

10th Annual Report 2016-2017



ELECTROSTEEL
STEELS LIMITED

CONTENTS

Corporate Information	2
Directors' Report	3
Management Discussion & Analysis Report	10
Corporate Governance Report	19
Auditors' Certificate on Corporate Governance	33
Independent Auditors' Report	42
Balance Sheet	49
Statement of Profit & Loss	50
Statement of changes in Equity	51
Cash Flow Statement	52
Notes to the Financial Statements	53

CORPORATE INFORMATION

CIN - L27310JH2006PLC012663

BOARD OF DIRECTORS	Mr. Pradeep Kumar Misra (DIN: 01471543)	Non-Executive Independent Chairman
	Mr. Devaprasad Mozumder (DIN: 07666887)	Nominee Director
	Ms. Jayantika Ganguly (DIN: 07667499)	Non-Executive Independent 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. Rajkumar Khanna (DIN: 05180042)	Non-Executive Independent Director
	Mr. Sunil V Diwakar (DIN: 00089266)	Non-Executive Director
	Mr. Umang Kejriwal (DIN: 00065173)	Non-Executive Director
	Mr. Rama Shankar Singh (DIN: 02093276)	Whole time Director
CHIEF EXECUTIVE OFFICER	Mr. Sunil Katial	
CHIEF FINANCIAL OFFICER	Mr. Ashutosh Agarwal	
COMPANY SECRETARY	Mr. Binaya Kumar Dash (ACS-17982)	
STATUTORY AUDITORS	M/s. B Chhawchharia & Co., Chartered Accountants	
LENDERS	Allahabad Bank Andhra Bank Bank of Baroda Bank of India Bank of Maharashtra Canara Bank Central Bank of India Corporation Bank Dena Bank HUDCO ICICI Bank Ltd. IL&FS Financial Services Ltd. Indian Bank	Indian Overseas Bank Jammu & Kashmir Bank Ltd. LIC of India Oriental Bank of Commerce Punjab National Bank Punjab & Sind Bank SREI Infrastructure Finance Ltd. State Bank of India Syndicate Bank UCO Bank Union Bank of India United Bank of India 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 Tenth Annual Report along with Audited Financial Statements for the year ended 31st March 2017.

FINANCIAL SUMMARY/HIGHLIGHTS

Particulars	Amount (₹ in Lakhs)	
	FY 2016-17	FY 2015-16
i. Revenue from Operations	277,429.58	288,875.89
ii. Other Income	9,353.12	1,571.44
iii. Total Income	286,782.70	290,447.33
iv. Earnings Before Interest, Depreciation, Taxation and Amortization (EBIDTA) (excluding exceptional item)	14,517.36	8,469.86
v. Finance Cost	112,983.05	52,663.27
vi. Depreciation & Amortization Expenses	47,882.30	20,257.93
vii. Exceptional Item	-	(27,651.92)
viii. Profit before Taxation (PBT)	(146,347.99)	(36,799.42)
ix. Tax including Deferred Tax	-	-
x. Profit after Taxation (PAT)	(146,347.99)	(36,799.42)
xi. Other Comprehensive Income	24.91	(19.86)
xii. Total Comprehensive Income	(146,323.08)	(36,819.28)
xiii. Earnings Per Share	(6.07)	(1.53)

Pursuant to the notification dated February 16, 2015 issued by the Ministry of Corporate Affairs, the Company has adopted the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) with effect from April 1, 2016. Financial Statements for the year ended and as at March 31, 2016 have been restated accordingly to conform Ind AS.

OPERATIONS

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 rods	0.60
TMT Bars	0.85
Ductile Iron Pipe	0.33
Billets	0.33
Pig Iron	0.40
Total	2.51

Your Company is selling Pig Iron, Billets, TMT Bars, Wire Rods and Ductile Iron Pipes in the open market. It's flagship product - Ductile Iron Pipe has established its presence in the market and is contributing significantly to Company's growth. Continuous efforts for reduction of production cost and improvement in operational efficiency has resulted in the Company being able to report positive Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) for the year.

Owing to the shutdown of the Oxygen Plant as a result of an accident and to sustain the production level, your Company had to resort to procurement of oxygen from Open Market which resulted in increase in cost and increase in operating and maintenance cost which adversely affected performance of the Company to some extent. Wide fluctuation in raw material prices, especially imported coking coal, also had a negative impact. Effective steps towards implementing better guidelines for operational procedure and precautionary measures thereto have been put in place. Continuous efforts were initiated to improve performance of the Company in both, quantitative and qualitative terms.

In spite of paucity of working capital, the Company was able to sustain turnover vis-a-vis previous financial year.

The Lenders had invoked Strategic Debt Restructuring pursuant to RBI Circulars dated 8th June 2015 and 24th September 2015 and implementation thereof is in progress. Lenders of the Company are proposing to change the Management of the Company, in accordance with RBI Circular on Prudential Norms on change in Ownership of Borrowing entities (Outside SDR Scheme).

EQUITY SHARE CAPITAL

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

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 last year, since accumulated losses resulted in erosion of over 50% of peak net worth during the immediately preceding four financial years, your Company continues as a "Sick Company", the fact of which has already been reported to erstwhile Board for Industrial and Financial Reconstruction (BIFR).

During the period under review, your Company, in spite of financial constraints as stated earlier, had been able to maintain its overall revenue. However, due to insufficient funds for completion of remaining modules of the Plant, the Company is not able to operationalize to its envisaged capacity.

Your Board is confident and 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 positive EBIDTA. The 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, 2017 and 15th May, 2017 i.e. the date of the Board's Report, affecting the financial position of the Company.

NUMBER OF BOARD MEETINGS

During the year, 6 (Six) 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.

FIXED DEPOSITS

The Company has not accepted or renewed any fixed deposits during the period under review.

SUBSIDIARY / ASSOCIATE / JOINT VENTURE COMPANY

The Company did not have any subsidiary/associate /joint venture Company during the year ended 31st March 2017.

INVESTOR EDUCATION AND PROTECTION FUND

All unclaimed / unpaid share application money, remaining unclaimed / unpaid for a period of seven years from the date they became due for payment, are required to be transferred to the Investor Education and Protection Fund (IEPF). Accordingly, unclaimed/unpaid share application money, lying in the IPO Refund Account shall be transferred to IEPF during the financial year 2017-18.

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 accounting records and timely preparation of reliable financial information. Your Company, with respect to all material aspects, has adequate internal financial controls over financial reporting and such internal financial controls were operating effectively during the period under review. 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).

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 strengthened. 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.

Statutory Auditors of the Company have in their Report dated 15th May, 2017, opined that 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 2017.

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 the recommendation of the Nomination and Remuneration Committee had adopted Schedule IV to the Companies Act, 2013 (hereinafter referred to as “the Act”) as criteria for evaluating performance of Independent Directors 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 February 2, 2017, 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

The Board at its Meeting held on September 29, 2016, on the recommendation of the Nomination & Remuneration Committee and subject to approval of shareholders in the ensuing Annual General Meeting, appointed Mr. Pradeep Kumar Misra as an Additional Independent Non-Executive Director designated as Chairman, not liable to retire by rotation.

The Board at its Meeting held on September 29, 2016, accepted the resignation of Ms. Rishu Kumari, Independent Non-Executive Woman Director with effect from September 29, 2016.

The Board at its Meeting held on December 8, 2016, accepted the resignation of Mr. Amrendra Prasad Verma, Nominee Director, with effect from October 18, 2016.

The Board places on record its appreciation for the valuable services provided by Mr. Amrendra Prasad Verma and Ms. Rishu Kumari.

The Board at its Meeting held on December 8, 2016, appointed Mr. Devaprasad Mozumder as a Nominee Director, proposed by the Lenders of the Company, not liable to retire by rotation. The Board at its Meeting held on December 8, 2016, on the recommendation of the Nomination & Remuneration Committee and subject to approval of shareholders in the ensuing Annual General Meeting, appointed Ms. Jayantika Ganguly as an Additional Independent Non-Executive Woman Director, not liable to retire by rotation.

The Company has received from Mr. Pradeep Kumar Misra and Ms. Jayantika Ganguly, (i) Consent to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 (ii) Intimation by Director in Form DIR-8 pursuant to Rule 14 of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that they are not dis-qualified in accordance with the provisions of Sec. 164(2) of the Companies Act, 2013 and (iii) Statement of declaration that they meet the criteria of independence as provided in Sec. 149(6) of the Act. The Board is of the opinion that Mr. Pradeep Kumar Misra and Ms. Jayantika Ganguly are persons of integrity and possess relevant expertise and experience and are eligible and fulfills the conditions as specified in the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (hereinafter referred to as "the LODR Regulations") for such appointment for a period of five years.

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

During the period under review, Mr. Binaya Kumar Dash was appointed as the Company Secretary and Compliance Officer of the Company w.e.f. February 14, 2017 in place of Mr. Anubhav Maheshwari who tendered his resignation as Company Secretary and Compliance Officer w.e.f. February 4, 2017.

Mr. Lalit Kumar Singhi , Non-Executive Director shall retire at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The Board recommends his re-appointment for the consideration of Members of the Company at the ensuing Annual General Meeting.

The brief Resume/Profile of the Director recommended by the Board for appointment/re-appointment is attached with the 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, 2017, 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 2016-17 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 Act, 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 as 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.

All recommendations made by the Audit Committee during the financial year 2016-17 were accepted by the Board of Directors of the Company.

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 the LODR Regulations, relating to Corporate Governance. A Report on Corporate Governance and the Certificate on compliance of conditions as stipulated therein, issued by Practicing Company Secretary is enclosed as "**Annexure C**" and forms an integral part of this Report.

STATUTORY AUDITORS

Companies Act, 2013, introduces the requirement of rotation of Auditor after a specified period. As per provisions of Section 139(2) of the Companies Act, 2013, a listed Company shall not appoint or re-appoint an Audit Firm as Auditor for more than two terms of five consecutive years. Further every Company which was required to comply with the aforesaid provisions was given a period of three years from the date of commencement of the Act, for compliance with the said provisions.

M/s B Chhawchharia & Co., Chartered Accountants, the existing Auditors has remained as Statutory Auditors of the Company, since incorporation of the Company i.e. December 20, 2006. Hence, they do not qualify to be re-appointed, your Directors recommends M/s. Lodha & Co., Chartered Accountants (Firm Registration No.:301051E) of 14, Government Place East, Kolkata 700069 as Statutory Auditors of the Company and has received their Consent in this regard, for a period of five years i.e. from conclusion of the tenth Annual General Meeting to be held in FY 2017-18 till the conclusion of the Fifteenth Annual General Meeting to be held in F Y 2022-23, subject to approval and subsequent ratification of the shareholders at every Annual General Meeting.

Pursuant to Sections 139, 141 and 142 of the Act, and relevant rules prescribed therein, the Company has received consent and certificate from Lodha & Co., to the effect, inter alia, that (1) they are not disqualified for appointment under the provisions of the applicable laws (2) the appointment would be as per the terms and the limits prescribed under the Act and (3) no proceedings against them or any of their Partners are pending with respect to matters of professional conduct under the Chartered Accountants Act, 1949 and the Rules and Regulations made therein.

The said Lodha & Co., have also confirmed that they have subjected themselves to Peer Review, a process of Institute of Chartered Accountants of India (ICAI) for evaluating the quality of audit and attestation services and that they hold a valid certificate issued by the Peer Review Board of the ICAI.

AUDITOR'S REPORT

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 May 15, 2017 and on the recommendation of the Audit Committee, had approved appointment of M/s S. G. & Associates, Cost Accountants, Kolkata (Firm 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 2017-18. The appointment as Cost Auditors is till the expiry of 180 days from the closure of the financial year ending 31st March 2018 or till the submission of the Cost Audit Report for the financial year 2017-18 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 ensuing 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 2016-17 within the due date of 27th September 2017.

The Cost Audit Report for the Financial year 2015-16 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 May 15, 2017 and 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 2018. 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 2017 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

In accordance with Section 134 (3)(a) of the Companies Act, 2013, an extract of the Annual Return in the prescribed format is appended 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 :www.electrosteelsteels.com.

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, which is reviewed by the Audit Committee from time to time. 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 the LODR Regulations. 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 and look forward for their continued support in future.

For and on behalf of the Board of Directors

Place : Kolkata
Dated : 15th May, 2017

R S Singh
Whole-time Director
(DIN: 02093276)

Lalit Kumar Singhi
Director
(DIN: 00893144)

MANAGEMENT DISCUSSION & ANALYSIS REPORT

ECONOMIC OVERVIEW

This year has been marked by several historic economic policy developments. On the domestic side, a constitutional amendment paved the way for the long-awaited and transformational goods and services tax (GST) while demonetisation of the large currency notes signaled a regime shift to punitively raise the costs of illicit activities. On the international front, United Kingdom's decision to leave the European Union and the outcome of presidential elections in United States of America, both the events are expected to have long-term effects on the global economy. India has emerged as one of the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). As per the Economic Survey 2016-17, the Indian economy should grow between 6.75% and 7.5% in Financial Year 2017-18. The Indian Government's decisive policy manoeuvres towards ensuring fiscal consolidation and pegging back inflation will help it maintain economic stability in the years ahead. India's eight core infrastructure industries coal, crude oil, natural gas, refinery products, fertilisers, steel, cement and electricity registered cumulative growth of 4.9% during the April-November period compared to 2.5% a year ago.

GLOBAL STEEL INDUSTRY

Steel market conditions at a holistic level at the end of 2016 was mixed but overall optimistic, looking upto a rebound in Chinese market conditions to resurrect. The system, despite being weighed down by issues on stability of global economic/manufacturing growth and the streamlining of still-lingering excess capacity situation.

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 affected countries.

With demand remaining lukewarm for major part of the year and impact of excess capacity remaining unabated, steel prices remained on uneven grounds generally only to witness some bouncing back globally towards the end of the year.

An equally-strong rally was noted in global cooking coal prices specially in latter part of 2016, where rising demand in face of a stringent supply side impacted price markedly.

World crude steel production was stagnant in 2016. However, Asia is the only major steel producing region showing moderate increase in steel production and India's steel production has shown the highest growth. World's steel demand grew 0.2% in 2016 and is set to grow 0.5% in 2017.

INDIAN STEEL INDUSTRY

During the year, India's steel production has shown the highest growth. Indian steel demand is set to grow at 5.7% in 2017 vis-à-vis 5.4% growth in 2016, highest among the large economies. India is set to beat Japan to second position in 2018. The steel vision by Government of India envisage creation of crude steel capacity of 300 MTPA by 2030-31 and per capita steel consumption of 160 kg against current 61 kg in India. In India mild steel consumption increase during 16-17 is expected at 76.78 MT - a likely growth of 4.5%. Consumption of TMT is estimated to be 27.4 MT (projected growth of 4%).

Though China continued to rule the world crude steel production and consumption scenario in 2016, the year saw the sustenance of India as the most stable market and a major global investment destination and the country maintained its global ranks of being the 3rd largest crude steel producer and 3rd largest consumer of finished steel during the year.

OVERVIEW OF THE OPERATIONS

Performance of the Company

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 rods	0.60
TMT Bars	0.85
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Billets	0.33
Pig Iron	0.40
Total	2.51

The Company is selling Pig Iron, Billets, TMT Bars, Wire Rods and Ductile Iron Pipes in the open market. It's flagship product - Ductile Iron Pipe has established its presence in the market and is contributing significantly to Company's growth. Continuous efforts for reduction of production cost and improvement in operational efficiency has resulted in the Company being able to report positive Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) for the year.

Owing to the shutdown of the Oxygen Plant as a result of an accident and to sustain the production level, your Company had to resort to procurement of oxygen from Open Market which resulted in increase in cost and increase in operating and maintenance cost which adversely affected performance of the Company to some extent. Wide fluctuation in raw material prices, especially imported coking coal, also had a negative impact. Effective steps towards implementing better guidelines for operational procedure and precautionary measures thereto have been put in place. Continuous efforts were initiated to improve performance of the Company in both, quantitative and qualitative terms.

Fixed Assets (including capital work in progress)

As on 31st March 2017, the Gross Block of Fixed Assets of the Company was Rs. 1,239,868.43 lakhs, comprising of Rs. 179,907.04 lakhs of capital work-in-progress and a Net Block of Rs. 11,71,092.43 lakhs (including capital work-in-progress of Rs. 179,907.04 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 Companies Act, 2013 have been disclosed in the notes to accounts forming part of the Annual Accounts for the year 2016-2017.

Indebtedness

The total secured outstanding indebtedness (including interest) as on 31st March 2017 is Rs. 1,237,661.53 lakhs out of which the long term borrowings is Rs. 1,168,032.26 lakhs and short term borrowings (including interest) is Rs.69,629.27 lakhs.

OPPORTUNITIES AND THREATS

Huge global overcapacity and demand slowdown has resulted in historically low international steel prices. The primary factors, amongst others, which could affect the operations/performance of the Company in near future are:

- Weak economic growth
- Raw material security and high logistics cost issues
- Steel sector recognized as stressed by the Banks
- 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.
- Competition from foreign players mainly China, Japan, Korea and CIS.

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 prospects.

COMPETITION

The long-term competitiveness of the Steel industry in India will depend on the cost of doing business including regulatory costs, logistics costs for inbound and outbound transportation of raw material and finished goods, finance costs as also the availability of energy at competitive costs. We have seen significant increase in levies, duties and regulatory costs in this sector in the recent years and also high interest rates and other incidental costs. If this trend continues in the future, it will seriously impact the long term prospects of steel sector. The 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 strengthened the Company's presence in the segment.

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, 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. Initiation of branding activity has helped us to penetrate retail markets and enhance our reach to various regions across India.

In anticipation of increase in demand of Billets, TMT bars, Wire Rod and Ductile Iron Pipes in future, the 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 earnings targets as well as strategic objectives are met. The Company has already undertaken, extensive risk management efforts via a structurally compiled Risk Management Manual, which is 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 your Company's 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.

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. Timely and cost-effective raw material supply is critical to growth. 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.

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.

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 is 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 flags 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 in productivity across supply chain and improved market valuation.

Environment Risk

The existing environmental regulation may have impact on the earnings of the Company. The increase volume and scope of regulations is increasing the cost of compliances, risk of noncompliance 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 under take 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.
- 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 Performance Management System and Goal Setting exercise has been aligned to support the business plan of the Company.
- Formal Reward and Recognition programme is in place for all employees to encourage superlative performance and recognise outstanding individual and team achievements and further improve engagement levels.
- Structured training intervention is in place to address behavioural and technical skill gaps through launch of annual training calendar.
- Periodic meetings with all employees with Director and Senior Management for providing business updates and 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.

We strongly believe that a strong team only can enable an organization to gain edge in the business. At Electrosteel we maintain strong focus on preserving and nurturing our people through various employee engagement initiatives like continuous education, training and developmental programmes. Personal and professional growth of the employees has always been a concern for us. We like our people to grow with the business, as we believe growth of people ensures over all business growth. Therefore, Electrosteel maintains a budget separately for employee development programmes with human face in addition to internal development measures to augment managerial and technical capabilities.

Your Company recognizes Human Resource as its most important assets and is constantly engaged in enriching the value and developing competencies of Human Resources through various development & training programmes. We improve our team building and encourage family bonding through various employee engagement social activities.

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 directly employed in the Company as on 31st March 2017 was 2153.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility is at the front of Electrosteel Steels Limited's (ESL) operating Philosophy and in pursuance of this policy the Company has always walked that extra mile to develop strong and sustainable relationships with the communities in its operational areas. The Company, in its endeavor to attain new bench marks in excellence and the delivery of responsive and responsible socio-economic facilities to the communities, designs CSR programs in consultation and participation of stakeholders. It aims to plug the gaps in social disparities and in this regards undertakes many innovative and sustainable programs which act as catalysts in making deep penetrating changes in the socio-economic quality of daily life of the villagers. Concerted efforts are made to ensure up-liftment of the deprived sections of society through community based development initiative in bringing changes from the grassroots to upwards. Some of the many schemes it undertakes in various segments are listed below:-

HEALTH: The Company runs a primary health Center, in Chandaha, in Chas Block, Bokaro, under the Sparsh Trust banner, philanthropic wing of the Company. These facilities are designed to provide responsive and qualitative medical services on a 24x7 basis with qualified doctors and nursing staff in attendance. It also has a comprehensive range of diagnostic and supporting medical instruments to attend to and provide quick and healing treatments to its patients. The hospital also has an inpatient facility for its underprivileged sections. The Health research Centre (HRC) also has an ambulance facility to attend to emergency calls and transfer critically ill patients to referral and specialty hospitals in Bokaro and other locations. More than 2000 patients from 20 villages have availed of this facility during the year.

The Company also runs various awareness camps and preventive health programs for the communities around its operating areas. During the year the Company conducted two HIV-STD camps for truckers and the labourers in tie up with National Aids Control Organisation (NACO), a two day eye/cataract camp in collaboration with Jay Prakash Narayan Eye Hospital, one Blood donation camp with tie up with Red Cross Society, Safe Motherhood program at 10 places, Diarrhea management programs, Vector Borne disease Prevention Program, etc. In appreciation, the Red Cross Society and NACO have evinced keen interest in jointly undertaking these programs with your Company in the future.

Company also runs Mobile Health Camps in the villages around its operational areas on a daily basis as a Preventive health Care program. These Mobile Clinics comprise of a qualified and experienced doctor, a qualified Pharmacist along with a good supply of quality medicines which are provided free of cost. This unit visits each village on a bi-weekly basis. 200 such camps were held during year and more than 3500 patients availed of this scheme.

In addition the Company also conducts Bleaching powder distribution and sprinkling activities during monsoon season as preventive measure across villages. Under these programs, water bodies such as wells, ponds, tube wells etc. are de-sanitized by sprinkling of bleaching powder. Even schools and other potential threat areas from vector borne disease are disinfected by this method. The villagers are also given training and free supply of bleaching powder and shown where and how to use this method. Around 30 villages were taken up in this program during the year and helped in the prevention of diseases.

EDUCATION: Company also emphasis on the development of basic education and skills of various segments of society. As a primary step the Company has undertaken the development of basic infrastructure in schools around it. It has helped in the construction and up gradation of pucca classrooms, school kitchens and toilets as well as setting up of laboratories and libraries in these schools. Also the provision of safe drinking water and sanitization were undertaken in many government and private schools. These schools were provided KENT made water filters and where ever needed filter candles were also replaced on regular basis. Training is also provided to the students of 48 schools and 15 Anganwadi is in the use of first aid techniques and their benefits. 35 schools were also provided first aid boxes stocked with the necessary medicines and these medicines are also restocked whenever needed free of cost.

One of the most neglected aspects of education in villages or backward communities is the unavailability or lack of extra curriculum activity and sports opportunities. Your Company has made a sustained and sincere effort to provide these facilities to the children of these areas. Your Company has provided sports equipment such as footballs, volley ball kits, skipping ropes, Badminton kits to more than 15 school so that these children also get to develop their talents in such activities. As an added input, your Company has also appointed trained and qualified Physical

Trainers/Sports teachers to impart training/classes in these activities. The Company has also appointed teachers to impart drawing classes in selected schools. As an incentive to the students, competitions and tournaments are held in all the schools on their annual day in which competitions in various categories and sports are held with prizes being distributed to winning students. A mega football tournament was also held among these schools and from the participants, 36 talented children, 18 boys and 18 girls, were chosen for advanced training and talent enhancement. A mega drawing event was also held this year. Around 300 students selected from 40 schools got an opportunity to participate, in three drawing categories, and from these 24 winners were awarded prizes.

The Company also lays stress In the matter of promotion of quality education in youths, children and women. In this regard it has set up special Tuition classes and Prerna Classes for school going children and youths. Adult education classes to literate women have been started in this year and more than 100 such uneducated women are getting benefitted from this initiative supported by literacy mission, Government of Jharkhand. Your Company has set up 8 tuition classes in various villages and was attended by more than 500 children. It also runs 9 Prerna classes in select locations which provide special coaching classes to 120 students who would be appearing for Board exams in 2017. Only underprivileged students are eligible for this tuition classes at free of cost which runs for one year and all supporting teaching materials along with quality teachers are provided by ESL to help them secure good marks. At least 70% students from the Perna Classes secure first division every year. Company provided 2 Teachers in PSM School on the request of villagers.

WOMEN EMPOWERMENT: Women form a very large segment of Indian society but they are highly neglected and exploited. Company has made efforts to bridge the gap for them who stays around its operational areas. To make women independent and self-reliant the CSR Department conducts many schemes that help them realize their potential and made them self-reliant. 102 SHGs (Self Help Groups) operating in these villages which are being run by women under the guidance of the NGO Sparsh. The women have been provided guidance in the matter of credit culture of making savings, how to keep accounts, book keeping and managing their own bank accounts and also how to invest in Fixed Deposits. They have also been provided training in the setting up of micro enterprises and manufacturing of some daily use and fast moving items such as Muri, Vadi Pappad, Phenyl, Candles, Petticoats, etc. With the intention of helping the women attain self-reliance, your Company has also set up a production unit which produces petticoats and other such fabric items which are being used in the plant and Candle, Muri and Phenyl making units. These activities have helped these women to keep their families out of the clutches of money lenders and being exploited by others. Also women of these SHGs conduct Adult Education Classes where educated women from these groups educate other members to read and write under the guidance and aid from Sparsh members. Another program conducted for the upliftment of women is to train them in Sewing and Embroidery arts. These classes have been set up in various villages and there are 9 such centers being run in which more than 250 students are enrolled and successful ones have been given certificates by the Sparsh Foundation. Pass out and meritorious students from these Sewing and Embroidery centers were also provided Sewing and Embroidery machines so that they can earn their own livelihood and lead a dignified life.

WATER AND SANITATION: Company lays stress on the need to provide safe and clean drinking water to the villages under its social development programs. Safe drinking water to the people is the primary need in these rural areas. With the intention of making available safe drinking water the Company has under taken several measures. Tube wells are the primary source of water in these villages. So the Company has hired the services of 3 tube well mechanics, one in each zone, for the timely repairing of these facilities. The Company also provides the mechanics the requisite spare parts needed free of cost. In the year gone more than 200 tube wells were repaired and one new tube well was also installed. From time to time repairs to the well platforms are also done and 5 such units were repaired and the response time for attendance of such complaints and repairs has been set to be done in 24 hours after receiving complaints. In the case of wells, 7 defunct wells were also repaired and sanitized. Even ponds in villages are also taken up for excavation so as to increase their storage capacity and to de-silt and clean them. During the summer season, for festivals and on social occasions the Company provides drinking water through water tankers and on more than 250 such occasions, water was provided to the needy villagers. Schools, both government and private, were also the beneficiaries of this program. Tube wells in these schools are also regularly repaired and maintained on a priority basis free of cost.

FARM BASED ACTIVITY: Your Company has also taken up many activities that promote farm based development and help the farmers to gain knowledge and training for the enhancement of farm and agricultural products. In this regard the Company in the past year has conducted training in more than three training camps which were attended by more than 50 farmers from many villages. These farmers were taught about new methods of rice cultivation such as the SRI method which considerably increases the production of rice per hectare. The farmers were also given training in production of other farm products and provided high quality seeds for vegetables and other agro products. These villagers were trained, in tie up with Krishi Vigyan Kendra (KVK), Petarwar, in the setting up of Vermi culture pits and how to produce Organic manure and make judicious use of it to get maximum benefit. Four farmers have already started these units and many others have shown keen interests for the same.

ANIMAL WELFARE: Company has also organized Animal Welfare camps to promote the well-being of farm animals such as cows and goats. In co-operation with the Animal Husbandry Department of the Jharkhand Government, your Company during the year conducted two such camps to identify and treat such animals. As many as 500 cows and goats were treated in these camps at free of cost.

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 : 15th May, 2017

R S Singh
Whole-time Director
(DIN: 02093276)

Lalit Kumar Singhi
Director
(DIN: 00893144)

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014
A) CONSERVATION OF ENERGY
(i) Steps taken for Conservation of Energy

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

- (a) Use of Capacitor banks have been provided 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 Rolling Mills and other areas to use day light.

(ii) Steps taken for Utilizing Alternate Source of Energy

- a) Solar powered LED street lighting system has been installed.
- b) Utilizing coke oven waste heat recovery from boilers in captive Power Plant.
- c) Utilisation of Basic Oxygen Furnace (BOF) gas in Lime plant for replacement of coal.

(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

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

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - Not Applicable
(iv) Expenditure incurred on Research and Development

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:

	₹ in lakhs
Foreign Exchange earnings	21,040.51
Foreign Exchange outgo	61,947.10

For and on behalf of the Board of Directors

R S Singh
Whole-time Director
 (DIN: 02093276)

Lalit Kumar Singhi
Director
 (DIN: 00893144)

Place : Kolkata
 Dated : 15th May, 2017

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 (hereinafter referred as "the Act") and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "LODR Regulations"), 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, 2017 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. Pradeep Kumar Misra, Chairman #	NEI	Nil	Nil	Nil	Nil
Mr. Rajkumar Khanna	NEI	Nil	1	2	Nil
Mr. Devaprasad Mozumder ##	ND	Nil	Nil	Nil	Nil
Ms. JayantikaGanguly ###	NEI	Nil	Nil	Nil	Nil
Mr. Jinendra Kumar Jain	NEI	Nil	1	Nil	Nil
Mr. Lalit Kumar Singhi	NE	Nil	5	Nil	Nil
Mr. Naresh Pachisia	NEI	Nil	6	Nil	6
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

appointed as an Additional Director w.e.f. 29th September, 2016.

Nominated by State Bank of India, in capacity as a Lender w.e.f. 8th December, 2016.

appointed as an Additional Director w.e.f. 8th December, 2016.

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

As mandated in LODR Regulations:

- (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

In compliance with SS-1, Secretarial Standard on Board Meeting, issued by the Institute of Company Secretaries of India, 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 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.

In compliance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Directors, Key Managerial Personnel (KMP) and members of Senior Management of the Company, confirm quarterly, that they directly or indirectly or on behalf of third parties, do not have a material interest in the transactions or matters directly affecting the Company.

Information placed before the Board

Necessary information, as required under the Act and LODR Requirements, 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 Meetings of the Board and Committees thereof, 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:

- (a) Shareholders have the right to participate in and be sufficiently informed on decisions concerning fundamental corporate changes.
- (b) Shareholders have the right to participate effectively and vote in general meetings.
- (c) Shareholders are informed on the rules including voting procedures for general meetings and voting through ballot at the venue of the meeting.
- (d) 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.
- (e) Effective shareholder participation is facilitated in key Corporate Governance decisions, such as nomination and election of board members.
- (f) Exercise of ownership rights is facilitated by all shareholders including institutional investors.
- (g) 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 Regulations.

Number of Board Meetings held and attended by Directors

Six (6) 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: 13th April 2016, 13th May 2016, 6th September 2016, 29th September 2016, 8th December 2016 and 2nd February 2017.

The attendance record of each of the Directors at the Board meetings during the year ended 31st March 2017 and of the last Annual General Meeting is as under:

Name of Directors	No of Board Meetings during the year 2016-17			Attendance at the Last AGM Yes/No
	Held	Entitled to attend	Attended	
Mr. Pradeep Kumar Misra, Chairman #	6	3	2	NA
Mr. Amrendra Prasad Verma ##	6	4	2	No
Mr. Devaprasad Mozumder ###	6	2	2	NA
Ms. Jayantika Ganguly ####	6	2	2	NA
Mr. Jinendra Kumar Jain	6	6	6	Yes
Mr. Lalit Kumar Singhi	6	6	5	Yes
Mr. Naresh Pachisia	6	6	5	No
Mr. Rajkumar Khanna	6	6	5	Yes
Ms. Rishu Kumari#####	6	4	Nil	No
Mr. Sunil V Diwakar	6	6	3	No
Mr. Umang Kejriwal	6	6	6	No
Mr. Rama Shankar Singh	6	6	6	No

appointed as an Additional Director w.e.f 29th September, 2016.

resigned as a Nominee Director w.e.f 18th October, 2016

Nominated by State Bank of India in capacity as a Lender w.e.f 8th December, 2016.

appointed as an Additional Director w.e.f 8th December, 2016.

resigned as an Independent Director w.e.f 29th September, 2016.

INDEPENDENT DIRECTORS

In terms of the requirement of the Act and LODR Regulations, the shareholders of the Company in the Annual General Meeting approve appointment of Independent Director. The Company issues formal letter of appointment to the Independent Director which, inter-alia, explains the role, functions, duties and responsibilities expected from him/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.

Mr. Pradeep Kumar Misra and Ms. Jayantika Ganguly, were appointed as Additional Director (Independent) until the conclusion of the ensuing AGM. The Company is proposing re-appointment of both the Directors, subject to approval of shareholders.

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 the Act and LODR Regulations. The Independent Directors have also affirmed that they have abided by the provisions specified in Schedule IV to the Act.

During the year, in terms of the requirement of the Act, Independent Directors of the Company had met on February 2, 2017, without the presence of the Non-Independent Directors and members of the Management.

The attendance record of each of the Directors at the meeting of Independent Directors during the year ended 31st March 2017 is as follows:

Name of Directors	Meeting held during the year 2016-17		
	Held	Entitled to attend	Attended
Mr. Pradeep Kumar Misra, Chairman #	1	1	1
Ms. Jayantika Ganguly ##	1	1	1
Mr. Jinendra Kumar Jain	1	1	1
Mr. Naresh Pachisia	1	1	1
Mr. Rajkumar Khanna	1	1	1
Ms. Rishu Kumari###	1	N.A	Nil

appointed as an Additional Director w.e.f 29th September, 2016.

appointed as an Additional Director w.e.f 8th December, 2016.

resigned as an Independent Director w.e.f 29th September, 2016.

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 Chief Executive Officer forms part of this 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 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, KMPs 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

FAMILARIZATION 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.

Members of the Board have complete access to the information within the Company. Presentations were made regularly in the Board and its committees meetings on various related matters, where Directors get an opportunity to interact with officials of the Management. Presentations, inter-alia, covered the Company strategy, operation, markets, products, finance, quarterly and annual financial results and such other areas as may arise, from time to time. 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 2016-17, the Company through its various Board Meeting(s) and/or Committee meeting(s) facilitated Directors to familiarize about the Company’s performance and in turn helped them in their active participation in managing the affairs of the Company.

BOARD EVALUATION

The Company has 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.

CEO & CFO CERTIFICATE

An annual Compliance Certificate from the CEO and CFO of the Company pursuant to Regulation 17(8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is placed before the Board.

The CEO & CFO also gives a quarterly certification while placing the Financial Results before the Board pursuant to Regulation 33(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

DISCLOSURE REGARDING RE-APPOINTMENT OF DIRECTOR

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 2016-17 are as follows:

AUDIT COMMITTEE

The Audit Committee of the Company is in line with the Act and Rules made therein and LODR Regulations. The role of the Audit Committee includes the powers as stipulated in the aforesaid Regulations and 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 alongwith Auditor's Report thereon 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;
- (i) To review the Internal Financial Control and Risk Management System
- (j) To look after the valuation of Assets

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 the Act and LODR Regulations. As on 31st March 2017, the Committee comprised of 3 Directors out of which 2 Directors including the Chairman are Independent. 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 2017. 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 23rd September, 2016 to answer shareholders queries.

Meetings and Attendance:

During the year 4 (four) Audit Committee Meetings were held on 13th May 2016, 6th September 2016, 8th December 2016 and 2nd February, 2017. The necessary quorum was present for all meetings. The details of attendance of members are as under:

Name of the Directors	Number of Meetings during the year 2016-17	
	Held	Attended
Mr. Rajkumar Khanna	4	4
Mr. Naresh Pachisia	4	4
Mr. Rama Shankar Singh	4	4

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 with the 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 the Act and Rules made therein and LODR Regulations, as on 31st March, 2017, the Committee comprised of three Non-Executive Directors out of which two including the Chairman are independent. 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, 4 (four) Nomination and Remuneration Committee Meetings were held on 13th May 2016, 29th September 2016, 8th December 2016 and 2nd February 2017. The necessary quorum was present in the meeting. The detail of attendance of members is as under:

Name of the Directors	Number of Meeting during the year 2016-17	
	Held	Attended
Mr. Jinendra Kumar Jain	4	4
Mr. Lalit Kumar Singhi	4	4
Mr. Naresh Pachisia	4	4

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 Code of Conduct adopted is a guide to the professional conduct for the Independent Directors. Adherence to these standards by Independent Directors and fulfillment of their responsibilities in a professional and faithful manner promotes confidence of the investment community, particularly minority shareholders, regulators and stakeholders in the institution of the Independent Directors. The Nomination & Remuneration Committee after evaluating the performance of each member of the Board was of the opinion that performance of all members was 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:

Name of the Director	Salary & Perquisites	Sitting Fees
Mr. Rama Shankar Singh	Rs. 1,39,69,067	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, inter alia to look into the unresolved grievances, if any, of the security holders relating to transfer of shares, non-receipt of Annual Reports, issue of duplicate shares etc.

Composition:

As on 31st March, 2017, 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 2017, one (1) Committee Meeting was held on 26th December, 2016. The necessary quorum was present for the meeting. The detail of attendance of members is as under:

Name of the Directors	Number of Meeting during the year 2016-17	
	Held	Attended
Mr. Lalit Kumar Singhi	1	1
Mr. Naresh Pachisia	1	1
Mr. Rama Shankar Singh	1	1

COMPLIANCE OFFICER

Mr. Binaya Kumar Dash, Company Secretary of the Company has been designated as Compliance Officer for complying with the requirements of Securities Laws and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 w.e.f 14th February, 2017. Mr. Anubhav Maheshwari resigned as the Company Secretary and Compliance Officer w.e.f. 4th February, 2017.

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	2	2	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 2017, 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, 2017. The Company Secretary acts as Secretary to the Committee.

During the financial year ended 31st March, 2017, 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 for attending Board and Committee Meetings as detailed hereunder:

Name of the Director	Sitting Fees (₹)
Mr. Pradeep Kumar Misra	15,000
Mr. Amrendra Prasad Verma	10,000
Mr. Devaprasad Mozumder	10,000
Ms. Jayantika Ganguly	15,000
Mr. Jinendra Kumar Jain	55,000
Mr. Lalit Kumar Singhi	50,000
Mr. Naresh Pachisia	75,000
Mr. Rajkumar Khanna	40,000
Ms. Rishu Kumari	Nil
Mr. Umang Kejriwal	30,000

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 2017:

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
9th AGM	2015-16 04.00 P.M	23.09.2016	Forum Hall, 2nd Floor, Capitol Hill Hotel, Mahatma Gandhi Marg, Main Road, Ranchi- 834001	No special resolution 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

(B) EXTRA-ORDINARY GENERAL MEETING:

No EGMs took place during the Financial Year 2016-17.

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

No Postal Ballot took place during the Financial Year 2016-17.

DISCLOSURES

- The details of the materially significant related party transactions have been disclosed by way of Notes to the Annual Report 2016-17. 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/investorrelations/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.
- The Financial Results have been prepared in accordance with IND-AS notified under Companies (Indian Accounting Standard) Rules, 2015, as amended by Companies (Indian Accounting Standard) (Amendment) Rules, 2016. IND-AS has been applicable to the Company with effect from April 1, 2016. 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.
- **VIGIL MECHANISM/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 have 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 Financial Express, being a national daily newspaper circulating in the whole or substantially the whole of India and in Hindi in 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 e-mail 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 Regulations, 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:** 14th September, 2017
Time: 4.00 pm
Venue: Forum Hall, Capitol Hill Hotel, Mahatma Gandhi Marg, Main Road, Ranchi-834 001, Jharkhand.
- b) **Financial Year: 2017-18** 1st April – 31st March. The Financial results will be declared as per the following schedule:

Particulars	Schedule
Quarter ended 30th June, 2017	On or before 14 th August, 2017 (Tentative)
Quarter ending 30th September, 2017	On or before 14 th November, 2017 (Tentative)
Quarter ending 31st December, 2017	On or before 14 th February, 2018 (Tentative)
Annual Audited Results of 2017-18	On or before 30th May, 2018 (Tentative)

- c) **Dates of Book Closure:** From 8th September, 2017 to 14th September, 2017 (Both days inclusive).
- d) **Dividend Payment:** No dividend has been proposed for the year ended 31st March, 2017.
- e) **Listing on Stock Exchanges:**
- (i) National Stock Exchange of India Limited (NSE)
Exchange Plaza, C-1, Block "G",
5th floor, Bandra Kurla Complex,
Bandra East, Mumbai-400 051
 - (ii) BSE Limited
New Trading Wing, Rotunda Building,
P J Tower, Dalal Street, Mumbai-400 001

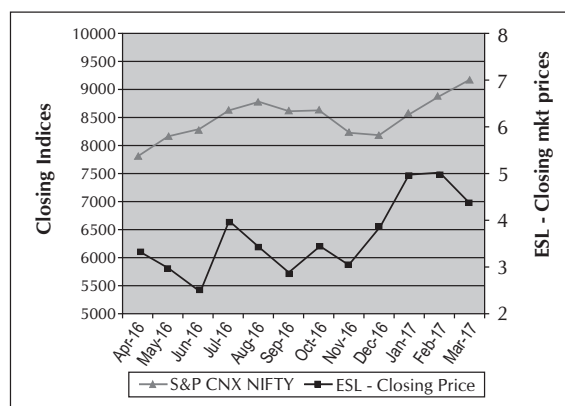
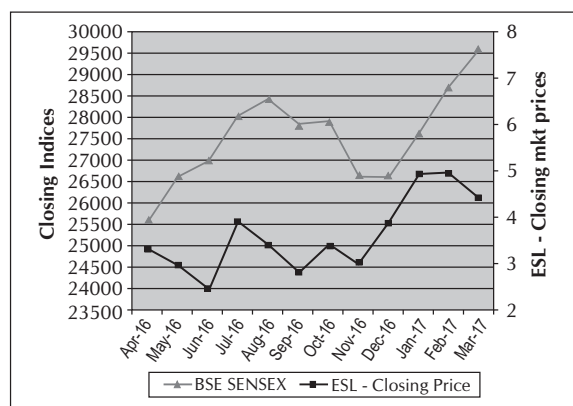
The annual listing fees have been paid to both the Stock Exchange(s) for the Financial Year 2017-18.

- f) **Custodial Fees to Depositories:** The annual custodial fees have been paid for the financial year 2017-18 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
BSE 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 2016-17 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 2016	4.06	3.15	63,02,773	3.95	3.15	1,79,61,825
May 2016	3.78	2.92	76,28,045	3.75	2.90	2,68,37,132
June 2016	3.04	2.42	1,39,35,278	3.05	2.45	5,03,43,239
July 2016	4.21	2.45	4,63,11,290	4.20	2.45	9,64,25,353
August 2016	4.01	3.29	2,27,55,153	4.05	3.25	6,14,13,201
September 2016	3.70	2.72	97,12,633	3.70	2.70	2,16,46,198
October 2016	3.57	2.82	2,67,27,623	3.60	2.85	2,93,69,732
November 2016	3.50	2.70	1,78,79,492	3.55	2.70	2,69,82,197
December 2016	4.01	2.85	95,90,099	4.00	2.80	4,50,07,600
January 2017	6.62	3.20	3,82,24,520	6.65	3.55	17,48,84,079
February 2017	5.42	4.23	1,55,51,229	5.30	4.20	6,80,20,289
March 2017	5.15	4.15	1,17,19,467	5.15	4.10	4,27,91,593



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 67162222, Fax: 040 23001153, E-mail: einward.ris@karvy.com

j) Share Transfer System:

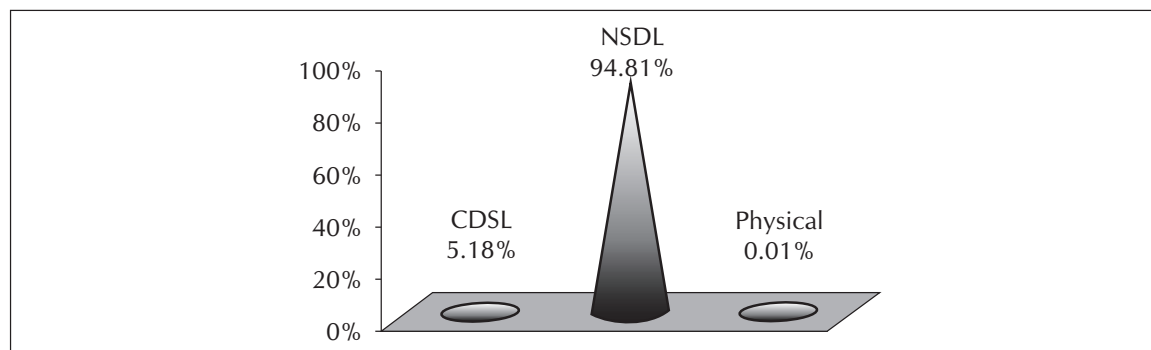
99.99% of shares of the Company are held in electronic mode. Intimation about transfer/transmission of these shares to RTA is done through the depositories i.e. NSDL & CDSL with no involvement of the Company.

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 envisaged in the LODR Regulations, a certificate for the half year ended 30th September, 2016 and 31st March, 2017 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:

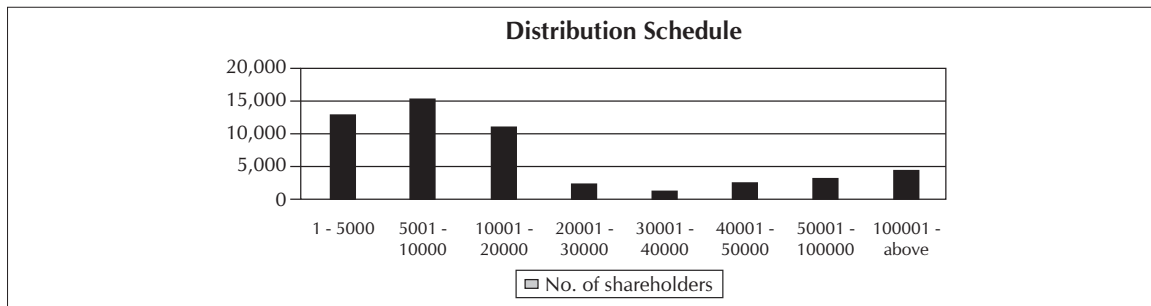
The shares of the Company are currently traded only in dematerialized with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Under the Depository system, the International Securities Identification Number (ISIN) allotted to the Company's shares are INE481K01013. As on 31st March 2017, 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 2017:

Number of Equity Shares held	Shareholders	% of Total Holders	Shares	% of Total Capital
1-5000	13,011	24.33	32,26,939	0.13
5001- 10000	15,360	28.72	1,20,32,812	0.50
10001- 20000	10,933	20.44	1,83,56,486	0.77
20001- 30000	2,531	4.73	68,19,691	0.28
30001- 40000	1,350	2.52	49,73,785	0.21
40001- 50000	2,520	4.71	1,23,50,483	0.51
50001- 100000	3,245	6.07	2,69,88,483	1.12
100001 & Above	4,530	8.48	2,32,44,86,344	96.48
Total	53,480	100.00	2,40,92,35,023	100.00



n) The details of shareholding as on 31st March 2017:

Sl. No.	Category	No. of Shares	% of Shareholding
1.	Promoters Bodies Corporate	1,08,98,00,000	45.23
2.	Foreign Companies	47,60,97,077	19.76
3.	Bodies Corporates	30,54,30,716	12.68
4.	Resident Individuals	26,75,40,108	11.10
5.	Foreign Corporate Bodies	12,21,36,860	5.07
6.	Foreign Portfolio Investors	9,71,41,597	4.03
7.	H U F	2,12,28,131	0.88
8.	Venture Capital	1,53,05,000	0.64
9.	Non Resident Indians	73,87,119	0.31
10.	Banks	22,91,225	0.10
11.	Directors And Their Relatives	18,78,034	0.08
12.	Clearing Members	14,80,808	0.06
13.	Non Resident Indian Non Repatriable	13,14,900	0.05
14.	Trusts	1,36,448	0.01
15.	Foreign Institutional Investors	50,000	0.00
16.	NBFC	17,000	0.00
	Total	2,40,92,35,023	100.00

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

The information has 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. Binaya Kumar Dash
 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 : 15th May, 2017

R S Singh
 Whole-time Director
 (DIN: 02093276)

Lalit Kumar Singhi
 Director
 (DIN: 00893144)

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, 2017.

For **Electrosteels Steels Limited**

Place : Kolkata
Dated : 2nd May, 2017

Sd/-
Sunil Katial
Chief Executive Officer

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** ('the Company') for the year ended **31 March 2017**, as stipulated in Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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) read with Schedule V 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 or effectiveness with which the Management has conducted the affairs of the Company.

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

Place: Kolkata
Date: 15th May, 2017

Arun Kumar Khandelia
Partner
C.P. No.: 2270

SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED 31st Day of March, 2017**

[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 M/s. 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 for the financial year ended 31st March, 2017, 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 31st March, 2017 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made there under;
- II. The Securities Contracts (Regulation) Act, 1956 and the rules made there under;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- 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) 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:

- i. The uniform Listing Agreements entered into by the Company, with BSE Limited & National Stock Exchange of India Limited.
- ii. The Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- iii. 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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Adequate Notice is given to all Directors to schedule the Board/Committee Meetings. Information and circulation of the agenda with detailed information thereof, convening of meetings was done in compliance with the applicable laws, rules, regulations and guidelines, etc. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meetings.

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 under review Mr. Anubhav Maheshwari resigned from the post of Company Secretary and Compliance Officer of the Company w.e.f. 4th February, 2017 and Mr. Binaya Kumar Dash was appointed as the Company Secretary and Compliance Officer of the Company w.e.f. 14th February, 2017.

For K. Arun & Co
Company Secretaries

Arun Kr. Khandelia
Partner
C.P. No.: 2270

Place : Kolkata
Date : 03.05.2017

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

as on financial year ended on 31st March, 2017

[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, AGM Tel: 040 67162222 Fax: 040 23001153 E-mail: einward.ris@karvy.com

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sl No	Name and Description of the main Products	NIC Code of the Product	% of total turnover of the Company
1	Basic Iron & Steel	24101/24103/24105	82.42
2	Ductile Iron Pipe	24311	17.58

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

The Company does not have 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 were no penalties or punishment or compounding of offence under the Companies Act, 2013 during the financial year ended 31st March, 2017 against the Company, Directors and Key Managerial Personnel.
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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 1.04.2016)				No. of Shares held at the end of the year (as on 31.03.2017)				% 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) Individuals (NRIs/FIs)	-	-	-	-	-	-	-	-	-
(b) Bodies Corporate	-	-	-	-	-	-	-	-	-
(c) Institutions	-	-	-	-	-	-	-	-	-
(d) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(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	-	-	-	-	-	-	-	-	-
(b) Banks/Financial Institutions	950000	-	950000	0.04	2291225	-	2291225	0.10	-0.06
(c) Central Government	-	-	-	-	-	-	-	-	-
(d) State Government(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	15305000	-	15305000	0.64	15305000	-	15305000	0.64	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) Foreign Institutional Investors	3250000	-	3250000	0.13	97191597	-	97191597	4.03	-3.90
(h) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total B(1) :	19505000	-	19505000	0.81	114787822	-	114787822	4.76	-3.95
(2) NON-INSTITUTIONS									
(a) Bodies Corporate									
(i) Indian	292821860	-	292821860	12.15	305447716	-	305447716	12.68	-0.52
(ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals									
(i) Individuals holdings holding nominal share capital upto Rs.1 lakh	75928307	239675	76167982	3.16	81874858	239675	82114533	3.41	-0.25
(ii) Individuals holdings holding nominal share capital in excess of Rs.1 lakh	205572765	50000	205622765	8.53	208481740	50000	208531740	8.66	-0.12
(c) Others (specify)									
(i) Clearing Members	545574	-	545574	0.02	1480808	-	1480808	0.06	-0.04
(ii) Foreign Bodies	218742306	-	218742306	9.08	122136860	-	122136860	5.07	4.01
(iii) Foreign Companies	476197077	-	476197077	19.77	476097077	-	476097077	19.76	0.00
(iv) Non-Resident Indians	8462338	-	8462338	0.35	7387119	-	7387119	0.31	0.04
(v) NRI Non-repatriation	-	-	-	-	1314900	-	1314900	0.05	-0.05
(vi) Trusts	21370121	-	21370121	0.89	136448	-	136448	0.01	0.88
Sub-Total B(2) :	1299640348	289675	1299930023	53.96	1204357526	289675	1204647201	50.00	3.95
Total B = B(1) + B(2) :	1319145348	289675	1319435023	54.77	1319145348	289675	1319435023	54.77	-
(C) Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A + B + C) :	2408945348	289675	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 01.04.2016)			Shareholding at the end of the year (As on 31.03.2017)			% 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	0.00

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

Sl. No.	Name	Shareholding at the beginning of the year (As on 01.04.2016)/ end of the year (31.03.2017)		Cumulative Shareholding during the year (01.04.2016-31.03.2017)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Electrosteel Castings Limited				
	At the beginning of the year as on 1.4.2016	1,08,98,00,000	45.23	1,08,98,00,000	45.23
	At the end of the year as on 31.3.2017	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 (01/04/2016-31/03/2017)	
		No. of Shares at the beginning (01/04/2016) / end of the year (31/03/2017)	% of total shares of the Company				No. of Shares	% of total shares of the Company
	For each of the Top 10 shareholders							
1	Stemcor Cast Iron Investments Limited	400,909,646	16.64	01/04/2016	-	N.A.	400,909,646	16.64
		400,909,646	16.64	31/03/2017				
2	Hypnos Fund Limited	-	-	01/04/2016	-	Purchase- 96,550,000 (4.01%)	-	-
				10/06/2016	12,700,000		12,700,000	0.53
				17/06/2016	2,300,000		15,000,000	0.62
				19/08/2016	12,000,000		27,000,000	1.12
				02/09/2016	3,000,000		30,000,000	1.25
				30/09/2016	2,000,000		32,000,000	1.33
				21/10/2016	16,250,000		48,250,000	2.00
				02/12/2016	12,050,000		60,300,000	2.50
				30/12/2016	12,050,000		72,350,000	3.00
				20/01/2017	12,050,000		84,400,000	3.50
				17/02/2017	12,150,000		96,550,000	4.01
		96,550,000	4.01	31/03/2017	96,550,000	-	-	
3	IFCI Limited	91,979,734	3.82	01/04/2016	-	N.A.	91,979,734	3.82
		91,979,734	3.82	31/03/2017				
4	GPC Mauritius II LLC	87,441,860	3.63	01/04/2016	-	N.A.	87,441,860	3.63
		87,441,860	3.63	31/03/2017				
5	PGS Invest Corp	75,287,431	3.12	01/04/2016	-	Sell- 100,000 (0.00%)	75,187,431	3.12
		-	-	17/03/2016	100,000			
		75,187,431	3.12	31/03/2017	-			
6	Sanghai Commercial and Credits Pvt Ltd	-	-	01/04/2016	-	Purchase- 47,700,000 (1.98%)	47,700,000	1.98
				10/03/2017	47,700,000			
		47,700,000	1.98	31/03/2017	-			

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 (01/04/2016-31/03/2017)	
		No. of Shares at the beginning (01/04/2016) / end of the year (31/03/2017)	% of total shares of the Company				No. of Shares	% of total shares of the Company
	For each of the Top 10 shareholders							
7	Tara India Holdings A Ltd	34,695,000	1.44	01/04/2016	-	N.A.	34,695,000	1.44
		34,695,000	1.44	31/03/2017				
8	Payal Commercial Company Limited	-	-	01/04/2016	-	Purchase- 20,000,000 (0.83%)	20,000,000	0.83
				10/03/2017	20,000,000			
		20,000,000	0.83	31/03/2017	-			
9	Perfect Finvest Private Limited	5,210,000	0.22	01/04/2016	-	Purchase- 4,500,000 (0.18%)	9,710,000	0.18
				12/08/2016	4,500,000			
		9,710,000	0.40	31/03/2017	-			
10	Ornamental Fabrications Pvt. Ltd.	3,936,006	0.16	01/04/2016	-	Purchase- 5,500,000 (0.23%)	5,500,000	0.23
				05/08/2016	5,500,000			
		9,436,006	0.39	31/03/2017	-			

 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 (01.04.2016-31.03.2017)	
		No. of Shares at the beginning (01/04/2016) / end of the year (31/03/2017)	% 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	01/04/2016	-	N.A.	190,000	0.0079
		190,000	0.0079	31/03/2017				
2	Mr Naresh Pachisia	50,000	0.0021	01/04/2016	-	N.A.	50,000	0.0021
		50,000	0.0021	31/03/2017				
3	Mr Umang Kejriwal	517,000	0.0215	01/04/2016	-	N.A.	5,17,000	0.0215
		517,000	0.0215	31/03/2017				
B	KEY MANAGERIAL PERSONNEL							
1	Mr Rama Shankar Singh, Whole-time Director	200,000	0.0083	01/04/2016	-	N.A.	200,000	0.0083
		200,000	0.0083	31/03/2017	-	-		
2	Mr Ashutosh Agarwal, Chief Financial Officer	43,750	0.0018	01/04/2016	500 0.00%	Purchase	44,250	0.0018
		-	-	10/11/2016				
		44,250	0.0018	31/03/2017				

V. INDEBTEDNESS (Attachment - F)

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

(₹ In lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2016)				
(i) Principal Amount	1,026,915.52	-	-	1,026,915.52
(ii) Interest due but not paid	103,037.02	-	-	103,037.02
(iii) Interest accrued but not due	456.32	-	-	456.32
Total (i + ii + iii)	1,130,408.86	-	-	1,130,408.86
Change in Indebtedness during the financial year				
Addition	107,252.68	-	-	107,252.68
Reduction	-	-	-	-
Net Change	107,252.68	-	-	107,252.68
Indebtedness at the end of the financial year (31.03.2017)				
(i) Principal Amount	1,028,819.44	-	-	1,028,819.44
(ii) Interest due but not paid	208,735.06	-	-	208,735.06
(iii) Interest accrued but not due	107.03	-	-	107.03
Total (i + ii + iii)	1,237,661.53	-	-	1,237,661.53

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Whole Time Director (Attachment - G)

(₹ 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	130.59
(b)	Value of perquisites u/s 17(2) of the Income tax Act, 1961	9.11
(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)	139.70
	Ceiling as per the Act	207.74

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

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of the Director										Total Amount
		Pradeep Kumar Misra	Amrendra Prasad Verma	Devaprasad Mozunder	Jayantika Ganguly	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	0.15	-	-	0.15	0.55	-	0.75	0.40	Nil	-	2.00
	Commission	-	-	-	-	-	-	-	-	-	-	-
	Others	-	-	-	-	-	-	-	-	-	-	-
	Total (1)	0.15	-	-	0.15	0.55	-	0.75	0.40	Nil	-	2.00
2	Other Non-Executive Directors :											
	Fee for attending Board and or/ Committee meetings	-	0.10	0.10	-	-	0.50	-	-	-	0.30	1.00
	Commission	-	-	-	-	-	-	-	-	-	-	-
	Others	-	-	-	-	-	-	-	-	-	-	-
	Total (2)	-	0.10	0.10	-	-	0.50	-	-	-	0.30	1.00
	Total (B) = (1 + 2)	0.15	0.10	0.10	0.15	0.55	0.50	0.75	0.40	Nil	0.30	3.00
	Total Managerial Remuneration											139.70@
	Overall ceiling as per the Act											207.74@

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

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

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Chief Executive Officer	Chief Financial Officer	Company Secretary	
		Mr. Sunil Katial	Mr. Ashutosh Agarwal	Mr. Anubhav Maheshwari	Mr. Binaya Kumar Dash
1	Gross salary				
(a)	Salary as per provisions contained in section 17(1) of the Income Tax, 1961	86.94	83.80	16.63	1.94
(b)	Value of perquisites u/s 17(2) of the Income tax Act, 1961	19.40	9.49	3.00	0.18
(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)	106.34	93.29	19.63	2.12

Note: Mr. Sunil Katial was appointed as the Chief Executive Officer of the Company w.e.f 4th July, 2016. Mr. Anubhav Maheshwari ceased to be Company Secretary w.e.f 4th February, 2017. Mr. Binaya Kumar Dash was appointed as Company Secretary w.e.f 14th February, 2017.

For and on behalf of the Board of Directors

 Place : Kolkata
 Dated : 15th May, 2017

R S Singh
 Whole-time Director
 (DIN: 02093276)

Lalit Kumar Singhi
 Director
 (DIN: 00893144)

INDEPENDENT AUDITOR'S REPORT

To the Members of ELECTROSTEEL STEELS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of ELECTROSTEEL STEELS LIMITED ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, 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

1. Our responsibility is to express an opinion on these financial statements based on our audit.
2. 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.
3. 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.
4. 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.
5. We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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 including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matters

Without qualifying our opinion, we draw attention to the following Notes to the financial statements:

Note no. 18(A)(4), regarding carrying value of securities against the secured loans due being short, consequently the loans being marginally not being fully secured.

Note No. 39, regarding the preparation of these financial statements on a "going concern basis". The Company incurred an accumulated net loss of Rs. 3,18,925 lakhs up to the year ended March 31, 2017 and, as of that date, the company's current

liabilities exceeded its current assets by Rs. 5,55,233 lakhs. Further the company's net worth has been eroded as at the balance sheet date. Since the full compliance of the sanctioned CDR package could not be met with, the lenders have since invoked Strategic Debt Restructuring (SDR) pursuant to RBI circulars dated 08.06.2015 & 24.09.2015, the implementation whereof is under progress. Company has positive EBIDTA in F.Ys. 2015-16 & 2016-17. Further, the company as well as the lenders are looking out for potential investors, and the restructuring proposal is under active consideration of the lenders. In view thereof, and expecting favorable market conditions in future, 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 the matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of 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.
2. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 Indian Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
 - e. two matters described 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 2017 and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2017 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, other than those disclosed in the financial statements; which would materially 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 Ind AS, 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.
 - iv. the Company, as detailed in Note No. 43 to the financial statement, has made requisite disclosures in these standalone financial statement as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on the audit procedure performed and taking into consideration the information and explanation given to us, in our opinion, these are in accordance with the books of accounts maintained by the company.

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

Place : Kolkata
Date : May 15, 2017

S K Chhawchharia
Partner
Membership No.:008482

Annexure A to the Auditor's Report

The Annexure referred to in Independent Auditor's Report of even date to the members of Electrosteel Steels Limited, on the financial statements for the year ended 31st March, 2017

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 planned 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 all immovable properties are held in the name of the Company except for 226 no's of cases of Freehold Land comprising of 229.43 acres aggregating to amount of Rs. 1615.99 lakhs- registration pending for requisite approvals.
- (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) In our opinion and according to the information and explanations given to us, the Company does not have any loan, investment, guarantees and securities. Accordingly, the provisions of 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	74.69	2009-10	CESTAT
Central Excise Act, 1944	Excise Duty	36.57		CESTAT
Service Tax under Finance Act, 1994	Service Tax	2,214.87	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

Name of the statute	Nature of dues	Amount (Rs.Lacs)	Period to which the amount relates	Forum where dispute is pending
Service Tax under Finance Act, 1994	Service Tax	13.34	2014-15	The Joint Commissioner of Service Tax, Kolkata
Service Tax under Finance Act, 1994	Service Tax	5.50	2015-16	Commissioner (Appeals)
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	24.40	2009-10	Commercial Tax Tribunal Ranchi
Jharkhand VAT Act, 2015	Value Added Tax	137.88	2010-11	Commissioner Commercial taxes, Jharkhand
Jharkhand VAT Act, 2015	Value Added Tax	273.16	2010-11 to 2012-13	Deputy Commissioner of Commercial Taxes, Jharkhand
Jharkhand VAT Act, 2015	Value Added Tax	8,194.13	2011-12	Deputy Commissioner of Commercial Taxes, Jharkhand
Jharkhand VAT Act, 2015	Value Added Tax	3,936.83	2012-13	Deputy Commissioner of 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	194.07	2013-14	Deputy Commissioner of Commercial Taxes, Jharkhand
Jharkhand VAT Act, 2015	Value Added Tax	9.11	2008-09 to 2010-11	Deputy Commissioner of Commercial Taxes, Jharkhand
Jharkhand VAT Act, 2015	Value Added Tax	673.47	2015-16	Commissioner Commercial taxes, Jharkhand
Central Sales Tax, 1956	Central Sales Tax	392.78	2012-13	Commissioner Commercial taxes, Jharkhand
Central Sales Tax, 1956	Central Sales Tax	1,507.64	2014-15	Commissioner Commercial taxes, Jharkhand
Central Sales Tax, 1956	Central Sales Tax	322.58	2015-16	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	Interest	Amount (in Lakhs)
				Period
Allahabad Bank	4,427.20	December 2015 to March 2017	6,373.54	April 2015 to March 2017
Andhra Bank	1,730.79	December 2015 to March 2017	2,481.13	April 2015 to March 2017
Bank of Baroda	2,594.75	December 2015 to March 2017	3,709.51	April 2015 to March 2017
Bank of India	3,056.03	December 2015 to March 2017	4,382.78	April 2015 to March 2017
Bank of Maharashtra	1,946.89	December 2015 to March 2017	2,789.03	April 2015 to March 2017

Canara Bank	622.92	December 2015 to March 2017	948.78	April 2015 to March 2017
Central Bank of India	7,680.76	December 2015 to March 2017	11,132.02	April 2015 to March 2017
Corporation Bank	2,059.68	December 2015 to March 2017	2,967.80	April 2015 to March 2017
Dena Bank	2,783.95	December 2015 to March 2017	4,008.43	April 2015 to March 2017
ICICI Bank	1,779.25	December 2015 to March 2017	2,544.61	April 2015 to March 2017
Indian Bank	2,553.64	December 2015 to March 2017	3,668.31	April 2015 to March 2017
Indian Overseas Bank	6,430.71	December 2015 to March 2017	9,305.58	April 2015 to March 2017
J&K Bank	920.67	December 2015 to March 2017	1,319.66	April 2015 to March 2017
Oriental Bank of Commerce	6,696.08	December 2015 to March 2017	9,569.29	April 2015 to March 2017
Punjab & Sind Bank	1,838.19	December 2015 to March 2017	2,635.31	April 2015 to March 2017
Punjab National Bank	8,864.24	December 2015 to March 2017	12,594.34	April 2015 to March 2017
State Bank of Hyderabad	7,312.36	December 2015 to March 2017	10,542.74	April 2015 to March 2017
State Bank of India	30,537.94	December 2015 to March 2017	43,796.27	April 2015 to March 2017
State Bank of Mysore	3,562.97	December 2015 to March 2017	5,177.73	April 2015 to March 2017
State Bank of Patiala	5,910.68	December 2015 to March 2017	8,575.04	April 2015 to March 2017
State Bank of Travancore	4,774.30	December 2015 to March 2017	6,942.52	April 2015 to March 2017
Syndicate Bank	2,358.56	December 2015 to March 2017	4,050.19	April 2015 to March 2017
UCO Bank	7,456.94	December 2015 to March 2017	10,810.64	April 2015 to March 2017
Union Bank of India	4,320.63	December 2015 to March 2017	6,247.55	April 2015 to March 2017
United Bank of India	5,038.07	December 2015 to March 2017	7,226.01	April 2015 to March 2017
Vijaya Bank	3,067.54	December 2015 to March 2017	4,462.55	April 2015 to March 2017

Name of the Financial Institution	Principal Default	Period	Interest Default	Period
HUDCO	4,305.75	December 2015 to March 2017	6490.24	April 2015 to March 2017
IL&FS	274.44	December 2015 to March 2017	375.97	April 2015 to March 2017
LIC of India	2,479.32	December 2015 to March 2017	3737.17	April 2015 to March 2017
SREI	9,211.32	March 2016 to March 2017	9621.91	April 2015 to March 2017

- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instrument) during the year. According to the information and explanations given to us, further disbursement of Term loan received during the year 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 Indian 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 them.
- (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

S K Chhawchharia
Partner

Place : Kolkata
Date : May 15, 2017

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")

In conjunction with our audit of the financial statements of Electrosteel Steels Limited ("the Company") as of and for the year ended 31 March 2017, 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

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 the its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Guidance note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Companies Act, 2013, 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 was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the 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.

We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of 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

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 2017, based 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 15, 2017

S K Chhawchharia
Partner
Membership No.:008482

BALANCE SHEET AS AT 31ST MARCH, 2017

Particulars	Note No.	(₹ in lakhs)		
		As at Mar 31, 2017	As at Mar 31, 2016	As at Apr 1, 2015
ASSETS				
Non-current assets				
(a) Property, Plant and Equipment	5(a)	991,007.52	1,037,207.67	482,060.31
(b) Capital work-in-progress		179,907.04	175,054.14	681,173.00
(c) Other Intangible Assets	5(b)	177.87	242.43	130.24
(d) Financial Assets- Other Financial Assets	6	815.82	788.08	4,992.37
(e) Other Non-Current Assets	7	8,288.03	10,153.16	15,567.15
Current assets				
(a) Inventories	8	79,176.19	73,576.25	81,902.32
(b) Financial Assets:				
(i) Investments	9	-	-	4,117.05
(ii) Trade Receivables	10	12,720.47	25,074.83	11,435.48
(iii) Cash and Cash Equivalents	11	9,513.91	1,145.60	17,666.14
(iv) Bank Balances other than (iii) above	12	3,904.82	4,148.29	4,011.28
(v) Other Financial Assets	13	152.57	126.70	203.47
(c) Current Tax Assets (net)	14	377.22	311.91	297.79
(d) Other Current Assets	15	15,611.14	15,395.18	11,439.99
TOTAL ASSETS		<u>1,301,652.60</u>	<u>1,343,224.24</u>	<u>1,314,996.59</u>
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	16	240,923.50	240,923.50	240,923.50
(b) Other Equity	17	(297,708.11)	(151,385.02)	(114,539.31)
Liabilities				
Non-current liabilities				
(a) Financial Liabilities:				
(i) Borrowings	18	691,979.13	815,914.81	889,102.68
(ii) Other Financial Liabilities	19	35.40	35.41	69.47
(b) Provisions	20	833.90	596.20	433.76
Current liabilities				
(a) Financial Liabilities:				
(i) Borrowings	21	69,629.27	64,378.70	58,019.78
(ii) Trade Payables	22	40,937.51	36,571.64	24,706.59
(iii) Other Financial Liabilities	23	525,575.00	306,379.14	184,869.56
(b) Other Current Liabilities	24	29,184.79	29,600.05	31,237.80
(c) Provisions	25	262.21	209.81	172.76
TOTAL EQUITY AND LIABILITIES		<u>1,301,652.60</u>	<u>1,343,224.24</u>	<u>1,314,996.59</u>

Significant accounting policies and other accompanying notes (1 to 44) form 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

S.K. Chhawchharia
Partner
M. No. 008482

Kolkata
May 15, 2017

Lalit Kumar Singhi
DIN No. 00893144

Director

R S Singh
DIN No. 02093276

Wholetime Director

Ashutosh Agarwal

Chief Financial Officer

Binaya Kumar Dash
M. No. A17982

Company Secretary

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	Note No.	(₹ in lakhs)	
		Year ended March 31, 2017	Year ended March 31, 2016
I. Revenue from Operations	26	277,429.58	288,875.89
II. Other Income	27	9,353.12	1,571.44
III. Total Income (I + II)		286,782.70	290,447.33
IV. Expenses			
Cost of Materials Consumed	28	153,425.33	184,222.66
Purchases of Stock-in-Trade		-	494.77
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	29	11,709.47	(7,185.95)
Excise Duty on Sale of Goods		23,304.94	29,106.42
Employee Benefits Expense	30	13,117.63	8,403.97
Finance Costs	31	112,983.05	52,663.27
Depreciation and Amortisation Expense	32	47,882.30	20,257.93
Other Expenses	33	70,707.97	66,935.60
Total Expenses (IV)		433,130.69	354,898.67
V. Profit before exceptional items and tax (III-IV)		(146,347.99)	(64,451.34)
VI. Exceptional Items	34	-	(27,651.92)
VII. Profit/ (loss) before tax (V-VI)		(146,347.99)	(36,799.42)
VIII. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
IX. Profit/ (loss) for the year (VII-VIII)		(146,347.99)	(36,799.42)
X. Other Comprehensive Income:			
A (i) Items that will not be reclassified to profit or loss		24.91	(19.86)
(ii) Income tax relating to items that will not be reclassified to profit or loss			
B (i) Items that will be reclassified to profit or loss			
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
XI. Total Comprehensive Income for the year (IX + X) (Comprising Profit (Loss) and Other Comprehensive Income for the year)		(146,323.08)	(36,819.28)
XII. Earning per equity share of Par value of Rs. 10 each:	38		
Basic and Diluted		(6.07)	(1.53)

Significant accounting policies and other accompanying notes (1 to 44) form 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

S.K. Chhawchharia
Partner
M. No. 008482

Kolkata
May 15, 2017

Lalit Kumar Singhi
DIN No. 00893144

Director

R S Singh
DIN No. 02093276

Wholetime Director

Ashutosh Agarwal

Chief Financial Officer

Binaya Kumar Dash
M. No. A17982

Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH, 31, 2017

A. Equity Share Capital

Balance as at April 1, 2015	240,923.50
Changes during the year	-
Balance as at March 31, 2016	240,923.50
Changes during the year	-
Balance as at March 31, 2017	240,923.50

B. Other Equity

As at March 31, 2017

Particulars	Reserves and Surplus		Items of Other Comprehensive Income	Total
	Securities premium reserve	Retained earnings	Re-measurement of defined benefit plans	
Balance as at April 01, 2016	3,993.17	(155,222.18)	(156.01)	(151,385.02)
Total comprehensive income for the year	-	(146,347.99)	24.90	(146,323.09)
Re-measurement of defined benefit plans transferred	-	-	-	-
Balance at March 31, 2017	3,993.17	(301,570.17)	(131.11)	(297,708.11)

Particulars	Reserves and Surplus		Items of Other Comprehensive Income	Total
	Securities premium reserve	Retained earnings	Re-measurement of defined benefit plans	
Balance as at April 01, 2015	3,993.17	(118,422.76)	(109.73)	(114,539.32)
Total comprehensive income for the year	-	(36,799.42)	(19.86)	(36,819.28)
Re-measurement of defined benefit plans transferred	-	-	(26.42)	(26.42)
Balance at March 31, 2016	3,993.17	(155,222.18)	(156.01)	(151,385.02)

Refer Note no. 17 for nature and purpose of reserves

Significant accounting policies and other accompanying notes (1 to 44) form 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

S.K. Chhawchharia
Partner
M. No. 008482

Kolkata
May 15, 2017

Lalit Kumar Singhi
DIN No. 00893144

Director

R S Singh
DIN No. 02093276

Wholtime Director

Ashutosh Agarwal

Chief Financial Officer

Binaya Kumar Dash
M. No. A17982

Company Secretary

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2017

	Year Ended March 31, 2017 ₹ in lakhs	Year Ended March 31, 2016 ₹ in lakhs
Cash flow from operating activities		
Profit before tax and after exceptional item	(146,347.99)	(36,799.42)
Adjustment for non-cash/non-operating item to reconcile profit before tax to net cash flows		
Depreciation and amortization expenses	47,882.30	20,257.93
Exceptional Items	-	(27,651.92)
Loss/(profit) on sale of fixed assets	(0.95)	5.10
Sundry credit balances written back	(5,207.99)	(773.50)
Effect of unrealised foreign exchange (gain)/loss	3,519.85	2,512.51
Interest Income	(745.33)	(448.66)
Interest expense	112,983.05	52,663.27
Operating profit before working capital changes	12,082.94	9,765.31
<u>Movements in working capital :</u>		
Decrease/(increase) in inventories	(5,599.94)	8,326.07
Increase/(decrease) in trade and other payables	5,928.35	71,655.05
Decrease/(increase) in trade receivables	12,354.36	(13,639.35)
Decrease/(increase) in loans and advances and other assets	(234.28)	(3,963.67)
Cash generated from / (used in) operations	24,531.43	72,143.41
Direct taxes paid (net of refunds)	(65.31)	(14.11)
Net Cash flow from / (used in) operating activities (A)	24,466.12	72,129.30
Cash flow from investing activities		
Purchase of fixed assets, including intangible assets, CWIP	(9,716.64)	(90,645.71)
Proceeds from sale of fixed assets	2.06	16.75
Proceeds from sale/ purchase of current investments (Net)	-	4,117.05
Decrease/(increase) in long-term loans and capital advances	1,837.41	9,618.29
Decrease/(increase) in Deposits	243.47	(137.01)
Interest received	737.76	533.92
Net Cash flow from / (used in) investing activities (B)	(6,895.94)	(76,496.71)
Cash flow from financing activities		
Proceeds from long-term borrowings (net of repayment, including interest funded into Term Loans)	(3,298.29)	23.07
Proceeds from short-term borrowings (net of repayment)	1,730.72	3,846.41
Interest paid	(7,634.30)	(16,022.61)
Net Cash flow from / (used in) financing activities (C)	(9,201.87)	(12,153.13)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	8,368.31	(16,520.54)
Cash and cash equivalents at the beginning of the year	1,145.60	17,666.14
Cash and cash equivalents at the end of the year	9,513.91	1,145.60
Cash and cash equivalents consists of the following for the purpose of the Cash Flow Statement:		
Balances with Banks		
In Current Accounts	9,499.67	1,120.29
Stamp papers on hand	11.88	12.06
Cash on hand	2.36	13.25
Total cash and cash equivalents (Refer Note No. 11)	9,513.91	1,145.60

Note: The Cash flow statement has been prepared under Indirect Method as per IND AS 7 "Statement of Cash Flows"

Significant accounting policies and other accompanying notes (1 to 44) form 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
DIN No. 00893144

Director

S.K. Chhawchharia
Partner
M. No. 008482

R S Singh
DIN No. 02093276

Wholetime Director

Kolkata
May 15, 2017

Ashutosh Agarwal
Binaya Kumar Dash
M. No. A17982

Chief Financial Officer
Company Secretary

NOTES ON ACCOUNTS

1 CORPORATE INFORMATION

Electrosteel Steels Limited (“ESL” or “the Company”), promoted by Electrosteel Castings Limited is a public limited company, incorporated and domiciled in India having its registered office at, 801, Uma Shanti Apartments, Kanke Road, Ranchi - 834008. ESL has an envisaged capacity of 2.51 Million Ton Per Annum (MTPA) Greenfield Integrated Steel Plant in Bokaro District Jharkhand. ESL makes products like Pig Iron, Billets, TMT Bars, Wire Rods and Ductile Iron(DI) Pipes. It consists of a Sinter Plant, Pellet Plant, Coke Oven, Blast Furnace, Basic Oxygen Furnace, Billet Caster, Wire Rod Mill, Ductile Iron Pipe Plant, Bar Mill and Power Plant. It also manufactures DI Pipe used for Water supply and Pressure sewerage application. The Company's shares are listed and publically traded on the National Stock Exchange of India and Bombay Stock Exchange.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

i. Statement of Compliance

The Company has adopted Indian Accounting Standards (referred to as “Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013 (“the Act”) with effect from April 1, 2016 and therefore IND Ass issued, notified and made effective till the financial statements are authorized have been considered for the purpose of preparation of these financial statements.

These are the Company's first Ind AS Standalone Financial Statements and the date of transition to Ind AS as required has been considered to be April 1, 2015.

The financial statement up to the year ended March 31, 2016, were prepared under the historical cost convention on accrual basis in accordance with the Generally Accepted Accounting Principles and Accounting Standards as prescribed under the provisions of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 then applicable (Previous GAAP) to the Company. Previous period figures in the Financial Statements have now been restated in compliance to Ind AS.

In accordance with Ind AS 101-“First Time adoption of Indian Accounting Standards” (Ind AS 101), the Company has presented [Note No. 42(a)], a reconciliation of Shareholders' equity as given earlier under Previous GAAP and those considered in these accounts as per Ind AS as at March 31, 2016, and April 1, 2015 and also the Net Profit as per Previous GAAP and that arrived including Other Comprehensive Income under Ind AS for the year ended March 31, 2016. The mandatory exceptions and optional exemptions availed by the Company on First-time adoption have been detailed in Note No. 42(b) of the financial statement.

ii. Recent Pronouncements

In March 2017, Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to the Ind AS 7 'Statement of Cash flows' and Ind AS 102, 'Share - Based Payment' which are applicable w.e.f. 1st April, 2017.

The amendment to Ind AS 7 “Statement of Cash Flows” requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The effect of this amendment on the financial statements of the Company is being evaluated.

The amendment to Ind AS 102 “Share Based Payment” provides specific guidance to measurement of cash-settled share based payment transaction and share based payment transaction with a net settlement feature for withholding tax obligations. As the Company has not issued any stock options plans this amendment does not have any impact on the financial statements of the Company.

3 SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Preparation

The Financial Statements have been prepared under the historical cost convention on accrual basis except for items of Property, Plant and Equipment which on the date of transition have been fair valued to be considered as deemed costs and certain financial instruments that are measured in terms of relevant Ind AS at fair values/ amortized costs at the end of each reporting period.

NOTES ON ACCOUNTS

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

As the operating cycle cannot be identified in normal course due to the special nature of industry, the same has been assumed to have duration of 12 months. Accordingly, all assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in IND AS-1 'Presentation of Financial Statements' and Schedule III to the Companies Act, 2013.

The Financial Statements are presented in Indian Rupees which is the Company's functional currency and all values are rounded off to the nearest two decimal lakhs except otherwise stated.

Fair value measurement

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

The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement which are described as follows:

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

B. PROPERTY, PLANT AND EQUIPMENT (PPE)

Property, plant and equipment are stated at cost of acquisition or deemed cost on the date of transition or construction and subsequent improvements thereto less accumulated depreciation and impairment losses, if any. Cost of acquisition includes inward freight, duties and taxes (net of cenvat availed), dismantling cost and installation expenses etc incurred up to the installation of the assets.

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

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

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

Depreciation and Amortisation

Depreciation on PPE except otherwise stated, is provided as per Schedule II of the Companies Act, 2013 on straight line method over the estimated useful lives. Certain Plant and Machinery have been considered Continuous Process Plant on the basis of technical assessment.

NOTES ON ACCOUNTS

Depreciation on PPE commences when the assets are ready for their intended use. Based on above, the estimated useful lives of assets for the current period are as follows:

Category	Useful life
Buildings	
- Non-Factory Building (RCC Frame Structure)	30 Years
- Factory Building	30 Years
Roads	
- Carpeted Roads-RCC	10 Years
- Non-Carpeted Roads	3 Years
Plant and machinery	
- Sinter Plant, Blast Furnace, Coke Oven, Rolling Mill	20 Years
- Basic Oxygen Furnace Convertor	25 Years
- Power Plant	40 Years
- Water System	30 Years
- Continuous Process Plant	15 Years
- Others	25 Years
Computer equipment	
- Servers and networks	6 Years
- Others	3 Years
Furniture and fixtures, Electrical Installation and Laboratory Equipments	10 Years
Railway Sidings	15 Years
Office equipment	5 Years
Vehicles	
- Motor cycles, scooters and other mopeds	10 Years
- Others	8 Years

Pipe Moulds of specified sizes consumed within a year are charged to consumption in the year of issue. Others are depreciated over a period of three years.

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

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

C. INTANGIBLE ASSETS

Intangible assets are stated at cost of acquisition/deemed cost on transition date, comprising of purchase price inclusive of import duties (net of cenvat), if any, and other taxes less accumulated amortization and impairment losses. Depreciable amount of such assets, are allocated on systematic basis on the best estimates on straight line basis.

Cost of software including directly attributable cost, if any, acquired for internal use, is allocated / amortized over a period of 3-5 years (being estimated useful life thereof) on straight line basis.

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

D. DERECOGNITION OF TANGIBLE AND INTANGIBLE ASSETS

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

NOTES ON ACCOUNTS

LEASES

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

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

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

F. IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

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

Impairment losses recognized earlier may no longer exist or may have come down. Based on such assessment at each reporting period the impairment loss is reversed and recognized in the Statement of Profit and Loss. In such cases the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

G. FINANCIAL INSTRUMENTS

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

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

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

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

i. Cash and cash equivalents

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

NOTES ON ACCOUNTS

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

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

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

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (including all fees and points paid or received, transaction costs and other premiums or discounts) through the expected life of the Financial Asset or Financial Liability to the gross carrying amount of the financial asset or to the amortised cost of financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised directly in other comprehensive income.

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

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

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

vi. **Derivative and Hedge Accounting**

The company enters into derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in foreign exchange rates in respect of financial instruments and forecasted cash flows denominated in certain foreign currencies. The Company uses hedging instruments provide principles on the use of such financial derivatives consistent with the risk management strategy of the Company. The hedge instruments are designated and documented as hedges and effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis.

Any derivative that is either not designated as a hedge, or is so designated but is ineffective per Ind AS 109 "Financial Instruments", is categorized as a financial asset, at fair value through profit or loss. Transaction costs attributable to the same are also recognized in statement of profit and loss. Changes in the fair value of the derivative hedging instrument designated as a fair value hedge are recognized in the statement of profit and loss.

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized in other comprehensive income and presented within equity as cash flow hedging reserve to the extent that the hedge is effective.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity till that time remains and thereafter to the extent hedge accounting being discontinued is recognised in Statement of Profit & Loss. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss accumulated in equity is transferred to the statement of profit and loss.

NOTES ON ACCOUNTS

vii. Impairment of financial assets

A financial asset is assessed for impairment at each reporting date. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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

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

viii. Derecognition of financial instruments

The Company derecognizes a financial asset or a group of financial assets when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset (except for equity instruments designated as FVTOCI), the difference between the asset's carrying amount and the sum of the consideration received and receivable are recognized in statement of profit and loss.

On derecognition of assets measured at FVTOCI the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

H. INVENTORIES

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

Cost in respect of raw materials and stores and spares includes expenses incidental to procurement of the same. Cost in respect of finished goods represents prime cost, and includes appropriate portion of overheads and excise duty.

Cost in respect of process stock represents, cost incurred upto the stage of completion.

I. FOREIGN CURRENCY TRANSACTIONS

Presentation currency

These financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the company.

Transactions and balances

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

NOTES ON ACCOUNTS

J. EQUITY SHARE CAPITAL

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

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

K. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized at discounted amount (other than current) when there is a legal or constructive obligation as a result of past events, it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements.

Contingent Assets are also not recognized in the financial statement and if material, are disclosed by way of notes.

L. EMPLOYEE BENEFITS

Short term Employee benefits are accrued in the year services are rendered by the employees.

Post Employment benefit includes:

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

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

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

Contribution to Superannuation fund, a defined contribution plan is made in accordance with the Company policy and is recognised in the Statement of Profit or Loss.

M. REVENUE RECOGNITION

i. Sale of Goods

Revenue is recognized at the fair value of consideration received or receivable when the significant risk and rewards of goods and/or ownership of goods have been transferred and the amount thereof can be measured reliably. This represents the net invoice value of goods supplied to third parties after deducting discounts, volume rebates and outgoing sales tax and is inclusive of excise duty there against.

INTEREST, DIVIDEND AND CLAIMS

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

NOTES ON ACCOUNTS

EXPORT BENEFITS

Export benefits arising on account of entitlement for duty free imports are accounted for through import of materials. Other export benefits are accounted for as and when accrued.

N. BORROWING COST

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

O. RESEARCH AND DEVELOPMENT

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

P. GOVERNMENT GRANTS

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

Q. TAXES ON INCOME

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

Current income tax is provided on the taxable income and recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Taxable Income differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

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

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

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

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

NOTES ON ACCOUNTS

R. EARNINGS PER SHARE

Basic earnings per share are computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

S. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Segment manager who allocates resources and assess the operating activities, financial results, forecasts, or plans for the segment.

The Company's Greenfield Integrated Steel Plant with 2.51 MTPA capacity consists of various products consisting of Wire Rod, TMT Bars, Ductile Iron Pipe, Billets, Pig Iron etc. used in various activities out of which certain facilities are still under construction and erection. Considering the nature of the Company's business operations and future prospects and possible capacity utilisation etc., there are no separate reportable segment.

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

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

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

a) **Determining whether an arrangement contain leases and classification of leases**

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

b) **Fair value as Deemed cost for PPE**

The Company has used fair value of PPE as carried out by external valuer as on the date of transition i.e. 1st April 2015 as deemed costs. Such fair valuations involves higher degree of uncertainty and subjectivity.

NOTES ON ACCOUNTS

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

Property, plant and equipment are depreciated and intangible assets are amortized on straight-line basis over the estimated useful lives (or lease term if shorter) in accordance with Schedule II of the Companies Act, 2013, taking into account the estimated residual value, wherever applicable. The Company reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation / amortization expense to be recorded during any reporting period. This reassessment may result in change in depreciation expense in future periods.

The company reviews its carrying value of its Tangible and Intangible Assets whenever there is objective evidence that the assets are impaired. The required level of impairment losses to be made is estimated by reference to the estimated value in use or recoverable amount.

d) **Impairment loss on trade receivables**

The Company evaluates whether there is any objective evidence that trade receivables are impaired and determines the amount of impairment loss as a result of the inability of the debtors to make required payments. The Company bases the estimates on the ageing of the trade receivables balance, credit-worthiness of the trade receivables and historical write-off experience. If the financial conditions of the trade receivable were to deteriorate, actual write-offs would be higher than estimated.

e) **Income taxes**

Significant judgment is required in determination of taxability of certain income and deductibility of certain expenses during the estimation of the provision for income taxes. The deferred tax liability consequent to fair valuation of PPE and financial instruments involving estimation for timing differences has not been recognised in these financial statements.

The Company has significant amount of unused tax credits, since availability of future taxable income is not certain, no provision for deferred tax assets has been made under IND AS 12 'Income Taxes'.

f) **Contingencies**

Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations/Right to recompense of lenders against the Company as it is not possible to predict the outcome of pending matters with accuracy. The right to recompense to be accounted for in accordance with IND AS-109 requires management to estimate the probability of conditions in accordance with the CDR guidelines. Based on management best estimates the same does not qualify for recognition in the financial statements.

g) **Insurance Claim and Liquidated damages**

Insurance claims are accounted as and when admitted/settled. Liquidated damages and penalties from the vendors are accounted for in accordance with the terms of agreement for loss of opportunity/profit of the company due to delay in completion, if balances are available in the Supplier's/Contractors Account, subsequent changes in value if any is provided .

h) **Defined benefit obligation (DBO)**

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

NOTES ON ACCOUNTS

5 (a) Property, Plant and Equipment:

(₹ in lakhs)

As at March 31, 2017

Particulars	Freehold land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipments	Railway Siding	Total
Gross Block								
As at April 1, 2016	42,346.47	198,516.67	797,360.86	1,130.30	156.58	531.67	18,022.15	1,058,064.70
Additions	103.44	40.62	1,105.68	187.07	21.30	103.67	-	1,561.78
Disposal	-	-	-	-	(5.57)	-	-	(5.57)
Adjustments	-	-	-	-	-	-	-	-
As at March 31, 2017	42,449.91	198,557.29	798,466.54	1,317.37	172.31	635.34	18,022.15	1,059,620.91
Accumulated Depreciation								
As at April 1, 2016	-	2,626.92	17,856.14	156.46	32.77	69.76	114.98	20,857.03
Charge for the period	-	11,954.28	34,345.24	168.00	26.96	95.89	1,170.45	47,760.82
Disposal	-	-	-	-	(4.46)	-	-	(4.46)
Adjustments	-	-	-	-	-	-	-	-
As at March 31, 2017	-	14,581.20	52,201.38	324.46	55.27	165.65	1,285.43	68,613.39
Net carrying amount								
As at March 31, 2017	42,449.91	183,976.09	746,265.16	992.91	117.04	469.69	16,736.72	991,007.52

As at March 31, 2016

Particulars	Freehold land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipments	Railway Siding	Total
Gross Block								
As at April 1, 2015	41,393.23	77,143.48	361,507.61	470.24	131.89	107.26	1,306.60	482,060.31
Additions	953.24	121,373.19	435,865.90	660.06	33.89	424.41	16,715.55	576,026.24
Disposal	-	-	(12.65)	-	(9.20)	-	-	(21.85)
Adjustments	-	-	-	-	-	-	-	-
As at March 31, 2016	42,346.47	198,516.67	797,360.86	1,130.30	156.58	531.67	18,022.15	1,058,064.70
Accumulated Depreciation								
As at April 1, 2015	-	-	-	-	-	-	-	-
Charge for the period	-	2,626.92	17,856.14	156.46	32.77	69.76	114.98	20,857.03
Disposal	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-
As at March 31, 2016	-	2,626.92	17,856.14	156.46	32.77	69.76	114.98	20,857.03
Net carrying amount								
As at March 31, 2016	42,346.47	195,889.75	779,504.72	973.84	123.81	461.91	17,907.17	1,037,207.67
As at April 1, 2015	41,393.23	77,143.48	361,507.61	470.24	131.89	107.26	1,306.60	482,060.31

- The Gross Block as on the transition date i.e. April 01, 2015 given herein above represents fair value of Property, Plant and Equipment as valued by an Independent valuer and considered as "deemed cost" as per the provision of IND AS 101 "First-time Adoption of Indian Accounting Standards"- Refer Note no. 42.
- Gross book value of Railway siding includes Rs. 120,70.19 lakhs as on March 31, 2017 (Rs 120,70.19 as on March 31, 2016 and Rs. NIL as on April 01, 2015), incurred for construction of Railway siding ownership of which does not vest with the company.
- Depreciation for the year includes Rs. Nil (Previous year Rs. 646.71 lakh) transferred to Pre-operative expenses.
- Freehold land and Land developments includes 229.43 acres amounting to Rs. 1,615.99 lakh (As at March 31, 2016 - 222.89 acres amounting to Rs1,567.53 lakhs and as on April 1, 2015 - 185.50 acres amounting to Rs1,277.19 lakhs) is pending execution registration thereof.
- Also Refer note. No. 18 and 21

NOTES ON ACCOUNTS

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' as detailed below. Capital work in progress includes Rs. 1,073,82.04 lakhs, Rs. 1,025,29.14 lakhs and Rs. 4,104,47.69 lakh as on March 31, 2017, March 31, 2016 and April 1, 2015 respectively, in respect of plant and equipment and other facilities to be installed and following project development expenditure.

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

	As at Mar 31, 2017	As at Mar 31, 2016
Opening Balance	72,525.00	270,725.31
Add:		
(a) Payments to and Provisions for Employees (including personnel on deputation)		
- Salaries, Wages and Bonus	-	2,846.66
- Contribution to Provident Fund, Gratuity Fund, Pension Scheme, etc.	-	227.93
- Employee welfare and other amenities	-	271.38
(b) Consultancy, Professional and Legal Fees	-	623.86
(c) Power & Fuel	-	126.71
(d) Labour and Machinery Hire Charges	-	11.50
(e) Security expenses	-	-
(f) Insurance	-	3.69
(g) Rent	-	29.43
(h) Rates & Taxes	-	-
(i) Stores & Spares consumption	-	(216.91)
(j) Travelling and Conveyance Expenses	-	244.64
(k) Exchange Fluctuation (Considered as Borrowing Cost)	-	302.59
(l) Other directly attributable costs	-	455.13
(m) Depreciation	-	646.71
(n) Other Borrowing Cost	-	835.47
(o) Interest and Finance Charges	-	58,165.02
(p) Premium on forward contract	-	-
	72,525.00	335,299.12
Less:		
Foreign Currency Exchange Fluctuation	-	(3,543.63)
	72,525.00	331,755.49
Allocated/Transferred during the year to completed assets	-	(259,230.49)
Closing Balance	72,525.00	72,525.00

NOTES ON ACCOUNTS

5 (b) Other Intangible Assets

As at March 31, 2017								(₹ in lakhs)
Particulars	Gross Block As at April 1, 2016	Additions	Gross Block As at March 31, 2017	Accumulated Depreciation As at April 1, 2016	Charge for the period	Cumulative Depreciation As at March 31, 2017	Net carrying amount As at March 31, 2017	Net carrying amount As at March 31, 2016
Computer Softwares	286.89	53.59	340.48	44.46	118.15	162.61	177.87	242.43

As at March 31, 2016								(₹ in lakhs)
Particulars	Gross Block As at April 1, 2015	Additions	Gross Block As at March 31, 2016	Accumulated Depreciation As at April 1, 2015	Charge for the period	Cumulative Depreciation As at March 31, 2016	Net carrying amount As at March 31, 2016	Net carrying amount As at March 31, 2015
Computer Softwares	130.24	156.65	286.89	-	44.46	44.46	242.43	130.24

i. The Gross Block as on the transition date i.e. April 01, 2015 given herein above represents written down value as per Previous GAAP considered as "deemed cost" as per the provision of IND AS 101 "First-time Adoption of Indian Accounting Standards"- Refer Note no. 42.

ii. Also Refer note. No. 18 and 21. (₹ in lakhs)

6 Other Financial Assets	As at Mar 31, 2017	As at Mar 31, 2016	As at Apr 1, 2015
Unsecured, considered good			
(a) Security Deposit	812.50	786.52	688.81
(b) Balance with Banks in Deposit Accounts with more than 12 months maturity	3.32	1.56	4,303.56
	815.82	788.08	4,992.37

6.1 Fixed Deposits with Banks are in lien against Letter of Credit/Bank Guarantees issued by them

7 Other Non-Current Assets	As at Mar 31, 2017	As at Mar 31, 2016	As at Apr 1, 2015
(a) Capital advances	8,212.41	10,074.03	15,484.86
(b) Prepayments of leasehold land	75.62	79.13	82.29
	8,288.03	10,153.16	15,567.15

8 Inventories	As at Mar 31, 2017	As at Mar 31, 2016	As at Apr 1, 2015
(a) Raw Materials	27,727.77	17,149.02	41,993.05
(b) Raw Materials in transit	787.96	2,426.44	3,291.33
(c) Semi Finished Goods/ Work In Progress	7,082.70	12,228.81	9,830.05
(d) Finished Goods	9,001.72	15,561.48	11,590.92
(e) Stock of Traded Goods	-	0.24	47.16
(f) Stores and Spares	24,480.88	15,809.31	4,586.97
(g) Stores and Spare Parts in transit	79.79	286.76	212.63
(h) Scrap and By Products	10,015.37	10,114.19	10,350.21
	79,176.19	73,576.25	81,902.32

NOTES ON ACCOUNTS

8.1 The entire carrying value of Inventory as on 31st March 2017 and 31st March 2016 is secured against facilities granted by CDR and non-CDR lenders as stated in Note No. 18 and 21.

8.2 Stores and Spares stock includes stock of DI Pipe Mould of size 350 mm and above amounting to Rs. 1,616.02 lakhs (Rs.879.92 lakhs as on March 31, 2016 and Rs. 196.98 lakhs as on April 1, 2015) which will be amortised over a period of 3 years, upon its issue for consumption.

9 Investments

	<u>As at Mar 31, 2017</u>	<u>As at Mar 31, 2016</u>	<u>As at Apr 1, 2015</u>
Investments measured at fair value through Profit and Loss			
Investment in Mutual Funds (quoted)			
(a) SBI Premier Liquid Fund - Regular Plan (Growth) As at March 31, 2017 Nil Units, As at March 31, 2016, Nil Units and as at April 01,2015, 117,330.753 units having face value of Rs. 1000 each	-	-	2,576.25
(b) SBI Ultra Short Term Debt Fund Fund - Regular Plan (Growth) As at March 31, 2017 Nil Units, As at March 31, 2016, Nil Units and as at April 01,2015, 85,841.346 units having face value of Rs. 1000 each	-	-	1,540.80
	<u>-</u>	<u>-</u>	<u>4,117.05</u>
Aggergate amount of quoted investments	-	-	4,117.05
Aggregate NAV of investment in mutual fund	-	-	4,117.05

9.1 Particulars of investments as required in terms of section 186(4) of the Companies Act,2013 have been disclosed under Note no. 9

10 Trade Receivables

	<u>As at Mar 31, 2017</u>	<u>As at Mar 31, 2016</u>	<u>As at Apr 1, 2015</u>
Unsecured, considered good	12,720.47	25,074.83	11,435.48
	<u>12,720.47</u>	<u>25,074.83</u>	<u>11,435.48</u>

The Company's Integrated Steel & DI Pipe Plant had commenced production during the year ended March 31, 2015 and March 31, 2016 and a part is still under construction and erection, hence there does not exist any historical trend for the Company in respect of Impairment for allownaces for doubtful debt.

There is no material credit loss in earlier years. The Company however, has reviewed its account receivable based on the financial condition of the customer after considering the current economic environment on case to case basis. Based on such review, there does not exist any circumstances requiring any impairment in these financial statements.

The concentration of credit risks is limited due to customer base being backed by large number of unrelated parties

10.1 Ageing of Trade Receivables

	<u>As at Mar 31, 2017</u>	<u>As at Mar 31, 2016</u>	<u>As at Apr 1, 2015</u>
Within the credit period	4,148.00	16,912.55	7,313.58
0 - 30 days	5,677.87	3,092.59	2,410.86
30 - 60 days	230.37	1,314.39	1,124.80
60 - 90 days	13.51	392.59	41.10
90 - 120 days	65.32	460.36	3.65
120 + days	2,585.40	2,902.35	541.49
	<u>12,720.47</u>	<u>25,074.83</u>	<u>11,435.48</u>

NOTES ON ACCOUNTS

11 Cash and Cash Equivalents	As at	As at	As at
(a) Balances with Banks:	Mar 31, 2017	Mar 31, 2016	Apr 1, 2015
- In Current Accounts	9,499.67	1,120.29	17,644.67
(b) Cash on hand	2.36	13.25	6.30
(c) Stamp papers on hand	11.88	12.06	15.17
	9,513.91	1,145.60	17,666.14

12 Bank Balances other than Cash and cash equivalents	As at	As at	As at
	Mar 31, 2017	Mar 31, 2016	Apr 1, 2015
(a) Balance with Banks in Deposit Accounts	3,904.82	4,148.29	4,011.28
	3,904.82	4,148.29	4,011.28

Fixed Deposits amounting to Rs. 3,670.35 lakhs (As at March 31, 2016, Rs. 4,120.64 lakhs and April 1, 2015, Rs. 4,314.85 lakhs) held as margin money against Letter of Credit/Bank Guarantees issued by the bank.

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage. Cash credit/working capital facility that are repayable on demand and that form an integral part of the Company's cash management is included as a component of cash and cash equivalents for the purpose of the cash flow statement.

13 Other Financial Assets	As at	As at	As at
	Mar 31, 2017	Mar 31, 2016	Apr 1, 2015
(a) Security Deposits to Vendors	40.93	15.50	5.00
(b) EMD to Customers & Vendors	17.45	18.74	14.75
(c) Interest accrued on fixed deposits	83.30	75.73	160.99
(d) Advances against salaries	10.89	16.73	10.50
(e) Export incentive receivables	-	-	12.23
	152.57	126.70	203.47

14 Current Tax Assets (net)	As at	As at	As at
	Mar 31, 2017	Mar 31, 2016	Apr 1, 2015
Advance Income Tax and Tax deducted at source	377.22	311.91	297.79
	377.22	311.91	297.79

15 Other current assets	As at	As at	As at
	Mar 31, 2017	Mar 31, 2016	Apr 1, 2015
(a) Balance with statutory/ government authorities	3,055.43	1,573.17	3,547.58
(b) Advances to Suppliers and Contractors	12,552.38	13,818.86	7,889.26
(c) Prepayments of leasehold land	3.33	3.15	3.15
	15,611.14	15,395.18	11,439.99

NOTES ON ACCOUNTS

16 Equity Share Capital	As at Mar 31, 2017	As at Mar 31, 2016	As at Apr 1, 2015
(a) Authorised:			
5,00,00,00,000 Equity Shares of Rs. 10/- each (March 31, 2016 5,00,00,00,000 Equity Shares and April 1, 2015 4,50,00,00,000 Equity Shares)	500,000.00	500,000.00	450,000.00
	500,000.00	500,000.00	450,000.00
(b) Issued, Subscribed and Fully Paid Up:	240,923.50	240,923.50	240,923.50
240,92,35,023 Equity Shares of Rs. 10/- each (March 31, 2016 2,40,92,35,023 Equity Shares and April 1, 2015 2,40,92,35,023 Equity Shares)	240,923.50	240,923.50	240,923.50

(c) Reconciliation of the number of Equity Shares Outstanding:

Equity Share Capital:	As at 31st March 2017		As at 31st March 2016		As at 1st April 2015	
	Nos.	Amount	Nos.	Amount	Nos.	Amount
No. of shares as at the beginning	240 92 35 023	240,923.50	240 92 35 023	240,923.50	240 92 35 023	240,923.50
Additions during the period	-	-	-	-	-	-
No. of shares as at the end	240 92 35 023	240,923.50	240 92 35 023	240,923.50	240 92 35 023	240,923.50

(d) Shareholders holding more than 5% Shares Equity Shares:

Name of Shareholder	As at 31st March 2017		As at 31st March 2016		As at 1st April 2015	
	Nos	% holding	Nos	% holding	Nos	% holding
Electrosteel Castings Limited	1,089,800,000	45.23%	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%	400,909,646	16.64%

(e) Rights, Preferences and Restrictions attached to shares

The Company has one class of Equity Shares having a par value of Rs. 10/-. Each Holder of Equity Shares is entitled to one vote proportionate to paid up capital. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the Annual General Meeting. In the event of liquidation of the Company, the holders of Ordinary Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders and their paid up amounts.

(f) 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.

(g) 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.

NOTES ON ACCOUNTS

	As at Mar 31, 2017	As at Mar 31, 2016	As at Apr 1, 2015
17 Other Equity			
(a) Securities Premium Reserve	3,993.17	3,993.17	3,993.17
(b) Retained Earnings	(301,570.17)	(155,222.17)	(118,422.77)
(c) Other Comprehensive Income			
Remeasurement of Defined Benefit Plans	(131.11)	(156.02)	(109.71)
	<u>(297,708.11)</u>	<u>(151,385.02)</u>	<u>(114,539.31)</u>

17.1 Refer Statement of changes in equity for movement in balances of reserves.

17.2 Securities Premium Reserve

Securities Premium Reserve represents the amount received in excess of par value of securities. Section 52 of Companies Act, 2013 specify restriction and utilisation of security premium.

17.3 Retained Earnings

Retained Earnings generally represent the undistributed profits /amount of accumulated earnings of the Company whether shown as a reserve or otherwise or any change in carrying amount of an assets or liability upon measurement at fair value recognised in Statement of Profit and Loss. It includes Rs. 1,73,55.54 lakhs which is not available for distribution as dividend represented by fair valuation of land.

17.4 Other Comprehensive Income

Other Comprehensive Income Reserve represent the balance in equity for items to be accounted in Other Comprehensive Income (OCI). The transaction under OCI are classified as follows:

Items that will not be reclassified to profit and loss.

The actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions have been recognised in OCI.

	As at Mar 31, 2017	As at Mar 31, 2016	As at Apr 1, 2015
18 Borrowings			
(a) From Banks (Secured):			
Restructured Term Loan	451,940.03	528,365.94	576,159.29
Additional Term Loan	84,609.28	100,108.72	97,737.43
Funded Interest Term Loan (FITL)	91,620.80	109,462.85	126,909.87
(b) From Others (Secured):			
Restructured Term Loan	55,073.46	66,601.95	74,037.48
Funded Interest Term Loan (FITL)	8,735.56	11,375.35	14,258.61
	<u>691,979.13</u>	<u>815,914.81</u>	<u>889,102.68</u>

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 had approved a package to restructure/reschedule the Company's Debt and provide additional facilities. The Master Restructuring Agreement had 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') had 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.

NOTES ON ACCOUNTS

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 inventory and 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 (OSD)
- (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 A(1)(a) above;
 - (b) pledge of Shares as mentioned in A(1)(b) to A(1)(d) above ranking subservient to the pledge already created in favour of lenders;
 - (c) personal guarantees as mentioned in A(1)(e) above.
- (4) As compared to the amount of secured loans due, there is a shortfall in the carrying value of securities. Consequently the secured loans are not fully secured to the extent of such shortfall in the securities.

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%

NOTES ON ACCOUNTS

- (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% to 11.00% 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.
- (e) 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.

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:

Term Loans (Secured)	Principal			Interest		
	Mar 31, 2017(*)	Mar 31, 2016(**)	April 1, 2015(***)	Mar 31, 2017(*)	Mar 31, 2016(**)	April 1, 2015(***)
From Banks	<i>Rs. in Lakhs</i>	<i>Rs. in Lakhs</i>	<i>Rs. in Lakhs</i>	<i>Rs. in Lakhs</i>	<i>Rs. in Lakhs</i>	<i>Rs. in Lakhs</i>
(a) Restructured Term Loan	79,024.74	30,394.13	-	132,189.87	65,554.91	5,550.05
(b) Additional Term Loan	22,724.06	7,369.97	-	26,378.28	12,879.84	962.71
(c) Funded Interest Term Loan (FITL)	28,576.94	10,886.45	-	29,693.21	14,856.41	1,260.32
	130,325.74	48,650.55	-	188,261.36	93,291.16	7,773.08
From Others						
(a) Restructured Term Loan	11,802.39	5,003.35	-	16,928.86	8,273.28	380.13
(b) Funded Interest Term Loan (FITL)	4,468.44	1,828.64	-	3,296.43	1,661.13	81.16
	16,270.83	6,831.99	-	20,225.29	9,934.41	461.29
Total	146,596.57	55,482.54	-	208,486.65	103,225.57	8,234.37

(*) Default on account of Principal repayment relates to the period from Dec. 2015 till 31st March 2017. Default in payment of interest relates to the period from 1st April, 2015 to 31st March, 2017.

(**) Default on account of Principal repayment relates to the period from Dec. 2015 till 31st March 2016. Default in payment of interest relates to the period from 1st April, 2015 to 31st March, 2016.

(***) Relates to the month of March, 2015.

NOTES ON ACCOUNTS

(Rs. in Lakhs)

	As at <u>Mar 31, 2017</u>	As at <u>Mar 31, 2016</u>	As at <u>Apr 1, 2015</u>
19 Other Financial Liabilities			
Security Deposits/ EMD from Vendors	35.40	35.41	69.47
	35.40	35.41	69.47

	As at <u>Mar 31, 2017</u>	As at <u>Mar 31, 2016</u>	As at <u>Apr 1, 2015</u>
20 Provisions			
Provision for Employee Benefits	833.90	596.20	433.76
	833.90	596.20	433.76

	As at <u>Mar 31, 2017</u>	As at <u>Mar 31, 2016</u>	As at <u>Apr 1, 2015</u>
21 Borrowings			
Loans Repayable on Demand (Secured):			
Working Capital Facility	42,814.56	39,459.99	34,385.70
Buyers Credit	26,814.71	24,918.71	23,634.08
	69,629.27	64,378.70	58,019.78

Working Capital facility from Banks & Buyers' Credit is secured as in Note No.18(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%.

	As at <u>Mar 31, 2017</u>	As at <u>Mar 31, 2016</u>	As at <u>Apr 1, 2015</u>
22 Trade Payables			
Trade Payables (including acceptance)	40,937.51	36,571.64	24,706.59
	40,937.51	36,571.64	24,706.59

22.1 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.

	As at <u>Mar 31, 2017</u>	As at <u>Mar 31, 2016</u>	As at <u>Apr 1, 2015</u>
23 Other Financial Liabilities			
(a) Current maturities of long-term debts	267,211.05	146,573.65	73,362.71
(b) Interest accrued but not due on borrowings	107.03	456.32	469.07
(c) Interest accrued and due on borrowings	208,735.06	103,037.02	8,218.59
(d) Security Deposits from Customers	50.15	0.25	0.25
(e) Creditors for Capital Supplies/ Services	42,497.16	45,742.20	94,619.36
(f) Derivative Instrument Contract Payable (net)	1,192.87	576.23	349.51
(g) Temporary Overdraft in Current Account with Banks	452.35	49.53	-
(h) Others Payables (Year end liability for expenses)	5,329.33	9,943.94	7,850.07
	525,575.00	306,379.14	184,869.56

NOTES ON ACCOUNTS

	(Rs. in Lakhs)		
	As at <u>Mar 31, 2017</u>	As at <u>Mar 31, 2016</u>	As at <u>Apr 1, 2015</u>
24 Other Current Liabilities			
(a) Advance from customers	26,684.93	26,089.24	28,087.99
(b) Statutory Dues	2,499.86	3,510.81	3,149.81
(includes Provident Fund, Excise Duty, Service Tax, Tax deducted at source etc.)	<u>29,184.79</u>	<u>29,600.05</u>	<u>31,237.80</u>
25 Provisions	As at <u>Mar 31, 2017</u>	As at <u>Mar 31, 2016</u>	As at <u>Apr 1, 2015</u>
(a) Provision for Employee Benefits	262.21	209.81	171.66
(b) Provision for Wealth Tax	-	-	1.10
	<u>262.21</u>	<u>209.81</u>	<u>172.76</u>
26 Revenue from Operations		As at	As at
(a) Sale of Products:		<u>Mar 31, 2017</u>	<u>Mar 31, 2016</u>
Semi-Finished & Finised Goods:			
- Export Sales		20,578.96	5,233.38
- Domestic Sales		247,995.01	274,287.56
(b) Other Operating Revenue:			
- Scrap/ By-products & Others		8,855.61	9,354.95
Revenue from operations (Gross)		<u>277,429.58</u>	<u>288,875.89</u>
27 Other Income		As at <u>Mar 31, 2017</u>	As at <u>Mar 31, 2016</u>
(a) Interest income on Fixed deposits, overdue debts etc.		758.26	448.66
(b) Interest income on financial assets measured at amortised cost		61.60	55.03
(c) Sundry credit balances written back(*)		5,207.99	773.50
(d) Net gain/(loss) on foreign exchange fluctuation (**)		2,371.83	-
(e) Miscellaneous Income		953.44	294.25
		<u>9,353.12</u>	<u>1,571.44</u>

(*) Relates to old credit balances of certain suppliers/service providers for equipment supplies, civil and commissioning jobs. This also includes excess liabilities in various intermediary accounts which were checked and identified as not payable due to excess mapping in the Purchase/Work orders. The excess liabilities of these parties/intermediary accounts, 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.

(**) Net of Rs. 721.97 lakhs on fair valuation of Derivative instrument designated at fair value through Profit and Loss.

NOTES ON ACCOUNTS

		(Rs. in Lakhs)	
		As at	As at
		<u>Mar 31, 2017</u>	<u>Mar 31, 2016</u>
28	Cost of Materials Consumed		
	(a) Raw material and other materials consumed		
	Inventory at the beginning of the year	19,575.46	45,284.38
	Add: Purchases	164,938.26	158,513.74
	Less: Cost of goods sold	2,572.66	-
	Less: Inventory at the end of the year	28,515.73	19,575.46
		<u>153,425.33</u>	<u>184,222.66</u>
29	Changes in inventories of finished goods, stock-in-trade and work-in-progress		
	(i) Inventories at the end of the year		
	(a) Finished Goods	9,001.72	15,561.48
	(b) Stock-in-Trade	-	0.24
	(c) Semi-Finished Goods	7,082.70	12,228.81
	(d) Scrap / By-products	10,015.37	10,114.19
		<u>26,099.79</u>	<u>37,904.72</u>
	(ii) Inventories at the beginning of the year		
	(a) Finished Goods	15,561.48	11,590.92
	(b) Stock-in-Trade	0.24	47.16
	(c) Semi-Finished Goods	12,228.81	9,830.05
	(d) Scrap / By-products	10,114.19	10,350.21
		<u>37,904.72</u>	<u>31,818.34</u>
	Inventories transferred to/from Project and other adjustments	(95.46)	1,099.57
		<u>11,709.47</u>	<u>(7,185.95)</u>
30	Employee Benefits Expense		
	(a) Salaries, wages and bonus	11,957.73	7,691.84
	(b) Contribution to Provident and Other Funds	653.97	379.61
	(c) Staff welfare expenses	505.93	332.52
		<u>13,117.63</u>	<u>8,403.97</u>

NOTES ON ACCOUNTS

POST RETIREMENT EMPLOYEE BENEFITS

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

Defined Contribution Plans

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

Particulars	(Rs. in Lakhs)	
	As at Mar 31, 2017	As at Mar 31, 2016
Employer's Contribution to Provident Fund	270.60	255.12
Employer's Contribution to Pension Scheme	216.07	188.51

Post Retirement Benefit Plans

The Company provides for gratuity liability in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service of 5 years are eligible for gratuity. The amount of gratuity payable on termination/retirement is the employees last drawn basic salary per month computed proportionately for 15 days for number of completed year of service.

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

- (a) Change in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

	Gratuity (partially funded)	
	Mar 31, 2017	Mar 31, 2016
	Rs. in Lakhs	Rs. in Lakhs
Liability at the beginning of the year	603.26	418.17
Interest Cost	45.86	33.45
Current Service Cost	150.38	133.67
Benefits paid	(60.02)	(39.25)
Remeasurements - Due to Financial Assumptions	33.39	61.12
Remeasurements - Due to Experience Adjustments	(33.10)	(3.90)
Liability at the end of the year	<u>739.77</u>	<u>603.26</u>

- (b) Changes in the Fair Value of Plan Asset representing reconciliation of opening and closing balances thereof are as follows

	Mar 31, 2017	Mar 31, 2016
	Rs. in Lakhs	Rs. in Lakhs
Opening Fair value of Plan Assets at the beginning of the year	449.96	281.83
Interest Income	31.50	22.55
Contributions by the Company	59.89	173.91
Benefits paid	(60.02)	(39.25)
Remeasurements - Return on Assets (Excluding Interest Income)	23.46	10.92
Fair value of Plan Assets at the end of the year	<u>504.79</u>	<u>449.96</u>

NOTES ON ACCOUNTS

(c) Amount Recognized in Balance Sheet	Mar 31, 2017	Mar 31, 2016
	<u>Rs. in Lakhs</u>	<u>Rs. in Lakhs</u>
Liability at the end of the year	739.77	603.26
Fair value of Plan Assets at the end of the year	504.79	449.96
Amount Recognized in the Balance Sheet	<u>234.98</u>	<u>153.30</u>
(d) Expenses Recognized in the Income Statement	Mar 31, 2017	Mar 31, 2016
	<u>Rs. in Lakhs</u>	<u>Rs. in Lakhs</u>
Current Service Cost	150.38	133.67
Interest Cost	45.86	33.45
Expected return on plan assets	(31.50)	(22.55)
Expenses Recognized in Profit & Loss Account	<u>164.74</u>	<u>144.57</u>
(e) Remeasurements Recognized in Other Comprehensive Income	Mar 31, 2017	Mar 31, 2016
	<u>Rs. in Lakhs</u>	<u>Rs. in Lakhs</u>
Remeasurements - Due to Financial Assumptions	33.39	61.12
Remeasurements - Due to Experience Adjustments	(33.10)	(3.90)
Remeasurements- Return on Assets (Excluding Interest Income)	(23.46)	(10.92)
Remeasurements Recognized in Other Comprehensive Income	<u>(23.17)</u>	<u>46.30</u>
(f) Balance Sheet Reconciliation	Mar 31, 2017	Mar 31, 2016
	<u>Rs. in Lakhs</u>	<u>Rs. in Lakhs</u>
Opening Net Liability	153.31	136.35
Defined Benefit Cost included in Profit and Loss	164.74	144.57
Remeasurements recognised in OCI	(23.17)	46.30
Employers Contribution	(59.89)	(173.91)
Amount Recognized in Balance Sheet	<u>234.99</u>	<u>153.31</u>
(g) The Principal actuarial assumptions as at the Balance Sheet date are set out as below:	Mar 31, 2017	Mar 31, 2016
	<u></u>	<u></u>
Summary of Financial Assumptions		
Discount Rate	7.50%	8.00%
Salary Escalation- First Five Years	6.00%	6.00%
Salary Escalation- After Five Years	6.00%	6.00%
Expected Return on Plan Assets	7.50%	8.00%
Summary of Demographic Assumptions		
Mortality Rate [as % of IALM (2006-08) (Mod.) Ult. Mortality Table]	100.00%	100.00%
Disability Table (a % of above mortality rate)	5%	5%
Withdrawal Rate	1% to 8%	1% to 8%
Retirement Age	60 Years	60 Years
Average Future Service	24.61	25.28

NOTES ON ACCOUNTS

(Rs. in Lakhs)

Sensitivity Analysis

Particulars	Change in Assumption	Gratuity	Gratuity
		As at March 31, 2017	As at March 31, 2016
Changes in Defined Benefit Obligations			
Salary Escalation	1%	820.01	673.62
Salary Escalation	-1%	670.71	542.16
Withdrawal Rates	1%	742.25	609.92
Withdrawal Rates	-1%	736.17	597.85
Discount Rates	1%	675.61	543.73
Discount Rates	-1%	815.54	672.92

The Company's gratuity plan is managed by Life Insurance Corporation of India and the estimate maturity profile of the expected cash flow in respect of Defined Benefit Obligations are as follows:

Particulars	Mar 31, 2017	Mar 31, 2016
Year 1	29.25	82.94
Year 2	23.63	18.32
Year 3	27.81	2.33
Year 4	29.22	17.97
Year 5	30.26	11.12
Remaining Subsequent Years	143.04	470.60

The Company expects to contribute Rs 117.50 lakh to Gratuity Fund in the year 2017-2018

Other Long Term Employee benefits

Compensated Absences

The obligation for compensated absences is recognized in the same manner as gratuity. The actuarial liability of Compensated Absences (unfunded) of accumulated privileged and sick leaves of the employees of the Company as at 31.03.2017 is given below:

	As at Mar 31, 2017	As at Mar 31, 2016
Privileged Leave	796.45	587.04
Sick Leave	60.29	57.08

	As at Mar 31, 2017	As at Mar 31, 2016
Number of people employed	2,136	2,084

31 Finance Costs

	As at Mar 31, 2017	As at Mar 31, 2016
(a) Interest Expense	111,236.64	51,587.90
(b) Other Borrowing Cost	1,746.41	836.47
(c) Net (Gain) / Loss on foreign currency transactions and translation	-	238.90
	112,983.05	52,663.27

NOTES ON ACCOUNTS

	(Rs. in Lakhs)	
	As at <u>Mar 31, 2017</u>	As at <u>Mar 31, 2016</u>
32 Depreciation and Amortisation Expense		
(a) Depreciation on Tangible Assets	47,760.82	20,857.03
(b) Amortisation of Intangible Assets	118.15	44.46
(c) Amortisation of Lease Rental	3.33	3.15
(d) Less: Transferred to Pre-operative expense	-	(646.71)
	<u>47,882.30</u>	<u>20,257.93</u>
33 Other Expenses		
(a) Consumption of Stores & Spares	22,235.71	9,917.91
(b) Power and Fuel	6,592.17	10,795.45
(c) Freight and Forwarding Charges	6,130.28	11,770.08
(d) Rent	382.68	319.09
(e) Rates and taxes	111.33	152.11
(f) Insurance	1,005.60	429.54
(g) Repairs and replacement of Machinery	2,490.10	417.99
(h) Operation & Maintenance expenses	15,682.61	13,189.09
(i) Machine Hire Charges	1,096.00	1,094.79
(j) Material Handling Expenses	1,141.31	2,365.94
(k) Listing & Registrar Expenses	53.59	47.35
(l) Security Expenses	753.26	781.44
(m) Advertisement and Business Promotion Expenses	516.30	163.07
(n) Travelling & Conveyance	1,595.69	1,430.51
(o) Legal & Professional Fees	1,391.50	1,522.83
(p) Payment to Auditors	30.63	28.54
(q) Excise Duty on Closing Stock	(1,723.85)	925.48
(r) Exchange differences (others) (*)	3,519.85	-
(s) Net (gain)/loss on foreign exchange fluctuation (**)	-	4,657.90
(t) Loss on Sale of Fixed Assets	-	5.10
(u) Selling & Distribution Expenses	5,327.39	4,312.82
(v) CSR Expenditure	31.00	21.08
(w) Other Miscellaneous Expenses	2,344.82	2,587.49
	<u>70,707.97</u>	<u>66,935.60</u>

(*) Represents amount of foreign exchange fluctuation in respect of Capital vendors written back

(**) Net of Rs. 2232.31 lakhs (previous year NIL) in respect of fair value of derivative instruments designated as fair value through Profit and Loss

NOTES ON ACCOUNTS

	(Rs. in Lakhs)	
	As at Mar 31, 2017	As at Mar 31, 2016
Payment to Auditors		
(a) Statutory Audit Fee	20.00	20.00
(b) Tax Audit Fee	6.00	3.00
(c) Other Services	4.14	4.02
(d) Out of Pocket Expenses	0.49	1.52
	30.63	28.54

33.1 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.

34 Exceptional Items

	As at Mar 31, 2017	As at Mar 31, 2016
Claim for Loss of Profit from Contractors / Suppliers	-	(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.

35 RELATED PARTY TRANSACTIONS

Related party disclosure as identified by the management in accordance with the IND AS 24 on 'Related Party Disclosures' where control exists and with whom transactions have taken place during reported periods.:

Names of the related parties and description of relationships:

A Company Relationship

Electrosteel Castings Limited Promoter/Associate Company

B Key Management personnel

	Designation
Rama Shankar Singh	Whole-Time Director
Umang Kejriwal	Non-Executive Director
Rajkumar Khanna	Non-Executive Director
Amrendra Prasad Verma	Non-Executive Director
Jinendra Kumar Jain	Non-Executive Director
Lalit Kumar Singhi	Non-Executive Director
Naresh Pachisia	Non-Executive Director
Sunil V Diwakar	Non-Executive Director
Rishu Kumari	Non-Executive Director
Pradeep Kumar Misra	Independent Director
Jayantika Ganguly	Independent Director
Devaprasad Mozumder	Nominee Director
Sunil Katial	Chief Executive Officer
Ashutosh Agarwal	Chief Financial Officer

NOTES ON ACCOUNTS

C Entities where KMP or their close member have significant influence or control

Rama Mining Consultants Private Limited
 North Dhadhu mining Company Private Limited
 Asian informatics Private Limited
 Jhilmil Traders Private Limited
 Bose Estates Private Limited
 Sree Khemisati Constructions Private Limited
 Hooghly Alloy & Steels Company Private Limited
 Wilcox Merchants Private Limited
 Tulsi Highrise Private Limited
 Ampleforth Trading And Resources Private Limited
 Hooghly Extrusions Limited

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

Key Management personnel	Relationship
Pushpa Singh	Wife of Whole Time Director
Radha Kinkari Kejriwal Agarwal	Daughter of Umang Kejriwal
Nityangi Kejriwal Jaiswal	Daughter of Umang Kejriwal
Madhav Kejriwal	Son of Umang Kejriwal
Aman Agarwal	Son-in-Law of Umang Kejriwal
Zubin Mehta	Son-in-Law of Umang Kejriwal

E Related party transaction:

Nature of Transaction	Promoter/Associate Company	
	2016-17	2015-16
Sale of Goods	850.19	781.26
Purchase of materials	2,977.96	3,838.41
Interest expenses	-	101.43
Rent expenses	0.65	0.64
Reimbursement of Expenses	16.82	-
Closing balance as at March 31		
Trade Payables	694.90	1,565.35
Advance against supplies/services	20,862.24	21,869.21

Nature of Transaction	Key Management Personnel		Close member of KMP		Entities where KMP or their close member have significant influence or control	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Sale of Goods	-	9.53	-	-	-	-
Rent expenses	-	-	3.90	7.80	95.44	43.40
Maintenance charges	-	-	-	-	133.31	80.27
Salary & Remuneration	339.32	263.18	126.20	116.94	-	-
Handling Charges	-	-	-	-	109.17	-
Commission paid	-	-	295.55	-	599.79	562.17
Electricity	-	-	-	-	21.27	15.86
Director sitting fees	3.00	2.40	-	-	-	-
Closing balance as at March 31						
Rent Payable	-	-	-	0.59	5.04	-
Salary Payable	11.47	11.94	8.55	6.27	-	-
Electricity Charges Payable	-	-	-	-	3.53	1.22
Maintenance Charges Payable	-	-	-	-	13.06	-
Commission Payable	-	-	-	-	52.19	226.25
Handling Charges Payable	-	-	-	-	28.03	-

NOTES ON ACCOUNTS

F Compensation of Key management personnel

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

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Short-term employee benefits	321.48	245.23
Post-employment benefits	11.24	17.37
Other long-term benefits	(9.57)	7.31

36 COMMITMENTS AND CONTINGENCIES

i. Operating leases:

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

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Payments recognised as an expense	3.33	3.15
Future Minimum lease payments		
Not later than one year	4.56	4.56
Later than one year and not more than five years	23.35	23.12
Later than five years	86.52	91.31

Further to above, the Company has certain operating lease arrangements for office accommodations, transit houses, railway siding etc. with tenure extending from 1 to 9 years. Term of certain lease arrangements include escalation clause for rent on expiry of 12 and 36 months from the commencement date of such lease and deposit/refund of security deposit etc. Expenditure incurred on account of rental payments under such leases during the year and recognized in the Profit and Loss account amounts to Rs. 84.46 lakhs (Previous Year Rs. 79.35 lakhs).

ii. Capital and other commitments

	As at Mar 31, 2017	As at Mar 31, 2016	As at Apr 1, 2015
(a) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	168.27	2,199.77	7,006.90
(b) Export Obligation Commitments under EPCG Scheme (*)	516,995.32	532,107.98	489,957.35
	517,163.59	534,307.75	496,964.25

(*) In terms of notification no. 70(RE-2013)/2009-2014, issued by the Ministry of Commerce and Industry, the company has applied for extension of Export obligation for 3 years from the date of approval of CDR package which has been rejected by the DGFT-Delhi and interim stay has been granted by Honourable Delhi High Court.

(c) The Company's irrecoverable off-take agreement with Electrosteel Castings Limited for procurement of Iron ore at cost plus mark up during the currency of loan agreements with the lenders continues.

NOTES ON ACCOUNTS

iii. Contingent Assets

- a) Contingent is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.
- b) During the normal course of business, several unresolved claims are currently outstanding. The inflow of economic benefits, in respect of such claims cannot be measured due to uncertainties that surround the related events and circumstances. To the extent identified, as on March 31, 2017 undermentioned amounts are pending under various judicial authorities as given below:
- c) The Company has significant amount of unused tax credits, however since availability of future taxable income is not certain, no provision for deferred tax assets has been made under IND AS 12 'Income Taxes'. The carrying amount of such deferred tax is given below:

	<u>As at Mar 31, 2017</u>	<u>As at Mar 31, 2016</u>	<u>As at Apr 1, 2015</u>
- Deferred Tax Asset	135,409.40	87,671.17	52,911.50
- Counter claims filed by the the company against the vendors	81,498.47	77,641.47	67,705.95
	<u>216,907.87</u>	<u>165,312.64</u>	<u>120,617.45</u>

iv. Contingent Liabilities not provided for in respect of:

	<u>As at Mar 31, 2017</u>	<u>As at Mar 31, 2016</u>	<u>As at Apr 1, 2015</u>
a) Various show cause notices/demands issued/ raised, which in the opinion of the management are not tenable and are pending with various forum/ authorities			
- Central Excise & Service Tax	3,734.09	3,694.05	5,191.05
- Customs Duty (under EPCG)	126,737.94	74,078.61	41,178.86
- Customs Duty (others)	5,974.73	5,974.73	5,974.73
- Sales Tax	15,788.19	13,163.73	522.82
- Entry Tax	1,924.77	-	-
b) Guarantees given by banks on behalf of the Company	2,865.15	3,093.68	-
c) Right of Recompense of Lenders as per CDR Guidelines	85,100.80	61,475.56	38,020.55
d) Other pending claims & disputes	891.37	881.88	100.00
e) Claims filed against the company by the vendors	19,384.16	18,987.89	632.95
	<u>262,401.20</u>	<u>181,350.13</u>	<u>91,620.96</u>
(f) There are several Civil and criminal proceedings pending against the Company, the financial liability thereof, if any, is unascertainable.			

The Company's pending litigations comprises of claims against the company and proceedings pending with Statutory/ Government Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, and disclosed contingent liabilities, where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material impact on its financial positions. Future cashflow, if any in respect of (a), (d), (e) and (f) is dependent upon the outcome of judgements/ decisions.

37 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. Considering the nature of the Company's business operations and future prospects and possible capacity utilisation etc., there are no separate reportable segments (business and/ or geographical) in accordance with the requirements of IND AS 108 'Operating Segments'.

NOTES ON ACCOUNTS

38 EARNING PER SHARE:

Reconciliation of Net Loss for the year and equity shares used in the computation of basic and diluted earnings per equity share is set out below:

	As at Mar 31, 2017	As at Mar 31, 2016
Net loss attributable to the Equity holders of the Company as per Statement of Profit and Loss.	(146,347.99)	(36,799.42)
Net profit for Basic and Diluted earnings per share	(146,347.99)	(36,799.42)
Weighted average number of equity shares for calculation of basic and diluted earnings per share	2,409,235,023	2,409,235,023
Face value of Equity Shares (Rs.)	10.00	10.00
Basic EPS (Rs.)	(6.07)	(1.53)
Diluted EPS (Rs.)	(6.07)	(1.53)

- 39** The company has incurred an accumulated net loss of Rs. 3,18,925 lakhs (Previous year Rs. 1,72,577 lakhs) upto the year ended 31.03.2017. The current liabilities exceeds the current assets by Rs. 5,55,233 lakhs (Previous year Rs. 3,17,361 lakhs). The net worth has fully eroded, in view of the accumulated losses. The lenders have since evoked 'Strategic Debt Restructuring' (SDR) pursuant to RBI Circulars dated June 8, 2015 & September 24, 2015, after the due compliance of the CDR package could not be met with. The company has positive EBIDTA in the F.Ys. 2015-16 & 2016-17. It along with the lenders is also seeking a potential investors for requisite funds. Restructuring & infusion of funds proposals are under consideration by the lenders, the outcome whereof is awaited. Considering the above, and expecting favorable market conditions in future the company has prepared these financial statements on a going concern basis.

40 FINANCIAL INSTRUMENTS

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

Particulars	(₹ in lakhs)					
	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets (Current and Non-Current)						
Fair Value through Profit and Loss Account						
Investment in Mutual Funds	-	-	-	-	4,117.05	4,117.05
Designated at amortised cost						
Trade receivables	12,720.47	12,720.47	25,074.83	25,074.83	11,435.48	11,435.48
Cash and cash equivalents	9,513.91	9,513.91	1,145.60	1,145.60	17,666.14	17,666.14
Fixed Deposits with bank	3,908.14	3,908.14	4,149.85	4,149.85	8,314.84	8,314.84
Interest Accrued on Fixed Deposits	83.30	83.30	75.73	75.73	160.99	160.99
Export Incentive Receivable	-	-	-	-	12.23	12.23
Security Deposit to Vendors	853.43	853.43	802.02	802.02	693.81	693.81
EMD to Customers/Vendors	17.45	17.45	18.74	18.74	14.75	14.75
Advances against salaries	10.89	10.89	16.73	16.73	10.50	10.50
Total	27,107.59	27,107.59	31,283.50	31,283.50	42,425.79	42,425.79

NOTES ON ACCOUNTS

(₹ in lakhs)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Liabilities (Current and Non-Current)						
Financial Liabilities at amortised cost						
Loans and borrowings	1,028,819.46	1,028,819.46	1,026,867.17	1,026,867.17	1,020,485.18	1,020,485.18
Trade payables	40,937.51	40,937.51	36,571.64	36,571.64	24,706.59	24,706.59
Interest on Loans and Borrowings	208,842.09	208,842.09	103,493.34	103,493.34	8,687.66	8,687.66
Security Deposit taken	85.55	85.55	35.66	35.66	69.72	69.72
Capital Vendors	42,497.16	42,497.16	45,742.20	45,742.20	94,619.36	94,619.36
Others financial liabilities	5,781.68	5,781.68	9,993.46	9,993.46	7,850.07	7,850.07
Fair Value through Profit and Loss Account						
Derivative- not designated as hedging instruments						
Forward Contracts	1,192.87	1,192.87	576.23	576.23	349.50	349.50
Total	1,328,156.32	1,328,156.32	1,223,279.70	1,223,279.70	1,156,768.08	1,156,768.08

b) Fair Valuation Techniques

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

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

- 1 The fair value of cash and cash equivalents, trade receivables, trade payables, current financial liabilities/financial assets and borrowings approximate their carrying amount largely due to the short-term nature of these instruments. The management considers that the carrying amounts of financial assets and financial liabilities recognised at nominal cost/amortised cost in the financial statements approximate their fair values.
- 2 A substantial portion of the Company's long-term debt has been contracted at fixed rates of interest. Fair value of variable interest rate borrowings approximates their carrying value subject to adjustments made for transaction cost. In respect of fixed interest rate borrowings, fair value is determined by using discount rates that reflects the issuer's borrowing rates.
- 3 Investments in liquid and short-term mutual funds, which are classified as available-for-sale, are measured using quoted market prices at the reporting date multiplied by the quantity held.
- 4 The fair value of derivative financial instruments is determined based on observable market inputs including currency spot and forward rates, yield curves, currency volatility etc. These derivatives are estimated by using the pricing models, where the inputs to those models are based on readily observable market parameters basis contractual terms, period to maturity, and maturity parameters such as foreign exchange rates and volatility. These models do not contain a high level of subjectivity as the valuation techniques used do not require significant judgement, and inputs thereto are readily observable from actively quoted market prices. The said valuation has been carried out by an independent party with whom the contract has been entered with. Management has evaluated the credit and non-performance risks associated with the counterparties and believes them to be insignificant and not requiring any credit adjustments.

NOTES ON ACCOUNTS

c) Fair value hierarchy

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2017:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1st, 2015	Fair value measurements at reporting date using		
				Level 1	Level 2	Level 3
Assets						
Investment in liquid and short term mutual funds	-	-	4,117.05	-	-	-
				[4,117.05]		
Security Deposits	870.88	820.76	708.56		870.88 (820.76) [708.56]	
Liabilities						
Loans and Borrowings	1,028,819.46	1,026,867.17	1,020,485.18		1,028,819.46 (1,026,867.17) [10,20,485.18]	
Derivative- not designated as hedging instruments						
o Forward Contracts	1,192.87	576.23	349.50		1,192.87 (576.23) [349.50]	

(* Figures in round brackets () indicate figures as at March 31, 2016 and in brackets [] indicate figures as at April 01, 2015

During the year ended March 31, 2017 and March 31, 2016, there were no transfers between Level 1, Level 2 and Level 3.

The Inputs used in fair valuation measurement are as follows:

- Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace. The inputs used under level II market valuation technique for forward contracts are Forward foreign currency exchange rates and Interest rates to discount future cash flow.
 - Inputs used in fair valuation of Financial assets and liabilities not within the operating cycle of the company is amortised based on the borrowing rate of the company.
- d) **Derivatives assets and liabilities:**

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

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

Category	Currency	As at 31st March 2017		As at 31st March 2016		As at 1st April 2015	
		No. of Deals	Amount in Foreign Currency	No. of Deals	Amount in Foreign Currency	No. of Deals	Amount in Foreign Currency
Non-Designated Derivative Instruments							
Buy Forward	USD/INR	37	4,18,19,383	28	4,11,20,584	16	59,110,635

NOTES ON ACCOUNTS

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

Nature	Currency	As at	As at	As at
		March 31, 2017	March 31, 2016	April 1, 2015
		Amount in Foreign Currency	Amount in Foreign Currency	Amount in Foreign Currency
Buyer's Creditors	USD		24,158.00	2,560,785.58
Trade Payables (Including acceptances)	USD	4,63,27,635	6,14,15,426.43	56,752,534.07
Trade Payables (Including acceptances)	EURO		40,54,353.49	3,888,556.49
Trade Payables (Including acceptances)	AUD	-	6,000.00	-
Trade Receivable	USD	1,37,708.65	14,08,277	21,01,325

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

Particulars	As at	As at
	March 31, 2017	March 31, 2016
Not later than one month	(213.92)	(13.93)
Later than one month and not later than three months	(366.53)	(147.98)
Later than three months and not later than one year	(612.42)	(414.31)
Later than one year	-	0

e) **Sale of financial assets**

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

During the year ended March 31, 2017 and 2016, the Company transferred and recorded as sale of financial assets of Rs. 339.35 lakhs and Rs. 552.50 lakhs respectively, under arrangements without recourse and has included the proceeds from such sale in net cash provided by operating activities. These transfers resulted in gain/(loss) of Rs. NIL lakhs and Rs. NIL lakhs for the year ended March 31, 2017 and 2016, respectively.

f) **FINANCIAL RISK MANAGEMENT**

The Company's activities expose it to a variety of financial risks market risk, foreign currency risk, interest rate risk, commodity price risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The Company's senior management oversees the

NOTES ON ACCOUNTS

management of these risks. The risks are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Management reviews and approves policies for managing each of these risks, which are summarized below:

i) **MARKET RISK**

Market risk is the risk or uncertainty arising from possible market price movements resulting in fluctuation of the fair value of future cash flows of a financial instrument. The major components of Market risks are foreign currency exchange risk, interest rate risk and price risk. Financial instruments affected by market risk includes borrowings, investments and derivative financial instruments.

ii) **FOREIGN CURRENCY RISK**

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

The Company evaluates exchange rate exposure arising from these transactions and enters into foreign currency derivative instruments to mitigate such exposure. The Company follows established risk management policies, including the use of derivatives like foreign exchange forward contracts to hedge cash flows denominated in foreign currency.

The carrying amount of the non derivative financial instruments as of the end of the reporting period are as follows:

Particulars	As at March 31, 2017				
	USD	EURO	GBP	AUD	Total
Buyers Credit	(41,582,298.00)	-	-	-	(41,582,298.00)
Trade receivables	137,708.65	-	-	-	137,708.65
Trade Payables	(46,327,635.00)	-	-	-	(46,327,635.00)
Advances	2,949,950.00	72,799.00	-	-	3,022,749.00
Loans and borrowings	-	-	-	-	-
Capital Vendors	-	-	-	-	-
Net assets/(liabilities)	(84,822,274.35)	72,799.00	-	-	(84,749,475.35)

Particulars	As at March 31, 2016				
	USD	EURO	GBP	AUD	Total
Buyers Credit	(37,663,783.00)	(24,333.00)	-	-	(37,688,116.00)
Trade receivables	1,408,277.15	-	-	-	1,408,277.15
Trade Payables	(61,415,426.43)	(4,054,353.49)	-	(6,000.00)	(65,475,779.92)
Advances	12,693,125.59	47,711.40	12,300.13	-	12,753,137.12
Loans and borrowings	-	-	-	-	-
Capital Vendors	-	-	-	-	-
Net assets/(liabilities)	(84,977,806.69)	(4,030,975.09)	12,300.13	(6,000.00)	(89,002,481.65)

Particulars	As at April 1, 2015				
	USD	EURO	GBP	AUD	Total
Buyers Credit	(71,249,633.01)	(38,967.00)	(154,836.57)	-	(71,443,436.58)
Trade receivables					
Trade Payables	(56,752,534.07)	(3,888,556.49)	-	-	(60,641,090.56)
Advances	4,558,675.27	114,156.50	505.00	-	4,673,336.77
Loans and borrowings					
Capital Vendors					
Net assets/(liabilities)	(123,443,491.81)	(3,813,366.99)	(154,331.57)	-	(127,411,190.37)

NOTES ON ACCOUNTS

The company is principally exposed to foreign currency risk against USD, EURO, GBP & SGD. Sensitivity of profit or loss arises mainly from USD, EURO, GBP & SGD denominated receivables and payables are as follows:

Particulars	Effect on Profit before tax	
	For the year ended March 31, 2017	For the year ended March 31, 2016
RECEIVABLES (Weakening of INR by 5%)		
USD	446,520.30	4,664,918.06
EURO	-	-
GBP	-	-
AUD	-	-
PAYABLES (Weakening of INR by 5%)		
USD	150,217,356.49	203,438,600.05
EURO	-	13,430,045.94
GBP	-	-
AUD	-	19,875.00

A 5% strengthening of INR would have an equal and opposite effect on the Company's financial statements. Summary of exchange difference accounted in Statement of Profit and Loss is depicted below:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Currency fluctuation		
Net foreign exchange gain/(loss) shown as finance cost	-	23,890,593.95
Net foreign exchange gain/(loss) shown as other income	237,182,774.76	-
Derivatives		
Currency Forwards/Options gain/(loss) shown as other income	-	-
Currency Forwards/Options gain/(loss) shown as other expenses	4,010,691.00	227,699,143.00

iii) INTEREST RATE RISK

The company exposure to the risk of change in market risk interest rate primarily arises from floating rate borrowing with banks and financial institutions. The Company's fixed-rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates while the variable-rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. All of the company borrowing fall under the fixed interest rates (approved under CDR schemes) hence there will no interest rate risk.

Interest rate risk primarily arises from floating rate borrowing with banks and financial institutions. The Company's fixed-rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates while the variable-rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. As stated in Note no. 18, the company was under CDR Package due to which all its borrowings had been converted to fixed interest rate. Considering the same the carrying amount of said borrowing was considered to be at fair value.

NOTES ON ACCOUNTS

iv) CREDIT RISK

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

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

The carrying amount of respective financial assets recognised in the financial statements, (net of impairment losses) represents the Company's maximum exposure to credit risk.

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

The concentration of credit risk is limited due to the customer base being large and unrelated. Of the trade receivables balance at the end of the year, the customer accounted for more than 10% of the accounts receivable are as follows:

	Counterparty	Location	Carrying Amount
1	NCC Limited	Vikarabad	1,303.79
2	Gulermak TPL Joint Venture	Lucknow	991.39
3	Megha Engineering & Infrastructures	Hyderabad	745.86
4	Modern Road Makers Pvt Ltd	Agra	630.60
5	India Power Corporation (Haldia) LT	Kolkata	557.18

Financial assets that are neither past due nor impaired

Cash and cash equivalents, investment, security deposits and deposits with banks are neither past due nor impaired. Cash and cash equivalents with banks, which have high credit-ratings assigned by international and domestic credit-rating agencies.

Financial assets that are past due but not impaired

Trade receivables disclosed include amounts that are past due at the end of the reporting period but against which the Company has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable. The aging analysis of the trade receivables, net of allowances that are past due, is given in Note no. 10.1.

v) Counterparty risk

Counterparty risk encompasses settlement risk on derivative and money market contracts and credit risk on demand and time deposits. Settlement and credit risk is reduced by the policy of entering into transactions with counterparties that are usually banks or financial institutions with acceptable credit ratings. Exposure to these risks are closely monitored and maintained within predetermined parameters. There are limits on credit exposure to any financial institution. The limits are regularly assessed and determined based upon credit analysis including financial statements and capital adequacy ratio reviews. In addition, net settlement agreements are contracted with significant counterparties.

NOTES ON ACCOUNTS

vi) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's present operations and to mitigate the effects of fluctuations in cash flows. However, the liquidity crisis has led to defaults in repayments and interest payments to the lenders.

vii) LIQUIDITY AND INTEREST RISK TABLES

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

As at March 31, 2017

Particulars	Weighted average effective interest rate	Less than 1 month	1-6 months	6 months to 1 year	1-2 years	2-5 years	Total
Non-interest bearing							
Trade Payables		40,937.51	-	-	-	-	40,937.51
Interest accrued and due on borrowings		208,735.06	-	-	-	-	208,735.06
Creditors for Capital Supplies/ Services		42,497.16	-	-	-	-	42,497.16
Other financial liabilities (current and non current)		7,167.14	-	-	-	-	7,167.14
Fixed interest rate instruments							
Term Loan	10.96%	164,839.30	1,306.59	1,306.59	248,643.02	543,094.68	959,190.17
Cash Credit	11%	42,814.56					42,814.56
Buyers Credit	LIBOR + 0.24% to 0.75%		26,814.71				26,814.71

As at March 31, 2016

Particulars	Weighted average effective interest rate	Less than 1 month	1-6 months	6 months to 1 year	1-2 years	2-5 years	Total
Non-interest bearing							
Trade payables		36,571.64	-	-	-	-	36,571.64
Interest accrued and due on borrowings		103,037.02	-	-	-	-	103,037.02
Creditors for Capital Supplies/ Services		45,742.20	-	-	-	-	45,742.20
Other financial liabilities (current and non current)		11,061.69	-	-	-	-	11,061.69
Fixed interest rate instruments							
Term Loan	10.96%	55,482.54	45,672.89	45,672.89	262,601.01	553,010.78	962,440.12
Cash Credit	11.00%	39,459.99	-	-	-	-	39,459.99
Buyers Credit	LIBOR + 0.24% to 0.75%		24,967.06	-	-	-	24,967.06

NOTES ON ACCOUNTS

As at April 1, 2015

Particulars	Weighted average effective interest rate	Less than 1 month	1-6 months	6 months to 1 year	1-2 years	2-5 years	Total
Non-interest bearing							
Trade payables		24,706.59	-	-	-	-	24,706.59
Interest accrued and due on borrowings		8,218.59	-	-	-	-	8,218.59
Creditors for Capital Supplies/ Services		94,619.36	-	-	-	-	94,619.36
Other financial liabilities (current and non current)		8,738.37	-	-	-	-	8,738.37
Fixed interest rate instruments							
Term Loan	10.96%			57,995.15	235,555.78	654,102.89	947,653.82
Cash Credit	11%	34,385.70					34,385.70
Buyers Credit	LIBOR + 0.24% to 0.75%		38,445.65				38,445.65

The company has current financial assets which will be realised in ordinary course of business. The company monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs.

The company relies on mix of borrowings and excess operating cash flows to meet its need for funds. The current committed limits are sufficient to meet its short and medium term requirements. The company ensures that it does not breach any financial covenants stipulated by the lender. In the event of breach of covenants the Company may be liable to pay additional interest. The Company also ensures that it has sufficient cash on demand to meet expected operational expenses. As of March 31, 2017, the cash and cash equivalents are held with major banks and financial institutions.

viii) CAPITAL DISCLOSURES

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value. The Company's objective when managing capital is to safeguard their ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stake holders. The Company is focused on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required without impacting the risk profile of the Company. No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2017 and March 31, 2016.

As stated in Note no. 39, the company is making all efforts to bring in potential investor, additional working capital funds as well as reduce the debt burden; to meet its above objective.

The company also monitors capital using gearing ratio which is net debt divided by total capital. The gearing ratio as at March 31, 2017, March 31, 2016 and April 1, 2015 are as follows:

As at	31-Mar-17	31-Mar-16	01-Apr-15
Current loans and borrowings	336,840.32	210,952.35	131,382.49
Non-current loans and borrowings	691,979.13	815,914.81	889,102.68
Total loans and borrowings	1,028,819.46	1,026,867.17	1,020,485.18
Less: Cash and Cash Equivalents	9,513.91	1,145.60	17,666.14
Net Debt	1,019,305.54	1,025,721.56	1,002,819.04
Total equity attributable to the equity shareholders of the Company	(56,784.61)	89,538.48	126,384.19
Capital and Debt	962,520.93	1,115,260.04	1,129,203.23
Total capital (loans and borrowings and equity)	(0.17)	0.01	0.14

NOTES ON ACCOUNTS

The company also manages its capital to meet financial covenants, if any attached to the borrowings. Non-compliances may result in levy of higher rate of interest charged on loans charged by the lenders. At present the company has generally been complying with the financial covenants of the borrowings during the reported period except as stated in Note no. 18.

41 INCOMETAX

Deferred taxes on unrealized foreign exchange gain/loss relating to cash flow hedges is recognized in other comprehensive income and presented within equity in the cash flow hedging reserve. Apart from this, the changes in deferred tax assets and liabilities are primarily recorded in the statement of income.

In assessing the reliability of deferred tax assets, the Company considers the extent to which, it is probable that the deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. Based on this, the Company believes that it is probable that the Company will realize the benefits of these deductible differences. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if the estimates of future taxable income during the carry-forward period are reduced.

Deferred tax asset in respect of unused tax losses amounting to Rs. 31,976.14 lakhs and Rs. 66,529.78 lakhs as of March 31, 2016 and 2017, respectively have not been recognized by the Company, since availability of future taxable income is not certain.

42 FIRST TIME ADOPTION OF IND AS- Disclosures, Reconciliation etc.

a) Reconciliation in terms of IND AS 101 "First time adoption of Indian Accounting Standards"

i) **Reconciliation of Equity as at March 31, 2016 and April 1, 2015** (Rs. in lakhs)

Particulars	Reff Note No. (Under 42 (c))	Regrouped as per Previous GAAP	Effect of Transition to IND AS	As per IND AS	(Rs. in lakhs)		
					Regrouped as per Previous GAAP	Effect of Transition to IND AS	As per IND AS
				As at Apr 1, 2015	As at Mar 31, 2016		
ASSETS							
(1) Non-current assets							
(a) Property, Plant and Equipment	(i)	464,704.77	17,355.54	482,060.31	1,019,852.13	17,355.54	1,037,207.67
(b) Capital work-in-progress	(i)	681,903.70	(730.70)	681,173.00	183,280.14	(8,226.00)	175,054.14
(c) Other Intangible Assets		130.24	-	130.24	242.43	-	242.43
(d) Financial Assets:		-	-	-	-	-	-
(i) Other Financial Assets	(ii)	5,175.29	(182.92)	4,992.37	918.29	(130.21)	788.08
(e) Other non-current assets		15,567.15	-	15,567.15	10,153.16	-	10,153.16
(2) Current assets							
(a) Inventories		81,902.32	-	81,902.32	73,576.25	-	73,576.25
(b) Financial Assets:							
(i) Investments	(iii)	4,007.77	109.28	4,117.05	-	-	-
(ii) Trade Receivables		11,435.48	-	11,435.48	25,074.83	-	25,074.83
(iii) Cash and cash equivalents		17,666.14	-	17,666.14	1,145.60	-	1,145.60
(iv) Bank Balances other than (iii) above		4,011.28	-	4,011.28	4,148.29	-	4,148.29
(v) Other Financial Assets		203.47	-	203.47	126.70	-	126.70
(c) Current Tax Assets (net)		297.79	-	297.79	311.91	-	311.91
(d) Other current assets	(iv)	12,280.82	(840.83)	11,439.99	16,166.69	(771.51)	15,395.18
TOTAL ASSETS		1,299,286.22	15,710.37	1,314,996.59	1,334,996.42	8,227.82	1,343,224.24

NOTES ON ACCOUNTS

i) Reconciliation of Equity as at March 31, 2016 and April 1, 2015 (Contd.) (₹ in lakhs)

Particulars	Reff Note No. (Under 42 (c))	Regrouped as per Previous GAAP	Effect of Transition to IND AS	As at Apr 1, 2015		As at Mar 31, 2016	
				As per IND AS	Regrouped as per Previous GAAP	Effect of Transition to IND AS	As per IND AS
EQUITY AND LIABILITIES							
Equity							
(a) Equity Share Capital		240,923.50	-	240,923.50	240,923.50	-	240,923.50
(b) Other Equity		(131,639.58)	17,100.27	(114,539.31)	(164,294.20)	12,909.18	(151,385.02)
Liabilities							
(1) Non-current liabilities							
(a) Financial Liabilities:							
(i) Borrowings	(v)	889,724.10	(621.42)	889,102.68	816,406.74	(491.93)	815,914.81
(ii) Other financial liabilities		69.47	-	69.47	35.41	-	35.41
(b) Provisions		433.76	-	433.76	596.20	-	596.20
(2) Current liabilities							
(a) Financial Liabilities:							
(i) Borrowings		58,019.78	-	58,019.78	64,378.70	-	64,378.70
(ii) Trade Payables		24,706.59	-	24,706.59	36,571.64	-	36,571.64
(iii) Other financial liabilities	(iv)	185,638.04	(768.48)	184,869.56	310,568.57	(4,189.43)	306,379.14
(b) Other current liabilities		31,237.80	-	31,237.80	29,600.05	-	29,600.05
(c) Provisions		172.76	-	172.76	209.81	-	209.81
TOTAL EQUITY AND LIABILITIES		1,299,286.22	15,710.37	1,314,996.59	1,334,996.42	8,227.82	1,343,224.24

ii) Reconciliation of Total Equity as given above:

Particulars	Reff Note No. [Under 42 (c)]	As at Mar 31, 2016	As at April 1, 2015
Total equity (shareholders' funds) under Previous GAAP		(164,294.20)	(131,639.58)
IND AS Adjustments:			
Finance Costs as per Effective Interest Rate method	(v)	(131.81)	-
Effect of fair valuation of financial assets	(ii)	(127.89)	(182.92)
Effect of fair valuation of forward/ derivative contracts	(iv)	118.76	(53.78)
Fair valuation/ deemed cost and other adjustment for Property, plant and equipment	(i)	13,076.57	17,355.54
Actuarial gain/ (loss) on employees defined benefit	(vii)	(156.02)	-
Others	(vi) and (vii)	129.57	(18.57)
Total adjustment to equity		12,909.18	17,100.27
Total equity under Ind AS		(151,385.02)	(114,539.31)

NOTES ON ACCOUNTS

iii) Reconciliation of Statement of Profit and Loss for the year ended March 31, 2016

Particulars	Reff Note No. [Under 42 (c)]	Amount as per Previous GAAP	Effect of Transition to IND AS	Amount as per IND AS
Revenue from operations		288,875.89	-	288,875.89
Other income	(ii)	1,516.41	55.03	1,571.44
Total Revenue		290,392.30	55.03	290,447.33
Expenses				
Cost of materials consumed		184,222.66	-	184,222.66
Purchases of stock-in-trade		494.77	-	494.77
Changes in inventories of finished goods, stock-in-trade and work-in-progress		(7,185.95)	-	(7,185.95)
Excise duty on sale of goods		29,106.42	-	29,106.42
Employee benefits expense	(i) and (vii)	8,342.71	61.26	8,403.97
Finance costs	(v)	52,531.46	131.81	52,663.27
Depreciation and amortisation expense		20,257.93	-	20,257.93
Other expenses	(i), (iv) and (vi)	62,928.84	4,006.76	66,935.60
Total Expenses		350,698.84	4,199.81	354,898.67
Profit before exceptional items and tax		(60,306.56)	(4,144.78)	(64,451.34)
Exceptional Items		(27,651.92)	-	(27,651.92)
Profit/ (loss) before tax		(32,654.64)	(4,144.78)	(36,799.42)
Tax expense:				
Current tax				
Profit/ (loss) for the period		(32,654.64)	(4,144.78)	(36,799.42)
Other Comprehensive Income				
Re-measurement gain/(losses) on defined benefit plans	(vii)		(19.86)	(19.86)
Total Comprehensive Income for the period		(32,654.64)	(4,164.64)	(36,819.28)

iv) Reconciliation of Total Comprehensive Income for the year ended March 31, 2016: (₹ in lakhs)

Particulars	Reff Note No. [Under 42 (c)]	Year ended 31st March 2016
Net Loss/other equity under Previous GAAP		(32,654.63)
Finance Costs as per Effective Interest Rate method	(v)	(131.81)
Effect of fair valuation of financial assets	(ii)	55.03
Effect of fair valuation of forward/ derivative contracts	(iv)	172.54
Fair valuation/ deemed cost and other adjustment for Property, plant and equipment	(i)	(4,278.97)
Others	(vi) and (vii)	38.42
Net Profit/ (Loss) for the period under IND-AS		(36,799.42)
Other Comprehensive Income (net of taxes)		-
Actuarial gain/ (loss) on employees defined benefit	(vii)	(19.86)
Total Comprehensive Income/ other equity under IND-AS		(36,819.28)

NOTES ON ACCOUNTS

v) Effect of Ind AS adoption on the statement of cash flows for the year ended March 31, 2016

For the year ended March 31, 2016			
(₹ in lakhs)			
Particulars	As per previous GAAP	Adjustments	As per Ind AS
Net Cash flow from / (used in) operating activities (A)	17,224.70	54,904.60	72,129.30
Net Cash flow from / (used in) investing activities (B)	(38,064.30)	(38,432.41)	(76,496.71)
Net Cash flow from / (used in) financing activities (C)	104.52	(12,257.65)	(12,153.13)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(20,735.08)	4,214.54	(16,520.54)
Cash and cash equivalents at the beginning of the year	25,980.98	(8,314.84)	17,666.14
Cash and cash equivalents at the end of the year	5,245.90	(4,100.30)	1,145.60
Components of cash and cash equivalents			
Balances with Banks			
- In Current Accounts	1,070.77	(49.52)	1,120.29
Stamp papers on hand	12.03	(0.03)	12.06
Cash on hand	13.25	(0.00)	13.25
Total cash and cash equivalents	1,096.05	(49.56)	1,145.60

b) FIRST-TIME ADOPTION - Mandatory Exceptions and optional Exemptions

These financial statements are covered by Ind AS 101, "First Time Adoption of Indian Accounting Standards", as they are the Company's first Ind AS financial statements for the year ended March 31, 2017.

i) Overall principle:

The Company has prepared the opening balance sheet as per Ind AS as at April 1, 2015 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying certain items from Previous GAAP to Ind AS as required under the Ind AS, and applying Ind AS in the measurement of recognized assets and liabilities. The accounting policies that the Company used in its opening Ind-AS Balance Sheet may have differed from those that it used for its previous GAAP. The resulting adjustments arise from events and transactions before the date of transition to Ind-AS had recognized directly in retained earnings at the date of transition.

However, this principle is subject to certain mandatory exceptions and certain optional exemptions availed by the Company as detailed below.

ii) Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

iii) Fair Value as deemed cost for Property, Plant and Equipment

Property, plant and equipment has been valued at Fair value at the date of transition, which has been considered as deemed cost.

iv) Deemed cost for Intangible assets

The Company has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2015 (transition date) measured as per the Previous GAAP and used that carrying value as its deemed cost as of the transition date.

NOTES ON ACCOUNTS

v) **Impairment of financial assets**

Ind AS 109 "Financial Instruments" requires the impairment to be carried out retrospectively; however, as permitted by Ind AS 101, the Company, has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

vi) **Determining whether an arrangement contains a lease**

The Company as on the date of transition complied with Ind AS 17 to determine whether an arrangement contains a Lease on the basis of facts and circumstances existing at the date of transition to Ind AS, accordingly leasehold land has been reclassified as operating lease.

c) **Explanatory Notes to reconciliation between Previous GAAP and Ind AS**

(i) **PROPERTY, PLANT & EQUIPMENT:**

The company has used fair value of the assets as on the date of transition in its opening IND AS statement of financial position as deemed cost for all class of assets.

(a) The aggregate of those fair values is Rs.4,82,060.31 lakhs; and

(b) The aggregate adjustment to the carrying amounts reported under previous GAAP is Rs.173,55.54 lakhs.

The fair value of PPE has been determined based on the valuation carried out by External Independent Valuer. The fair value of the properties was determined based on market value of similar assets, significantly adjusted for differences in the nature, location or condition of the specific items of PPE. The fair valuation involves higher degree of uncertainty and subjectivity.

(c) Derognised general administrative and other overheads amounting to Rs. 1373.54 lakhs recognised under Pre-operative expenditure during the year 2015-16 as these were not directly attributable cost under Ind AS-16 "Property, Plant and Equipment". This has resulted in increase in Loss before Tax for the year ended March 31, 2016 by Rs. 1373.54 lakhs.

(d) Derognised foreign exchange fluctuation resultant from fair valuation of derivative instruments and realignment etc. of capex vendors amounting to Rs. 6,204.59 lakhs based on criteria laid down under Ind AS-21, "Effect of changes in Foreign Exchange Rates". This has resulted in increase in Loss before tax for the year ended March 31, 2016 by Rs. 6,204.59 lakhs.

ii) **FAIR VALUATION OF FINANCIAL ASSETS AND LIABILITIES**

Under previous GAAP, receivables and payables were measured at transaction cost less allowances for recoverability, if any.

Under IND AS, the financial assets and liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less allowances for impairment, if any. The resulting changes are recognised either under finance income or expenses in the Statement of Profit and Loss.

On transition, the company has fair valued the Security Deposit resulting in loss of Rs.182.92 lakh. This has resulted in decrease in equity by Rs. 182.96 lakhs and Profit before Tax for the year ended March 31, 2016 has increased by Rs. 55.03 lakhs.

iii) **INVESTMENTS IN MUTUAL FUNDS**

Under previous GAAP, current investments were measured at lower of cost or market price.

Under IND AS, Current Investments are measured at fair value through profit and loss and accordingly, difference between the fair value and carrying value is recognised in the Statement of Profit and Loss.

NOTES ON ACCOUNTS

On transition, the Company has recognised a gain of Rs. 109.27 lakhs in respect of mutual funds and deducted the same from Pre-operative expenses in accordance with Ind AS-23, "Borrowing Cost".

iv) FAIR VALUATION OF DERIVATIVE FINANCIAL INSTRUMENTS

Under previous GAAP, exchange difference arising with respect to forward contracts other than those entered into, to hedge foreign currency risk on unexecuted firm contracts or of highly probable forecast transactions were recognised in the period in which they arise and the difference between the forward contract and exchange rate at the date of transaction is recognised as revenue/expense over the life of the contract.

In respect of derivative contracts (other than forward contract dealt as above) premium paid, gains/losses on settlement and losses on restatement are recognised in statement of profit and loss.

Under IND AS, both reduction and increase to the fair value of derivative contracts are recognised in Statement of Profit and Loss and premium is not separately accounted and amortised.

On transition, the Company has fair valued the outstanding forward contract based on valuation provided by Banks and data available from Reuters resulting in decrease liability of Rs. 787.05 lakhs and derogation of an amortised premium of Rs. 840.83 lakhs. This has resulted in decrease in equity by Rs. 53.78 lakhs.

v) FINANCE COST

Under previous GAAP, receivables and payables were measured at transaction cost. Cost incurred in respect of Funds borrowed were either charged off to revenue or capitalised.

Finance Liabilities consisting of Long Term Borrowings have been designated and measured at amortised cost based on Effective Interest Rate (EIR) method. The upfront fees or borrowing cost incurred including restructuring of loan cost has been deferred and accounted for based on EIR. Borrowings are shown as net of unamortised amount. On transition Rs. 621.03 lakhs has been adjusted against Capital Work in Progress. This has resulted in increase in loss for the year ended March 31, 2016 by Rs. 131.81 lakhs

vi) PRIOR PERIOD ADJUSTMENTS

Under previous GAAP, prior period expenses were charged off in the year the same were recognised with separate disclosure in the financial statement.

Under IND AS, in case of prior period items the company shall correct material prior period errors in the first set of financial statements approved for issue after their discovery by restating the opening balance of assets, liabilities and equity for the earliest prior period presented.

Accordingly, on transition an amount of Rs. 18.57 lakh relating to prior years has been recognised in the first set of financial statements. This has resulted in decrease in Other Equity by Rs. 18.57 lakhs and increase in Profit before Tax for the year ended March 31, 2016.

vii) REMEASUREMENT OF DEFINED BENEFIT PLANS

Both under previous GAAP and Ind AS, the Company recognizes costs related to its post-employment defined benefit plan on an actuarial basis. Under previous GAAP, the entire cost, including re-measurement, are charged to Statement of Profit and Loss. Under Ind AS, re-measurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognized immediately in the balance sheet with a corresponding debit or credit to equity through Other Comprehensive Income (OCI).

Accordingly on transition, the company has reclassified an amount of Rs. 109.71 lakhs from Surplus to Other Comprehensive Income.

NOTES ON ACCOUNTS

viii) RECLASSIFICATION OF LEASE

Under previous GAAP, leasehold land in the form of perpetual agreement was classified as finance lease.

Under IND AS, finance lease includes leases that substantially transfer all the risks and rewards incidental to ownership of an assets. Land is considered to have an indefinite life and whose value appreciate with passage of time. Accordingly, on transition the company has reclassified such leasehold land to operating lease amounting to Rs. 85.44 lakhs as on 1st April 2015 and Rs 82.28 lakhs as on 31st March 2016.

ix) Previous GAAP figures have been reclassified/regrouped wherever necessary to confirm with financial statements prepared under IND AS.

43 DISCLOSURE ON SPECIFIED BANK NOTES (SBNS)*:

The details of SBN (Rs. 500 and Rs. 1000 notes existing as on November 08, 2016) and other notes held and transacted during the period from November 8, 2016 to December 30, 2016 as defined and required vide MCA Notification Number GSR 308(E) dated March 30, 2017 is given below:

Particulars	(In. ₹)		
	SBNs	Others	Total
Closing Cash in hand as on 8 th November 2016	247,500.00	16,100.00	263,600.00
Add: Permitted Receipts	-	689,141.00	689,141.00
Less: Permitted payments	-	528,928.00	528,928.00
Less: Amount deposited in Banks	247,500.00	-	247,500.00
Closing Cash in hand as on 30 th December 2016	-	176,313.00	176,313.00

*For the purposes of this clause, the term 'Specified Bank Notes' (SBNS) shall have the same meaning as provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

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

As per our Report of even date

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

S.K. Chhawchharia
 Partner
 M. No. 008482
 Kolkata
 May 15, 2017

For and on behalf of the Board

Lalit Kumar Singhi
 DIN No. 00893144

Director

R S Singh
 DIN No. 02093276

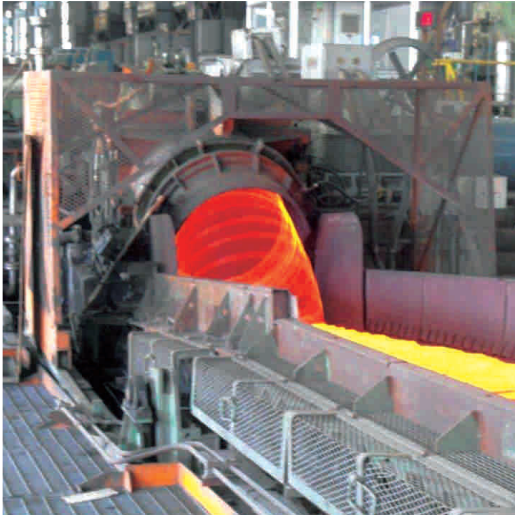
Wholetime Director

Ashutosh Agarwal

Chief Financial Officer

Binaya Kumar Dash
 M. No. A17982

Company Secretary



ELECTROSTEEL STEELS LIMITED

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October 6, 2017

Dear Shareholder,

We wish to inform you that the notice of the 10th Annual General Meeting (“AGM”) along with Annual Report of the Company as approved by the Board of Directors of the Company (“Board”) at their meeting held on 15th May, 2017 have already been circulated to the Members on 16th August, 2017 (“Notice”). As per the said Notice, the AGM was scheduled to be held on Thursday, 14th September, 2017 at 4.00 p.m. at Forum Hall, 2nd Floor, Capitol Hill Hotel, Mahatma Gandhi Marg, Main Road, Ranchi-834001, Jharkhand.

Subsequent to Notice date, pursuant to the order of the National Company Law Tribunal, Kolkata Bench (“Order”), dated July 21, 2017 (“**CIR Commencement Date**”) the corporate insolvency resolution process (“**CIR Process**”) has been initiated for the Company in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016 and the related rules and regulations issued thereunder (“Code”). Mr. Dhaivat Anjaria, (having IBBI registration number IBBI/IPA-001/IP-P00088/2017-18/10184) was appointed as the Interim Resolution Professional for the Company in accordance with the terms of the Order. He was subsequently confirmed to continue as the Resolution Professional (“**Resolution Professional**”) by the Committee of Creditors (“**CoC**”) (as constituted under the Code), pursuant to the majority decision of CoC dated 21st August 2017.

Subsequently, in view of some of the items as set out in the Notice required deliberations and/or approval of the Committee of Creditors prior to convening the AGM in accordance with the provisions of the Code. Given the paucity of time, the Resolution Professional sought the approval of Registrar of Companies, Jharkhand for extension of time period for convening the AGM for the financial year 2016-17, which was duly approved by the ROC, Jharkhand, vide its approval dated September 13, 2017 granting time extension for 1 month 15 days i.e. on or before November 15, 2017.

Accordingly, we are sending herewith the revised Notice of the Tenth (10th) Annual General Meeting of the Company.

Further, with reference to the Annual Report 2016-17 sent to the Members on 16th August, 2017, necessitates changes in the Directors’ Report and Corporate Governance Report due to change in date of AGM and Book Closure dates and resignation of Mr. Pradeep Kumar Misra, Director, (DIN: 01471543), who resigned from the Board on 5th July, 2017. The changes have been given in the Corrigendum to the Annual Report, detailed below. The corrigendum should be read in conjunction with the printed Annual Report 2016-17 and all other information in the Annual Report 2016-17 remains unchanged.

CORRIGENDUM TO THE ANNUAL REPORT OF ELECTROSTEEL STEELS LTD. FOR THE FINANCIAL YEAR 2016-17

Page No./Heading of printed Annual Report 2016-17	Existing Para	Modified Para
DIRECTORS’ REPORT Page no. 6 DIRECTORS AND KEY MANAGERIAL PERSONNEL	<p>The Board at its Meeting held on September 29, 2016, on the recommendation of the Nomination & Remuneration Committee and subject to approval of shareholders in the ensuing Annual General Meeting, appointed Mr. Pradeep Kumar Misra as an Additional Independent Non-Executive Director designated as Chairman, not liable to retire by rotation.</p> <p>The Board at its Meeting held on September 29, 2016, accepted the resignation of Ms. Rishu Kumari,</p>	<p>The Board at its Meeting held on September 29, 2016, on the recommendation of the Nomination & Remuneration Committee and subject to approval of shareholders in the ensuing Annual General Meeting, appointed Mr. Pradeep Kumar Misra as an Additional Independent Non-Executive Director designated as Chairman, not liable to retire by rotation.</p> <p>The Board at its Meeting held on September 29, 2016, accepted the resignation of Ms. Rishu Kumari, Independent Non-Executive Woman Director with effect from September</p>

	<p>Independent Non-Executive Woman Director with effect from September 29, 2016.</p> <p>The Board at its Meeting held on December 8, 2016, accepted the resignation of Mr. Amrendra Prasad Verma, Nominee Director, with effect from October 18, 2016.</p> <p>The Board places on record its appreciation for the valuable services provided by Mr. Amrendra Prasad Verma and Ms. Rishu Kumari.</p> <p>The Board at its Meeting held on December 8, 2016, appointed Mr. Devaprasad Mozumder as a Nominee Director, proposed by the Lenders of the Company, not liable to retire by rotation. The Board at its Meeting held on December 8, 2016, on the recommendation of the Nomination & Remuneration Committee and subject to approval of shareholders in the ensuing Annual General Meeting, appointed Ms. Jayantika Ganguly as an Additional Independent Non-Executive Woman Director, not liable to retire by rotation.</p> <p>The Company has received from Mr. Pradeep Kumar Misra and Ms. Jayantika Ganguly, (i) Consent to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 (ii) Intimation by Director in Form DIR-8 pursuant to Rule 14 of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that they are not dis-qualified in accordance with the provisions of Sec. 164(2) of the Companies Act, 2013 and (iii) Statement of declaration that they meet the criteria of independence as provide in Sec. 149(6) of the Act. The Board is of the opinion that Mr. Pradeep Kumar Misra and Ms. Jayantika Ganguly are persons of integrity and possess relevant expertise and experience and are eligible and fulfills the conditions as specified in the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (hereinafter referred to as “the LODR Regulations”) for such appointment for a period of five years.</p> <p>All Directors have made necessary disclosures as required under various provisions of the Act and the LODR Regulations.</p>	<p>29, 2016.</p> <p>The Board at its Meeting held on December 8, 2016, accepted the resignation of Mr. Amrendra Prasad Verma, Nominee Director, with effect from October 18, 2016.</p> <p>The Board places on record its appreciation for the valuable services provided by Mr. Amrendra Prasad Verma and Ms. Rishu Kumari.</p> <p>The Board at its Meeting held on December 8, 2016, appointed Mr. Devaprasad Mozumder as a Nominee Director, proposed by the Lenders of the Company, not liable to retire by rotation. The Board at its Meeting held on December 8, 2016, on the recommendation of the Nomination & Remuneration Committee and subject to approval of shareholders in the ensuing Annual General Meeting, appointed Ms. Jayantika Ganguly as an Additional Independent Non-Executive Woman Director, not liable to retire by rotation.</p> <p>Mr. Pradeep Kumar Misra has resigned from the Board with effect from 5th July, 2017.</p> <p>The Company has received from Ms. Jayantika Ganguly, (i) Consent to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 (ii) Intimation by Director in Form DIR-8 pursuant to Rule 14 of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that she is not dis-qualified in accordance with the provisions of Section 164(2) of the Companies Act, 2013 and (iii) Statement of declaration that she meets the criteria of independence as provide in Section 149(6) of the Act. The Board is of the opinion that Ms. Jayantika Ganguly is a person of integrity and possess relevant expertise and experience and is eligible and fulfills the conditions as specified in the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (hereinafter referred to as “the LODR Regulations”) for such appointment for a period of five years.</p> <p>All Directors have made necessary disclosures as required under various provisions of the Act and the LODR Regulations.</p> <p>During the period under review, Mr. Binaya Kumar Dash was appointed as the Company Secretary and Compliance Officer of the Company w.e.f. February 14, 2017 in place of Mr. Anubhav Maheshwari who tendered his resignation as company</p>
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	<p>During the period under review, Mr. Binaya Kumar Dash was appointed as the Company Secretary and Compliance Officer of the Company w.e.f. February 14, 2017 in place of Mr. Anubhav Maheshwari who tendered his resignation as company Secretary and Compliance Officer w.e.f. February 4, 2017.</p> <p>Mr. Lalit Kumar Singhi, Non-Executive Director shall retire at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The Board recommends his re-appointment for the consideration of Members of the Company at the ensuing Annual General Meeting.</p> <p>The brief Resume/Profile of the Director recommended by the Board for appointment/re-appointment is attached with the Notice for the ensuing Annual General Meeting.</p>	<p>Secretary and Compliance Officer w.e.f. February 4, 2017.</p> <p>Mr. Lalit Kumar Singhi , Non-Executive Director shall retire at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The Board recommends his re-appointment for the consideration of Members of the Company at the ensuing Annual General Meeting.</p> <p>The brief Resume/Profile of the Director recommended by the Board for appointment/re-appointment is attached with the Notice for the ensuing Annual General Meeting.</p>
<p>CORPORATE GOVERNANCE REPORT</p> <p>Page No. 29 GENERAL SHAREHOLDER INFORMATION</p>	<p>a) Annual General Meeting : Date: 14th September, 2017 Time: 4.00 p.m. Venue: Forum Hall, Capital Hill Hotel, Mahatma Gandhi Marg, Main Road, Ranchi-834 001, Jharkhand.</p>	<p>a)Annual General Meeting : Date: 7th November, 2017 Time: 1:00 p.m. Venue: Forum Hall, Capital Hill Hotel, Mahatma Gandhi Marg, Main Road, Ranchi-834 001, Jharkhand.</p>
	<p>c) Dates of Book Closure: From 8th September, 2017 to 14th September, 2017 (Both days inclusive).</p>	<p>c) Dates of Book Closure: From 1st November, 2017 to 7th November, 2017 (Both days inclusive).</p>

Thanking You,
For **ELECTROSTEEL STEELS LIMITED**

Binaya Kumar Dash
Company Secretary
ACS-17982

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ELECTROSTEEL STEELS LTD.

CIN: L27310JH2006PLC012663

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

Tel & Fax No. : (0651) 2285636

Corporate Office: G K Tower, 2nd & 3rd Floor, 19 Camac Street, Kolkata-700 017

E-mail: eil.investors@electrosteel.com, Website: www.electrosteelsteels.com

REVISED NOTICE OF TENTH ANNUAL GENERAL MEETING

To
The Members,

REVISED NOTICE is hereby given that the 10th (Tenth) Annual General Meeting (AGM) of the Members of the Company will be held on Tuesday, 7th November, 2017 at Forum Hall, 2nd Floor, Capitol Hill Hotel, Mahatma Gandhi Marg, Main Road, Ranchi-834 001 at 1.00 p.m. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited financial statements for the financial year ended 31st March 2017 together with the Reports of the Board and Auditors thereon.
2. To appoint a Director in place of Mr. Lalit Kumar Singhi, (DIN: 00893144) who retires by rotation and being eligible offers himself for re-appointment.
3. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the relevant rules and regulations prescribed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) M/s. Lodha & Co., Chartered Accountants (Firm Registration No.:301051E) of 14, Government Place East, Kolkata 700069, be and are hereby appointed as Statutory Auditors of the Company to hold office for a period of five consecutive years, commencing from the conclusion of the ensuing Tenth Annual General Meeting to be held in FY 2017-18 till the conclusion of the Fifteenth Annual General Meeting to be held in FY 2022-23 (subject to ratification by the members at every subsequent AGM) on such remuneration as may be determined by the Board of Directors in addition to applicable taxes and reimbursement of all out of pocket expenses in connection with the audit of the financial statements of the Company.”

Special Business:**Item No. 4:****To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the relevant rules and regulations prescribed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) consent of the members be and is hereby given for payment of remuneration of Rs. 60,000/- (Rupees Sixty Thousand only) plus applicable taxes, reimbursement of out of pocket and other incidental expenses, for conducting the audit of the Cost records of the Company as prescribed under the Companies (Cost Records and Audit) Rules 2014, as amended from time to time, for the financial year 2017-2018, to M/s S. G. & Associates, Cost Accountants (Firm Registration No. 000138) as Cost Auditors of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Item No. 5:**To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the rules and regulations prescribed thereunder and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (“LODR Regulations”) (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Ms. Jayantika Ganguly, (DIN : 07667499), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 8th December, 2016 and who holds office until the date of the ensuing AGM, in terms of Section 161 of the Act and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act signifying his intention to propose Ms. Jayantika Ganguly as a candidate for the office of the Director of the Company, be and is hereby appointed as a Non-Executive Independent Director of the Company to hold office for a period of five years with effect from 8th December, 2016 to 7th December, 2021 and whose office shall not be liable to retire by rotation.”

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Item No. 6**To consider and if thought fit, to pass the following resolution as a Special Resolution:**

“RESOLVED THAT pursuant to provisions of Section 196, 197, 198 and 203 of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013 and the other applicable provisions, if any, of the Companies Act, 2013 and the relevant rules and regulations prescribed thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force),

consent of the members be and is hereby accorded for re-appointment of Mr. Rama Shankar Singh, Whole Time Director (DIN: 02093276), of the Company for a period of three years commencing with effect from 6th February, 2017 to 5th February, 2020 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed herewith.

RESOLVED FURTHER THAT in any financial year during the tenure of Mr. Rama Shankar Singh as Whole-Time Director, the Company has no profits or its profits are inadequate as contemplated in Schedule V to the Act, the Company may pay to the Whole-Time Director, remuneration, as detailed in the explanatory statement annexed to the Notice, as minimum remuneration, subject to requisite approvals, if any.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Item No. 7

To consider and if thought fit, to pass the following resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the relevant rules and regulations prescribed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), consent of the members be and is hereby accorded, for appointment of Ms. Radha Kinkari Kejriwal Agarwal, who is a relative of Mr. Umang Kejriwal, Director, to hold office or place of profit under the Company as “Officer on Special Duty” at a remuneration of Rs. 50,00,000/- (Rupees Fifty Lacs only) per annum, with effect from 1st April, 2017.”

In absence of the Board of Directors of Electrosteel Steels Limited,
By Order of the Resolution Professional of
Electrosteel Steels Limited

Binaya Kumar Dash
Company Secretary
ACS-17982

Date: 6th October, 2017
Place: Kolkata

NOTES:

- 1. THE RELATIVE EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 SETTING OUT MATERIAL FACTS CONCERNING THE BUSINESS UNDER ITEM NOS. 3 TO 7 OF THE NOTICE, IS ANNEXED HERETO.**
- 2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED HERewith AND, IF INTENDED TO BE USED, IT SHOULD BE RETURNED DULY COMPLETED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE COMMENCEMENT OF ANNUAL GENERAL MEETING.**
- 3. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY IN NUMBER AND HOLDING IN THE AGGREGATE NOT MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. HOWEVER, A MEMBER HOLDING MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.**
- The Register of Members (Beneficial Owners) and Share Transfer Books of the Company will remain closed from 1st November, 2017 to 7th November, 2017 (both days inclusive).
- Pursuant to Regulation 36(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”) the brief resume/profile of the Directors recommended by the Board for appointment/reappointment is enclosed as Annexure to the Notice.
- Members are requested to notify immediately changes of address, nominations, etc., if required:
 - to their Depository Participants (DPs) in respect of their shares held in demat form; and
 - to the Company or to its Registrar & Transfer Agent in respect of the shares held in physical form, if any.
- All documents referred to in the notice and accompanying explanatory statement are open for inspection at the Registered Office and Corporate Office of the Company on all working days, except Saturday, Sunday and public holidays between 10:00 A.M. to 3:00 P.M., up to the date of the AGM. The notice is also available on the Company's website: www.electrosteelsteels.com.
- Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 shall be open for inspection during business hours at the Registered Office of the Company and shall be kept open for inspection at the Annual General Meeting. The Register of Contracts and Arrangements in which Directors are interested under Section 189 of the Companies Act, 2013 shall be made available at the commencement of the meeting and shall remain open and accessible to the members during the continuance of the meeting.

9. Members are requested to bring their attendance slips together with their copies of the Annual Report to the meeting.
10. Members desiring any information on the Audited Annual Accounts 2016-17 and operations of the Company, are requested to write to the Company Secretary at the Registered Office at least 10 days before the meeting so as to enable the Management to keep the information ready at the Meeting.
11. Members may note that Securities Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to furnish the copy of the PAN to their respective Depository Participants. Members holding shares in physical form can submit their PAN details to the Company or its Registrar & Transfer Agent.
Further it is mandatory to furnish a copy of the PAN in the following cases:
 - (i) Deletion of the name of the deceased shareholder(s), where the shares are held in the name of two or more shareholders.
 - (ii) Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares.
 - (iii) Transposition of shares - when there is change in the order of names in which physical shares are held jointly in the names of the two or more shareholders.
 - (iv) Transfer of Shares.
12. Pursuant to Sections 20 and 101 of the Companies Act, 2013, read with relevant Rules made thereunder and LODR Regulations, the Company can serve Notice for the meeting and other communications through electronic mode to those members, who have registered their e-mail address either with the Company or with the Depositories. Accordingly, the Annual Report for the financial year ended 31st March, 2017 has been sent electronically to all the members, whose email address has been registered with the Company/Depository Participants unless any member has requested for a hard copy of the same. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon receipt of request for the same, by post/courier free of cost.
13. The Board of Directors of the Company has appointed Mr. Arun Kumar Khandelia (FCS:3829), Partner of M/s K. Arun & Co., Company Secretaries, as Scrutinizer for conducting the voting and remote e-voting process, in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for the same purpose.

14. VOTING THROUGH ELECTRONIC MEANS:

- (a) In compliance with provisions of Section 108 of the Companies Act, 2013, read with Rules made thereunder and Regulation 44 of LODR Regulations, the Company will provide facility for voting by electronic means for the businesses to be transacted at the AGM.
- (b) A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date, i.e. 31st October, 2017 shall be entitled to avail the facility of voting through remote e-voting/Venue of the meeting. The shareholders shall have one vote per equity share held by them as on the cut-off date 31st October, 2017. The facility of remote e-voting would be provided for every folio/client ID, irrespective of the number of joint holders.

(c) VOTING THROUGH REMOTE E-VOTING:

- (1) The Company has engaged the services of Karvy Computershare Private Limited (Karvy) to provide remote e-voting facilities to the members. The facility of casting votes by a member using an electronic voting system from a place other than the venue of the Annual General Meeting (remote e-voting) will be provided by Karvy and the items of business as detailed in the Notice may be transacted through remote e-voting.
- (2) The remote e-voting period commences on Friday, 3rd November, 2017 (9:00 a.m) and ends on Monday, 6th November, 2017 (5:00 pm). The remote e-voting module shall be forthwith blocked by Karvy.
- (3) A member who has cast his vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
- (4) The members who have not casted their vote through remote e-voting process can vote at venue of the AGM.
- (5) In case a Member receiving an email of the AGM Notice from Karvy [for Members whose e-mail IDs are registered with the Company/Depository Participant(s)]:
 - i) Launch internet browser by typing the URL: <https://evoting.karvy.com>.
 - ii) Enter the log in credentials (i.e., User ID and password). Event No. followed by Folio No./DPID/Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
 - iii) After entering these details appropriately, click on "LOGIN".
 - iv) You will now reach password change Menu where in you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one uppercase (A-Z), one lowercase

(a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

- v) You need to login again with the new credentials.
 - vi) On successful login, the system will prompt you to select the "EVENT" i.e. Electrosteel Steels Limited.
 - vii) On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially for "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as mentioned therein. You may also choose the option ABSTAIN. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
 - viii) Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each folios/demat accounts.
 - ix) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
 - x) You may then cast your vote by selecting an appropriate option and click on "Submit".
 - xi) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
 - xii) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: karun@cskarun.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "Electrosteel Steels Limited_10th Annual General Meeting".
 - xiii) In case a person has become the Member of the Company after the dispatch of AGM Notice but on or before the cut-off date i.e. 31st October, 2017, may write to the Karvy on the Email ID: evoting@karvy.com or to Ms. C Shobha Anand, Asst. General Manager, Contact No. 040-6716 2222, at [Unit: Electrosteel Steels Limited] Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500032, requesting for the User ID and Password. After receipt of the above credentials, please follow all the steps from Sr. No. (i) to (xii) as mentioned above, to cast the vote.
- (6) **In case of Members receiving physical copy of the AGM Notice by Post / courier [for Members whose e-mail IDs are not registered with the Company/Depository Participant(s)]:**
- i) User ID and initial password as in the enclosed Attendance Slip.
 - ii) Please follow all steps from Sr. No. (i) to (xii) as mentioned in (14c) above, to cast your vote.
- (7) In case of any query pertaining to remote e-voting, please visit Help & FAQ's section of <https://evoting.karvy.com>. (Karvy's website).

15. VOTING AT AGM VENUE:

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

- 16. Members who have casted their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
- 17. Corporate members/trusts/societies intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and/or vote (poll) on their behalf at the Meeting.
- 18. The Scrutinizer shall after the conclusion of voting at the Annual General Meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses, who are not in the employment of the Company and shall make, not later than 2 days of the conclusion of the Annual General Meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith. Subject to receipt of the requisite number of votes, the resolutions shall be deemed to be passed on the date of Annual General Meeting.

The results declared along with the Scrutinizer Report shall be placed on the website of the Company i.e. www.electrosteelsteels.com and on Karvy's website and displayed on the Notice board of the Company at its Registered Office as well as the Corporate Office within the stipulated time from the conclusion of the Annual General Meeting and would be communicated to the Stock Exchanges where the Company's shares are listed.

19. In keeping with the Ministry of Corporate Affairs "Green Initiative" measures and applicable provisions of Companies Act, 2013 read with the allied rules made thereunder, the Company hereby requests Members who have not registered their email addresses so far, to register their email addresses for receiving all communication including annual report, notices, etc. from the Company electronically.
20. All unclaimed / unpaid share application money, remaining unclaimed / unpaid for a period of seven years from the date they became due for payment, are required to be transferred to the Investor Education and Protection Fund (IEPF). Accordingly, unclaimed /unpaid share application money, lying in the IPO Refund Account is being transferred to IEPF
21. A route map showing directions to reach the venue of the 10th AGM is given at the end of this Notice as per the requirement of the revised Secretarial Standards-2 on "General Meetings".

In absence of the Board of Directors of Electrosteel Steels Limited,
By Order of the Resolution Professional of
Electrosteel Steels Limited

Date: 6th October, 2017
Place: Kolkata

Binaya Kumar Dash
Company Secretary
ACS-17982

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 3:

This explanatory statement is provided though strictly not required as per Section 102 of the Companies Act, 2013.

In terms of the provisions of Section 139 of Companies Act, 2013 ("Act"), no listed company can appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years. The Act further prescribes that the Company has to comply with these provisions within three years from the commencement of the Act.

M/s. B. Chhawchharia & Co., Chartered Accountants, (Firm Registration No. 305123E) were appointed as the Statutory Auditor of the Company since incorporation i.e. December 20, 2006 and re-appointed at every AGM thereafter. M/s. B. Chhawchharia & Co. have therefore been in office for more than 10 years and in compliance with the provisions of the Act, the Company is required to appoint a new auditor in their place.

The Board of Directors, at their meeting held on 15th May, 2017, recommended the appointment of M/s. Lodha & Co., Chartered Accountants, (Firm Registration No. 301051E) as the Statutory Auditor of the Company in place of M/s. B. Chhawchharia & Co., for a period of five years, to hold office from the conclusion of the ensuing 10th AGM until the conclusion of the 15th AGM of the Company, with such remuneration, as may be determined by the Board, subject to ratification by the Members at every AGM till the 15th AGM.

The members are informed that in accordance with Section 28(1)(m) of the Insolvency and Bankruptcy Code, 2016 the Resolution Professional is required to seek prior approval of the Committee of Creditors for making changes in the appointment or terms of contract of Statutory Auditors of the Company. Accordingly, the Committee of Creditors at their Meeting held on 21st September, 2017 have also approved the appointment of M/s. Lodha & Co., Chartered Accountants, subject to approval of shareholders.

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

The Board recommends the Ordinary Resolution as set out in the Notice for approval of the Members.

Item No. 4

The Board of Directors on the recommendation of the Audit Committee at its meeting held on 15th May 2017, appointed M/s. S. G. & Associates, Cost Accountants, (Firm Registration No. : 000138), as the Cost Auditors for the audit of the cost records to be maintained by the Company for the goods to be produced during the financial year 2017-18, at a remuneration of Rs.60,000/- (Rupees Sixty Thousands only) plus applicable taxes, reimbursement of out of pocket expenses to be incurred in connection with cost audit of the accounts.

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

Accordingly, consent of the members is sought for passing the ordinary resolution as set out in the Notice for ratification of the remuneration payable to the Cost Auditors for the audit of the cost records to be maintained by the Company for the goods to be produced during the financial year 2017-18.

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

The Board recommends the Ordinary Resolution as set out in the Notice for approval of the Members.

Item No. 5

The Board of Directors on the recommendation of the Nomination & Remuneration Committee appointed Ms. Jayantika Ganguly as an Additional Director, pursuant to Section 161 of the Companies Act, 2013 with effect from 8th December, 2016.

Ms. Jayantika Ganguly will hold office up to the date of the ensuing 10th Annual General Meeting. The Company has received Notice in writing from a Member along with a deposit of requisite amount under Section 160 of the Act proposing the candidature of Ms. Jayantika Ganguly for the office of the Director of the Company.

Ms. Jayantika Ganguly has provided the following documents (i) Consent in writing to act as Director in Form DIR-2, pursuant to Rule 8 of the Companies (Appointment & Qualifications of Directors) Rules, 2014 (ii) Intimation in Form DIR-8, pursuant to Rule 14 of the Companies (Appointment & Qualifications of Directors) Rules, 2014 to the effect that she is not disqualified in accordance with Section 164(2) of the Companies Act, 2013 and (iii) declaration that she meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

In the opinion of the Board, Ms. Jayantika Ganguly, fulfils the conditions specified in the Act and Rules made thereunder and she is independent of the management of the Company.

The Board considered that her association would be of immense benefit to the Company and that the Board desires to continue to avail services of Ms. Jayantika Ganguly.

Accordingly, the Board recommends the ordinary resolutions as set out in the Notice in relation to the appointment of Ms. Jayantika Ganguly as an Independent Director of the Company, for a period of five years, for approval of the shareholders of the Company.

Except Ms. Jayantika Ganguly, being the appointee, none of the Directors, Key Managerial personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the said resolution.

Item No. 6

Mr. Rama Shankar Singh, aged 69 years, is a B.Tech Graduate in Mining Engineering from the Indian School of Mines, Dhanbad. He is having over 40 years of experience in the planning, design and construction of Mines projects.

The tenure of Mr. Rama Shankar Singh as Whole-Time Director of the Company expired on 5th February, 2017.

The lenders of the Company vide letter dated 18th January 2017 had accorded approval for re-appointment of Mr. Singh as a Whole-Time Director for a further period of three years w.e.f. 6th February 2017. However, since the operations of the Company are not doing well, which resulted in financial stress and default in payment of interest and installments to the Lenders, the Company has been advised by the lenders, that his proposed remuneration be reduced by 50% of the existing remuneration, which would be reviewed as and when the operations of the Company would improve.

The Board of Directors in its meeting held on 2nd February, 2017 on the recommendation of the Nomination & Remuneration Committee and Audit Committee, has reduced payment of remuneration to 50% of the existing remuneration, subject to approval of the Shareholders. Consent of the Members of the Company is sought to approve the appointment and payment of remuneration, as per the terms and conditions, as detailed herein below to Mr. Rama Shankar Singh as Whole-Time Director of the Company for a period of three years i.e. from 6th February 2017 to 5th February, 2020, with an authority to the Board to determine remuneration payable from time to time within the approved limits.

I. Period: 6th February, 2017 till 5th February, 2020.

II. Basic Salary: Upto Rs. 2,32,500 per month.

III. Special Allowance: Upto Rs. 2,59,500 per month.

IV. Perquisites : In addition to the remuneration as stated above, Mr. Singh would be entitled, as per the Rules of the Company, to the following perquisites:

(a) **Medical Benefits:** Reimbursement of medical expenses incurred including premium paid on health insurance policies for self and family.

(b) **Housing or House Rent Allowance:**

Residential accommodation including electricity at actuals or House Rent Allowance in lieu thereof @ 60% of the Basic salary.

(c) **Club Fees:**

Fees upto a maximum of two clubs, excluding admission and life membership fees.

(d) **Car and Telephones/Cellular Phones:**

A Company owned/leased/arranged car with driver will be provided to Mr. Singh for use in connection with the Company's business. Use of car for personal purpose shall be billed to him separately. The Company shall provide

Telephones/Cellular Phones at the residence of Mr. Singh. Use of personal long distance calls shall be billed to him separately.

- (e) **Leave:** As per the Rules of the Company. Encashment of leave at the end of the tenure of his appointment, as per Policy of the Company.
- (f) **Leave Travel Allowance:** As per the Rules of the Company.
- (g) Contribution to Provident Fund, Superannuation Fund, Gratuity Fund as per the Policy of the Company.

Explanation:

For the purpose of eligibility of perquisites "family" means the spouse and the dependent children of the Whole Time Director.

For the purpose of calculation of such monetary value, the perquisites shall be valued as per Income Tax Rules, 1962, wherever applicable and in the absence thereof, at cost.

Mr. Rama Shankar Singh shall not be paid sittings fees for attending the meetings of the Board and /or committee thereof.

OVERALL/ MINIMUM REMUNERATION

In the event of loss or inadequacy of profits in any financial year during the tenure of his employment, the remuneration as stated above may be paid, subject to requisite approvals, if any, to Mr. Singh as minimum remuneration in accordance with the provisions of Schedule V to the Companies Act, 2013.

OTHER TERMS

The appointment can be terminated by Mr. Singh or the Company, by any one party giving to the other 3 (three) calendar months' notice in writing or by payment of a sum equivalent to remuneration for the notice period or part thereof in case of shorter notice or on such other terms as may be mutually agreed.

Pursuant to the provisions of Section 102(1) of the Companies Act, 2013, Mr Rama Shankar Singh along with his relatives hold 2,00,000 equity shares of the Company representing 0.01% of the paid up Equity share capital of the Company.

The Resolution Professional sought the approval of the Committee of Creditors regarding the proposed remuneration to be paid to Mr. Rama Shankar Singh. Accordingly, the Committee of Creditors at their Meeting held on 21st September, 2017 have also approved the terms of his appointment along with remuneration proposed, subject to approval of shareholders.

Except Mr Rama Shankar Singh, none of the Directors, Key Managerial personnel and their relatives is concerned or interested, financially or otherwise, in the said resolution.

This may also be considered and treated as an Abstract and Memorandum of Interest of the Directors under Section 190 of the Companies Act, 2013. Approval of the shareholders is sought for remuneration paid/payable for the period of the appointment i.e. 6th February, 2017 to 5th February 2020.

The Board recommends the Special Resolution as set out in the Notice for approval of the Members.

STATEMENT CONTAINING ADDITIONAL INFORMATION AS REQUIRED IN SCHEDULE V TO THE COMPANIES ACT 2013

I GENERAL INFORMATION:

- 1 Nature of the Industry:** Manufacturer and seller of Iron & Steel and DI Pipes
- 2 Date or expected date of commercial production:** 29/9/2010
- 3 In case of new companies, expected date of commencement of activities :** Not Applicable
- 4 Financial Performance based on the given parameters:**

The following are the details of financial performance of the Company during last three years:

(Rs.in crores except EPS)

Particulars	2016-17	2015-16	2014-15
Revenue from operations (gross)	2774.29	2888.76	2032.87
Profits before making provision for Tax	(1463.48)	(367.99)	(624.03)
Profits after making provision for Tax	(1463.48)	(367.99)	(624.03)
EPS	(6.07)	(1.53)	(2.68)

5. Foreign Investments or collaborations, if any

The total holdings of foreign institutional investors, foreign companies, foreign corporate bodies, foreign portfolio investors as on 31st March, 2017 are 69,54,25,534 Equity shares of Rs 10 each constituting 28.86% of the paid up Capital of the Company.

There is no foreign collaboration of the Company. The entire plant has been/is being imported from China.

II. INFORMATION ABOUT THE APPOINTEE
1 Background details:

Mr. Rama Shankar Singh, aged 69 years, is a B.Tech Graduate in Mining Engineering from the Indian School of Mines, Dhanbad. He is a registered member of Professional Societies/Institution in MIMA and MMGI. He is having over 40 years of experience in the planning, design and construction of Mines projects. He has specialised experience in construction and maintenance of infrastructure, cross country pipe line, large volumes road and aerial transport.

2 Past Remuneration

Details of past remuneration of Mr. Singh as a Whole-Time Director of Electrosteel Steels Ltd. are as follows:

<i>Amount (Rs.)</i>		
2016-17	2015-16	2014-15
1,39,69,067	1,51,99,000	1,45,42,000

3 Recognition or awards

None

4 Job profile and his suitability

As a Whole-Time Director, Mr. Singh is entrusted with substantial powers of management and technical affairs of the Company subject to superintendence, control and directions of the Board. He is also required to perform such duties and exercise such powers as have been or may, from time to time, be entrusted or conferred upon him by the Board.

Mr Singh is a Senior Corporate Executive of proven caliber and skill and is having wide ranging experience in project planning and management, industrial production planning. His management and technical prowess coupled with his vast experience is critical for the effective and efficient operations of the Company. The Company will benefit from his capabilities.

5 Remuneration proposed

The remuneration details of Mr. Singh for the period 6th February, 2017 till 5th February, 2020 is detailed herein above.

6 Comparative remuneration profile with respect to industry, size of the company, profile of the position and person

The Company has its own distinctive remuneration policy based on its short-term and long-term objectives and role perceived and played by employees at all levels. The Board considering the type of industry, size of the Company, profile and responsibilities entrusted on Mr. Singh feels that the remuneration proposed to be paid to Mr. Singh as the Whole-Time Director is comparable with the levels prevailing in the industry.

7 Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any

Mr. Singh does not have any pecuniary relationship directly or indirectly with the Company or managerial personnel except to the remuneration being paid to him as a Whole-Time Director of the Company and the shareholding of 2,00,000 equity shares of the Company.

III. OTHER INFORMATION:
1 Reasons of loss or inadequate profits

At present the Plant is not being fully commissioned. Increase in input costs coupled with lower than expected market realization are some of the reasons for loss.

2 Steps taken or proposed to be taken for improvement

The Company management process involves continuous steps to improve performance through optimum utilization of the capacity of the Plant, maximizing sales realization and minimizing cost. The cash flows are expected to improve after the Plant is operational to the installed capacity.

3 Expected increase in productivity and profits in measurable terms

Barring unforeseen circumstances, the Company expects to close the current financial year with increased sales and improvement in profitability/sales realization.

IV DISCLOSURES

The disclosure of the remuneration package is provided in the explanatory statement and will also be mentioned in the Board of Directors' Report under heading 'Corporate Governance' in Annual Report 2017-18, subject to the shareholders' approval.

Item No. 7

Ms. Radha Kinkari Kejriwal Agarwal is a Graduate from Cardiff University, UK and has completed her post-graduation. The shareholders of the Company approved her appointment as 'Officer on Special Duty' in the 7th Annual General Meeting held on 16th September, 2014 for a period of three years with effect from 1st April, 2014 to 31st March, 2017.

Thereafter, the Board of Directors at its meeting held on 2nd February, 2017 (i.e. prior to commencement of Corporate Insolvency Resolution process) approved the appointment (i.e. holding of office or place of profit) by Ms. Radha Kinkari Kejriwal Agarwal at a remuneration of Rs. 1,00,00,000 (Rupees One Crore only) per annum with effect from 1st April, 2017, subject to the approval of the shareholders.

The Board of Directors believe that the remuneration proposed to be paid to Ms Radha Kinkari Kejriwal Agarwal is commensurate with her qualification & knowledge and is in line with industry standards prevalent in the current scenario.

Since, Ms. Radha Kinkari Kejriwal Agarwal is the daughter of Mr. Umang Kejriwal, Director of the Company and thus any transaction by the Company with her would fall under the definition of related party transactions in accordance with Section 5 of the Insolvency and Bankruptcy Code, 2016 (Code). In accordance with Section 28(1)(f) read with Section 5(24) of the Code, prior approval of the Committee of Creditors is required to undertake any transaction with any related party. Accordingly, the Committee of Creditors at their Meeting held on 21st September, 2017 have also approved the terms of her appointment along with remuneration proposed, subject to approval of shareholders.

The Committee of Creditors at their Meeting held on 21st September, 2017, proposed that remuneration payable to Ms Radha Kinkari Kejriwal Agarwal be reduced by 50% of the existing remuneration, i.e., Rs. 50,00,000 (Rupees Fifty lakhs only) per annum.

The particulars of the transaction pursuant to Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 read with Section 188 of the Companies Act, 2013 are as under:

- 1) Name of the Related Party: Ms Radha Kinkari Kejriwal Agarwal.
- 2) Name of the Director or Key Managerial Personnel who is related:- Mr. Umang Kejriwal, Director
- 3) Nature of relationship:- Daughter of Mr. Umang Kejriwal, Director
- 4) Nature, Material Terms, Monetary Value and particulars of the contract or arrangement: - As mentioned above.
- 5) Any other information relevant or important for the members to take a decision on the proposed resolution - None

Except Mr. Umang Kejriwal, Director of the Company and his relative Ms. Radha Kinkari Kejriwal Agarwal, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the said resolution.

In absence of the Board of Directors of Electrosteel Steels Limited,
By Order of the Resolution Professional of
Electrosteel Steels Limited

Date: 6th October, 2017
Place: Kolkata

Binaya Kumar Dash
Company Secretary
ACS-17982

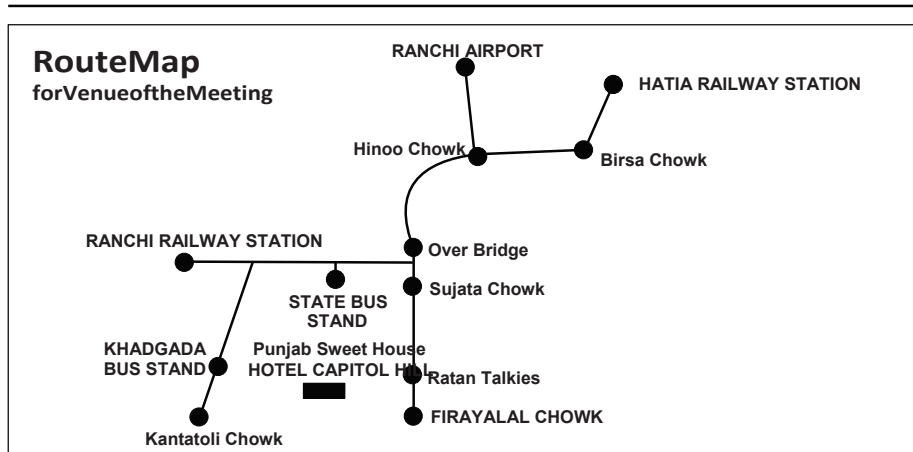
Annexure to AGM Notice dated 6th October, 2017

**Details of Directors seeking appointment/re-appointment at the forthcoming 10th Annual General Meeting
(Pursuant to Regulation 36(3) of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015**

Name of the Director	Mr. Lalit Kumar Singhi (DIN: 00893144)
Date of Birth	18-11-1959
Date of Appointment on the Board	06-02-2012
Brief Resume	Mr. Lalit Kumar Singhi, started his business career in aluminum industry in the year 1979 and has over 31 years of experience in aluminum trading.
Expertise	From 1991 to 2005, Mr. Singhi handled the consignment agency of Hindalco under the flagship of his own Company, where he was looking after the sales of aluminum products of Hindalco for the entire eastern region of India. From 1982 to till date, he has been engaged in the export business of garments to the European Countries. He is also involved in importing the wireless communication system for the Indian Army.
Relationships between Directors inter-se	None
Directorship held in other Public Listed Companies (Excluding Private Limited Companies, Foreign Companies & Section 8 Companies)	Nil
Member in the Committees of the Boards of companies in which he is Director (Includes only Audit Committee & Stakeholders' Relationship Committee)	Nil
Number of shares held in the Company as on 31.03.2017	190,000

Name of the Director	Ms. Jayantika Ganguly (DIN: 07667499)	Mr. Rama Shankar Singh (DIN: 02093276)
Date of Birth	15-02-1984	20-06-1948
Date of Appointment on the Board	08-12-2016	06-02-2014
Brief Resume	Ms. Jayantika Ganguly is an advocate by profession, associated with Khaitan & Co. and has an experience of over eight years in corporate laws. She specializes in banking, project finance and corporate transactions and has handled assignments in varied sectors such as roads, oil and gas, energy, infrastructure and aviation across multiple jurisdictions. She is an alumnus of the West Bengal National University of Juridical Sciences.	Mr. Rama Shankar Singh is a B.Tech Graduate in Mining Engineering from the Indian School of Mines, Dhanbad. He is a registered member of professional Societies/Institution in Indian Mine Managers Association-IMMA and Member of the Mining, Geological, and Metallurgical Institute of India MMGI.

Expertise	She specializes in banking, project finance and corporate transactions and has handled assignments in varied sectors such as roads, oil and gas, energy, infrastructure and aviation across multiple jurisdictions.	He has around four decades of experience in the planning, design and construction of Mines projects and also in the operation and maintenance of Mines. He has specialised experience in construction and maintenance of infrastructure, cross country pipe line, large volumes road and aerial transport.
Relationships between Directors inter-se	None	None
Directorship held in other Public Listed Companies (Excluding Private Limited Companies, Foreign Companies & Section 8 Companies)	Nil	Nil
Member in the Committees of the Boards of companies in which he is Director (Includes only Audit Committee & Stakeholders' Relationship Committee)	Nil	Nil
Number of shares held in the Company as on 31.03.2017	Nil	2,00,000



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ELECTROSTEEL STEELS LIMITED
10th Annual General Meeting

PROXY FORM

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

CIN: L27310JH2006PLC012663

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

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

Name of member (s):
Registered Address:
E-mail Id:
Folio No/Client ID: DP ID:.....

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

1. Name:
Address:
E-mail Id:
Signature:, or failing him/her
2. Name:
Address:
E-mail Id:
Signature:, or failing him/her
3. Name:
Address:
E-mail Id:
Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 10th Annual General Meeting of the Company, to be held on Tuesday, 7th November, 2017 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Particulars	Optional	
		For	Against
Ordinary Business			
1	Adoption of Annual Financial Statements for the year ended March 31, 2017		
2	Re-appointment of Mr. Lalit Kumar Singhi (DIN: 00893144), who retires by rotation		
3	Appointment of M/s. Lodha & Co., Chartered Accountants (FRN: 301051E) as Statutory Auditors of the Company and to fix their remuneration		
Special Business			
4	Ratification of remuneration payable to M/s S. G. & Associates, Cost Accountants as Cost Auditors of the Company		
5	Appointment of Ms. Jayantika Ganguly (DIN: 07667499), as Non-Executive Independent Director		

6	Re-appointment of Mr. Rama Shankar Singh (DIN: 02093276) as Whole Time Director		
7	Re-appointment of Ms. Radha Kinkari Kejriwal Agarwal to hold office or place of profit		

Signed this day of 2017

Signature of Shareholder:

Signature of Proxy holder(s):

<p>Affix a Revenue Stamp</p>

Notes:

1. This form of Proxy in order to be effective should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes please refer to the Notice of the 10th Annual General Meeting dated 6th October, 2017.
3. It is optional to put a (√) in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

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Registered Office: 801, Uma Shanti Apartments, Kanke Road, Ranchi-834 008, Jharkhand, Tel: (0651) 2285636
Corporate Office: G. K. Tower, 2nd & 3rd Floor, 19 Camac Street, Kolkata-700017
CIN: L27310JH2006PLC012663, E-mail: eil.investors@electrosteel.com, website: www.electrosteelsteels.com

**10TH ANNUAL GENERAL MEETING
ATTENDANCE SLIP**

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

Sr. NO BALNO	
Name and address of the Member(s)	HOLDER HOLDER_ADD HOLDER_AD1 HOLDER_AD2 HOLDER_AD3 PIN : HOLDER_PIN
Joint Holder(s)	
Registered Folio No./ DP ID/Client ID	DPID / HOLDER_FOL
No. of shares held	TOTAL_SHAR

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

I hereby record my presence at the 10th Annual General Meeting of Electrosteel Steels Limited being held on Tuesday, 7th November, 2017 at Forum Hall, Capitol Hill Hotel, Mahatma Gandhi Marg, Main Road, Ranchi-834001, Jharkhand at 1.00 P.M.

Name of the Shareholder _____
(in capital letters)

Name of the Proxy _____
(in capital letters)

Signature

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

E-VOTING

EVENT (E-Voting Even Number)	User ID	Password/PIN
3568	USER_ID	PWD

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