutes of the meeting explicitly record dissenting opinions of the members, if any. The minutes of the proceedings of the Meeting are entered within thirty (30) days of the conclusion of the meeting and thereafter signed by the Chairman. To protect and to facilitate the shareholders rights, the Board ensures that:

- Shareholders have the right to participate in and be sufficiently informed on decisions concerning fundamental corporate changes.
- Shareholders have the opportunity to participate effectively and vote in general meetings.
- Shareholders are informed on the rules including voting procedures that govern general shareholder meetings.
- Shareholders have the opportunity to ask questions to the Board, to place items on the agenda of general meetings and to propose resolutions, subject to reasonable limitations.
- Effective shareholder participation is facilitated in key Corporate Governance decisions, such as nomination and election of board members.
- Exercise of ownership rights is facilitated by all shareholders including institutional investors.
- Company has an adequate mechanism to address the grievances of the shareholders.

Post Meeting Mechanism

The important decisions taken at the Board/Board Committees meetings are communicated to the concerned departments/divisions. Action Taken Report, if required, on decisions/minutes of the previous meeting is placed at the succeeding meeting of the Board/Board committees for noting. The Company also files the reports, statements, documents and other information, if any, with NSE & BSE on the electronic platform as specified in LODR.

Number of Board Meetings held and attended by Directors

Five meetings of the Board of Directors were held during the year and the gap between the consecutive meetings did not exceed one hundred and twenty days. The necessary quorum was present for all meetings. The dates on which the Board meetings were held: 11th May 2015, 8th August 2015, 9th November 2015, 8th December, 2015 and 11th February 2016.

The attendance record of each of the directors at the Board meetings during the year ended 31st March 2016 and of the last Annual General Meeting is as under:

Name of Directors	No of Board Meetings during the year 2015-16		Attendance at the Last AGM Yes/No
	Held	Attended	
Mr. Rajkumar Khanna	5	5	Yes
Mr. Amrendra Prasad Verma	5	4	No
Mr. Jinendra Kumar Jain	5	5	Yes
Mr. Lalit Kumar Singhi	5	5	Yes
Mr. Naresh Pachisia	5	5	No
Ms. Rishu Kumari	5	3	No
Mr. Sunil V Diwakar	5	5	No
Mr. Umang Kejriwal	5	5	No
Mr. Rama Shankar Singh	5	4	No

INDEPENDENT DIRECTORS

In terms of the requirement of the Act read with LODR, the shareholders of the Company in the Annual General Meeting held on 11th September 2015 had approved appointment of an Independent Director to hold office for a term upto five consecutive years. The Company had issued formal letter of appointment to the Independent Director which, inter-alia, explains the role, functions, duties and responsibilities expected from her as a Director of the Company. The brief terms and conditions for appointment as an Independent Director is available on Company's website www.electrosteelsteels.com.

All Independent Directors have given declaration that there has been no change in the circumstances which may affect their status as an independent director and they meet the criteria of independence as enumerated in LODR and the Act. The Independent Directors have also affirmed that they have abided by the provisions specified in Schedule IV to the Act.

CODE OF CONDUCT

The Board of Directors has laid down, the Code of Conduct ("Code") of the Company for all Board Members and Senior Management of the Company. The Code of Conduct has incorporated duties of Independent Directors as laid down in the Act. The Board members and senior management have conducted themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture of good decision making. The code anchors ethical and legal behavior within the organization. The Code is posted on the website of the Company www.electrosteelsteels.com.

All Board Members and Senior Management Personnel have confirmed compliance with the Code on an annual basis and the declaration to the effect signed by the Whole-time Director is enclosed at the end of the Report.

CODES UNDER SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015

The Board of Directors pursuant to the requirement of the SEBI (Prohibition of Insider Trading) Regulations, 2015 has adopted w.e.f 15th May, 2015: (1) Code of Conduct to Regulate, Monitor and Report Trading by Insiders and (2) Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (Code for Fair Disclosure). These Codes ensures that Board Members, KMP and members of Senior Management shall conduct themselves so as to meet the expectations of operational transparency to stakeholders. While at the same time maintaining confidentiality of information in order to foster a culture of good decision making. All the Board members and senior management personnel have confirmed compliance with the Code. All the Directors, Promoters, employees and third parties as defined in the Code etc. who could have access to the unpublished price sensitive information of the Company are governed by this Code. The Code for Fair Disclosure is available on the Company's website www.electrosteelsteels.com

FAMILIARIZATION PROGRAMMES

The familiarization programmes for the Independent Directors are in line with the Policy adopted by the Board of Directors in connection thereof. The familiarization programmes for the Independent Directors also extends to other Non-Executive Directors of the Company.

The management provides information as detailed in the Familiarization Policy for the Independent Directors either at the Board meeting(s) or committee meeting(s) or otherwise. Periodic presentations were made at the Board and/or Committee meetings thereof on various matters, inter-alia, covering business and performance updates, finance, product updates, quality, human resources, quarterly and financial results, status of the compliance of the applicable laws and such other areas as may arise, from time to time, where directors get an opportunity to interact with the Company management. Each Director of the Company has complete access to any information relating to the Company. Independent Directors have the freedom to interact with the Company's management. They are given all documents sought by them for enabling a good understanding of the Company, its various operations and industry segments of which it is a part.

During the year 2015-16, the Company continuously through its various Board Meeting(s) and/or Committee meeting(s) aggregating in twelve in number facilitated Directors to familiarize about the Company performance and in turn helped them in their active participation in managing the affairs of the Company.

BOARD EVALUATION

During the year, the Board adopted a formal mechanism for evaluating its performance and effectiveness as well as that of its Committees and individual Directors, including the Chairman of the Board. For Board and its Committees, the exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & Committees, experience & competencies, performance of specific duties & obligations, governance issues, etc. The Directors were satisfied with the evaluation results, which reflected the overall engagement and effectiveness of the Board and its Committees.

WHOLETIME DIRECTOR & CFO CERTIFICATE

An annual Compliance Certificate from the Wholetime Director and CFO of the Company pursuant to LODR, is placed before the Board. The Wholetime Director and CFO also give quarterly certification on financial results while placing the same before the Board.

DISCLOSURE REGARDING RE-APPOINTMENT OF DIRECTORS

The brief resume and other information required to be disclosed under this Section is provided in the Notice of the Annual General Meeting.

BOARD COMMITTEES

The Company has four Board level committees:

- (a) Audit Committee
- (b) Nomination & Remuneration Committee
- (c) Stakeholders' Relationship Committee
- (d) Corporate Social Responsibility Committee

The Board is authorized to constitute additional functional committees, from time to time, depending on business needs.

The Board is responsible for constituting, assigning, co-opting and fixing the terms and reference of various committees. The minutes of all the Board and Committee meetings are placed before the Board and noted by the Directors present at the meeting. The particulars of composition of various committees of Board are also available on the website of the Company. The role and composition of the Committees including the number of meeting(s) held and the related attendance during the financial year 2015-16 are as follows:

AUDIT COMMITTEE

The Audit Committee of the Company in line with LODR read with the Act and Rules made therein. The role of the Audit Committee includes the powers as stipulated in LODR read with the Act.

Terms of Reference

The brief terms of reference of the Audit Committee, inter-alia, includes the following:

- (a) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (b) Review and monitor the Auditor's independence and performance and effectiveness of audit process;
- (c) Reviewing, with the management, the quarterly and annual financial statements before submission to the Board for approval;
- (d) Approval or any subsequent modification of transactions of the company with related parties; if any;
- (e) Scrutiny of inter-corporate loans and investments;
- (f) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (g) Discussion with internal auditors of any significant findings and follow up there on;
- (h) To review the functioning of the Whistle Blower/Vigil Mechanism;

The Audit Committee may also review such other matters as considered appropriate by it or referred to it by the Board.

Composition

The composition of the Audit Committee is in accordance with the requirements of LODR and the Act. As on 31st March 2016, the Committee comprised of 3 Directors out which 2 Directors including the Chairman are independent members. All members of the Audit Committee are financially literate and have accounting or related financial management expertise.

Mr Rajkumar Khanna (Chairman), Mr. Naresh Pachisia and Mr Rama Shankar Singh were the members as on 31st March 2016. The Company Secretary acts as Secretary to the Committee.

The Audit Committee is normally attended by CFO, representatives of Statutory Auditors, representatives of Internal Auditors and Senior Executives of the Company, if required. The Cost Auditor appointed by the Company attended the Audit Committee meeting, where cost audit reports were discussed. The Chairman of the Audit Committee attended the Annual General Meeting held on 11th September, 2015 to answer shareholders queries.

Meetings and Attendance:

During the year 4 (four) Audit Committee Meetings were held on 11th May, 2015, 8th August, 2015, 9th November, 2015 and 11th February, 2016. The necessary quorum was present for all meetings. The details of attendance of members are as under:

Name of Member	Number of Meetings during the year 2015-16	
	Held	Attended
Mr. Rajkumar Khanna	4	4
Mr. Naresh Pachisia	4	4
Mr. Rama Shankar Singh	4	3

NOMINATION & REMUNERATION COMMITTEE

The Company has in place a "Nomination & Remuneration Committee" and role of the Committee, inter-alia includes the following:

- Recommending to the Board remuneration policy for its Directors, Key Managerial Personnel and Senior Management Personnel i.e. one level below the Board;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Identify persons who are qualified to become directors and who may be appointed in Senior Management in accordance to criteria laid down and recommend to the Board their appointment and removal;
- To recommend extension or continuation of the term of appointment of Independent Director (IDs), on the basis of report of performance evaluation of IDs;
- To carry out any other functions as is referred by the Board, from time to time, or referred by any statutory notification/amendment or modification, as may be applicable.

Composition:

The composition of the Committee is in compliance with LODR and the Act and Rules made therein. As on 31st March, 2016, the Committee comprised of three Non-Executive Directors out of which 2 including the Chairman are independent members. Mr. Jinendra Kumar Jain (Chairman), Mr. Naresh Pachisia and Mr. Lalit Kumar Singhi are members of the Committee. The Company Secretary acts as Secretary to the Committee.

Meetings and Attendance:

During the year ended, 1 (One) Committee Meeting was held on 11th February, 2016. The necessary quorum was present in the meeting. The detail of attendance of members is as under:

Name of Member	Number of Meeting during the year 2015-16	
	Held	Attended
Mr. Jinendra Kumar Jain	1	1
Mr. Lalit Kumar Singhi	1	1
Mr. Naresh Pachisia	1	1

EVALUATION OF INDEPENDENT DIRECTOR(S)

The Board had approved and adopted Code of Conduct as detailed in Schedule IV of the Act, as criteria for evaluation of performance of Directors. The Committee after evaluating the performance of each member of the Board was of the opinion that performance of all members were satisfactory and all members had contributed towards the growth of the Company. The Committee had recommended that all members of Board should continue subject to applicable laws, etc.

REMUNERATION POLICY

The Company follows a policy on remuneration of Directors, Key Managerial Personnel and Senior Management. The policy, inter-alia, ensures that:-

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.
- Relationship of remuneration to performance is clear and meets appropriate performance benchmark.
- Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The details of remuneration paid to Whole Time Director is as follows during the year:

(Rs in Lakhs)

Name of the Director	Salary & Perquisites	Sitting Fees
Mr. Rama Shankar Singh	151.99	Nil

The Non-Executive Directors of the Company are paid sitting fees of Rs 5000/- for attending each meeting of the Board and Committee thereof, which are within the limits of the Act. The Non-Executive Directors are also entitled for reimbursement of expenses for attending the Shareholders Meetings, Board Meetings and Committee Meetings.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Company has in place a Stakeholders' Relationship Committee to provide quality and efficient services to the investors and to align and streamline the process of share transfer, investors grievance, etc. during the year.

As a Policy, the Committee would meet, if required, to look into the unresolved grievances, if any, of the security holders relating to transfer of shares, non-receipt of Balance sheet, etc.

Composition:

As on 31st March, 2016, the Committee comprised of 2 Non-Executive Independent Directors and an Executive Director. Mr. Lalit Kumar Singhi (Chairman), Mr. Naresh Pachisia and Mr. Rama Shankar Singh are the members of the Committee. The Company Secretary acts as Secretary to the Committee.

Meeting and Attendance:

During the financial year ended 31st March 2016, one (1) Committee Meeting was held on 8th July, 2015. The necessary quorum was present for the meeting. The details of attendance of members is as under:

Name of Member	Number of Meeting during the year 2015-16	
	Held	Attended
Mr. Lalit Kumar Singhi	1	1
Mr. Naresh Pachisia	1	1
Mr. Rama Shankar Singh	1	1

COMPLIANCE OFFICER

Mr. Anubhav Maheshwari, Company Secretary of the Company has been designated as Compliance Officer for complying with the requirements of Securities Laws and LODR.

INVESTOR'S COMPLAINTS/GREIVANCE REDRESSAL MECHANISM

Details of Investors Complaints received and redressed during the year :-

Opening Balance	Received during the year	Resolved during the year	Closing Balance
NIL	8	8	NIL

It is the endeavor of the Company to attend investors' complaints and other correspondence within 15 days except where constrained by disputes or legal impediments. The Company ensures that adequate steps are taken for expeditious redressal of investors complaints. In terms of SEBI circular, the Company has obtained necessary SCORES (SEBI Complaints Redressal System) authentication. This has facilitated the investors to view online status of the action taken against the complaints made by logging on to SEBI's website. In terms of LODR, a statement giving the number of complaints pending at the beginning of the quarter, received and disposed off during the quarter and unresolved at the end of the quarter is submitted to the Stock Exchange(s) as well as placed before the Board. As on date of the Report, the Company affirms that no shareholder's complaint was lying pending.

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The CSR Committee was constituted in terms of the requirement of the Act. The terms of reference of the Committee, inter-alia, are as follows:

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act, as amended from time to time, excluding the activities undertaken in pursuance of normal course of business of the Company;
- To recommend the amount of expenditure to be incurred on the activities referred to in clause (a);
- To monitor the Corporate Social Responsibility Policy of the Company, from time to time and
- To institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities to be undertaken by the Company, from time to time.

Composition, Meeting and Attendance:

The composition of the Committee is in compliance with the Act read with Rules made therein. As on 31st March, 2016, the Committee comprised of an Independent Director, a Non-Executive Director and a Whole-time Director of the Company.

Mr. Lalit Kumar Singhi (Chairman), Mr. Naresh Pachisia and Mr. Rama Shankar Singh were the members of the Committee as on 31st March, 2016. The Company Secretary acts as Secretary to the Committee.

During the financial year ended 31st March, 2016, no Committee meeting was held.

DETAILS OF SITTINGS FEES PAID TO NON-EXECUTIVE DIRECTORS

During the year, the Company has not made any payment to Non-Executive Directors except sitting fees as detailed hereunder:

Name of the Director	Sitting Fees (Rs)
Mr. Rajkumar Khanna	50,000
Mr. Amrendra Prasad Verma	20,000
Mr. Jinendra Kumar Jain	35,000
Mr. Lalit Kumar Singhi	35,000
Mr. Naresh Pachisia	60,000
Ms. Rishu Kumari	15,000
Mr. Umang Kejriwal	25,000

The criteria for payments to Non-Executive Directors is available on the website of the Company www.electrosteelsteels.com.

During the year, there were no pecuniary relationships or transactions between the Company and its Non-Executive Directors.

Details of Equity Shares/Non-Convertible instruments held by Non-Executive Directors as on 31st March 2016

Name of the Director	No of Equity Shares	Non-Convertible Debentures
Mr Umang Kejriwal	5,17,000	Nil
Mr Naresh Paschisa	50,000	Nil
Mr Lalit Kumar Singhi	1,90,000	Nil

The details of the shareholding of Non-Executive Directors proposed to be re-appointed at the ensuing Annual General Meeting are detailed in the Notice.

The Company does not have Employee Stock Option Scheme.

GENERAL BODY MEETINGS

(A) ANNUAL GENERAL MEETINGS (AGMs):

The location and time of last three AGMs held are as under:

No.	Financial Year & Time	Date	Venue	No. of Special Resolution(s) passed
8th AGM	2014-15 11.30 A.M	11.09.2015	Prez Hall, Capitol Hill Hotel, Mahatma Gandhi Marg, Main Road, Ranchi- 834001	1
7th AGM	2013-14 12.30 P.M	16.09.2014	Prez Hall, Capitol Hill Hotel, Mahatma Gandhi Marg, Main Road, Ranchi- 834001	2
6th AGM	2012-13 12.30 P.M	23.07.2013	Basil Banquet Hall, Hotel Landmark, Jatin. Chandra Road, Lalpur, Ranchi 834001	No Special Resolution passed

(B) EXTRA-ORDINARY GENERAL MEETING

Two Extra Ordinary General Meetings (EOGM) of the Company were held on 11th September, 2015 and 7th January, 2016 at Capitol Hill Hotel, Mahatma Gandhi Marg, Main Road, Ranchi-834001 during the financial year ended 31st March 2016. The particulars of the resolutions passed in the aforesaid meetings along with voting results were disseminated on the Company's website as well as provided to the Stock Exchange(s) within stipulated time. The resolutions were approved by the shareholders of the Company unanimously/with requisite majority.

(C) DETAILS OF RESOLUTIONS PASSED THROUGH POSTAL BALLOT, THE PERSON WHO CONDUCTED THE POSTAL BALLOT EXERCISE AND DETAILS OF VOTING PATTERN:

The Company in compliance with the provisions of the Act and the then Listing Agreement had provided facility to vote, in both AGM & EOGM held on 11th September 2015, through postal ballot to the members who did not have access to e-voting facility and were entitled thereto. The brief procedure for aforesaid postal ballot process are detailed hereunder :

1. The Company had issued separate Postal Ballot Form along with the AGM Notice and EOGM Notice dated 11th May 2015, together with self-addressed postage pre-paid envelopes.
2. Members were advised to read carefully the instructions printed on both the Postal Ballot Forms and return the duly completed Forms in the attached self-addressed postage pre-paid envelope, so as to reach the Scrutinizer on or before close of working hours i.e. 5 p.m. on 10th September 2015.
3. After due scrutiny of all the Postal Ballot Forms received and considering the voting through electronic mode upto the close of working hours for both AGM & EOGM, M/s. K Arun & Co., Practicing Company Secretaries, submitted their reports on both AGM & EOGM on 12th September 2015.
4. The combined results of Postal Ballot/Evoting/Voting at the venue of both the meetings were declared on 12th September, 2015. Pursuant to the Act, the date of AGM & EOGM i.e. 11th September 2015 were taken as the date of passing of the resolutions.

APPROVAL OF THE MEMBERS WAS SOUGHT FOR THE FOLLOWING SPECIAL RESOLUTION PASSED AT THE AGM

To enter into contract or arrangement with Related party U/s 188 of the Act read with the then Listing Agreement with Stock Exchanges:

Total number of valid votes polled	Assent		Dissent	
	Shares	% votes in favour of votes polled	Shares	% votes against on votes polled
68,99,08,779	68,98,20,302	99.987	88,477	0.013

DISCLOSURES

- The details of the materially significant related party transactions have been disclosed by way of Notes to the Annual Report 2015-16. There are no materially significant related party transactions of the Company which have potential conflict with the interests of the Company at large. The policy on Related Party Transaction as approved by Board of Directors is available on Company's website: <http://www.electrosteelsteels.com/investor-relations/pdf/rpt.pdf>. The Directors, Key Managerial Personnel and senior management i.e. one level below the Board, quarterly disclose to the Board about the material financial and commercial transaction entered, if any, which would have potential conflict with interest of the Company at large.
- In preparation of the financial statements, the Company has followed the accounting policies and practices as prescribed in the Accounting Standards and provisions of the Act read with relevant rules framed therein. The Company implements the Accounting Standards in letter and spirit in the preparation of financial statements taking into consideration the interest of all stakeholders. The financial statements of the Company are audited by M/s B Chhawchharia & Co., Statutory Auditors, who are qualified, independent and competent.
- During the period under review, an adjudication order no. AK/AO-8-12/2016 dated 31st March 2016 had been passed by SEBI imposing penalty of Rs.1 (one) crore under Section 15HB of the SEBI Act, 1992 for violation of Regulation 57(1) and Regulation 57(2)(a)(ii) of the ICDR Regulations, 2009. The said Order had been reviewed by the Company and its legal advisors. The Company is contemplating to file an appeal to Securities Appellate Tribunal and/or consent application in terms of SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014.
- **WHISTLE BLOWER POLICY**
 The Company has a vigil mechanism/whistle blower mechanism for its Directors and employees to report genuine concerns or grievances about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The mechanism provides for adequate safeguards against victimization of director(s)/ employee(s) and also provides for direct access to the Chairman of the Audit Committee in exceptional cases.

 The Whistle Blower Policy covering the details of establishment of such mechanism by the Company is available on the website www.electrosteelsteels.com and the Audit Committee periodically reviews the functioning of the Whistle Blower mechanism. No personnel have been denied access to the Audit Committee.
- The Company has a mechanism in place to inform Board Members about the risk assessment and minimization procedures. The Company has in place Risk Management Policy and Risk Manual which helps in framing, implementing and monitoring the risk management plan of the Company.
- **Demat Suspense Account/Unclaimed Suspense Account:**
 There are no outstanding shares which are required to be transferred to Suspense Account/Unclaimed Suspense Account.

SUBSIDIARY COMPANY

The Company does not has a subsidiary Company.

MEANS OF COMMUNICATION

The Company files the reports, statements, documents, filing, etc. on the electronic platform as specified by both BSE & NSE. The Company has a functional website www.electrosteelsteels.com and is regularly updated. The information disseminate on the website provide for equal, timely and cost efficient access to relevant information by users.

The audited/un-audited financial results are prepared on the basis of accrual accounting policy and is in accordance with uniform accounting practices adopted. During the period under review, after being approved by Board of Directors, the financial results are submitted to BSE/NSE as well as posted on the website of the Company. The financial results are published in the prescribed format under LODR in English in Mint/Financial Express, being a national daily newspaper circulating in the whole or substantially the whole of India and in Hindi in Aaj/Sanmarg, being a daily newspaper circulating in the region where the registered office of the Company is situated. The results are not mailed to the shareholders.

The Company will continue to send Annual Report, Notices, etc to the shareholders at their email address registered with their Depository Participants and /or Company's RTA.

The Company continues its support to the GREEN INITIATIVES measures of MCA. The shareholders are requested to register and/or update their email- address with the Company's RTA, in case shares held in physical mode and with their respective Depository Participants, in case of shares held in dematerialized mode.

The Company has not made any presentation to the institutional investors /analysis during the year.

Management Discussion & Analysis Report forms part of the Annual Report.

In compliance with the requirement of LODR, the official website of the Company contains information about its business, shareholding pattern, compliance with corporate governance, contact information of the compliance officer, etc. and the same are updated at any given point of time.

GENERAL SHAREHOLDER INFORMATION

- a) **Annual General Meeting :** **Date:** 23rd September, 2016
Time: 4.00 pm
Venue: Forum Hall, Capital Hill Hotel, Mahatma Gandhi Marg, Main Road, Ranchi - 834 001, Jharkhand.
- b) **Financial Year:** 1st April - 31st March. The Financial results will be declared as per the following schedule:

Particulars	Schedule
Quarter ended 30th June, 2016	On & before 14th August, 2016 (Tentative)
Quarter ending 30th September, 2016	On or before 14th November, 2016 (Tentative)
Quarter ending 31st December, 2016	On or before 14th February, 2017 (Tentative)
Annual Audited Results of 2016-17	On or before 30th May, 2017 (Tentative)

- c) **Dates of Book Closure:** 17th September, 2016 to 23rd September, 2016 (Both days inclusive).
- d) **Dividend Payment:** No dividend has been proposed for the year ended 31st March, 2016.
- e) **Listing on Stock Exchanges:**
- (i) National Stock Exchange of India Limited (NSE)
Exchange Plaza, C-1, Block "G",
5th floor, BandraKurla Complex,
Bandra East, Mumbai-400 051
 - (ii) Bombay Stock Exchange Limited (BSE)
New Trading Wing, Rotunda Building,
P J Tower, Dalal Street, Mumbai-400 001

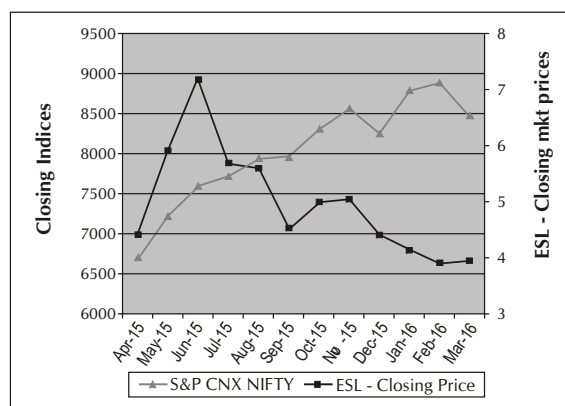
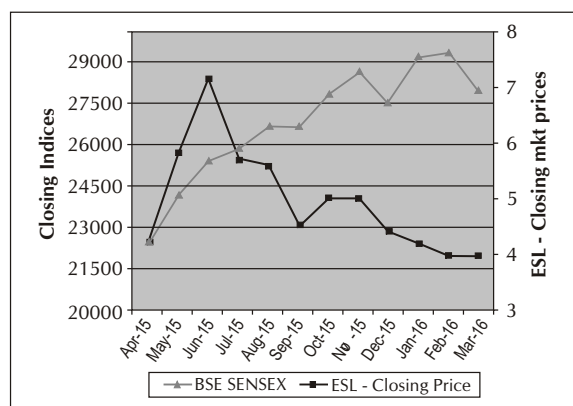
The annual listing fees have been paid to all the Stock Exchanges for the year 2016-17.

- f) **Custodial Fees to Depositories:** The annual custodial fees have been paid for the financial year 2016-17 to National Securities Depository Ltd (NSDL) and Central Depository Services India Ltd (CDSL)
- g) **Stock Code:** ISIN No. :INE481K01013
National Stock Exchange of India Limited :ESL
Bombay Stock Exchange Limited :533264

h) Market Price Data

The details of monthly high and low quotations of the equity shares of the Company traded at BSE and NSE during the financial year 2015-16 are given hereunder:

Month	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	Month's High Price	Month's Low Price	Volume	Month's High Price	Month's Low Price	Volume
April 2015	4.08	3.75	42,67,040	4.20	3.75	2,30,22,190
May 2015	4.80	3.70	64,03,083	4.80	3.70	3,47,33,261
June 2015	4.52	3.05	99,71,752	4.55	3.50	3,37,48,980
July 2015	4.12	3.44	58,26,645	4.15	3.45	2,45,53,120
August 2015	3.80	2.44	56,87,384	3.80	2.40	2,13,16,823
September 2015	2.60	2.05	20,69,644	2.60	2.05	1,12,20,273
October 2015	3.72	2.13	44,91,767	3.75	2.15	1,54,82,366
November 2015	4.49	2.66	94,41,977	4.45	2.65	2,15,34,763
December 2015	4.43	3.25	1,07,57,095	4.40	3.10	2,97,76,789
January 2016	4.50	3.00	1,42,37,260	4.50	3.00	3,87,10,206
February 2016	3.99	3.15	57,85,893	4.00	3.15	2,26,16,076
March 2016	3.55	3.11	26,65,483	3.55	3.15	1,14,55,504



i) Registrar and Share Transfer Agent:

Karvy Computershare Private Limited
 Unit: Electrosteel Steels Limited
 Karvy Selenium Tower B, Plot 31-32, Gachibowli,
 Financial District, Nanakramguda
 Hyderabad-500 032
 Tel: 040 67161559, Fax: 040 23114087, E-mail: shobha.anand@karvy.com

j) Share Transfer System:

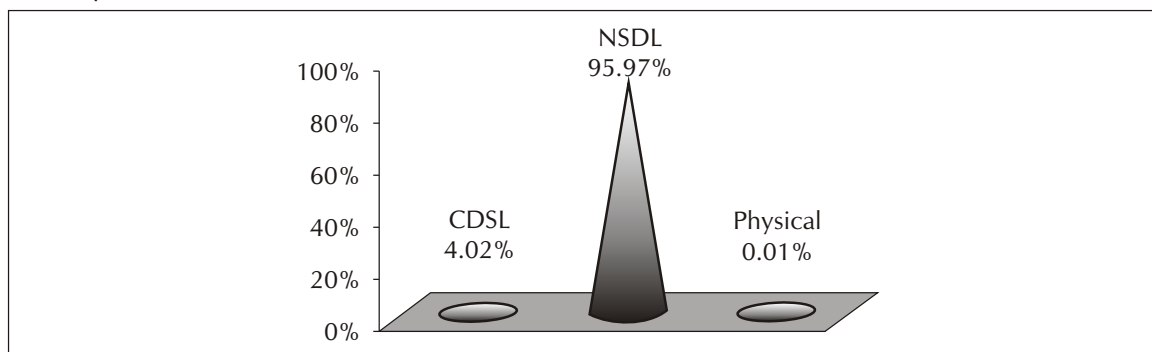
99.99% of shares of the Company are held in electronic mode. Intimation about transfer/transmission of these shares to RTA is done through the depositories i.e. NSDL & CDSL with no involvement of the Company.

For transfer of shares in physical mode, the transfer documents should be sent to the office of the RTA at the above mentioned address. All share transfers are completed within the stipulated statutory time limit from the date of receipt, provided the documents meet the stipulated requirement of statutory provisions in all respects. The Stakeholders' Relationship Committee has been delegated with the authority to approve transfer and/or transmissions of shares and other related matters.

As required under Clause 47C of the Listing Agreement, a certificate for the half year ended 30th September, 2015 confirming due compliance of the share transfer formalities by the Company from Practicing Company Secretary has been submitted to the Stock Exchanges within the stipulated time. Further as envisaged LODR, a certificate for the half year ended 31st March, 2016 confirming all activities in relation to both physical and electronic share transfer facility are maintained by RTA from both the compliance officer of the Company and the authorized representative of RTA, was also submitted to Stock Exchange(s) within stipulated time.

k) Dematerialization of Equity Shares:

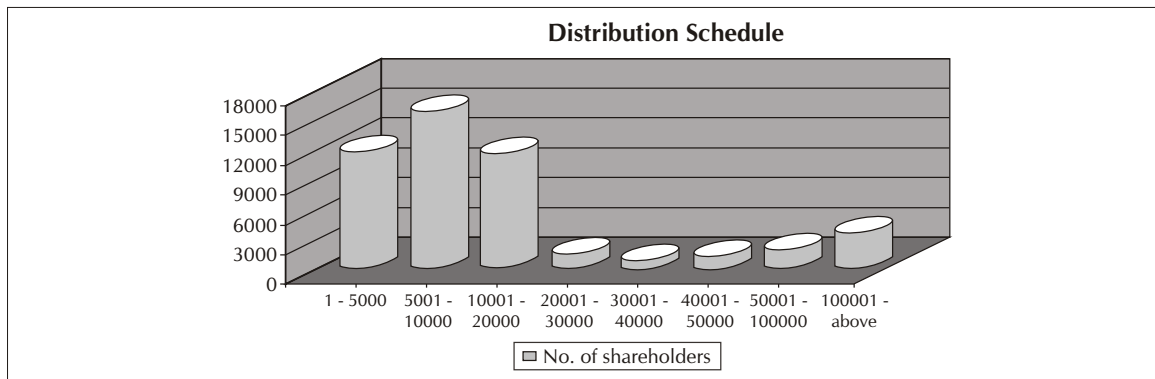
The shares of the Company are currently traded only in dematerialized with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL). Under the Depository system, the International Securities Identification Number (ISIN) allotted to the Company's shares are INE 481K01013. As on 31st March 2016, 2,40,89,45,348 equity shares representing about 99.99% of the share capital are held in dematerialized form.



l) Outstanding GDRs / ADRs / Warrants / Other Convertible instruments: Nil

m) Distribution of shareholding as on 31st March 2016:

Number of Equity Shares held	Shareholders	% of Total Holders	Shares	% of Total Capital
1-5000	12,447	23.85	31,12,961	0.13
5001- 10000	15,419	29.54	1,18,81,545	0.50
10001- 20000	11,015	21.10	1,84,07,339	0.76
20001- 30000	2,288	4.38	61,37,784	0.25
30001- 40000	1,258	2.41	46,36,463	0.19
40001- 50000	2,097	4.02	1,02,67,880	0.43
50001- 100000	2,918	5.59	2,41,40,962	1.00
100001 & Above	4,751	9.11	2,33,06,50,089	96.74
Total	52,193	100.00	2,40,92,35,023	100.00



n) The details of shareholding as on 31st March 2016:

Category	No. of Shares	% of Shareholding
Promoters Body Corporate	1,08,98,00,000	45.23
Foreign Companies	47,61,97,077	19.77
Bodies Corporates	29,28,21,860	12.15
Resident Individuals	28,17,90,747	11.70
Foreign Corporate Bodies	21,87,42,306	9.08
Trust	2,13,70,121	0.89
Venture Capital	1,53,05,000	0.64
Non Resident Indians	84,62,338	0.35
Foreign Institutional Investors	32,50,000	0.13
Banks	9,50,000	0.04
Clearing Members	5,45,574	0.02
Total	2,40,92,35,023	100.00

o) Commodity Price Risk or Foreign Exchange Risk and hedging activities:

The information have been provided in the Management Discussion & Analysis Report.

p) Plant Location:

Village Siyaljori, P.O. Jogidih, P S Chandankyari, Dist. Bokaro, Pin 828303, Jharkhand.

q) Address for Communication:

Mr. Anubhav Maheshwari
 Company Secretary & Compliance Officer
 2nd & 3rd Floor, G K Tower, 19 Camac Street, Kolkata- 700 017
 Phone No: 033-7103-4400, Fax: 033-2290-2882
 Email: eil.investors@electrosteel.com, Website: www.electrosteelsteels.com

NON-MANDATORY REQUIREMENTS

- The position of the Chairman and Wholetime Director are separate.
- The Company does not maintain a separate office for Non-Executive Chairman.
- The quarterly financial results are published in the newspapers of wide circulation and not sent to individual shareholders. Further the financial results are available on the website of the Company and of Stock Exchanges where the shares of the Company are listed i.e. BSE & NSE.
- The Auditors' Opinion on the Financial Statements is unqualified.
- Internal Auditors submits his reports directly to the Audit Committee at its quarterly meetings.

For and on behalf of the Board of Directors

Place : Kolkata
 Dated : 13th May, 2016

R S Singh
 Whole-time Director

Lalit Kumar Singhi
 Director

CERTIFICATION OF COMPLIANCE OF THE CODE OF CONDUCT OF THE COMPANY

This is to confirm that the Company has received declarations affirming compliance of the Code of Conduct from the persons concerned for the Financial Year ended 31st March, 2016.

Place: Kolkata
Dated: 30th April, 2016

R. S. Singh
Wholetime Director
DIN: 02093276

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
ELECTROSTEEL STEELS LIMITED

We have examined the compliance of conditions of corporate governance by ELECTROSTEEL STEELS LIMITED for the year ended 31st March 2016, as stipulated in Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company with the stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 34(3) of the above-mentioned SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency of effectiveness with which the management has conducted the affairs of the Company.

B Chhawchharia & Co
Chartered Accountants
Firm Registration No.: 305123E

Place: Kolkata
Date: May 13, 2016

S K Chhawchharia
Partner
Membership No. 008482

SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED 31st Day of March, 2016**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Electrosteel Steels Limited

We have conducted the **Secretarial Audit** of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Electrosteel Steels Limited (hereinafter called "the Company")**. The 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 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 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 31st March, 2016, 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 31st March, 2016 according to the provisions of:

- I. The Companies Act, 2013 and the rules made thereunder;
- II. The Securities Contracts Act, 1956 and the rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. The following Regulations (as amended from time to time) and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
- V. We in consultation with the Company came to a conclusion that no specific laws were directly applicable with regard to business activities of the Company during the period under review.

We have also examined the compliance by the Company of the following statutory provisions/standards/regulations:

- a. The Listing Agreements entered into by the Company, with BSE Limited & National Stock Exchange of India Limited (as applicable till 30th of November, 2015);
- b. The Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (applicable w.e.f. 01.12.2015).
- c. The Secretarial Standards (SS - 1 and SS - 2) issued by the Institute of Company Secretaries of India.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors, Independent Directors and a Woman Director.

Adequate Notice is given to all Directors to schedule the Board Meetings and/or Committee Meetings thereof. Agenda and detailed Notes on Agenda were sent at least seven days in advance, 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.

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 as also represented by the management.

We further report that during the period ended 31st March, 2016 the Company had amended the Capital clause of its Memorandum of Association for creation of fresh equity shares.

**For K. Arun & Co
Company Secretaries**

**Arun Kr. Khandelia
Partner**

FCS: 3829
C.P. No.: 2270

**Place : Kolkata
Date : 04.05.2016**

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

as on financial year ended on 31st March, 2016

[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 Contact : 0651-2285636 Email id: eil.investors@electrosteel.com Website: www.electrosteelsteels.com
vi) Whether listed company	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent	Karvy Computershare Private Limited Unit: Electrosteel Steels Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda Hyderabad-500 032 Contact Person: Ms C Shobha Anand Tel: 040 67161559 Fax: 040 23114087 E-mail: shobha.anand@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	88.69
2	Ductile Iron Pipe	24311	11.31

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

The Company does not has a Holding Company or a Subsidiary Company or an 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 Wholetime Director	Attachment I
VII	PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES		There was no penalty or punishment or compounding of offence under the Companies Act, 2013 during the financial year ended 31st March, 2016 against the Company, Directors and Key Managerial Personnel.

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAK UP AS PERCENTAGE OF TOTAL EQUITY)
i) Category-wise Share Holding (Attachment - A)

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1.04.2015)				No. of Shares held at the end of the year (as on 31.03.2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A) PROMOTERS									
(1) INDIAN									
(a) Individual /HUF	-	-	-	-	-	-	-	-	-
(b) Central Government	-	-	-	-	-	-	-	-	-
(c) State Government(s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corporate	1089800000	-	1089800000	45.23	1089800000	-	1089800000	45.23	-
(e) Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
(f) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total A(1) :	1089800000	-	1089800000	45.23	1089800000	-	1089800000	45.23	-
(2) FOREIGN									
(a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
(b) Other- Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corporate	-	-	-	-	-	-	-	-	-
(d) Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
(e) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total A(2) :	-	-	-	-	-	-	-	-	-
Total A = A(1) + A(2)	1089800000	-	1089800000	45.23	1089800000	-	1089800000	45.23	-
(B) PUBLIC SHAREHOLDING									
(1) INSTITUTIONS									
(a) Mutual Funds	8489224	-	8489224	0.35	-	-	-	-	(0.35)
(b) Banks/Financial Institutions	1332514	-	1332514	0.06	950000	-	950000	0.04	(0.02)
(c) Central Government	-	-	-	-	-	-	-	-	-
(d) State Government(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	15305000	-	15305000	0.64	15305000	-	15305000	0.64	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) FIs	10798227	-	10798227	0.45	3250000	-	3250000	0.13	(0.32)
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total B(1) :	35924965	-	35924965	1.50	19505000	-	19505000	0.81	(0.69)
(2) NON-INSTITUTIONS									
(a) Bodies Corporate									
(i) Indian	315964700	-	315964700	13.11	292821860	-	292821860	12.15	(0.96)
(ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs.1 lakh	67832601	238675	68071276	2.83	98937746	239675	99177421	4.12	1.29
(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	177585492	50000	177635492	7.37	182563326	50000	182613326	7.59	0.22
(c) Others (specify)									
(i) Foreign Bodies	218742306	-	218742306	9.08	218,742,306	-	218,742,306	9.08	-
(ii) Non-Resident Indians	4542004	-	4542004	0.19	8462338	-	8462338	0.35	0.16
(iii) Clearing Members	833513	-	833513	0.04	545574	-	545574	0.02	(0.02)
(iv) Trusts	21523690	-	21523690	0.89	21370121	-	21370121	0.89	-
(v) Foreign Companies	476197077	-	476197077	19.76	476,197,077	-	476,197,077	19.76	-
Sub-Total B(2) :	1283221383	-	1283510058	53.27	1299640348	-	1299930023	53.96	0.69
Total B = B(1) + B(2) :	1319146348	288675	1319435023	54.77	1319145348	289675	1319435023	54.77	-
(C) Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A + B + C) :	2408946348	288675	2409235023	100.00	2408945348	289675	2409235023	100.00	-

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

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2015)			Shareholding at the end of the year (As on 31.03.2016)			% 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	108,98,00,000	45.23	79.53	-

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

Sl. No.	Name	Shareholding at the beginning of the year (As on 01.04.2015)/ end of the year (31.03.2015)		Cumulative Shareholding during the year (01.04.2015-31.03.2016)	
		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	1,08,98,00,000	45.23		
	At the end of the year	1,08,98,00,000	45.23	1,08,98,00,000	45.23

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

Sl. No.		Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01/04/2015-31/03/2016)	
		No. of Shares at the beginning (01/04/2015) / end of the year (31/03/2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Stemcor Cast Iron Investments Limited	400,909,646	16.64	1/4/2015	-	N.A.	400,909,646	16.64
		400,909,646	16.64	31/3/2016				
2	IFCI Limited	100,000,000	4.15	1/4/2015	100,000,000	Sale - 80,20,266 (0.33%)	-	-
				16/12/2015	100,000		99,900,000	4.15
				17/12/2015	100,000		99,800,000	4.14
				18/12/2015	100,000		99,700,000	4.14
				21/12/2015	250,000		99,450,000	4.13
				22/12/2015	250,000		99,200,000	4.12
				23/12/2015	250,000		98,950,000	4.11
				24/12/2015	165,501		98,784,499	4.10
				28/12/2015	167,385		98,617,114	4.09
				29/12/2015	254,424		98,362,690	4.08
				30/12/2015	300,000		98,062,690	4.07
				31/12/2015	279,851		97,782,839	4.06
				1/1/2016	281,095		97,501,744	4.05
				4/1/2016	300,000		97,201,744	4.03
				5/1/2016	300,000		96,901,744	4.02
				6/1/2016	181,631		96,720,113	4.01
				7/1/2016	300,000	96,420,113	4.00	
				8/1/2016	97,756	96,322,357	4.00	
				11/1/2016	256,171	96,066,186	3.99	
				12/1/2016	103,195	95,962,991	3.98	
				13/1/2016	72,823	95,890,168	3.98	
				14/1/2016	167,616	95,722,552	3.97	

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

Sl. No.		Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01/04/2015-31/03/2016)	
		No. of Shares at the beginning (01/04/2015) / end of the year (31/03/2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
	For each of the Top 10 shareholders							
				15/1/2016	196,120		95,526,432	3.97
				22/1/2016	87,816		95,438,616	3.96
				25/1/2016	500,000		94,938,616	3.94
				27/1/2016	300,000		94,638,616	3.93
				28/1/2016	40,881		94,597,735	3.93
				29/1/2016	300,000		94,297,735	3.91
				1/2/2016	300,000		93,997,735	3.90
				2/2/2016	300,000		93,697,735	3.89
				3/2/2016	500,000		93,197,735	3.87
				4/2/2016	500,000		92,697,735	3.85
				5/2/2016	80,814		92,616,921	3.84
				8/2/2016	183,471		92,433,450	3.84
				9/2/2016	300,000		92,133,450	3.82
				10/2/2016	126,069		92,007,381	3.82
				11/2/2016	27,647		91,979,734	3.82
		91,979,734	3.82	31/3/2016	91,979,734		-	-
3	GPC Mauritius II LLC	87,441,860	3.63	01/04/2015	-	N.A.	87,441,860	3.63
		87,441,860	3.63	31/03/2016				
4	PGS Invest Corp	75,287,431	3.12	01/04/2015	-	N.A.	75,287,431	3.12
		75,287,431	3.12	31/03/2016				
5	IL&FS Financial Services Limited	67,700,000	2.81	01/04/2015	-	N.A.	67,700,000	2.81
		67,700,000	2.81	31/03/2016				
6	Starbridge Finance Limited	48,352,720	2.01	01/04/2015	-	N.A.	48,352,720	2.01
		48,352,720	2.01	31/03/2016				
7	Roundabout Finance Limited	48,252,726	2.00	01/04/2015	-	N.A.	48,252,726	2.00
		48,252,726	2.00	31/03/2016				
8	Tara India Holdings A Limited	34,695,000	1.44	01/04/2015	-	N.A.	34,695,000	1.44
		34,695,000	1.44	31/03/2016				
9	Maharashtra Seamless Limited	22,300,000	0.93	01/04/2015	-	N.A.	22,300,000	0.93
		22,300,000	0.93	31/03/2016				
10	JM Financial Trustee Company Private Limited-JM Financial India Fund	20,429,090	0.85	01/04/2015	-	N.A.	20,429,090	0.85
		20,429,090	0.85	31/03/2016				

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

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2015-31.03.2016)	
		No. of Shares at the beginning (01/04/2015) / end of the year (31/03/2016)	% of total shares of the Company				No. of Shares	% of total shares of the Company
A	DIRECTORS							
1	Mr Lalit Kumar Singhi	190,000	0.0079	01/04/2015	-	N.A.	190,000	0.0079
		190,000	0.0079	31/03/2016				
2	Mr Naresh Pachisia	50,000	0.0021	01/04/2015	-	N.A.	50,000	0.0021
		50,000	0.0021	31/03/2016				
3	Mr Umang Kejriwal	5,17,000	0.0215	01/04/2015	-	N.A.	5,17,000	0.0215
		5,17,000	0.0215	31/03/2016				
B	KEY MANAGERIAL PERSONNEL							
1	Mr Rama Shankar Singh, Whole-time Director	140,000	0.0058	01/04/2015	-	-	-	-
				08/01/2016	60,000 0.0025%	Purchase	2,00,000	0.0083
		2,00,000	0.0083	31/03/2016	-	-	-	-
2	Mr Ashutosh Agarwal, Chief Financial Officer	43,750	0.0018	01/04/2015	-	N.A.	43,750	0.0018
		43,750	0.0018	31/03/2016				

 V. **INDEBTEDNESS** (Attachment - F)

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

(Rs. In lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year(01.04.2015)				
(i) Principal Amount	10,21,106.60			10,21,106.60
(ii) Interest due but not paid	8,218.59	-	-	8,218.59
(iii) Interest accrued but not due	469.07	-	-	469.07
Total (i + ii + iii)	10,29,794.26	-	-	10,29,794.26
Change in Indebtedness during the financial year				
Addition	1,01,058.17	-	-	1,01,058.17
Reduction	-	-	-	-
Net Change	1,01,058.17	-	-	1,01,058.17
Indebtedness at the end of the financial year (31.03.2016)				
(i) Principal Amount	10,27,359.09	-	-	10,27,359.09
(ii) Interest due but not paid	1,03,037.02	-	-	1,03,037.02
(iii) Interest accrued but not due	456.32	-	-	456.32
Total (i + ii + iii)	11,30,852.43	-	-	11,30,852.43

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

(Rs in Lakhs)

Sl. No.	Particulars of Remuneration	Rama Shankar Singh
1	Gross salary	
(a)	Salary as per provisions contained in section 17(1) of the Income Tax. 1961	142.92
(b)	Value of perquisites u/s 17(2) of the Income tax Act, 1961	9.07
(c)	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-
2	Stock option	-
3	Sweat Equity	-
4	Commission	
	-as % of profit	-
	- others	-
5	Others-	-
	Total (A)	151.99
	Ceiling as per the Act	263.80

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

(Rs. in Lakhs)

Sl. No.	Particulars of Remuneration	Name of the Directors							Total Amount
		Amrendra Prasad Verma	Jinendra Kumar Jain	Lalit Kumar Singhi	Naresh Pachisia	Rajkumar Khanna	Rishu Kumari	Umang Kejriwal	
1	Independent Directors:								
	Fee for attending Board and or/ Committee meetings	-	0.35	-	0.60	0.50	0.15	-	1.60
	Commission	-	-	-	-	-	-	-	-
	Others	-	-	-	-	-	-	-	-
	Total (1)	-	0.35	-	0.60	0.50	0.15	-	1.60
2	Other Non-Executive Directors :								
	Fee for attending Board and or/ Committee meetings	0.20	-	0.35	-	-	-	0.25	0.80
	Commission	-	-	-	-	-	-	-	-
	Others	-	-	-	-	-	-	-	-
	Total (2)	0.20	-	0.35	-	-	-	0.25	-
	Total (B) = (1 + 2)	0.20	0.35	0.35	0.60	0.50	0.15	0.25	2.40
	Total Managerial Remuneration								151.99@
	Overall ceiling as per the Act								263.80@

Note: @ Managerial Remuneration and over all ceiling thereto as per the Act is remuneration paid to Wholetime Director as detailed in Attachment G.

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

(Rs. in Lakhs)

Sl. No.	Particulars of Remuneration	Ashutosh Agarwal CFO	Anubhav Maheshwari CS
1	Gross salary		
(a)	Salary as per provisions contained in section 17(1) of the Income Tax. 1961	101.11	18.10
(b)	Value of perquisites u/s 17(2) of the Income tax Act, 1961	10.08	2.42
(c)	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961		-
2	Stock option		-
3	Sweat Equity		-
4	Commission		
	-as % of profit		
	- others		-
5	Others-		-
	Total	111.19	20.52

For and on behalf of the Board of Directors

 Place : Kolkata
 Dated : 13th May, 2016

R S Singh
 Whole-time Director

Lalit Kumar Singhi
 Director

INDEPENDENT AUDITOR'S REPORT

To the Members of
ELECTROSTEEL STEELS LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of ELECTROSTEEL STEELS LIMITED ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. 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 financial statements, that give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

8. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31 March 2016, and its loss and its cash flows for the year ended on that date.

Emphasis of Matters

9. Without qualifying our opinion, we draw attention to the following Notes to the financial statements:
 - 9.1. Note No. 27, regarding the revenue recognized as "Exceptional Item". The company, consequent to the delayed execution of contracts by certain vendors/suppliers/service providers of plant, equipments, civil and erection

commissioning etc. has incurred "Loss of Profit" in past. The part of such claim of "Loss of Profit" as assessed by the Company has been recovered from the available balance in the respective Supplier's Accounts and recognized as income in the Statement of Profit and Loss for the year. The unrecovered such "Loss of Profit" will be accounted for in the year significant certainty of recovery is established.

- 9.2 Note No. 41, regarding the preparation of these financial statements on a "going concern basis". The Company incurred a net loss of Rs. 32,654.67 lacs during the year ended March 31, 2016 and, as of that date, the Company's current liabilities exceeded its current assets by Rs 320,780.13 lacs, further the Company's net worth has also been substantially eroded as at the balance sheet date. Since the full compliance of the sanctioned CDR package could not be made with, the lenders have invoked Strategic Debt Restructuring (SDR) pursuant to RBI circulars dated 08.06.2015 & 24.09.2015, the implementation is under progress. However, in view of the increase in the operations of the production facilities and the Company's EBIDTA being positive also in this year, these financial statements have been prepared on a "going concern basis" and no adjustment has been made to the carrying value of the assets and liabilities.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. 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 purpose 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 financial statements dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. The two matters described in paragraph 9 under the emphasis of matters paragraph, in our opinion may have adverse effect on the functioning of the company;
 - f. On the basis of the written representations received from the directors as on 31 March 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164(2) of the Act;
 - g. With respect to the adequacy of the internal financial controls over financial reporting (IFCoFR) of the Company and the operating effectiveness of such controls refer to our separate report in Annexure 'B'.
 - h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigations which would impact its financial position;
 - ii. the Company, as detailed in Note 40 to the financial statements, has made provision, as required under the applicable laws or accounting for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B Chhawchharia & Co.**
Chartered Accountants
Firm's Registration No.: 305123E

S K Chhawchharia
Partner
Membership No.:008482

Place : Kolkata
Date : May 13, 2016

Annexure A to the Independent Auditor's Report of even date to the members of Electrosteel Steels Limited, on the financial statements for the year ended 31st March, 2016

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) As planned, a part of the fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for 61 no's of cases of Freehold land comprising of 222.29 acres aggregating to amount of Rs. 1,550.26 lacs- registration pending for approval of Government of Jharkhand, Department of revenue.
- (ii)
 - (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
 - (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, LLP or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) The Company does not have any loan, investment, guarantees and securities. Accordingly the provisions clause 3(iv) of the Order is not applicable.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (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 sub-section (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete. As informed, the cost audit for the year is under progress.
- (vii)
 - (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities. *Further*, no undisputed amounts payable in respect thereof were outstanding on the year-end for a period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us, the following dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.Lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	75.97	2009-10	CESTAT
Service Tax under Finance Act, 1994	Service Tax	2,215.62	2007-08 & 2008-09	CESTAT
Service Tax under Finance Act, 1994	Service Tax	317.72	2009-10	CESTAT
Service Tax under Finance Act, 1994	Service Tax	1,071.40	2007-08 to 2011-12	CESTAT
Service Tax under Finance Act, 1994	Service Tax	13.34	2014-15	The Joint Commissioner of Service Tax, Kolkata

Name of the statute	Nature of dues	Amount (Rs.Lacs)	Period to which the amount relates	Forum where dispute is pending
Custom Act, 1962	Custom duty	5,974.73	2008-09 to 2011-12	Additional Director General, Directorate of Revenue Intelligence, New Delhi
Custom Act, 1962	Custom duty	19,569.38	2009-10 & 2010-11	Principal, Additional Director General, Directorate of Revenue Intelligence, Kolkata Zonal Unit
Custom Act, 1962	Custom duty	10,267.82	2008-09 & 2009-10	Principal, Additional Director General, Directorate of Revenue Intelligence, Kolkata Zonal Unit
Jharkhand VAT Act, 2015	Value Added Tax	101.61	2010-11	Commissioner Commercial taxes, Jharkhand
Jharkhand VAT Act, 2015	Value Added Tax	273.16	2012-13	Deputy Commissioner of Commercial Taxes, Jharkhand
Jharkhand VAT Act, 2015	Value Added Tax	8,196.22	2011-12	Commissioner Commercial Taxes, Jharkhand
Jharkhand VAT Act, 2015	Value Added Tax	3,936.83	2012-13	Commissioner Commercial Taxes, Jharkhand
Jharkhand VAT Act, 2015	Value Added Tax	138.94	2013-14	Commissioner Commercial taxes, Jharkhand
Jharkhand VAT Act, 2015	Value Added Tax	9.11	2008-09 to 2010-11	Commissioner Commercial taxes, Jharkhand
Central Sales Tax, 1956	Central Sales Tax	115.08	2011-12	Commissioner Commercial taxes, Jharkhand
Central Sales Tax, 1956	Central Sales Tax	392.78	2012-13	Commissioner Commercial taxes, Jharkhand

(viii) The Company has defaulted in the payment of principal as well as interest dues to the following banks and Financial Institutions:

Name of the Bank	Principal	Period	Amount (in Lakhs)	
			Interest	Period
Allahabad Bank	1,650.28	December 2015 to March 2016	3,151.46	April 2015 to March 2016
Andhra Bank	6,44.37	December 2015 to March 2016	1,230.11	April 2015 to March 2016
Bank of Baroda	966.01	December 2015 to March 2016	1,833.72	April 2015 to March 2016
Bank of India	1,137.69	December 2015 to March 2016	2,172.90	April 2015 to March 2016
Bank of Maharashtra	724.99	December 2015 to March 2016	1,385.00	April 2015 to March 2016
Canara Bank	2,864.80	December 2015 to March 2016	5,538.51	April 2015 to March 2016
Central Bank of India	766.71	December 2015 to March 2016	1,476.56	April 2015 to March 2016
Corporation Bank	1,036.39	December 2015 to March 2016	1,994.64	April 2015 to March 2016
Dena Bank	662.40	December 2015 to March 2016	1,258.32	April 2015 to March 2016

Name of the Bank	Principal	Period	Interest	Period
ICICI	239.25	December 2015 to March 2016	406.48	June 2015 to March 2016
Indian Bank	951.57	December 2015 to March 2016	1,818.98	April 2015 to March 2016
Indian Overseas Bank	2,397.05	December 2015 to March 2016	4,600.58	April 2015 to March 2016
J&K Bank	342.76	December 2015 to March 2016	654.28	April 2015 to March 2016
Oriental Bank of Commerce	2,490.71	December 2015 to March 2016	4,735.19	April 2015 to March 2016
Punjab & Sind Bank	684.32	December 2015 to March 2016	1,306.29	April 2015 to March 2016
Punjab National Bank	3,299.91	December 2015 to March 2016	6,271.20	April 2015 to March 2016
State Bank of Hyderabad	2,734.55	December 2015 to March 2016	5,215.50	April 2015 to March 2016
State Bank of India	11,375.76	December 2015 to March 2016	21,708.37	April 2015 to March 2016
State Bank of Mysore	1,338.54	December 2015 to March 2016	2,562.45	April 2015 to March 2016
State Bank of Patiala	2,212.53	December 2015 to March 2016	4,267.25	April 2015 to March 2016
State Bank of Travancore	1,788.39	December 2015 to March 2016	3,444.39	April 2015 to March 2016
Syndicate Bank	905.86	December 2015 to March 2016	2,012.35	April 2015 to March 2016
UCO Bank	2,797.77	December 2015 to March 2016	5,355.63	April 2015 to March 2016
Union Bank of India	1,610.23	December 2015 to March 2016	3,096.74	April 2015 to March 2016
United Bank of India	1,875.48	December 2015 to March 2016	3,580.38	April 2015 to March 2016
Vijaya Bank	1,152.22	December 2015 to March 2016	2,213.88	April 2015 to March 2016

Name of the Financial Institution	Principal Default	Period	Interest Default	Period
HUDCO	1,651.99	December 2015 to March 2016	3,224.90	April 2015 to March 2016
IL&FS	105.31	December 2015 to March 2016	187.04	April 2015 to March 2016
LIC of India	951.24	December 2015 to March 2016	1,856.94	April 2015 to March 2016
SREI	2,986.00	March 2016	3,932.32	April 2015 to March 2016
SREI	1,137.45	July 2015 to March 2016	7.33	April 2015 to March 2016

- (ix) Company did not raise any money by way of initial public offer or further public offer (including debt instrument) during the year. Further disbursement of Term loan received during the year, term loans were applied for the purpose they were raised.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

- (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) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (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 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 not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us 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 him.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **B Chhawchharia & Co.**
Chartered Accountants
Firm's Registration No.: 305123E

Place : Kolkata
Date : May 13, 2016

S K Chhawchharia
Partner
Membership No.:008482

Annexure B to the Auditor's Report

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

1. In conjunction with our audit of the financial statements of Electrosteel Steels Limited ("the Company") as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the company of as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, 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.

5. 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 IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

For **B Chhawchharia & Co.**
Chartered Accountants
Firm's Registration No.: 305123E

Place : Kolkata
Date : May 13, 2016

S K Chhawchharia
Partner
Membership No.:008482

BALANCE SHEET AS AT 31ST MARCH, 2016

	Note	As at 31 st March, 2016		As at 31 st March, 2015	
		Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
EQUITY & LIABILITIES					
Shareholders' Funds					
(a) Share Capital	2	240,923.50		240,923.50	
(b) Reserves and Surplus	3	(164,294.24)	76,629.26	(131,639.57)	109,283.93
Non-Current Liabilities					
(a) Long-Term Borrowings	4	816,406.74		889,724.10	
(b) Other Long-Term Liabilities	5	35.40		69.47	
(c) Long-Term Provisions	6	596.20	817,038.34	433.76	890,227.33
Current Liabilities					
(a) Short-Term Borrowings	7	64,378.70		58,019.78	
(b) Trade Payables	8	36,571.64		24,706.60	
(c) Other Current Liabilities	9	367,397.69		253,689.93	
(d) Short-Term Provisions	6	209.81	468,557.84	172.76	336,589.07
TOTAL			1,362,225.44		1,336,100.33
ASSETS					
Non-Current Assets					
(a) Fixed Assets					
(i) Tangible Assets	10	1,019,934.43		464,790.20	
(ii) Intangible Assets	10	242.44		130.25	
(iii) Capital Work-In-Progress		183,280.11		681,903.70	
(b) Long-Term Loans and Advances	11	10,990.75	1,214,447.73	16,356.60	1,163,180.75
Current Assets					
(a) Current Investments	12	-		4,007.77	
(b) Inventories	13	73,576.24		81,902.32	
(c) Trade Receivables	14	25,074.83		11,435.49	
(d) Cash and Cash Equivalents	15	5,245.90		25,980.98	
(e) Short-Term Loans and Advances	11	15,754.91		11,777.10	
(f) Other Current Assets	16	28,125.83	147,777.71	37,815.92	172,919.58
TOTAL			1,362,225.44		1,336,100.33
Significant Accounting Policies	1				

The accompanying notes are an integral part of the financial statements.

As per our Report of even date

For and on behalf of the Board

For B. Chhawchharia & Co.
Firm Registration No. 305123E
Chartered Accountants

Lalit Kumar Singhi

Director

S.K. Chhawchharia
Partner
M. No. 008482

R S Singh

Wholetime Director

Kolkata
May 13, 2016

Ashutosh Agarwal

Chief Financial Officer

Anubhav Maheshwari

Company Secretary

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

	Note	Year ended 31 st March, 2016 Rs. in Lakhs	Year ended 31 st March, 2015 Rs. in Lakhs
I. Revenue from operations			
Sale of Products		279,520.94	198,631.48
Other operating revenue		<u>9,354.95</u>	<u>4,656.10</u>
Revenue from operations (Gross)	17	288,875.89	203,287.58
Less: Excise duty		<u>29,106.42</u>	<u>20,163.51</u>
Revenue from operations (Net)		259,769.47	183,124.07
II. Other Income	18	1,516.41	1,560.49
III. Total Revenue (I + II)		261,285.88	184,684.56
IV. Expenses:			
(a) Cost of Raw Materials Consumed	19	182,744.94	148,057.38
(b) Purchase of Traded Goods (Stock in Trade)		494.77	5,861.80
(c) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	20	(7,185.93)	(20,718.24)
(d) Employee Benefits Expense	21	8,342.71	4,473.22
(e) Finance costs	22	52,531.47	45,173.13
(f) Depreciation and amortization expense	23	20,257.93	20,085.09
(g) Other expenses	24	64,406.58	44,155.31
Total expenses		321,592.47	247,087.69
V. Profit before Exceptional Items and Tax (III - IV)		(60,306.59)	(62,403.13)
VI. Exceptional Items	27	27,651.92	-
VII. Profit before Tax (V - VI)		(32,654.67)	(62,403.13)
VIII. Extra Ordinary Items		-	-
IX. Tax Expenses			
Current Tax		0.00	1.10
X. Profit/(Loss) for the Period (VII + VIII - IX)		(32,654.67)	(62,404.23)
XI. Earning per Equity Share (nominal value of share Rs.10)			
(a) Basic		(1.36)	(2.68)
(b) Diluted		(1.36)	(2.68)

The accompanying notes are an integral part of the financial statements.

As per our Report of even date

For and on behalf of the Board

For B. Chhawchharia & Co.
Firm Registration No. 305123E
Chartered Accountants

Lalit Kumar Singhi Director

S.K. Chhawchharia
Partner
M. No. 008482

R S Singh Wholetime Director

Kolkata
May 13, 2016

Ashutosh Agarwal Chief Financial Officer

Anubhav Maheshwari Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

	31 st March, 2016 Rs. in lacs	31 st March, 2015 Rs. in lacs
Cash flow from operating activities		
Profit before tax	(32,654.67)	(62,403.13)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization on continuing operation	20,257.93	20,085.09
Exceptional Items	27,651.92	-
Loss/(profit) on sale of fixed assets	5.10	(5.62)
Interest expense	52,531.47	45,173.13
Operating profit before working capital changes	67,791.75	2,849.47
<u>Movements in working capital :</u>		
Increase/(decrease) in trade payables	11,865.04	9,779.84
Increase/(decrease) in long-term provisions	162.44	154.89
Increase/(decrease) in short-term provisions	38.15	89.95
Increase/(decrease) in other current liabilities	(62,996.52)	35,879.99
Increase/(decrease) in other long-term liabilities	(34.07)	-
Decrease/(increase) in trade receivables	(13,639.34)	(9,233.29)
Decrease/(increase) in inventories	8,326.08	(45,284.82)
Decrease/(increase) in short-term loans and advances	(3,963.70)	5,064.44
Decrease/(increase) in other current assets	9,690.09	(37,602.66)
Cash generated from / (used in) operations	17,239.92	(38,302.19)
Direct taxes paid (net of refunds)	(15.22)	(57.05)
Net Cash flow from / (used in) operating activities (A)	17,224.70	(38,359.24)
Cash flow from investing activities		
Purchase of fixed assets, including intangible assets, CWIP	(47,454.67)	(66,700.63)
Proceeds from sale of fixed assets	16.75	37.75
Proceeds from sale/ purchase of current investments (Net)	4,007.77	13,613.92
Decrease/(increase) in long-term loans and capital advances	5,365.85	(5,979.23)
Net Cash flow from / (used in) investing activities (B)	(38,064.30)	(59,028.19)
Cash flow from financing activities		
Proceeds from issuance of share capital	-	22,250.00
Proceeds from long-term borrowings	(106.42)	125,602.64
(net of repayment, including interest funded into Term Loans)		
Proceeds from short-term borrowings (net of repayment)	6,358.92	56,561.21
Interest paid (including funded interest on Term Loans)	(6,147.98)	(87,963.01)
Net Cash flow from / (used in) financing activities (C)	104.52	116,450.84
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(20,735.08)	19,063.41
Cash and cash equivalents at the beginning of the year	25,980.98	6,917.57
Cash and cash equivalents at the end of the year	5,245.90	25,980.98
Components of cash and cash equivalents		
Balances with Banks		
In Current Accounts	1,070.77	17,644.67
Stamp papers on hand	12.03	15.17
Cash on hand	13.25	6.30
Balance with Bank in Deposit Accounts (held as margin money)	4,149.85	8,314.84
Total cash and cash equivalents	5,245.90	25,980.98

As per our Report of even date

For B. Chhawchharia & Co.
Firm Registration No. 305123E
Chartered Accountants

S.K. Chhawchharia
Partner
M. No. 008482

Kolkata
May 13, 2016

For and on behalf of the Board

Lalit Kumar Singhi *Director*

R S Singh *Wholetime Director*

Ashutosh Agarwal *Chief Financial Officer*

Anubhav Maheshwari *Company Secretary*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

1. Significant Accounting Policies

1.1 Basis of Preparation of Financial Statements

The Financial Statements have been prepared under the historical cost convention and in accordance with the provisions of the Companies Act, 2013. Accounting policies not referred to otherwise are consistent and are in consonance with the generally accepted accounting principles in India.

1.2 Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialized.

1.3 Tangible and Intangible Fixed Assets

- (i) Tangible fixed assets are stated at cost of acquisition and subsequent improvements thereto; net of CENVAT / Value Added Tax, rebates, less accumulated depreciation and impairment loss, if any.
- (ii) All costs, including financing costs and net charge on foreign exchange contracts till commencement of commercial production, are capitalised. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of fixed asset.
- (iii) Direct and Indirect 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).
- (iv) Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment loss, if any.

1.4 Depreciation/ Amortisation

- (i) Depreciation on tangible assets is provided on straight line method on the basis of useful life of the assets and in the manner prescribed in Schedule II to the Companies Act, 2013.
- (ii) Assets costing Rs. 5,000 or less are being fully depreciated in the year of acquisition.
- (iii) Cost of leasehold land is amortized over the period of lease.
- (iv) The intangible assets are amortized on straight line method over the useful economic life of the respective assets.

1.5 Impairment of Assets

The carrying amounts of the assets are reviewed at each balance sheet date. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged when the asset is identified as impaired.

1.6 Government Grants

Grants received/to be received, if any, against specified fixed asset is/will be adjusted to the cost of the asset and in case where it is not against any specific fixed asset, the same is/will be taken as Capital Reserve. Further, the revenue grants are/will be recognised in the Statement of Profit and Loss in accordance with the related scheme and in the period in which it is/will be admitted.

1.7 Foreign Currency Transactions

- (i) Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing on the date of the transaction. All transactions of integral foreign operations are recorded by applying to the foreign currency amounts on an average exchange rate between the reporting currency and the foreign currency.
- (ii) Monetary items denominated in foreign currencies at the year end are restated at the year end rates. In case of monetary items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid/received on forward contracts is recognised over the life of the contract.
- (iii) Non-monetary foreign currency items are carried at cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

- (iv) Any income or expense on account of exchange difference either on settlement or on translation is recognised as revenue except in respect of the project cost which are recognized as "Capital Work in Progress".

1.8 Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as Current Investments. All other investments are classified as Long-term Investments. Current Investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term Investments are carried at cost. Provision for diminution in the value of Long-term Investments is made only if such a decline is other than temporary in nature in the opinion of the management.

1.9 Inventories

Inventories are valued at weighted average cost or net realizable value whichever is lower.

1.10 Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

1.11 Employee Benefits

- (i) Short term employee benefits are charged off at the undiscounted amount in the period in which the related service is rendered.
- (ii) Post employment and other long term employee benefits are charged off in the period in which the employee has rendered services. The amount charged off is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to Statement of Profit and Loss/Project Development Expenditure Account.

1.12 Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the period at current rates. Tax expense comprises both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current Tax represents the amount of Income Tax payable/ recoverable in respect of taxable income/ loss for the reporting period. Deferred Tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originates in one year and are capable of reversal in one or more subsequent years.

1.13 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

1.14 Revenue Recognition

All expenses and income to the extent considered payable and receivable respectively, unless otherwise stated, are accounted for on an accrual basis. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are disclosed net of quality claims and rebates.

1.15 Insurance Claims

Insurance claims are accounted as and when admitted / settled.

1.16 Derivative Instruments

All forward contracts entered to hedge foreign currency on unexecuted firm commitments and highly probable forecast transactions, are recognized in the financial statements at fair value at each reporting date, in pursuance of the announcement of The Institute of Chartered Accountants of India (ICAI) on Accounting for Derivatives.

The premium arising at the inception of forward exchange contract is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts at the reporting date are recognized in the Statement of Profit and Loss. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	31 st March, 2016 Rs. in Lakhs	31 st March, 2015 Rs. in Lakhs
2. Share Capital		
a) Capital Structure		
Authorised		
500,00,00,000 Equity Shares of Rs. 10/- each (Previous year - 450,00,00,000 Equity Shares of Rs. 10/- each)	500,000.00	450,000.00
	500,000.00	450,000.00
Issued, Subscribed and Fully Paid Up		
240,92,35,023 Equity Shares of Rs. 10/- each (Previous year - 240,92,35,023 Equity Shares of Rs. 10/- each)	240,923.50	240,923.50
	240,923.50	240,923.50

The Company has only one class of Shares referred to as Equity Shares having face value of Rs. 10. Each holder of Equity Shares is entitled to one vote per Share. In the event of liquidation, the Equity Shareholders are eligible to receive in proportion to their shareholding the remaining assets of the Company, after distribution of the preferential amount.

b) Share Capital Reconciliation

Equity Shares

	31 st March, 2016		31 st March, 2015	
	Nos.	Rs. in Lakhs	Nos.	Rs. in Lakhs
Opening balance	2,409,235,023	240,923.50	2,186,735,023	218,673.50
Issued during the period	-	-	222,500,000	22,250.00
Closing Balance	2,409,235,023	240,923.50	2,409,235,023	240,923.50

c) Particulars of Equity Shareholders holding more than 5% Shares at Balance Sheet date

	31 st March, 2016		31 st March, 2015	
	Nos.	% holding	Nos.	% holding
Electrosteel Castings Limited	1,089,800,000	45.23%	1,089,800,000	45.23%
Stemcor Cast Iron Investments Limited	400,909,646	16.64%	400,909,646	16.64%

d) During the Financial year ended 31st March 2015, pursuant to the Corporate Debt Restructuring (CDR) Scheme, the Company had made preferential allotment of 22.25 crores Equity Shares of Rs 10 each fully paid to Electrosteel Castings Limited under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and Companies Act, 2013. The proceeds of the issue have been utilised for the capital expenditure at the Plant, which is in line with CDR Scheme.

e) 250,75,71,148 (Two Hundred Fifty crore seventy five lac seventy one thousand and one hundred and forty eight) number of Equity Shares ("These Shares") of Rs. 10/- each are reserved for issue and allotment on preferential basis to the lenders as per the Strategic Debt Restructuring (SDR) terms under loans contract with the lenders by conversion of loan for a sum of Rs. 2507.57 crore. These Shares will rank pari-passu with the existing Equity Shares with the right of pro-rata dividend from the date of allotment and that these Shares will be listed on the stock exchanges where the existing Equity Shares are listed.

3. Reserves & Surplus

	31 st March, 2016 Rs. in Lakhs	31 st March, 2015 Rs. in Lakhs
Securities Premium Reserve	3,993.17	3,993.17
Surplus/(Deficit) in the statement of profit or loss		
Opening balance	(135,632.74)	(72,709.47)
Loss for the year	(32,654.67)	(62,404.23)
Adjustment of Assets Cost as per Schedule II (*)	-	(519.04)
Net Surplus/(Deficit)	(168,287.41)	(135,632.74)
Total	(164,294.24)	(131,639.57)

(*) In accordance with the transitional provisions of Schedule II of the Companies Act 2013, the Company has adjusted the net book value of those assets where the remaining useful life is NIL as on 31st March 2014, with the opening balance of retained earnings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016
4. Long-term Borrowings

	Non-current portion		Current maturities	
	31 st March, 2016 Rs. in Lakhs	31 st March, 2015 Rs. in Lakhs	31 st March, 2016 Rs. in Lakhs	31 st March, 2015 Rs. in Lakhs
Term Loans (Secured)				
From Banks				
Restructured Term Loan	528,857.87	576,780.71	79,024.74	31,101.90
Additional Term Loan	100,108.72	97,737.43	22,724.06	6,238.56
Funded Interest Term Loan (FITL)	109,462.85	126,909.87	28,576.94	11,129.93
Buyers Credit	-	-	48.35	14,811.57
From Others				
Restructured Term Loan	66,601.95	74,037.48	11,731.12	8,495.58
Funded Interest Term Loan (FITL)	11,375.35	14,258.61	4,468.44	1,585.17
	816,406.74	889,724.10	146,573.65	73,362.71
Amount disclosed under the head Other current liabilities (Note 9)	-	-	146,573.65	73,362.71
	816,406.74	889,724.10	-	-

In the financial year 2013-14, the Company was referred by the lenders to the Corporate Debt Restructuring (CDR) Cell. The CDR Empowered Group (CDR EG) Cell vide its Letter of Approval dated 28 September 2013, has approved a package to restructure/reschedule the Company's Debt and provide additional facilities. The Master Restructuring Agreement has been executed between the Company and the concerned lenders on 20 January 2014. The borrowings from non-CDR lenders (viz. HUDCO, IL & FS and SREI, appearing under the head 'From Others') have also been restructured bilaterally in line with CDR guidelines subject to certain modifications. Due Compliance of the sanctioned CDR packages could not be met with. The lenders have since invoked the "Strategic Debt Restructuring (SDR) pursuant to RBI Circulars dated June 08, 2015 and Sept 24, 2015 and the implementation thereof is under process.

A. Security

- 1) The entire facilities from CDR lenders and a non-CDR lender (HUDCO) are secured by:
 - (a) 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 book debts), present and future and assignment over all of Company's bank accounts;
 - (b) pledge of 866,750,000 Equity Shares of the Company held by Electrosteel Castings Ltd. ('ECL') being the Promoter Company;
 - (c) pledge of 517,000 Equity Shares of the Company held by Mr. Umang Kejriwal (Director);
 - (d) pledge of 32,675,270 Equity Shares of ECL held by 2 of its promoter group companies;
 - (e) personal guarantee of Mr. Umang Kejriwal and Ms. Radha Kinkari Kejriwal (COO - MSD)
- 2) The facility from a non-CDR lender (SREI) is secured by:
 - (a) second ranking pari passu charge by way of hypothecation of all movable assets (including receivables and intangibles), present and future;
 - (b) 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.
 - (c) first charge by way of mortgage of a piece of land with factory building owned by ECL.
- 3) The facility from another non-CDR lender (IL & FS) is secured by
 - (a) second ranking pari passu charge by way of mortgage/hypothecation of all assets mentioned in 1(a) above;
 - (b) pledge of Shares as mentioned in 1(b) to 1(d) above ranking subservient to the pledge already created in favour of lenders;
 - (c) personal guarantees as mentioned in 1(e) above.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

B. Repayment terms

- a) The Restructured Term Loan, Additional Term Loan and FITL from all lenders (except a non-CDR lender) are repayable in 29 quarterly instalments commencing from December 2015 and ending on December 2022 in a stepped up manner as follows:

Year	Term Loan due for repayment (%)		
	Restructured Term Loan	Additional Term Loan	FITL
2015-16	5.00%	6.00%	8.00%
2016-17	8.00%	12.50%	13.00%
2017-18	12.00%	12.50%	13.00%
2018-19	12.00%	12.50%	14.00%
2019-20	15.00%	14.00%	14.00%
2020-21	16.00%	14.00%	14.00%
2021-22	17.00%	15.00%	15.00%
2022-23	15.00%	13.50%	9.00%
Total	100.00%	100.00%	100.00%

- b) Repayment terms of a non-CDR lender (SREI):

- i) The Restructured Term Loan (Rs. 35,000.00 lacs) is repayable in 16 quarterly instalments commencing from April 2016 and ending on January 2020 in a stepped up manner as follows:

Year	Term Loan due for repayment (%)
2016-17	10.00%
2017-18	20.00%
2018-19	30.00%
2019-20	40.00%
Total	100.00%

- ii) The Restructured Term Loan (Rs. 2,986.00 lacs) was repayable on or before 15th March, 2016.
 iii) The FITL is repayable in 19 equal quarterly instalments commencing from July 2015 and ending on January 2020.

C. The applicable rate of interest on the above term loans during the year are -

- a) FITL from all lenders carries interest @ 10.75% p.a.
 b) Additional Term Loan from all lenders carries interest @ 11.00% p.a.
 c) Buyers' Credit carries interest rate at LIBOR plus spread being 0.24% to 0.75%.
 d) Restructured term loan carries interest @ 10.75% p.a. upto 29th February, 2016 and @ 11% p.a. effective from 1st March, 2016.

D. The company has been in default for the repayment of principal and interest to the lenders (banks & others). The period and amount of such default as on balance sheet date are as follows:

	Principal		Interest	
	31 st March, 2016 ^(*) Rs. in Lakhs	31 st March, 2015 Rs. in Lakhs	31 st March, 2016 ^(**) Rs. in Lakhs	31 st March, 2015 ^(***) Rs. in Lakhs
Term Loans (Secured)				
From Banks				
Restructured Term Loan	30,394.13	-	65,554.91	5,550.05
Additional Term Loan	7,369.97	-	12,879.84	962.71
Funded Interest Term Loan (FITL)	10,886.45	-	14,856.41	1,260.32
	48,650.55	-	93,291.16	7,773.08
From Others				
Restructured Term Loan	5,003.35	-	8,273.28	380.13
Funded Interest Term Loan (FITL)	1,828.64	-	1,661.13	81.16
	6,831.99	-	9,934.41	461.29
Total	55,482.54	-	103,225.57	8,234.37

(*) Relates to quarters ending December 2015 and March 2016

(**) Relates to period from 1-4-2015 to 31-3-2016

(***) Relates to period for March, 2015 which was paid in the month of June 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	31st March, 2016	31 st March, 2015
	Rs. in Lakhs	Rs. in Lakhs
5. Other Long-term Liabilities		
Security Deposit/ EMD from Vendors	35.40	69.47
	35.40	69.47

	Long-term		Short-term	
	31st March, 2016	31 st March, 2015	31st March, 2016	31 st March, 2015
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
Provision for employee benefits	596.20	433.76	209.81	171.66
Provision for Wealth Tax	-	-	-	1.10
	596.20	433.76	209.81	172.76

	31st March, 2016	31 st March, 2015
	Rs. in Lakhs	Rs. in Lakhs
7. Short-term Borrowings (Secured)		
Loan Repayable on Demand		
From Banks		
Working Capital Facility	39,459.99	34,385.70
Buyers Credit	24,918.71	23,634.08
	64,378.70	58,019.78

Working Capital facility from Banks & Buyers' Credit is secured as in Note 4(A)(1) above. The working capital facility carries interest rate of 11.00% p.a. and the Buyers' Credit carries interest rate at LIBOR plus spread being 0.24% to 0.75%.

	31st March, 2016	31 st March, 2015
	Rs. in Lakhs	Rs. in Lakhs
8. Trade Payables		
Trade Payables (including acceptance)	36,571.64	24,706.60
	36,571.64	24,706.60

The Company has circulated confirmation for the identification of suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006. On the basis of information available with the Company under the aforesaid Act, there are no Enterprises to whom the Company owes dues which are outstanding at year end.

	31st March, 2016	31 st March, 2015
	Rs. in Lakhs	Rs. in Lakhs
9. Other Current Liabilities		
Current maturities of long-term debts (refer note 4 above)	146,573.65	73,362.71
Interest accrued but not due on borrowings	456.32	469.07
Interest accrued and due on borrowings	103,037.02	8,218.59
Advance / Security Deposits / EMD from Customers	26,089.50	28,088.23
Others		
Statutory Dues Payables	3,510.81	3,149.81
Creditors for Capital Supplies / Services	49,258.58	94,619.36
Forward contract Premium Payable	28,527.87	37,950.66
Others Payables (Including year end Liability for expenses)	9,943.94	7,831.50
	367,397.69	253,689.93

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

10. FIXED ASSETS

Rs. in lacs

Description	Gross Block					Accumulated depreciation/ amortisation				Net book value	
	As on 1st April, 2015	Additions	Borrowing Cost	Disposal / Adjustments	As on 31st March, 2016	As on 1st April, 2015	For the Period	Disposal / Adjustments	Upto 31st March, 2016	As on 31st March, 2016	As on 1st April, 2015
Tangible Assets											
Freehold Land & Land Development (*)	24,037.69	953.24	-	-	24,990.93	-	-	-	-	24,990.93	24,037.69
Leasehold Land	100.02	-	-	-	100.02	14.60	3.15	-	17.75	82.27	85.42
Buildings	81,943.83	78,580.22	42,792.97	-	203,317.02	4,800.33	2,626.92	-	7,427.25	195,889.77	77,143.50
Plant & Equipment	393,528.41	282,589.20	153,276.70	34.53	829,359.78	32,020.80	17,856.14	21.88	49,855.06	779,504.72	361,507.61
Furniture & Fixtures	844.22	540.25	119.81	-	1,504.28	373.97	156.46	-	530.43	973.85	470.25
Vehicles	233.30	33.89	-	24.23	242.96	101.39	32.77	15.04	119.12	123.84	131.91
Office Equipment	260.13	325.30	99.12	-	684.55	152.91	69.76	-	222.67	461.88	107.22
Railway Sidings	1,658.61	10,821.60	5,893.95	-	18,374.16	352.01	114.98	-	466.99	17,907.17	1,306.60
Total (A)	502,606.21	373,843.70	202,182.55	58.76	1,078,573.70	37,816.01	20,860.18	36.92	58,639.27	1,019,934.43	464,790.20
Intangible Assets											
Computer Software	1,077.39	139.41	17.24	-	1,234.04	947.14	44.46	-	991.60	242.44	130.25
Total (B)	1,077.39	139.41	17.24	-	1,234.04	947.14	44.46	-	991.60	242.44	130.25
Total (A + B)	503,683.60	373,983.11	202,199.79	58.76	1,079,807.74	38,763.15	20,904.64	36.92	59,630.87	1,020,176.87	464,920.45
Previous Year's figures	390,842.88	81,392.84	311,501.85	53.97	503,683.60	17,531.34	20,734.61	(497.20)	38,763.15	464,920.45	

* Includes 222.17 acres (P.Y. 181.92 acres) of land pending registration in the name of the Company.

11. Loans & Advances

(Unsecured, Considered good)

	Long-term		Short-term	
	31 st March, 2016 Rs. in Lakhs	31 st March, 2015 Rs. in Lakhs	31 st March, 2016 Rs. in Lakhs	31 st March, 2015 Rs. in Lakhs
Capital Advances	10,074.03	15,484.86	-	-
Security Deposit	916.72	871.74	-	-
Other loans and advances				
Income Tax Advances (Net of provisions)	-	-	311.91	297.79
Balance with statutory / government authorities	-	-	1,573.17	3,547.58
Advances recoverable in cash or kind or for value to be received	-	-	13,869.83	7,919.51
Export Incentive Receivables	-	-	-	12.22
	10,990.75	16,356.60	15,754.91	11,777.10

12. Current Investments

Investment in Mutual funds (Unquoted)

	31 st March, 2016 Rs. in Lakhs	31 st March, 2015 Rs. in Lakhs
SBI Premier Liquid Fund - Regular Plan (Growth) Nil (P.Y. 117,330.753) units of Nil (P.Y. Rs.2,137.35/-) each	-	2,507.77
SBI Ultra Short Term Debt Fund - Regular Plan (Growth) Nil (P.Y. 85,841.346) units of Nil (P.Y. Rs.1,747.91/-) each	-	1,500.00
	-	4,007.77

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	31st March, 2016	31st March, 2015
	Rs. in Lakhs	Rs. in Lakhs
13. Inventories (valued at lower of cost or net realizable value)		
Finished Goods	15,561.48	11,590.92
Semi Finished Goods/Work In Progress	12,194.19	9,804.43
Stock of Traded Goods	0.24	47.16
Raw Materials(*)	19,375.93	45,265.75
Stores and Spares (**)	16,325.86	4,839.50
Scrap and by products	10,118.54	10,354.56
	73,576.24	81,902.32
(*) Includes materials in transit Rs. 2,426.44 Lakhs (P.Y. Rs.3,291.33 Lakhs)		
(**) Includes materials in transit Rs. 286.76 Lakhs (P.Y. Rs. 212.63 Lakhs)		
14. Trade Receivables		
Unsecured, considered good		
Due for less than 6 months	24,790.76	11,029.04
Due for more than 6 months	284.07	406.45
	25,074.83	11,435.49
15. Cash and Cash Equivalents		
Cash and Cash equivalents		
<u>Balances with Banks</u>		
In Current Accounts	1,070.77	17,644.67
Cash on hand	13.25	6.30
Stamp papers on hand	12.03	15.17
Balance with Banks in Deposit Accounts Rs. 4,120.64 (P.Y. Rs. 4,314.85 lakhs) held as margin money(*)	4,149.85	8,314.84
* Includes deposits maturing after 12 months Rs. 1.56 lakhs (P.Y. Rs. 4,303.56 lakhs)		
	5,245.90	25,980.98
16. Other Current Assets		
Interest accrued on fixed deposits	75.73	160.99
Unamortized expenditure		
Unamortized premium on forward contract	771.51	840.83
Gain receivable on forward exchange contract	27,278.59	36,814.10
	28,125.83	37,815.92
17. Revenue from Operations		
Sale of Products:		
Export Sales		
Semi-Finished & Finised Goods	5,233.38	13,664.45
Domestic Sales		
Semi-Finished & Finised Goods	274,287.56	184,967.03
Other Operating Revenue		
Scrap / By-products & Others	9,354.95	4,656.10
Revenue from operations (Gross)	288,875.89	203,287.58
Less: Excise Duty	29,106.42	20,163.51
Revenue from operations (Net)	259,769.47	183,124.07

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	31st March, 2016	31st March, 2015
	Rs. in Lakhs	Rs. in Lakhs
18. Other Income		
Job Work Charges	-	816.39
Interest income	448.66	526.87
Sundry credit balances written back(*)	773.50	-
Miscellaneous Income	294.25	217.23
	1,516.41	1,560.49

(*) Relates to old credit balances of certain suppliers/service providers for equipment supplies, civil and commissioning jobs. The excess liabilities of these parties as determined by the Company have been taken into Statement of Profit and Loss since asset-wise identification of the job values is not practical for their being various contracts and at various times in earlier years.

	31st March, 2016	31st March, 2015
	Rs. in Lakhs	Rs. in Lakhs
19. Cost of Raw Materials Consumed		
Inventory at the beginning of the year	41,974.43	10,638.10
Add: Purchases	157,719.99	179,411.87
Less: Inventory sold during the year	-	18.16
Less: Inventory at the end of the year	16,949.48	41,974.43
	182,744.94	148,057.38

	31st March, 2016	31st March, 2015
	Rs. in Lakhs	Rs. in Lakhs
Details of Materials Consumed		
Iron Ore	54,903.28	54,113.45
Coal	98,036.91	65,380.87
Coke and Coke Fines	1,269.49	10,173.41
Lime Stone and Dolomite	11,140.27	9,387.26
Others	17,394.97	9,002.39
	182,744.92	148,057.38

	31st March, 2016	31st March, 2015
	Rs. in Lakhs	Rs. in Lakhs
Details of Inventory		
Iron Ore	3,585.08	9,315.89
Coal	9,979.76	26,700.27
Coke and Coke Fines	142.80	1,393.60
Lime Stone and Dolomite	1,015.54	1,542.99
Others	2,226.30	3,021.68
	16,949.48	41,974.43

	31st March, 2016	31st March, 2015
	Rs. in Lakhs	Rs. in Lakhs
Purchase of Traded Goods		
Coal	-	5,249.29
TMT	-	612.51
	-	5,861.80

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	31st March, 2016	31st March, 2015
	Rs. in Lakhs	Rs. in Lakhs
20. Changes in Inventories of Finished Goods, Work-in-Progress & Stock-in-Trade		
Inventories at the end of the year		
Semi-Finished & Finished Goods	27,755.67	23,068.23
Scrap / By-products	10,118.54	8,681.69
Stock-in-Trade	0.24	47.16
	<u>37,874.45</u>	<u>31,797.08</u>
Inventories at the beginning of the year		
Semi-Finished & Finished Goods	23,068.23	6,746.53
Scrap / By-products	8,681.69	1,185.74
Stock-in-Trade	47.16	-
	<u>31,797.08</u>	<u>7,932.27</u>
Adjustment for Excise Duty	-	
Inventories transferred to Project	958.51	(3,146.57)
Inventories transferred from Project	150.05	-
	<u>(7,185.93)</u>	<u>(20,718.24)</u>
21. Employee Benefits Expense		
Salaries, wages and bonus	7,766.63	4,157.23
Contribution to Provident and Other Funds	341.47	178.16
Staff welfare expenses	234.61	137.83
	<u>8,342.71</u>	<u>4,473.22</u>
22. Finance Costs		
Interest Expense	51,585.59	43,769.57
Other Borrowing Cost	706.97	1,175.16
Net (Gain) / Loss on foreign currency transactions and translation	238.91	228.40
	<u>52,531.47</u>	<u>45,173.13</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016
23. Depreciation and Amortisation Expenses

Depreciation on Tangible Assets	20,860.18	20,722.04
Amortisation of Intangible Assets	44.46	12.57
Less: Transferred to Pre-operative expense	(646.71)	(649.52)
	20,257.93	20,085.09

31 st March, 2016 Rs. in Lakhs	31 st March, 2015 Rs. in Lakhs
20,860.18	20,722.04
44.46	12.57
(646.71)	(649.52)
20,257.93	20,085.09

24. Other Expenses

Consumption of Stores & Spares	9,917.91	8,081.82
Power and Fuel	10,795.45	9,232.82
Freight and Forwarding Charges	13,259.16	7,686.12
Rent	319.09	243.78
Rates and taxes	152.11	57.90
Insurance	429.54	538.90
Repairs to Machinery	510.89	285.31
Operation & Maintenance expenses	13,189.09	7,262.97
Machine Hire Charges	1,094.79	835.00
Material Handling Expenses	2,365.94	1,009.24
Listing & Registrar Expenses	47.35	50.17
Security Expenses	344.77	264.13
Advertisement and Business Promotion Expenses	163.07	146.76
Travelling & Conveyance	763.21	667.93
Legal & Professional Fees	1,522.83	372.01
Payment to Auditors	74.09	74.15
Prior Period Items	18.57	652.81
Excise Duty on Closing Stock	925.48	2,464.13
Exchange differences (net)	297.91	81.79
Loss on Sale of Fixed Assets	5.10	(5.62)
Selling & Distribution Expenses	4,301.48	1,677.03
Premium on forward contract amortised	1,627.10	475.60
CSR Expenditure	8.66	1.61
Other Miscellaneous Expenses	2,272.99	1,998.95
	64,406.58	44,155.31

31 st March, 2016 Rs. in Lakhs	31 st March, 2015 Rs. in Lakhs
9,917.91	8,081.82
10,795.45	9,232.82
13,259.16	7,686.12
319.09	243.78
152.11	57.90
429.54	538.90
510.89	285.31
13,189.09	7,262.97
1,094.79	835.00
2,365.94	1,009.24
47.35	50.17
344.77	264.13
163.07	146.76
763.21	667.93
1,522.83	372.01
74.09	74.15
18.57	652.81
925.48	2,464.13
297.91	81.79
5.10	(5.62)
4,301.48	1,677.03
1,627.10	475.60
8.66	1.61
2,272.99	1,998.95
64,406.58	44,155.31

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	31st March, 2016	31 st March, 2015
	Rs. in Lakhs	Rs. in Lakhs
Payment to Auditors		
Statutory Audit Fee	20.10	20.00
Internal Audit Fee	45.06	45.00
Tax Audit Fee	3.51	3.00
Other Services	3.41	4.86
Out of Pocket Expenses	1.51	0.83
Cost Audit Fee	0.50	0.46
	74.09	74.15

	31st March, 2016	31 st March, 2015
	Rs. in Lakhs	Rs. in Lakhs
Prior Period Items		
Consultancy & Services charges	-	565.11
Freight & Demurrage charges	-	50.94
Insurance premium	-	14.62
Others	18.57	22.14
	18.57	652.81

25.1 The Interest on the term loans due from a non-CDR lender (SREI) has been provided in line with the CDR terms as approved by the CDR EG. However, their claim for additional interest, management fee etc. is under renegotiation.

25.2 The dues to L&T Fin Corp on account of bill discounting are secured by charges created on all book debts, all cash flows and receivables and proceeds arising from/in connection with supplies to L&T ECC.

26. Employee Benefits

The disclosures required under Accounting Standard 15 "Employee Benefits" issued by the Institute of Chartered Accountants of India (ICAI), are given below:

Defined Contribution Plans

Contributions to Defined Contribution Plans, recognized are charged off for the period (included in Statement of Profit & Loss and Project Development Expenditure) as under:

Particulars	31st March, 2016	31 st March, 2015
	Rs. in Lakhs	Rs. in Lakhs
Employer's Contribution to Provident Fund	255.12	236.54
Employer's Contribution to Pension Scheme	188.51	127.71

Defined Benefit Plan

The present value of obligation for Employee's Gratuity Scheme is determined based on 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. The obligation for Leave Encashment is recognized in the same manner as Gratuity.

a. Reconciliation of opening and closing balances of Defined Benefit obligation

	Gratuity (partially funded)		Leave encashment (unfunded)	
	31st March, 2016	31 st March, 2015	31st March, 2016	31 st March, 2015
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
Defined Benefit obligation at beginning of the year	418.17	269.41	397.90	269.36
Current Service Cost	133.67	96.57	113.49	81.16
Interest Cost on benefit obligation	40.97	27.50	41.80	26.69
Net Actuarial (gain)/loss recognized in the year	49.71	65.81	130.27	63.99
Benefits paid	(39.25)	(41.12)	(39.34)	(43.30)
Net benefit expense	603.27	418.17	644.12	397.90

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016
b. Reconciliation of opening and closing balances of fair value of plan assets:

	Gratuity (partially funded)	
	31 st March, 2016 Rs. in Lakhs	31 st March, 2015 Rs. in Lakhs
Opening fair value of plan assets	281.83	202.41
Expected return	29.27	19.32
Actuarial gains/(losses)	4.19	17.68
Employer contribution	173.91	83.54
Benefits paid	(39.25)	(41.12)
Closing fair value of plan assets	449.95	281.83

c. Reconciliation of fair value of assets and obligations

	Gratuity (partially funded)		Leave encashment (unfunded)	
	31 st March, 2016 Rs. in Lakhs	31 st March, 2015 Rs. in Lakhs	31 st March, 2016 Rs. in Lakhs	31 st March, 2015 Rs. in Lakhs
Fair value of plan assets	449.95	281.83	-	-
Present value of obligations	603.27	418.17	644.12	397.90
(Assets)/Liability recognized in the Balance Sheet	153.32	136.34	644.12	397.90

d. Net employee benefit expense recognized during the year

	Gratuity (partially funded)		Leave encashment (unfunded)	
	31 st March, 2016 Rs. in Lakhs	31 st March, 2015 Rs. in Lakhs	31 st March, 2016 Rs. in Lakhs	31 st March, 2015 Rs. in Lakhs
Current Service Cost	133.67	96.57	113.49	81.16
Interest Cost on benefit obligation	40.97	27.50	41.80	26.69
Expected return on plan assets	(29.27)	(19.32)	-	-
Net Actuarial (gain)/loss recognized in the year	45.52	48.12	130.27	63.99
Net benefit expense	190.89	152.87	285.56	171.84

	Gratuity (partially funded)				
	2015-16	2014-15	2013-14	2012-13	2011-12
Defined Benefit Obligation at the end of the year	603.27	418.17	269.41	263.58	252.26
Fair value of planned assets at the end of the year	449.95	281.83	202.41	227.03	132.81
Surplus/(Deficit)	(153.32)	(136.34)	(67.00)	(36.55)	(119.45)

e. Investment Details

100% of the plan assets are with the Insurance Company.

f. Actuarial Assumptions

The principle assumptions used in determining defined benefit obligations for the company's plan are shown below:

	Gratuity (partially funded)		Leave encashment (unfunded)	
	31 st March, 2016	31 st March, 2015	31 st March, 2016	31 st March, 2015
Mortality Table (Indian Assured Lives Mortality)	2006-08 (Ultimate)	2006-08 (Ultimate)	2006-08 (Ultimate)	2006-08 (Ultimate)
Discount rate (per annum)	8.00%	8.00%	8.00%	8.00%
Expected rate of return on plan assets (per annum)	8.00%	8.00%	NA	NA
Rate of escalation in salary (per annum)	6.00%	5.00%	6.00%	5.00%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

27. Exceptional Items

Claim for Loss of Profit from Contractors / Suppliers

31 st March, 2016 Rs. in Lakhs	31 st March, 2015 Rs. in Lakhs
27,651.92	-
27,651.92	-

For its Integrated Steel Manufacturing facilities, the Company had entered into contracts with several parties for supply of equipment, structures, civil and erection commissioning etc. Given the fact that the time was an essence, the contracts had clauses relating to recovery of liquidated damages and penalties from the vendors. Essentially, the objective of these clauses was to compensate the Company for the loss of opportunity/profit.

There was significant delay in delivery and commissioning of the plant modules by some of these vendors thereby delaying the commissioning of the integrated plant and having a cascading impact on the profitability of the Company.

The Company, on account of such loss of profit due to the delays in past, has assessed and recovered a part of the amount from the available old balance in the Supplier's Payable accounts. Since the said recovery is towards the compensation for loss of profit, the amount has been recognised as income in the "Statement of Profit and Loss" as "Exceptional Item" during the current year.

For the unrecovered such loss of profit, requisite action has to be taken and the same will be accounted for in the year significant certainty is established.

28. Project Development Expenditure

The Company's Integrated Steel & DI Pipe Plant in the State of Jharkhand, India, is under construction & erection. A part of plant facility has commenced production and accordingly the balance proportionate expenditure related to the plant under construction & erection continues to be accounted as 'Project Development Expenditure' pending capitalization under 'Capital Work-in-Progress'. Necessary details have been disclosed below:

Project Development Expenditure Account (Included under Capital Work-in-Progress)

	31 st March, 2016 Rs. in Lakhs	31 st March, 2015 Rs. in Lakhs
Opening Balance	271,456.00	237,709.52
Add:		
(i) Payments to and Provisions for Employees (including personnel on deputation)		
– Salaries, Wages and Bonus	2,846.66	5,021.99
– Contribution to Provident Fund, Gratuity Fund, Pension Scheme, etc.	254.38	305.56
– Employee welfare and other amenities	298.10	317.90
(ii) Consultancy, Professional and Legal Fees	623.86	938.73
(iii) Power & Fuel	126.71	1,732.98
(iv) Labour and Machinery Hire Charges	11.50	512.55
(v) Security expenses	436.67	336.16
(vi) Insurance	3.69	685.87
(vii) Rent	29.43	105.19
(viii) Rates & Taxes	-	36.42
(ix) Stores & Spares consumption	(216.91)	5,539.16
(x) Travelling and Conveyance Expenses	911.95	850.10
(xi) Exchange Fluctuation (Considered as Borrowing Cost)	302.59	290.69
(xii) General and Administrative Expenses (net)	697.99	1,804.71
(xiii) Depreciation	646.71	649.52
(xiv) Other Borrowing Cost	835.47	840.26
(xv) Interest and Finance Charges	58,055.74	52,881.09
(xvi) Premium on forward contract	599.84	24.37
	337,920.38	310,582.77
Less:		
(i) Credit for Project Scrap	-	-
(ii) Foreign Currency Exchange Fluctuation	(2,061.12)	(1,038.79)
	339,981.50	311,621.56
Add: Provision for tax - Income Tax	-	-
	339,981.50	311,621.56
Less: Allocated/Transferred during the year to completed assets	259,230.49	40,165.56
Closing Balance	80,751.01	271,456.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

28.1 The Company has, during the year, capitalized part of the plant facility. Accordingly the Pre-Operative Expenses incurred up to the date of capitalization have been allocated to the cost of the facility on a proportionate basis.

29. Segment information

The Company's activities during the period were relating to setting up of its Integrated Steel & D I Pipe Plant. A part of the plant facility has commenced production (refer Note 28 above). Considering the nature of the Company's business and operations, there are no separate reportable segments (business and/ or geographical) in accordance with the requirements of Accounting Standard 17 'Segment Reporting', issued by ICAI.

30. Related Party Disclosures

As per Accounting Standard 18 'Related Party Disclosures' issued by ICAI, the disclosure of transactions with related parties are given below:

(i) Names of the related parties and description of relationship

List of related parties where control exists:

Electrosteel Castings Limited - Promoter Company

Key Management Personnel (KMP) and their relatives

Mr. Rama Shankar Singh - Whole Time Director

Mrs Puspha Singh - Wife

Enterprises where Key Management Personnel (KMP) have significant influence or control

Rama Mining Consultants Private Limited

North Dhadhu Mining Company Private Limited

Asian Informatics Private Limited

Jhilmil Traders Private Limited

(ii) Transactions during the period with related parties (excluding taxes):

Sl. No.	Name of the related party	31 st March, 2016 Rs. in Lakhs	31 st March, 2015 Rs. in Lakhs
1	Electrosteel Castings Limited		
	Transactions:		
	Proceeds from issue of Equity Shares/Premium	-	22,250.00
	Purchase of Materials & Services	3,838.41	45,011.58
	Sale of Materials, Services and others	781.26	6,317.74
	Reimbursement of expenses paid	-	139.86
	Reimbursement of expenses received	-	0.12
	Payment of rent	0.60	0.60
	Payment of Interest	101.43	-
	Closing Balance:		
	Trade Payables	1,565.35	4,870.85
	Advance against supplies/services	21,869.21	26,373.83
	Trade receivables	-	521.82
2	Rama Shankar Singh		
	Transactions:		
	Payment of remuneration	151.99	145.42
	Sale of Asset	9.53	-
	Closing Balance:		
	Year End Payables	7.30	7.24
3	Pushpa Singh		
	Transactions:		
	Payment of rent	7.80	-
	Closing Balance:		
	Year End Payables	0.65	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

31. Earning per share (EPS)

The following reflects the profit/(loss) and equity share data used in the basic and diluted EPS computations:

	31 st March, 2016	31 st March, 2015
Net Profit / (Loss) attributable to Equity Shareholders (Rs. in Lakhs)	(32,654.67)	(62,404.23)
Weighted average number of Equity Shares in calculating EPS	2,409,235,023	2,327,550,091
Nominal value of Equity Shares (Rs.)	10.00	10.00
Basic & Diluted EPS (Rs.)	(1.36)	(2.68)

32. Accounting for Taxes on Income

Since availability of future taxable income is not certain, no provision for deferred tax assets has been made under Accounting Standard 22 'Accounting for Taxes in Income' issued by ICAI, in accordance with the transitional provisions.

33. Capital and other commitments

	31 st March, 2016 Rs. in Lakhs	31 st March, 2015 Rs. in Lakhs
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	2,199.77	7,006.90
Export Obligation Commitments under EPCG Scheme (*)	734,299.02	489,957.35

(*) In terms of notification no. 70(RE-2013)/2009-2014, issued by the Ministry of Commerce and Industry, the company has applied Export obligation extension of 3 years from the date of approval of CDR package.

Company's irrecoverable off-take agreement with ECL for procurement of Iron ore at cost plus mark up during the currency of loan agreements with the lenders continues, whereas such agreement for procurement of Coking coal is cancelled, since the Hon'ble Supreme Court vide its order dated 24th September, 2014 has cancelled the coal block allotted to ECL w.e.f 1st April, 2015.

34. Contingent liabilities not provided for in respect of:

	31 st March, 2016 Rs. in Lakhs	31 st March, 2015 Rs. in Lakhs
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		
i) Central Excise & Service Tax	3,694.05	5,191.05
ii) Customs Duty	35,811.93	5,974.73
iii) Sales Tax	13,163.73	522.82
b) Guarantees given by banks on behalf of the Company	3,093.68	-
c) Bills Discounted with Banks & NBFC	4,767.28	8,837.49
d) Right of Recompense of Lenders as per CDR Guidelines	61,475.56	38,020.55
e) Other pending claims & disputes	881.88	100.00
f) There are several Civil and Criminal proceedings pending against the Company, the financial liability thereof, if any, is unascertainable.		

35. Value of import calculated on CIF basis

	31 st March, 2016 Rs. in Lakhs	31 st March, 2015 Rs. in Lakhs
Raw Materials	42,228.92	47,245.77
Stores & Spare Parts	10,423.58	7,261.56
Capital Goods	4,365.64	20,264.84
	57,018.14	74,772.17

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

36. Earnings in foreign exchange	31 st March, 2016	31 st March, 2015
	Rs. in Lakhs	Rs. in Lakhs
FOB value of exports	5,108.03	13,664.46
	5,108.03	13,664.46
37. Expenditure in foreign currency	31 st March, 2016	31 st March, 2015
	Rs. in Lakhs	Rs. in Lakhs
Consultancy and professional fees	223.05	142.40
Travelling and Conveyance	84.68	100.21
Rent	-	3.85
Interest paid	382.81	192.59
Others	14.98	9.35
	705.52	448.40

38. Valuation of Current Assets, Loan & Advances

In the opinion of the management, current assets, loans and advances and trade receivables have the value at which these are stated in the Balance Sheet, unless otherwise stated, and adequate provisions for all known liabilities have been made and are not in excess of the amount reasonably required.

Vendor balances appearing under Long-term liabilities, trade Payables & other liabilities, loans & advances and trade receivables are subject to reconciliation/ confirmation and adjustments in this respect are carried out as and when amount thereof, if any, are ascertained.

39. Imported & Indigenous Raw Materials, components and Spares Parts Consumed

	for the year 2015-16		for the year 2014-15	
	Value Rs. in Lakhs	% of total consumption	Value Rs. in Lakhs	% of total consumption
Raw Materials				
Imported	87,336.29	47.79%	52,251.88	35.29%
Indigenous	95,408.65	52.21%	95,805.51	64.71%
Stores & Spares Parts				
Imported	1,822.82	18.38%	486.05	3.87%
Indigenous	8,095.09	81.62%	12,087.74	96.13%

40. Derivative instruments and unhedged foreign currency exposure

A. Derivative contracts outstanding as at the Balance sheet date:

Particulars	Purpose
Forward contract to buy US \$	Hedge of buyers creditors
US\$ 41,120,584 (31st March 2015 : US\$ 59,110,635) (Rs 28,527.71 lacs (31st March 2015 : Rs 37,950.66 lacs)	

B. Particulars of unhedged foreign currency exposure as at the Balance sheet date:

Particulars	Amount
Buyer's Creditors	Euro 24,158 (31st March 2015 : Euro 34,750) [Rs 18.21 lacs (31st March 2015 : Rs 23.22 lacs)]
	GBP Nil (31st March 2015 : GBP 117,080) [Rs Nil (31st March 2015 : Rs 108.03 lacs)]
Trade payables (including acceptances)	USD\$ 48,721,138 (31st March 2015 : USD\$ 52,193,859) [Rs 32,277.91 lacs (31st March 2015 : Rs 32,506 lacs)]
	Euro 4,006,642 (31st March 2015 : Euro 3,774,400) [Rs 3,020.21 lacs (31st March 2015 : Rs 2,522.05 lacs)]
	AUD 6,000 (31st March 2015 : AUD Nil) [Rs 3.04 lacs (31st March 2015 : Rs Nil)]
	GBP -12,300 (31st March 2015 : GBP 505) [Rs -11.70 lacs (31st March 2015 : Rs 0.47 lacs)]

41. The Company has incurred a net loss of Rs. 32654.67 lac (Previous Year Rs. 62,404,23 lac) during the year ended 31st March 2015. The Current liabilities exceeds the current assets by Rs. 320,780.13 lac (Previous year Rs. 163,669.49 lac). Further there has been an erosion of net worth by more than fifty percent because of accumulated losses.

The lenders have since invoked the 'Strategic Debt Restructuring' (SDR) pursuant to RBI Circulars dated June 08, 2015 and Sept 24, 2015, and the implementation thereof is under progress. The Company was EBIDTA positive in the financial year 2015-16. The Company is seeking potential investment of necessary funds. Considering the above developments and favourable impact thereof on the financials of the Company and its operations, the Company has prepared these financial statements on going concern basis.

42. Previous year figures have been reclassified wherever appropriate to confirm to current year's presentation.

43. All the figures in these notes are in 'Rs. in lakhs' except otherwise stated.

As per our Report of even date

For B. Chhawchharia & Co.
Firm Registration No. 305123E
Chartered Accountants

S.K. Chhawchharia
Partner
M. No. 008482

Kolkata
May 13, 2016

For and on behalf of the Board

Lalit Kumar Singhi	<i>Director</i>
R S Singh	<i>Wholetime Director</i>
Ashutosh Agarwal	<i>Chief Financial Officer</i>
Anubhav Maheshwari	<i>Company Secretary</i>



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