ELECTROSTEEL STEELS LIMITED

CIN: U27310JH2006PLC012663
Registered Office: 801, Uma Shanti Apartments, Kanke Road, Ranchi - 834 008, Jharkhand
Corporate Office: Lohanchal Colony, Plot No. 10, Beside Sector 12, Bokaro Steel City - 827012, Jharkhand, India |
Tel.: 08651-102477
E-mail: esl.shares@vedanta.co.in | Website: www.electrosteelsteels.com

NOTICE OF 13TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 13th Annual General Meeting (AGM) of the Members of the Company will be held on **Tuesday 29th September, 2020, at 12:30 P.M.,** through Video Conferencing/Other Audio Visual Means (VC/OAVM) to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements including Balance Sheet as at 31st March, 2020 and Profit & Loss Account for the year ended as on that date, together with the Auditors' Report and Board's Reports thereon.
2. To appoint Mr. Pankaj Malhan (DIN: 08516185), Whole Time Director, who retires by rotation and being eligible, offers himself for re-appointment as a Director.

SPECIAL BUSINESS:

3. **Ratification of Cost Auditor's Remuneration:**

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

   "RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Company hereby approves the remuneration of INR 50,000 (Indian Rupees Fifty thousand only) plus applicable taxes and reimbursement of out of pocket expenses payable to M/s. S G & Associates, Cost Accountants (Firm Registration No.: 000138), who have been appointed by the Board of Directors as the Cost Auditors of the Company, to conduct the audit of the cost records maintained by the Company for the Financial Year 2020-21.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all the acts, deeds and things as may be necessary to give effect to this resolution."

4. **To approve appointment of Ms. Poovannan Sumathi (DIN: 07147100) as Director of the Company:**

   To consider appointment of Ms. Poovannan Sumathi (DIN: 07147100), as Director and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT subject to the provisions of Section 152, 161 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) Ms. Poovannan Sumathi, (DIN: 07147100) who has been appointed by the Board of Directors as Additional Director of the Company and who holds office as such, up to the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all the acts, deeds and things as may be necessary to give effect to this resolution."

5. **Approval of increasing the borrowing powers of the Company u/s 180(1)(c) of Companies Act, 2013:**

To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution:**

"RESOLVED THAT in supersession of all the earlier resolutions passed in this regard and subject to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made thereto including any statutory modifications or re-enactments thereof, the consent of the shareholders of the Company be and is hereby accorded to the Board of Directors to borrow money, as and when required, from, including without limitation, any Bank and/or other Financial Institution and/or foreign lender and/or any Body corporate/entity/entities and/or authority/authorities, either in rupees or in such other foreign currencies as may be permitted by law from time to time, as may be deemed appropriate by the Board for an aggregate amount not exceeding a sum of INR 12,000 crores (Indian Rupees Twelve Thousand Crores only), notwithstanding that money so borrowed together with the monies already borrowed by the Company, if any (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital of the Company and its free reserves.

RESOLVED FURTHER THAT the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board which may have been constituted or hereinafter constitute to exercise the powers conferred on the Board by this resolution) be and is hereby authorized to take such steps as may be necessary and generally to do all acts, deeds and things as may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution."

6. **Creation of charges, mortgages, hypothecation on the immovable and movable properties of the Company under Section 180(1)(a) of the Companies Act, 2013:**

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**:

"RESOLVED THAT in supersession of all the earlier resolutions passed in this regard authorizing the Board to mortgage/create charge on the assets of the Company and pursuant to the provisions of Section 180(1)(a) and all other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, including any statutory modification(s) thereto or re-enactment(s) thereof, for the time being in force, and in accordance with the Articles of Association of the Company, and subject to such other approvals, consents, sanctions and permissions, as may be necessary, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company to pledge, mortgage, hypothecate and/or charge all or any part of the movable or immovable, tangible and/or intangible properties of the Company, both present and future and the whole or part of the undertaking of the Company of every nature and kind whatsoever and/or creating a floating charge in all or any movable or immovable, tangible and/or intangible properties of the Company and the whole of the undertaking of the Company to or in favour of banks, financial institutions and any other lenders or debenture trustees to secure the amount borrowed by the Company or any third party from time to time for the due payment of the principal and/or together with interest, charges, costs, expenses and all other monies payable by the Company in respect of such borrowings provided that the aggregate indebtedness secured by the assets of the Company does not exceed INR 12,000 crores (Indian Rupees Twelve Thousand Crores only), at any point of time.

RESOLVED FURTHER THAT the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board which may have been constituted or hereinafter constitute to exercise the powers conferred on the Board by this resolution) be and is hereby authorized to take such steps as may be necessary and generally to do all acts, deeds and things as may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution."

7. CHANGE OF REGISTERED OFFICE OF THE COMPANY

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

"RESOLVED THAT pursuant to Provisions of section 12 and any other provisions of the Companies Act, 2013, read along with Companies (Incorporation) Rules, 2014 and any other applicable provisions if any, the Registered office of the Company be and is hereby shifted from its present location at 801, Uma Shanti Apartments, Kanke Road, Ranchi-834008, Jharkhand to Electrosteel Steels Ltd., Vill. Siyaljori, Post – Jogidih, O.P. – Bangaria, PS- Chandankyari, Dist. Bokaro – 828 303, Jharkhand.

RESOLVED FURTHER THAT the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board which may have been constituted or hereinafter constitute to exercise the powers conferred on the Board by this resolution) be and is hereby authorized to take such steps as may be necessary and generally to do all acts, deeds and things as may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution."

By Order of Board of Directors of
Electrosteel Steels Limited

Binaya Kumar Dash
Company Secretary
ACS - 17982

Place: Bokaro
Date: 05.09.2020

NOTES:

(a) The Statement, pursuant to Section 102 of the Companies Act, 2013, as amended ('Act') with respect to Item Nos. 3, 4, 5, 6 & 7 forms part of this Notice. Additional information, pursuant to Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director retiring by rotation seeking re-appointment at this Annual General Meeting ('Meeting' or 'AGM') is furnished as an annexure to the Notice.

(b) In view of the global outbreak of the COVID-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its General Circular No. 20/2020 dated May 5, 2020 in relation to 'Clarification on holding of Annual General Meeting (AGM) through Video Conferencing (VC) or Other Audio Visual Means (OAVM) read with General Circular No. 14/2020 dated April 8, 2020 and the General Circular No. 17/2020 dated April 13, 2020 in relation to 'Clarification on passing of Ordinary and special resolutions by Companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by COVID-19' (collectively referred to as 'MCA Circulars') permitted the holding of the AGM through VC or OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Act and MCA Circulars, the 13th AGM of the Company is being held through VC/OAVM on Tuesday, 29th September, 2020 at 12:30 p.m. (IST). The deemed venue for the 13th AGM will be the place from where Chairman of the Meeting will conduct the meeting.

(c) PURSUANT TO PROVISIONS OF THE ACT, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE THIS AGM IS BEING HELD PURSUANT TO THE MCA CIRCULARS, THROUGH VC/OAVM, THE REQUIREMENT OF PHYSICAL ATTENDANCE OF MEMBERS

HAS BEEN DISPENSED WITH. ACCORDINGLY, IN TERMS OF THE MCA CIRCULARS, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS WILL NOT BE AVAILABLE FOR THIS AGM AND HENCE THE PROXY FORM, ROUTE MAP AND ATTENDANCE SLIP ARE NOT ANNEXED TO THIS NOTICE.

(d) The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

(e) Institutional Investors, who are Members of the Company, are encouraged to attend the 13th AGM through VC/OAVM mode and vote electronically. Pursuant to the provisions of the Act, the Institutional/Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorisation etc., authorising its representative to attend the AGM through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorisation shall be sent to the Scrutinizer at acssarita@gmail.com with a copy marked to evoting@nsdl.co.in.

(f) The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.

(g) In case of joint holders, the Member whose name appears as the first holder in the order of the names as per the Register of Members of the Company will be entitled to vote at the meeting.

(h) In line with the MCA Circular dated May 5, 2020, the Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories. The Notice convening the 13th AGM has been uploaded on the website of the Company at www.electrosteelsteels.com. The Notice is also available on the website of NSDL at www.evoting.nsdl.com.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL IDS ARE NOT REGISTERED FOR PROCURING USER ID AND PASSWORD AND REGISTRATION OF E MAIL IDS FOR E-VOTING FOR THE RESOLUTIONS SET OUT IN THIS NOTICE :

i. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to esl.shares@vedanta.co.in.

ii. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to esl.shares@vedanta.co.in.

iii. Alternatively member may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by proving the details mentioned in Point (i) or (ii) as the case may be.

INSTRUCTIONS FOR E-VOTING AND JOINING THE AGM ARE AS FOLLOWS:

A. PROCESS AND MANNER FOR VOTING THROUGH ELECTRONIC MEANS:

1. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and the MCA Circulars, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with NSDL for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a Member using remote e-voting system as well as remote e-voting during the AGM will be provided by NSDL.

2. Members of the Company holding shares either in physical form or in electronic form as on the cut-off date of Tuesday, September 22, 2020 may cast their vote by remote e-voting. A person who is not a Member as on the cut-off date should treat this Notice for information purpose only. 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 only shall be entitled to avail the facility of remote e-voting before the AGM as well as remote e-voting during the AGM. Any person who acquires shares of the Company and becomes a Member of the Company after the dispatch of the Notice and holding shares as on the cut-off date i.e. Tuesday, September 22, 2020, may obtain the User ID and Password by sending a request at evoting@nsdl.co.in.

3. The remote e-voting period commences on Saturday, September 26, 2020 at 9.00 a.m. (IST) and ends on Monday, September 28, 2020 at 5.00 p.m. (IST). The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. The voting rights of the Members shall be in proportion to their share of the paid-up equity share capital of the Company as on the cut-off date i.e. Tuesday, September 22, 2020.

4. Members will be provided with the facility for voting through electronic voting system during the VC/OAVM proceedings at the AGM and Members participating at the AGM, who have not already cast their vote on the resolution(s) by remote e-voting, will be eligible to exercise their right to vote on such resolution(s) upon announcement by the Chairman. Members who have cast their vote on resolution(s) by remote e-voting prior to the AGM will also be eligible to participate at the AGM through VC/OAVM but shall not be entitled to cast their vote on such resolution(s) again.

5. The remote e-voting module on the day of the AGM shall be disabled by NSDL for voting 15 minutes after the conclusion of the Meeting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM AND REMOTE E-VOTING (BEFORE AND DURING THE AGM) ARE AS UNDER:

1. The Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-voting system and they may access the same at https://www.evoting.nsdl.com under the Shareholders/ Members login by using the remote e-voting credentials, where the EVEN of the Company i.e. 114298 will be displayed. On clicking this link, the Members will be able to attend and participate in the proceedings of the AGM. Please note that the Members who do not have the User ID and Password for e-voting or have forgotten the User ID/Password may retrieve the same by following the remote e-voting instructions mentioned below to avoid last minute rush. Further, Members may also use the OTP-based login for logging into the e-voting system of NSDL.

2. Members may join the Meeting through Laptops, Smartphones, Tablets and iPads for better experience. Further, Members will be required to use Internet with a good speed to avoid any disturbance during the Meeting. Members will need the latest version of Chrome, Safari, Internet Explorer 11, MS Edge or Firefox. Please note that participants connecting from Mobile Devices or Tablets or through Laptops

connecting via mobile hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any glitches.

3. Members are encouraged to submit their questions in advance with respect to the Accounts or the business to be transacted at the AGM. These queries may be submitted from their registered e-mail address, mentioning their name, DP ID and Client ID/folio number and mobile number, to reach the Company's e-mail address at esl.shares@vedanta.co.in before 3.00 p.m. (IST) on Tuesday, September 22, 2020.

4. Members who would like to express their views or ask questions during the AGM may pre-register themselves as a speaker by sending their request from their registered e-mail address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at esl.shares@vedanta.co.in between September 19, 2020 (9:00 a.m. IST) to September 21, 2020 (5:00 p.m. IST). Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

5. Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in /1800-222-990 or contact Mr. Amit Vishal, Senior Manager – NSDL at amitv@nsdl.co.in/ 022-24994360 or Mr. Sanjeev Yadav, Assistant Manager – NSDL at sanjeevy@nsdl.co.in/022-24994553.

THE INSTRUCTIONS FOR REMOTE E-VOTING BEFORE/DURING THE AGM

The instructions for remote e-voting before the AGM are as under:

The way to vote electronically on NSDL e-voting system consists of 'Two Steps' which are mentioned below:

Step 1: Log-in to NSDL e-voting system at https://www.evoting.nsdl.com/

How to Log-in to NSDL e-voting website?

1. Visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-voting system is launched, click on the icon 'Login' which is available under 'Shareholder' section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at https://eservices.nsdl.com / with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12************** then your user ID is

	12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example, if folio number is EST*** and EVEN is 114298 then user ID is 114298EST***

5. Your password details are given below:

(a) If you are already registered for e-voting, then you can use your existing password to login and cast your vote.

(b) If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

(c) How to retrieve your 'initial password'?

(i) If your e-mail ID is registered in your demat account or with the Company, your 'initial password' is communicate to you on your e-mail ID. Open the e-mail sent to you by NSDL and open the attachment i.e. a .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) If your e-mail ID is not registered, please follow steps mentioned in process for those shareholders whose e-mail ids are not registered.

6. If you are unable to retrieve or have not received the 'Initial password' or have forgotten your password:

(a) Click on 'Forgot User Details/Password?' (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

(b) Click on 'Physical User Reset Password?' (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

(c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

(d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.

7. After entering your password, tick on Agree to 'Terms and Conditions' by selecting on the check box.

8. Now, you will have to click on 'Login' button.

9. After you click on the 'Login' button, Home page of e-voting will open.

Step 2: Cast your vote electronically on NSDL e-voting system.

How to cast your vote electronically on NSDL e-voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-voting. Click on e-Voting. Then, click on Active Voting Cycles.

2. After clicking on Active Voting Cycles, you will be able to see all the companies 'EVEN' in which you are holding shares and whose voting cycle is in active status.

3. Select 'EVEN' of the Company.

4. Now you are ready for e-voting as the Voting page opens.

5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on 'Submit' and also 'Confirm' when prompted.

6. Upon confirmation, the message 'Vote cast successfully' will be displayed.

7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

The instructions for e-voting during the AGM are as under:

1. The procedure for remote e-voting during the AGM is same as the instructions mentioned above for remote e-voting, since the Meeting is being held through VC/OAVM.

2. Only those Members/Shareholders, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote on such resolution(s) through e-voting system during the AGM.

3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

General Guidelines for Shareholders:

1. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key-in the correct password. In such an event, you will need to go through the 'Forgot User Details/Password?' or 'Physical User Reset Password?' option available on www.evoting.nsdl.com to reset the password.

2. In case of any queries/grievances pertaining to remote e-voting (before the AGM and during the AGM), you may refer to the Frequently Asked Questions ('FAQs') for Shareholders and e-voting user manual for Shareholders available in the download section of www.evoting.nsdl.com or call on the toll-free number: 1800-222-990 or send a request at evoting@nsdl.co.in or contact Mr. Amit Vishal or Ms. Pallavi Mhatre or Mr. Pratik Bhatt from NSDL at the designated e-mail IDs: amitv@nsdl.co.in or pallavid@nsdl.co.in or pratikb@nsdl.co.in or at telephone nos.: +91 22 2499 4360/4545/4738.

Other Instructions:

i. The Board of Directors has appointed Ms. Sarita Pandey (CP No. 20671), Proprietor of Sarita Pandey & Associates, Company Secretaries, as the Scrutinizer to scrutinize the remote e-voting process before and during the AGM in a fair and transparent manner.

ii. The Scrutinizer shall immediately after the conclusion of voting at the AGM, unblock and count the votes cast during the AGM, and votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favor or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.

iii. The results declared along with the Scrutinizer's Report shall be placed on the website of the Company www.electrosteelsteels.com and on the website of NSDL www.evoting.nsdl.com immediately after the result is declared by the Chairman or any other person authorised by the Chairman.

By Order of Board of Directors of
Electrosteel Steels Limited

Binaya Kumar Dash
Company Secretary
ACS – 17982

Place: Bokaro
Date: 05.09.2020

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

Item No. 3

The Board of Directors, on recommendation of Audit Committee, has approved the appointment of M/s. S G & Associates, Cost Accountants, (Firm Registration No: 000138) as the Cost Auditors of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2021, at a remuneration of INR 50,000 (Indian Rupees Fifty Thousand only) plus applicable taxes and reimbursement of out of pocket expenses at actual.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read together with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought for passing an ordinary resolution as set out in Item No. 3 of the Notice for ratification of remuneration payable to the Cost Auditors for the financial year ending March 31, 2021.

The Board of Directors of the Company, therefore, recommends passing resolution as set out in Item No. 3 of the Notice above, by way of Ordinary Resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives, is in any way, concerned or interested in the said resolution.

Item No. 4

Based on the recommendation of the Nomination & Remuneration Committee, Ms. Poovannan Sumathi (DIN: 07147100) (name has been changed from Angusamy Sumathi to present name Poovannan Sumathi) was appointed as an Additional Director on the Board of the Company with effect from 22nd October, 2019 to hold office up to the date of this Annual General Meeting.

Ms. Poovannan Sumathi has done her Bachelor of Engineering from erstwhile REC, Trichy currently known as NIT, Trichy and had completed Management Development Programs (MDP's) meant for Engineers working in manufacturing companies at IIT, Mumbai. She is having rich and diverse experience across Operations, IT, Projects, Sustainability, CSR and Legal functions. She also has a background in Corporate Governance and strong understanding of best practices and processes through which successful organizations are guided. She is associated with Vedanta Limited since 1997 and having over decades of rich experience.

The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 (the "Act") from a Member signifying his intention to propose the appointment of Ms. Poovannan Sumathi as a Director of the Company.

Both the Nomination and Remuneration Committee and the Board were of the opinion, after evaluation of her qualifications, experience and other attributes, that her induction on the Board would be of immense benefit to the Company and it is desirable to avail her services as a Director to strengthen the management of the Company.

The Board of Directors of the Company, therefore, recommends passing of the resolution as set out in Item No. 4 of the Notice above by way of ordinary resolution.

Except Ms. Poovannan Sumathi, none of the Directors and Key Managerial Personnel of the Company and their relatives, is in any way, concerned or interested in the said resolution.

Item No. 5 & 6

Pursuant to the provisions of Section 180(1)(c) read with Section 179(3) and other applicable provisions, if any, of the Companies Act, 2013 and pursuant to the approved Resolution Plan, passed by Hon'ble National Company Law Tribunal, Kolkata Bench, the Board of Directors at its meeting held on 6th June, 2018, had approved the borrowing limits of INR 10,000 crores (Indian Rupees Ten Thousand crores only). The Board of Directors recommends to increase the aforesaid borrowing limit up to INR 12,000 crores as set out in Item No.5 of the accompanying Notice for the approval of the Members.

Keeping in view existing and future financial requirements to support its business operations and proposed expansion, the Company may from time to time, raise finance from various Banks and/or Financial Institutions and/ or any other lending institutions and/or Bodies Corporate as may be considered fit, which, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in ordinary course of business) may exceed the aggregate of the paid-up capital and free reserves of the Company.

As per the provisions of Section 180(1)(c) of the Companies Act, 2013 ("the Act") and its Rules thereunder, the Board of Directors of a Company shall not, except with the consent of members of the Company, by Special Resolution, borrow money together with the monies already borrowed, if any (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), exceeding the aggregate of the paid up capital and its free reserves.

Further, the borrowings of the Company are in general required to be secured by suitable mortgage or charge on all or any of the movable or immovable properties of the Company, in such form, manner and ranking as may be determined by the Board of Directors or any of its authorised Committee of the Company from time to time, in consultation with the lender(s).

Pursuant to Section 180(1)(a) of the Companies Act, 2013, the Board of Directors of a Company shall not pledge/mortgage/hypothecate/charge all or any part of the movable/immovable properties of the Company both present and future and the whole or part of the undertaking of the Company, except with the consent of members of the Company by Special Resolution for which authorisation is also proposed to increase from INR 10,000 crores to INR 12,000 crores in line with borrowing powers of the Board as approved under Section 180(1)(c) of the Companies Act, 2013.

It is therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and 180(1)(a) of the Companies Act, 2013, as set out at Item No. 5 & 6 of the Notice, to enable the Board of Directors to borrow money up to INR 12,000 crores (Indian Rupees Twelve Thousand Crores) to meet the financial requirements to support the business operations of the Company and also to secure the borrowings of the Company by mortgage / pledge/hypothecate/charge on any of the movable and/or immovable properties and/or the whole or any part of the undertaking(s) of the Company.

The Board of Directors of the Company, therefore, recommends passing of the resolution as set out in Item Nos. 5 & 6 of the Notice above by way of special resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives, is in any way, concerned or interested in the said resolution.

Item No. 7

As per Provision of section 12 of the Companies Act, 2013 read with Rule 27 of the Companies (Incorporation) Rules, 2014, relating to be procedure to be followed for, shifting of registered office of Company outside the local limits of any city or town requires approval of the members by Special Resolution.

The existing Registered office of the Company is situated at 801, Uma Shanti Apartments, Kanke Road, Ranchi-834008, Jharkhand since its incorporation, i.e. December 2006. To carry on the business of the Company more economically and efficiently and with better operational convenience, the Board of Directors of the company have recommended that the registered office of the Company is required to be shifted to the Plant location, i.e. Electrosteel Steels Ltd., Vill. Siyaljori, Post – Jogidih, O.P. – Bangaria, PS- Chandankyari, Dist. Bokaro – 828 303, Jharkhand. The proposed registered office is owned by the Company, where the Key managerial personnel of the Company are operating.

The Board recommends the proposed special resolution to the members of the Company for their consideration and approval.

None of the Directors and the Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution of Item No 7.

By Order of Board of Directors of
Electrosteel Steels Limited

Binaya Kumar Dash
Company Secretary
ACS – 17982

Place: Bokaro
Date: 05.09.2020

Annexure to AGM Notice dated 5th September, 2020

Details of Directors seeking appointment/re-appointment at the forthcoming 13th Annual General Meeting

Name of the Director	**Ms. Poovannan Sumathi (DIN: 07147100)**	**Mr. Pankaj Malhan (DIN : 08516185)**
Date of Birth/ Age	20.05.1975	15.05.1972
Date of Appointment	22.10.2019	22.07.2019
Qualification	Ms. Poovannan Sumathi has done her Bachelor of Engineering from erstwhile REC, Trichy currently known as NIT, Trichy and has completed Management Development Programs (MDP's) meant for Engineers working in manufacturing companies at IIT, Mumbai	Mr. Malhan has done his B. Tech (Instrumentation) & Control from NIT, Jalandhar and also has done his PG Diploma in Business Management from XLRI, Jamshedpur.
Expertise	Ms. Poovannan Sumathi is having rich and diverse experience across Operations, IT, Projects, Sustainability, CSR and Legal functions. She also has a background in Corporate Governance and strong understanding of best practices and processes through which successful organizations are guided. She is associated with Vedanta Limited since 1997 and having over decades of rich experience.	Mr. Malhan is having over 23 years of rich experience. Prior to joining Electrosteel Steels, he was working as Head –Engineering & Projects at Tata Steel, Jamshedpur and was responsible for leading Tata Steel's capital expansion Programme in the area of iron making. He was associated with Tata Group since 2000 and had held various Positions at Tata Group, such as Tata Steel, Tata Blue Scope Steel Limited and Tata Power Limited. Prior to joining Tata Group, he has worked with Indian Acrylics Limited and Fisher Rosemount Limited. Mr. Malhan has played a key role in turning around of ESL, post-acquisition.
Directorship held in other Public Limited Company	Malco Energy Limited	NIL
Number of Memberships in Audit/Stakeholder Committee(s) including this Company	1	2
Number of shares held in the Company as on 31.03.2020	Nil	Nil

ELECTROSTEEL STEELS LIMITED
ANNUAL REPORT 2019-20

CONTENTS

CORPORATE INFORMATION

CIN: U27310JH2006PLC012663

BOARD OF DIRECTORS	Mr. Mahendra Singh Mehta (DIN: 00019566)	Non-Executive Independent Director
	Mr. Prasun Kumar Mukherjee (DIN: 00015999)	Non-Executive Independent Director
	Mr. Pankaj Malhan (DIN: 08516185)	Chief Executive Officer & Whole Time Director
	Ms. Poovannan Sumathi (DIN: 07147100)	Non-Executive Director
CHIEF FINANCIAL OFFICER	Mr. Mahesh Iyer	
COMPANY SECRETARY	Mr. Binaya Kumar Dash	
STATUTORY AUDITORS	M/s. Lodha & Co., Chartered Accountants	
LENDERS	Standard Chartered Bank ICICI Bank Ltd. Bank of Baroda Bank of India Andhra Bank Punjab National Bank Karnataka Bank	
REGISTERED OFFICE	801, Uma Shanti Apartments, Kanke Road, Ranchi - 834 008 Jharkhand.	
PLANT	Village Siyaljori, P.O - Jogidih, P.S - Chandankyari, Dist - Bokaro, Pin - 828 303, Jharkhand.	
CORPORATE OFFICE	Lohanchal Colony, Plot No. 10, Beside Sector 12, Bokaro Steel City, Jharkhand Pin - 827013 Phone : 0865-1102477 Email: esl.shares@vedanta.co.in Website: www.electrosteelsteels.com	

BOARD'S REPORT

Dear Shareholders,

The Board of Directors (Board) presents the Company's 13th Annual Report along with the Audited Financial Statements for the year ended 31st March, 2020.

FINANCIAL SUMMARY/HIGHLIGHTS AND BUSINESS PERFORMANCE

Amount (₹ in Lakhs)
(Except otherwise stated)

Particular	**Year Ended 31 Mar, 2020**	**Year Ended 31 Mar, 2019***
Revenue from operation	**4,37,750.81**	4,95,154.94
Other Income	**10,364.45**	5,542.73
Finance Cost	**38,413.55**	32,246.02
Exceptional Item	**-**	93,093.53
Profit/ (Loss) before exceptional items and tax	**(2,180.92)**	**25,586.76**
Profit/(Loss) after tax	**(2,180.92)**	**1,18,680.29**
EPS (Basic & Diluted) – (INR)	(0.11)	5.37

**Figures for the year ended 31st March, 2019 have been re-stated pursuant to Scheme of Amalgamation of Vedanta Star Limited (VSL) with Electrosteel Steels Limited (ESL).*

Electrosteel Steels Limited (hereinafter referred to as ESL or the Company) is a fully integrated iron and steel Plant, situated at Siyaljori Village in Bokaro, Jharkhand. The Company has fully integrated steel capacity of 1.5. MTPA with expansion plan underway to double the existing capacity. ESL has established excellence at every stage of production by bringing international expertise and solutions from reputed manufacturers. Along with the latest technology, the plant operates in synchronization with highest ecological standards. ESL is selling primarily TMT Bars, Wire Rods, DI Pipes, Pig Iron and Steel Billets in open market and has established its presence in the domestic market.

In FY2020, ESL achieved the record volume and lowest ever cost during the year since acquisition, however EBITDA margin was lower as compared to previous period (INR 5502 per tonne v/s INR 8038 per tonne) primarily on account of decline in steel prices. Average sales realization decreased 12% y-o-y from INR 40009 per tonne in FY2019 to INR 35109 per tonne. Prices of iron and steel are influenced by several macro-economic factors. These include global economic slowdown, US-China trade war, supply chain destocking, government spend on infrastructure, being lower than expected, the emphasis on developmental projects, demand-supply forces, lower Purchasing Managers' Index (PMI) in India and higher production and inventory levels across the globe specially China. Even though the NSR dipped by INR 4900 per tonne, EBITDA fell by around INR 2500 and thus we were able to maintain our EBITDA margin at INR 5502 per tonne for the year, thereby protecting our margins through focused cost control owing to operational efficiencies & lower coking coal prices. While the steel demand recovery seen in 2018 continued in 2019, risks have increased due to global pandemic breakdown, high debts and volatile capital flows in many emerging economies. As a result, steel prices are expected to experience volatility in 2020. India's steel demand has shown a marginal growth of 1.4% from 98.7 Million tons in FY19 to 100 million tons in Fy20. But world steel consumption is expected to see a fall of 15-20% in 2020 as a result of virus outbreak.

During FY 2020, your Company achieved 1,231 KT of saleable production, up 3% y-o-y, on account of improved availability of hot metals and better operational efficiency at converters and rolling mills.

With COVID 19 spreading across the globe, steel demand to see a substantial decline in 2020. Speed of recovery will be influenced by containment of virus and government stimulus. The pandemic may bring further setbacks to globalization, with global supply chain disruptions and nationalistic trade/ investment measures. The automotive sector shall be hardest hit among steel using sectors followed by mechanical machinery. Deep scars from the pandemic may have a lasting impact on economies and investment recovery shall take time. Business paradigm has to adjust to the new normal- social distancing, teleworking, changes in consumer behaviour and preferences. Social distancing may undermine productivity and increase costs. While construction sector, which is identified as the steel demand driver shall be affected by changing demand for housing v/s commercial buildings, new urbanisation patterns, weak investment, shift towards green energy, the machinery sector will suffer from low investment, but shall boost from automation. Favourable government stimulus shall be the key to economy's revival.

DIVIDEND

In view of inadequate profit, your Directors do not recommend any dividend for the Financial Year ended March, 2020.

TRANSFER TO RESERVES

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

EXIT OFFER

Prior to de-listing of shares of the Company, Vedanta Star Limited, the Promoter/holding Company of ESL, had given an exit offer to the eligible public shareholders, to surrender their shares, at a price of INR 9.54 per share. In the exit offer, commencing from 11th October, 2018 and ending on 17th October, 2018, 46,957 no. of shares, representing 0.002% of the paid-up share capital of the Company were validly tendered by the public shareholders.

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

Post de-listing, Vedanta Star Limited, the acquirer, had provided an exit opportunity to the residual public shareholders of the Company, who were unable to participate in the delisting offer or who unsuccessfully tendered their equity shares during the delisting period, to tender their equity shares for a period of one year from the date of delisting i.e. till 20th December, 2019.

In the extended exit offer 112,635,374 no. of shares, representing 5.741% of the paid-up share capital of the Company, were surrendered by the shareholders.

Post completion of exit offer, Promoter's shareholding in the Company increased from 90.002% to 95.74% of the share capital.

SCHEME OF AMALGAMATION

Pursuant to the approved Resolution Plan passed by Hon'ble National Company Law Tribunal (NCLT), Kolkata Bench, Vedanta Limited acquired Electrosteel Steels Limited (ESL) through its Wholly Owned Subsidiary, Vedanta Star Limited (VSL), on 4th June, 2018.

It was contemplated by resolution plan that upon acquisition of ESL by VSL & implementation of steps in the Resolution Plan, VSL will be amalgamated with ESL because both the Companies are under the same management and as such no useful purpose was being served in continuing with the two entities as separate legal entity.

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

Hon'ble NCLT, Kolkata Bench vide its Order dated 31st January, 2020 approved the Scheme of Amalgamation. Subsequent to amalgamation, 25th March, 2020 was determined as the effective date of Amalgamation. As an integral part of approved Scheme of Amalgamation, Vedanta Star Limited ceased to exist as on effective date.

The Scheme of Amalgamation, although was effective from Appointed Date i.e. 1st October, 2018, it became operative on the Effective Date, i.e. 25th March, 2020. Upon the Scheme becoming effective, the following consequential effects happened in respect of Transferee Company i.e. ESL:

A. INCREASE IN AUTHORIZED SHARE CAPITAL AND AMENDMENT IN MEMORANDUM OF ASSOCIATION OF THE COMPANY

The authorized share capital of the Company increased from INR 1,00,00,00,00,000 divided into 10,00,00,00,000 shares of INR 10 each to INR 1,00,20,00,00,000 divided into 10,02,00,00,000 Equity Shares of INR 10 each.

B. CANCELLATION OF SHARES HELD BY VEDANTA STAR LIMITED

All equity shares held by VSL, in the share capital of ESL (held either directly or through its nominees), were cancelled, without any further act or deed as an integral part of the said Scheme

C. CANCELLATION OF INTER CORPORATE LOANS/INVESTMENTS/DEPOSITS BETWEEN VEDANTA STAR LIMITED AND ELECTROSTEEL STEELS LIMITED

Consequent to and as an integral part of the Scheme of Amalgamation, all assets and liabilities of VSL amalgamated in the Books of Accounts of the ESL. As a result, the inter-corporate loans/investments/deposits between ESL and VSL were cancelled.

D. TRANSFER OF ALL ASSETS, LIABILITIES, CONTRACTS, ARRANGEMENTS, PERMITS ETC. OF VEDANTA STAR LIMITED TO ELECTROSTEEL STEELS LIMITED

VSL amalgamated with ESL as a going concern and all assets, liabilities, contracts, arrangements, employees, Permits, licenses, records, approvals, etc. of VSL, without any further act, instrument or deed, stand transferred to and vested in ESL, so as to become the assets, liabilities, contracts, arrangements, employees, Permits, licenses, records, approvals, etc. of the ESL by virtue of and in the manner provided in the Scheme.

E. TRANSFER OF LOANS OF VEDANTA STAR LIMITED TO ELECTROSTEEL STEELS LIMITED

Secured loans and un-secured loans availed by VSL, are treated as loans of ESL and the lenders of VSL have become lenders of ESL.

F. CHANGE OF PAID UP SHARE CAPITAL OF THE COMPANY

In consideration of the amalgamation, ESL issued and allotted 1,76,55,53,040 no. of equity shares of INR 10 each to the shareholders of VSL. Accordingly, post amalgamation issued, subscribed and paid up share capital of your Company has become INR 18,49,03,02,240 divided into 1,84,90,30,224 Equity Shares of INR 10 each fully paid up. Post allotment of shares to Vedanta Limited, ESL has become direct subsidiary of Vedanta Limited.

G. CHANGE OF NAME OF THE COMPANY

Pursuant to Clause 22 of the approved Scheme of Amalgamation read with Notice to Shareholders dated 20th February, 2019, consequent to the amalgamation and upon the Scheme becoming effective, the name of the Company shall be changed to "ESL Steel Limited".

The said name, "ESL Steel Limited", has since been accepted and also made available by the Registrar of Companies and the new name of the Company shall be effective upon issue of fresh Certificate of Incorporation consequent to change of name by the Registrar of Companies, Jharkhand.

H. AMENDMENT IN MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY

Upon the Scheme of Amalgamation become effective, following are the consequential changes in Memorandum & Articles of Association of the Company:

a. Amendment in Clause I - For change of the name of the Company

Pursuant to the provisions of Section 13 and other applicable provisions, if any, of the Companies Act, 2013, the existing “Clause I” of the Memorandum of Association of the Company shall be altered and substituted with the following new “Clause I”:

“I. The name of the Company is “ESL Steel Limited.”

b. Amendment in Clause V- For increase in authorized capital of the Company

Pursuant to the provisions of Section 13 and other applicable provisions, if any, of the Companies Act, 2013, the existing “Clause V” of the Memorandum of Association of the Company has been altered and substituted with following new “Clause V”:

“V. The Authorised Share Capital of the Company is Rs. 10,020,00,00,000/- divided into 1002,00,00,000 equity shares of Rs. 10 each with such rights, privileges and conditions attached thereto as may be determined by the Board of Directors of the Company. The Company has and shall always have the power to divide or to consolidate the share capital from time to time into several classes and to increase or reduce its capital from time to time and to vary, modify or abrogate any such rights, privileges or conditions attached to any class of shares in such manner as may for the time being be provided by the regulations of the Company.”

c. **Amendment in Articles of Association**

The name of the Company, appearing in the Articles of Association in clause 2(1)(e) shall be read as "Company" means "ESL Steel Limited".

EQUITY SHARE CAPITAL

(a) Authorised Share Capital:

Authorised Share Capital of the Company as on 31st March, 2019 was INR 1,00,00,00,00,000, divided into 10,00,00,00,000 equity shares of INR 10 each.

Consequent to and as an integral part of the amalgamation of Vedanta Star Limited (Transferor Company/VSL) with the Electrosteel Steels Limited (Transferee Company/ESL), the Authorized Share Capital of VSL (INR 20,00,00,000 divided into 2,00,00,000 shares of INR 10 each) merged into and combined with the Authorized Share Capital of ESL (INR 1,00,00,00,00,000 divided into 10,00,00,00,000 shares of INR 10 each) pursuant to the Scheme, without any further act or deed. Accordingly, the Authorized Share Capital of ESL, resulting from the amalgamation of the two entities, increased to INR 1,00,20,00,00,000 divided into 10,02,00,00,000 Equity Shares of INR 10 each.

(b) Issued, Subscribed and Paid Up Share Capital of the Company:

Prior to the effective date of approved Scheme of Amalgamation, paid up capital of the Company was INR 19,61,67,34,200 divided into 1,96,16,73,420 equity shares of INR 10 each.

Pursuant to the approved Scheme of Amalgamation, upon the Scheme becoming effective, equity Shares held by VSL in the share capital of ESL (held either directly or through its nominees), were cancelled. In consideration of the amalgamation, ESL issued and allotted 1,76,55,53,040 no. of equity shares of INR 10 each to Vedanta Limited, being the only shareholder of VSL. Accordingly, post amalgamation Issued, Subscribed and Paid Up Share Capital of the Company, as on 31st March, 2020, is INR 18,49,03,02,240 divided into 1,84,90,30,224 Equity Shares of INR 10 each fully paid up.

(c) **Buy Back of Securities:**

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

(d) **Sweat Equity:**

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

(e) **Bonus Shares:**

The Company has not issued any Bonus Shares.

(f) Employees Stock Option Plan:

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

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

AMENDMENT IN MEMORANDUM & ARTICLES OF ASSOCIATION OF THE COMPANY

During the year, pursuant to the Scheme of Amalgamation and in accordance with the provisions of Section 13 and other applicable provisions, if any, of the Companies Act, 2013, the existing "Clause V" of the Memorandum of Association of the Company has been altered and substituted with following new "Clause V":

"V. The Authorised Share Capital of the Company is Rs. 10,020,00,00,000/- divided into 1002,00,00,000 equity shares of Rs. 10 each with such rights, privileges and conditions attached thereto as may be determined by the Board of Directors of the Company. The Company has and shall always have the power to divide or to consolidate the share capital from time to time into several classes and to increase or reduce its capital from time to time and to vary, modify or abrogate any such rights, privileges or conditions attached to any class of shares in such manner as may for the time being be provided by the regulations of the Company."

HOLDING COMPANY

Subsequent to Scheme of Amalgamation, shares held by Vedanta Star Limited (VSL), the erstwhile promoter/holding company were cancelled and new shares in the ratio of 90:1 were issued to the shareholders of VSL. Vedanta Limited

(VEDL), being the only shareholder of VSL, was issued and allotted 1,76,55,53,040 no. equity shares of INR 10 each, on 30th March, 2020, subsequent to which VEDL became the holding Company, holding 95.49% of share capital of the Company.

SECURED BORROWERS

Vedanta Star Limited (VSL), had borrowed INR 3,400 crores from Standard Chartered Bank and had advanced the proceeds of aforesaid loan to Electrosteel Steels Limited (ESL), the Transferee Company, for the purpose of payment to the lenders of ESL as required under the approved Resolution Plan. Later on, the said Standard Chartered Bank down-sold the loans to other lenders.

Pursuant to the Scheme of Amalgamation becoming effective, secured loans and un-secured loans availed by VSL, were treated as loans of ESL.

As on 31st March, 2020, following are the secured lenders of ESL :

i. Standard Chartered Bank

ii. ICICI Bank Ltd.

iii. Bank of Baroda

iv. Bank of India

v. Andhra Bank

vi. Punjab National Bank

vii. Karnataka Bank

CREDIT RATING

Considering the company's operational performance, CRISIL has reaffirmed its rating for Company's long term borrowing with CRISIL AA/Stable and with CRISIL A1 + for short term bank facilities.

DEPOSITS

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

NATURE OF BUSINESS

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

NUMBER OF BOARD & COMMITTEE MEETINGS

The Board of Directors met six (6) times during the year. The intervening gap between the meetings was within the period prescribed under the provision of Section 173 of the Companies Act, 2013.

Attendance during the year 2019-20

Board of Director's Meeting:

Name of the Director	No. of the meetings Held	No. of Meetings entitled to attend	No. of the meetings attended
Mr. Prasun Kumar Mukherjee	6	6	6
Mr. Mahendra Singh Mehta	6	6	5
Mr. Naveen Kumar Singhal[1]	6	2	2
Ms. Rashmi Mohanti[2]	6	2	2
Mr. Pankaj Malhan[3]	6	4	4
Ms. Poovannan Sumathi[4]	6	3	3

Committee Meeting:-

- **Audit Committee**

Name of the Director	No. of the meetings Held	No. of Meetings entitled to attend	No. of the meetings attended
Mr. Prasun Kumar Mukherjee	4	4	4
Mr. Mahendra Singh Mehta	4	4	3
Mr. Naveen Kumar Singhal[1]	4	2	2
Mr. Pankaj Malhan[3]	4	2	2

- **Nomination and Remuneration Committee**

Name of the Director	No. of the meetings Held	No. of Meetings entitled to attend	No. of the meetings attended
Mr. Prasun Kumar Mukherjee	3	3	3
Mr. Mahendra Singh Mehta	3	3	2
Mr. Naveen Kumar Singhal[1]	3	2	2
Mr. Pankaj Malhan[3]	3	1	1

- **Stakeholders' Relationship Committee**

Name of the Director	No. of the meetings Held	No. of Meetings entitled to attend	No. of the meetings attended
Mr. Prasun Kumar Mukherjee	2	2	2
Mr. Naveen Kumar Singhal[1]	2	1	1
Ms. Rashmi Mohanti[2]	2	1	1
Mr. Pankaj Malhan[3]	2	1	1
Ms. Poovannan Sumathi[4]	2	1	1

1. *Mr. Naveen Kumar Singhal ceased to be Director of the Company w.e.f. 22nd July, 2019.*
2. *Ms. Rashmi Mohanty ceased to be Director of the Company w.e.f. 1st October, 2019.*
3. *Mr. Pankaj Malhan was appointed as Whole Time Director w.e.f. 22nd July, 2019.*
4. *Ms. Poovannan Sumathi was appointed as Additional Non-Executive Director, w.e.f. 22nd October, 2019. Her name has been changed from Angusamy Sumathi to present name Poovannan Sumathi.*

COMMITTEES OF BOARD :

AUDIT COMMITTEE

Audit Committee, constituted pursuant to provisions of Companies Act, 2013, consists of following Members, as on 31st March, 2020 :

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

NOMINATION & REMUNERATION COMMITTEE

Nomination & Remuneration Committee, constituted pursuant to provisions of Companies Act, 2013, consists of following Members, as on 31st March, 2020:

1. Mr. Prasun Kumar Mukherjee, Non-Executive Independent Director – Chairman

2. Mr. Mahendra Singh Mehta, Non-Executive Independent Director - Member
3. Ms. Poovannan Sumathi, Non-Executive Director – Member

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Stakeholders' Relationship Committee, constituted pursuant to provisions of Companies Act, 2013, consists of following Members, as on 31st March, 2020:

1. Mr. Prasun Kumar Mukherjee, Non-Executive Independent Director – Chairman
2. Mr. Pankaj Malhan, Chief Executive Officer & Whole Time Director - Member
3. Ms. Poovannan Sumathi, Non-Executive Director – Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Corporate Social Responsibility Committee, constituted pursuant to provisions of Companies Act, 2013, consists of following Members, as on 31st March, 2020:

1. Mr. Prasun Kumar Mukherjee, Non-Executive Independent Director – Chairman
2. Mr. Pankaj Malhan, Chief Executive Officer & Whole Time Director - Member
3. Ms. Poovannan Sumathi, Non-Executive Director – Member

DIRECTORS AND KEY MANAGERIAL PERSONNEL

PRESENT BOARD OF DIRECTORS

The Board of Directors of your Company, as on 31st March, 2020 and as on date, consists of following Members:

Sl. No.	Name of Director	Designation
1.	Mr. Mahendra Singh Mehta	Non-Executive Independent Director
2.	Mr. Prasun Kumar Mukherjee	Non-Executive Independent Director
3.	Mr. Pankaj Malhan	Chief Executive Officer & Whole Time Director
4.	Ms. Poovannan Sumathi	Additional Non – Executive Director

CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL

The period under review saw the following changes in the Board of Directors of the Company:

(a) APPOINTMENT:

During the period under review, in compliance with provisions of Section 152 of the Companies Act, 2013, regarding Director liable to retire by rotation, the Board of Directors re-appointed Ms. Rashmi Mohanti (DIN: 07072541), as Director and appointed Mr. Pankaj Malhan (DIN: 08516185) as Whole Time Director of the Company, effective from 22nd July, 2019.

Further, on recommendation of Nomination and Remuneration Committee, the Board of Directors of the company appointed Ms. Poovannan Sumathi (DIN: 07147100) as Additional Non-Executive Director, effective from 22nd October, 2019. Your Company is seeking approval from shareholders in the forthcoming Annual General Meeting for confirming the appointment of Ms. Poovannan Sumathi as Director.

(b) DIRECTOR RETIRING BY ROTATION:

In terms of provisions of Companies Act, 2013, Mr. Pankaj Malhan (DIN: 08516185) retires by rotation at ensuing AGM and being eligible seeks re-appointment. A brief profile of Mr. Pankaj Malhan and other related information is provided in the AGM notice. The Board recommends his re-appointment as Director.

(c) CESSATION:

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

Ms. Rashmi Mohanty (DIN: 07072541), Non-Executive Director, resigned from Board of Directors with effect from 1st October, 2019, due to her resignation from Vedanta group.

The Board of Directors places on record its appreciation towards Mr. Naveen Kumar Singhal and Ms. Rashmi Mohanty, for their valuable contribution during their tenure as Directors.

(d) DETAILS OF KEY MENAGERIAL PERSONNEL (KMP):

During the period under review, the Board of Directors, at its meeting held on 25th April, 2019, on recommendation of Nomination and Remuneration Committee, had appointed Mr. Pankaj Malhan as Dy. Chief Executive Officer, designated as Acting Chief Executive Officer, w.e.f. 25th April, 2019.

Further, Mr. Jalaj Kumar Malpani, Chief Financial Officer and KMP, resigned with effect from end of business hours of 31st July, 2020 to explore opportunities outside the Group. In his place, upon recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company appointed Mr. Mahesh Iyer as Chief Financial Officer and KMP of the Company, with effect from 1st August, 2020.

Pursuant to Section 203 of Companies Act, 2013, the Key Managerial Personnel of the Company as on date are:

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

INDEPENDENT DIRECTORS AND THEIR DECLARATION

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

The Independent Directors have submitted a declaration that they meet the criteria of independence and that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

Further, declaration on compliance with Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended by Ministry of Corporate Affairs ("MCA") Notification dated October 22, 2019, regarding the requirement relating to enrolment in the Data Bank created by MCA for Independent Directors, has been received from both the Independent Directors.

DIRECTORS' RESPONSIBILITY STATEMENT

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

a. in the preparation of annual accounts, containing financial statements for the year ended March 31, 2020, 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 2019-20 and of the profit/loss of the Company for that period.

c. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting any fraud and other irregularities.

d. they have prepared Annual Accounts on a going concern basis.

e. Sufficient internal financial controls have been laid down and 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.

SUBSIDIARY/ASSOCIATE /JOINT VENTURE COMPANY

The Company did not have any subsidiary/associate /joint venture Company during the year ended 31st March, 2020.

INTERNAL FINANCIAL CONTROLS

Internal financial controls mean the policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

Your Company has a well-documented Standard Operating Procedures (SOP) for procurement of materials, capital expenditure, human resources, sales and marketing, finance, treasury, compliance, Health, Safety and Environment (HSE) etc.

Your Company has in place systems, policies and procedures/frameworks, which are currently operational, for ensuring the orderly and efficient conduct of its business, which includes adherence to policies, safeguarding its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information. In line with best practices, the Audit Committee and the Board reviews these internal control systems to ensure they remain effective and are achieving their intended purpose.

INVESTOR EDUCATION AND PROTECTION FUND

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

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

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

1. The Consent to Operate (CTO) for the steel plant at Bokaro, which was valid till December 2017, was not renewed by the State Pollution Control Board (PCB). This was followed by the Ministry of Environment, Forests and Climate Change (MoEFCC) revoking the Environmental Clearance (EC). Both the directions have since been stayed by the Hon'ble High Court of Jharkhand until the next date of hearing. Further, during the year, based on recommendations of the Forest Advisory Committee and approval of the same by the competent authority of the MoEFCC, New Delhi, the Central Government has granted the Stage 1 clearance on December 17, 2019, subject to compliance of certain conditions.
2. Subsequent to Order of Hon'ble National Company Law Appellate Tribunal (NCLAT) dated August 10, 2018, Renaissance Steel Private Limited, an unsuccessful resolution applicant, filed an appeal before Hon'ble Supreme Court of India, challenging the Order of the Hon'ble NCLAT. The said petitioner has vide it's prayer filed on July 10, 2020 before the said court expressed it's intention of not pursuing the matter further and applied for withdrawing the said appeal.
3. In respect of claims and demand by certain Statutory Authorities, the matters are pending before High Court, Supreme Court and other adjudicating authorities for decision. Further, in respect of claims of erstwhile Operational Creditors, Hon'ble Supreme Court has referred back the matter to Hon'ble National Company Law Tribunal (NCLT), Kolkata Bench, for decision. However, Management is of view that the claims and demands are not tenable as per the approved Resolution Plan and various judicial pronouncements.
4. In respect of alleged non-disclosure of material information in the prospectus, during Initial Public Offering (IPO) of the Company in 2010, Hon'ble Securities Appellate Tribunal (SAT), Mumbai, vide it's order dated 14th November, 2019, had imposed penalty of INR 50 lakhs on the Company. The Company has approached SEBI and has taken the contention that Company is not liable to pay any penalty for acts committed prior to acquisition.

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

   ANNUAL EVALUATION OF THE BOARD

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

   The Independent Directors of the Company in their meeting held on January 21, 2020, without the attendance of Non-Independent Directors and members of the Management, on the basis of defined and agreed parameters, inter alia, had (i) reviewed the performance of the Non Independent Directors, the Board and Committees thereof and (ii) assessed the quality, quantity and timeliness of flow of information between the Management and the Board, that is necessary for the Board to be effective and reasonably perform their duties.

COVID 19 STEPS TAKEN BY THE COMPANY

Your company stands by the society and community in times of despair. All the employees of the company contributed their one-day salary towards COVID19 Relief Fund. Apart from the above, the company has distributed rice, wheat and other food items in villages nearby its plant. The company has also supplied face masks and sanitizers to these villages. The company strictly follows all precautions and guidelines prescribed by the Government particularly towards adhering to safety measures in respect of its employees.

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

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

STATUTORY AUDITORS

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

The said M/s. Lodha & Co., Chartered Accountants have confirmed that they are eligible to continue as Statutory Auditors of the Company for the financial year ending 31st March, 2021.

AUDITOR'S REPORT

M/s. Lodha & Co., Chartered Accountants have audited the books of accounts of the Company for the financial year ended 31st March, 2020 and have issued the Auditors' Report thereon. There are no qualifications or reservations or adverse remarks in the said Report.

COST AUDITORS & COST AUDIT REPORT

In terms of requirement of Section 148 of the Companies Act, 2013, read with Companies (Cost Records and Audit) Rules, 2014, (as amended), the Board of Directors of your Company, upon recommendation of Audit Committee, have appointed M/s S. G. & Associates, Cost Accountants, (Registration No.: 000138) as Cost Auditors, to conduct cost audit of your Company for the FY 2020-21, at a remuneration of INR 50,000.

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, for FY 2020-21 is included in the Notice convening the ensuing AGM.

The cost audit report of the Company for the financial year ended 31st March, 2019, does not contain any qualification or adverse remarks and was filed with the Ministry of Corporate Affairs(MCA) in XBRL mode within the stipulated due date.

SECRETARIAL AUDITOR & SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rules thereunder, the Board of Directors had appointed M/s. Chandrasekaran Associates, Company Secretaries of 11-F, Pocket –IV, Mayur Vihar, Phase I, Delhi, as Secretarial Auditor for the FY 2019-20, to conduct secretarial audit of the Company. The said M/s Chandrasekaran Associates have submitted their Report for the financial year ended 31st March, 2020. The Report contains certain observations of the Auditor and is enclosed as **"Annexure B"** and forms an integral part of this Report.

Further, Company has appointed the said M/s. Chandrasekaran Associates, Company Secretaries to carry out Secretarial Audit of the Company for FY 2020-21.

INTERNAL AUDITORS

In line with the provisions of Section 138 of the Companies Act, 2013, M/s. KPMG, were appointed by the Board of Directors as Internal Auditors of the Company for the FY 2019-20. The Audit Committee defines the scope of internal audit from time to time and also reviews the observations of internal auditors and the action taken report submitted by the management on the observations at its meeting held every quarter and also suggests the management the improvements required in the systems followed by the Company.

Further, the Internal audit activity of your Company is managed through Management Assurance Services (MAS) function.

The Board, on the recommendation of the Audit Committee, has re-appointed M/s. KPMG as the Internal Auditors for FY 2020-21.

EXTRACTS OF ANNUAL RETURN

In accordance with notification of Ministry of Corporate Affairs, dated 28th August, 2020 read with Sec. 92(3) of the Companies Act, 2013, copy of the Annual Return of the Company shall be available on the Company's website:www.electrosteelsteels.com.

PARTICULARS OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES

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

All related party transactions entered during the year 2019-20 have been placed on quarterly basis before the Audit Committee for approval and before the Board for consideration and noting.

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

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

RISK MANAGEMENT POLICY

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

CORPORATE SOCIAL RESPONSIBILITY POLICY

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

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

MANAGERIAL REMUNERATION AND REMUNERATION POLICY

The information required pursuant to Section 197 read with Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request.

In terms of Section 136 of the Companies Act, 2013 the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company in this regard.

The Company has in place a Remuneration Policy and it is available on the website of the Company at www.electrosteelsteels.com.

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

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

As part of Vedanta Group, your Company is an equal opportunity employer and believes in providing opportunity and key positions to women professionals. The Group has endeavoured to encourage women professionals by creating proper policies to tackle issues relating to safe and proper working conditions, and create and maintain a healthy and conducive work environment that is free from discrimination. This includes discrimination on any basis, including gender, as well as any form of sexual harassment. During the period under review, no complaints were received.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

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

SECRETARIAL STANDARDS

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

GREEN INITIATIVE

In support of "Green Initiative" taken by the Ministry of Corporate Affairs ("MCA") in the Corporate Governance" by allowing service of documents by a Company to its Members through electronic mode, the Company will continue to send various communications and documents like notice calling general meetings, audited financial statements, directors' report, auditor's report etc., in electronic form, to the email address provided by the Members to the Depositories or to the Company.

Your Company impresses upon its shareholders to contribute to this green initiative in full measure by registering their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participant. Members who hold shares in physical form are requested to take necessary steps for registering the same so that they can also become a part of the initiative and contribute to the Green Movement.

APPRECIATION

The Directors would like to thank the employees, shareholders, customers, suppliers, bankers, advisors, auditors, regulatory authorities and all the other stakeholders of the Company for their confidence and continued support to the Management. Your Directors would also like to place on record their appreciation to the Central and State Governments for the valuable support. Your Company also recognizes and appreciates the cooperation and support from its holding company Vedanta Limited.

For and on behalf of the Board of Directors

	Pankaj Malhan	**Poovannan Sumathi**
Place : Bokaro	Chief Executive Officer &	Non-Executive Director
Dated : 05.09.2020	Whole Time Director	(DIN : 07147100)
	(DIN : 08516185)	

ANNEXURE A

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014 DURING THE FINANCIAL YEAR 2019-20

A) CONSERVATION OF ENERGY

(i) Steps taken for Conservation of Energy

(a) Reduction in Auxiliary Power consumption from 10.41% to 8.91% due to below measures:

i. Reduction of power of two nos. of Boiler Feed Pump at CPP to 380 kW by reducing the throttling of feed control valve.

ii. Reduction in Auxiliary Power consumption to 0.70% at CPP by reducing the existing no. of Turbo Blower Cooling Water pump to one.

iii. Return Air fan load reduced by diverting the air flow to coal feeders from SA fan where pressure is 6 kPa.

(b) Reduction in Specific Power consumption of Sinter Plant from 54 kWh/T to 52 kWh/T due to below measure:

i. Total Power reduction of 2 nos. of cooling fan to 416 kW by reducing the average Sinter temperature below 100%.

(ii) Proposed Project in Energy Savings

Electrosteel has taken various measures for saving energy across the plant. Some of them are mentioned below:

(a) Variable Frequency Drive (VFD) installation for 2 X 4.5 MW synchronous motor of Sinter ID fans.

(b) Replacement of 60 nos. DOL starters by VFD.

(c) Replacement of conventional lights by LED light.

(d) Installation of Solar Power plant

B) TECHNOLOGY ABSORPTION

(i) Efforts made towards technology absorption

Conscious efforts are being made to ensure that the technology is understood and necessary measures to minimize energy consumption are incorporated in the Plant. Energy Audit has also been completed and through this process many new projects have been identified towards technology absorption.

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

a) Improvement in productivity and reduction in conversion cost

b) Establishing production of various grades of value added steel in Wire Rod Mill

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

(iv) Expenditure incurred on Research and Development

Cannot be quantified separately.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

	Rs. In Lakhs
Foreign Exchange earnings	1575.90
Foreign Exchange outgo	142645.66

For and on behalf of the Board of Directors

	Pankaj Malhan	**Poovannan Sumathi**
Place : Bokaro	Chief Executive Officer &	Non-Executive Director
Dated : 05.09.2020	Whole Time Director	(DIN : 07147100)
	(DIN : 08516185)	

ANNEXURE - B

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on March 31, 2020 according to the provisions of:

(i) The Companies Act, 2013 (the "Act") and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 76 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act"):- Not applicable

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

(vi) As confirmed and certified by the management, there is no law specifically applicable to the Company based on the Sectors / Businesses.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by Ministry of Corporate affairs.

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

i. Composition of Nomination and Remuneration committee was not in compliance in terms of Section 178 of the Act. The committee fall short by one Non-Executive Member during the period started from July 23, 2019 till date due to resignation of one of the Non-Executive Director of the company with effect from July 22, 2019.

ii. As per Section 196(4) of the Act, terms and conditions of appointment of any managing director, whole-time director or manager and remuneration payable to any of them shall be approved by the board of directors at its meeting. However, board in its meeting held on July 22, 2019 approved the appointment of Mr. Pankaj Malhan as Whole Time Director on the board of the Company and authorised Group CHRO/Group EXCO of Vedanta Group to finalize his remuneration. Also as per schedule V ("Schedule") of the Act a statement containing details specified in the clause iv of the section II of part II of the schedule required to annexed with the notice calling the general meeting for the approval of ceiling of remuneration in accordance with this schedule. However no such statement was annexed with the notice of Annual General Meeting of the company held on September 21, 2019 in which the ceiling of remuneration of Mr. Pankaj Malhan, Whole-time Director was approved by the members of the company in accordance with this schedule.

iii. Form DIR-12 in respect of the Change in Designation of Mr. Pankaj Malhan as Whole Time Director w.e.f July 22, 2019 in terms of section of 196 of the Act and form CHG-1 in respect of availing fixed deposit backed over draft facility of Rs. 150 crore, were not filed with the Registrar of companies.

iv. The company has not complied with the provisions of section 134(3)(f) of the Companies Act, 2013 for the explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made by the Secretarial Auditors in its Secretarial Audit Report.

v. Securities Appellate Tribunal ("SAT") vide its order dated November 14, 2019, upheld the judgment dated March 31, 2016 of the adjudicating officer of SEBI which states that non-disclosure of the rejection of application by the Ministry of environment and Forests ("MoEF") in the Prospectus was material information and accordingly company is required to pay penalty of Rs. 1 crore for the violation of Regulations 57 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. SAT also held that non-disclosure of the initial round rejection of the mining project proposal in the Prospectus is not in the category where maximum penalty is imposable. Accordingly, SAT reduced the penalty imposed by the adjudicating officer of SEBI upon the company from Rs. 1 crore (One Cores Rupees) to Rs 50 lakhs (Fifty Lakhs Rupees).

We further report that:

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

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

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

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

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

i. Approval of amalgamation between Vedanta star limited ("Transferor company") and Electrosteel steel limited (" Transferee company") by Hon'ble NCLT Kolkata bench vide its order dated 31st January, 2020.

For Chandrasekaran Associates
Company Secretaries

Shashikant Tiwari
Partner
Membership No. A28994
Certificate of Practice No. 13050
UDIN: A028994B000381907

Date: 25.06.2020
Place: New Delhi

Note:

i. This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.

ii. Due to restricted movement amid COVID-19 pandemic, we conducted the secretarial audit by examining the Secretarial Records including Minutes, Documents, Registers and other records etc., and some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to us are the true and correct.

iii. This Report is limited to the Statutory Compliances on laws / regulations / guidelines listed in our report which have been complied by the Company up to the date of this Report pertaining to Financial Year 2019-2020. We are not commenting on the Statutory Compliances whose due dates are extended by Regulators from time to time due to COVID-19 or still there is time line to comply with such compliances.

Annexure A to Secretarial Audit report

To,

The Members,

Electrosteel Steels Limited

801, Uma Shanti Apartments,

Kanke Road Ranchi

Jharkhand 834008

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

For Chandrasekaran Associates
Company Secretaries

Shashikant Tiwari
Partner
Membership No. A28994
Certificate of Practice No. 13050
UDIN: A028994B000381907

Date: 25.06.2020
Place: New Delhi

INDEPENDENT AUDITORS' REPORT

The Members of Electrosteel Steels Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Electrosteel Steels Limited ("the Company"), which comprise the balance sheet as at March 31, 2020, and the statement of Profit and Loss(including other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other notes for the year ended on that date (hereinafter referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note no. 44 of the Standalone financial Statement which indicates that matters relating to denial of approval for Consent to Operate (CTO) and Environmental Clearance are pending before Hon'ble High Court of Jharkhand. Pending final decision of the court, there is a material uncertainty on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter

Attention is drawn to Note no. 50 of the standalone financial statement as regards the management's evaluation of impact of COVID-19 and uncertainty thereof on the assumptions and estimates concerning the financial statements as well as future performance of the company. Our opinion is not modified in respect of the above matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone financial statements of the current year. These matters were addressed in the context of our audit of the Standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matters</th><th>Addressing the key audit matters</th></tr>
<tr><td colspan="2">Impairment of Property, Plant and Equipment (PPE), Capital Work in Progress (CWIP) and Intangible Assets <u>(as described in note 5.5 and 6.1 of the Standalone financial statements)</u></td></tr>
<tr><td>Evaluation of the impairment involves assessment of value in use of the Cash Generating Units (CGUs) and requires significant judgements and assumptions about the forecast for cash flows, production, volume of operations, prices and discount rate.

The above includes the evaluation of plant and equipment pertaining to expansion project undertaken in earlier years and lying unmoved pending further progress and implementation in this respect.

Impairment testing of PPE, CWIP and Intangible assets were carried out during the year ended March 31, 2018 and provision of Rs. 5,11,193.01 lakhs was made. No further provision or reversal thereof has been considered necessary during this year.</td><td>Our Audit procedures based on which we arrived at the conclusion regarding reasonableness of Impairment includes the following:

• Critical evaluation of internal and external factors impacting the entity and indicators of impairment (or reversal thereof) in line with Ind AS 38;
• Analysing the management’s review, contention and representation regarding the project in progress and adjustments possible against carrying value of the assets. This includes, reviewing the feasibility study of the project carried out by an independent technical consultant and status of plant and equipment so far procured for the same, and being a technical matter, placing reliance on management contention and technical advices in this respect;
• Review of impairment covering the entire block of tangible and intangible assets and capital work in progress and valuation models used to determine the recoverable amount by analysing the key assumptions used by management in this respect including:
− Consistency with respect to forecast for arriving at the valuation and assessing the potential impact of any variances;
− Price assumptions used in the models; and
− The assumption/estimation for the weighted average cost of capital and rate of discount for arriving at the value in use.</td></tr>
<tr><td colspan="2">Recognition of Deferred Tax Assets <u>(as described in note 48 of the Standalone financial statements)</u></td></tr>
<tr><td>Deferred tax assets amounting to Rs. 2,85,878.20 lakhs (attributable to depreciation and losses carry forwards) have not been recognized in the Standalone financial statements as at March 31, 2020. Recognition of such assets have been restricted to the extent of deferred tax liabilities to be reversed in due course of time.</td><td>Our Audit procedures based on which we arrived at the conclusion regarding reasonableness of recognition of Deferred Tax includes the following:

• Utilisation of Deferred tax assets have been tested on the basis of internal forecasts prepared by the Company and probability of future taxable income;
• We critically examined the temporary differences between the carrying amounts for Ind AS financial statement and tax purposes;
• Reversal of deferred liability due to timing differences and possible adjustments of deferred tax assets there against; and
• Critical review of the underlying assumptions for consistency and principle of prudence for arriving at reasonable degree of probability on the matters.</td></tr>
<tr><td colspan="2">Statutory Claims and Liabilities prior to implementation of Resolution Plan <u>(as described in note 40(B) of the Standalone financial statements)</u></td></tr>
<tr><td>As per ARP, the contingent liabilities primarily concerning EPCG obligations, Custom Duty, Sales Tax, Excise Duty, Service Tax, Entry Tax, etc., and commitments, claims and obligations, prior to June 04, 2018 stand</td><td>Our Audit procedures based on which we arrived at the conclusion regarding reasonableness of disclosure includes the following:</td></tr>
</table>

<table>
<tr><th>Key Audit Matters</th><th>Addressing the key audit matters</th></tr>
<tr><td>extinguished on implementation of the resolution plan approved by NCLT and therefore disclosure of contingent liabilities in this respect have not been considered necessary. However these matters are pending for decision before various judicial and legislative authorities and in certain cases even balances lying in current account with banks and government authorities have been withheld for payment/utilisations.</td><td>• Assessing and analysing management’s contention, disclosures, accounting and legal requirement vis-à-vis order of NCLT and conclusion drawn thereto;
• Understanding the requirement of the Standard and the accounting being effected and overriding effect of the rulings and requirements of ARP;
• Assessing the design and implementation of controls for monitoring and arriving at the possible implication of the various legal issues and matters; and
• Where relevant, reading external expert advices obtained by the management or discussion of matters with the management and placing reliance on the expert advices on legal, taxation matters and conclusions drawn therefrom.</td></tr>
<tr><td colspan="2">Non-Renewal of Consent to Operate from JPSCB <u>(as described in note 44 of the Standalone financial statements)</u></td></tr>
<tr><td>The Company’s application for renewal of Consent to Operate (‘CTO’) was denied by Jharkhand State Pollution Control Board (‘JSPCB’). Further Environmental Clearance has also not been granted by Ministry of Environment and Forest (MoEF). Hon'ble High Court of Jharkhand vide an Interim Order allowed the operations which has been extended till May 30, 2020 by general order dated April 27, 2020, pending final judgement in this respect.</td><td>Our Audit procedures based on which we arrived at the conclusion regarding reasonableness of “Going Concern” include the following:
• Obtained the status of the case from the legal department and their view on the matter;
• Evaluated the steps being taken by management for ensuring the related compliances and plans for future actions;
• Reviewed the appropriateness of disclosure by the management; and
• Reliance placed on the legal expert’s view vis-à-vis stay being granted, pending final judgement.</td></tr>
<tr><td colspan="2">Amalgamation of Vedanta Star Limited (‘VSL’) (as described in note 45 of the Standalone financial statements)</td></tr>
<tr><td>As stated in Note 45 to the financial statements, VSL has been amalgamated with the company w.e.f. October 01, 2018. The Company issued 1,76,55,53,035 shares in consideration of Net Assets of Rs. Rs. 1,76,184.30 lakhs and reserves of Rs. Rs. 1,74,222.58 lakhs acquired pursuant to the said amalgamation and differential with respect to the same has been adjusted and shown as capital reserve on amalgamation.

This has resulted in Debit balance of Rs. 1,74,593.58 lakhs in Capital Reserve on Amalgamation with a corresponding Credit balance of Rs. 1,75,043.27 lakhs in Securities Premium Account.</td><td>Our Audit procedures based on which we arrived at the conclusion regarding reasonableness of Accounting includes the following:
• Verified the significant accounting policies and accounting estimates of the amalgamating company and variations from those being followed by the Company. Verified the consequential adjustments required in this respect and give effect to in the financial statements;
• Checked the method and process of the preparation of financial statements and tested the integrity and accuracy thereof;
• Verified the comparative figures of the prior years being restated as required in terms of the accounting principles and standards;
• Ensured the application of accounting treatment of the Company's business combination under pooling of interest method involving balances to be incorporated at respective book value being in accordance with Appendix- C of Ind AS 103; and
• Verified the adequacy and appropriateness of the disclosures made in this respect.</td></tr>
<tr><td colspan="2">Determination and Valuation of Inventories (as described in note 30.1 of the Standalone financial statements)</td></tr>
</table>

Key Audit Matters	Addressing the key audit matters
Inventory of the Company amounting to Rs. 87,074.83 lakhs (as on March 31, 2020) forms about 8.38% of the total assets of the Company. This includes bulk materials such as coal, coke, iron ore etc, which are susceptible to handling loss, moisture loss/gain, spillage etc. and determination of the same requires estimation based on experience and technical expertise. As stated in Note no. 30.1, Physical Verification for year end inventories could not be carried out amidst lock down due to COVID-19 pandemic. Further, we could not attend such verification carried out by and Independent professionals subsequent to the balance sheet date due to the prevailing lock down.	Our Audit procedures based on which we arrived at the conclusion regarding reasonableness of determination of year-end inventory and valuation thereof include the following: • The company has procedure of physical verification of inventories at regular interval by Independent professionals which were carried out till March 2020. The Company carried out the physical verification on May 11, 2020 and May 12, 2020 and services of an Independent agency for verification of Bulk and other Materials were engaged for the purpose. The services of one Independent firm of chartered accountant has been availed for observing/participation in verification; • We have reviewed the credentials, technical and other expertise of the professional deployed for carrying out and observing the verification; • We reviewed the report submitted for the verification along with workings and supporting details and obtained reasons/explanation for variations observed with respect to book stock; • We have applied alternative methods of verification for arriving at Inventories as at the year-end by applying roll back principles and carrying out relevant adjustments for receipt and issues. Materiality for variations, discrepancies after considering the reasonable allowance for volumetric measurement were duly adjusted with respect to subsequent movements and discrepancies and adjustments pursuant to last such verification carried out. • While necessary review and other corroborative evidences were obtained and verified, professional expert's report and conclusions drawn by them on the matter; • We have verified the adjustments made for receipt and consumption to arrive at the physical stock as on March 31, 2020; and • We examined the valuation process/methodology and checks being performed at multiple levels to ensure that the valuation is consistent with and as per the policy followed in this respect.

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

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

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

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

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

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

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

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

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

Auditors' Responsibility for the Audit of the Standalone Financial Statements

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

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

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

However, future events or conditions may cause the Company to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Other Matters

Attention is drawn to Note no. 45 of the Standalone financial statements regarding incorporation/restatement of figures of erstwhile Vedanta Star Limited (VSL) on amalgamation of VSL with the company with effect from October 01, 2018 pursuant to Scheme of Arrangement approved by Hon'ble NCLT, Kolkata. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. Further to our comments in the annexure referred to in the paragraph above, as required by Section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
   e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act; and

f) With respect to the adequacy of the internal financial controls with reference to financial statements in place and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal control with reference to financial statements.

3. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note no. 40(B) to the Standalone financial statements;
   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note no. 47(d) to the Standalone financial statements; and
   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

4. With respect to the reporting under section 197(16) of the Act to be included in the Auditors' Report, In our opinion and according to the information and explanations given to us, the remuneration (including sitting fees) paid by the Company to its Directors during the current year is in accordance with the provisions of section 197 of the Act and is not in excess of the limit laid down therein.

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

Place: Kolkata
Date: May 18, 2020

R. P. Singh
Partner
Membership No: 52438
UDIN: 20052438AAAAAP4839

ANNEXURE "A" TO THE AUDITORS' REPORT OF EVEN DATE:

i) a. The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets.

b. The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to this program and also as a specific and comprehensive exercise in this respect, detailed verification of fixed assets was carried out in the previous year by engaging the services of an Independent firm of professional for the purpose. The discrepancies noted on such verification as stated in Note no. 5.6 of the Standalone financial statements even though material in certain cases, pending completion of exercise of ascertaining the reasons thereof had been kept provided for in the books of the account. Considering the coverage of verification as above and the programme in this respect, no such verification has been undertaken during the year.

c. According to the information and explanations given to us, the records examined by us and based on the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and building are held in the name of the Company as on the balance sheet date except as detailed below: (Refer Note no. 5.3(a) and 5.4 of the Standalone financial statements).

(Amount Rs. In Lakhs)

Freehold Land	**Area**	**Gross Block**
Pending Execution of Title deed	229.43 acres	1,615.99
Deeds not in possession of the company	263.74 acres	1,929.88
Title on Forest Land pending compliance of afforestation	455.35 acres	25,323.31

Further, deeds with defective title for 325.19 acres of land amounting to Rs. 5,530.82 lakhs as stated in Note no. 5.3(a) is to be regularised and converted to leasehold land after obtaining necessary approvals of the authorities and charge holders. Pending execution of lease deed, these have been shown as ROU Land.

ii) As informed, the inventories of the Company except for materials in transit and those lying in depot have been physically verified by the management during the year. In our opinion and according to the information and explanations given to us, the frequency of such verification is reasonable. As the Company's inventory of raw materials comprises mostly of bulk materials such as coal, coke, iron ore, etc. requiring technical expertise for quantification, the Company has hired an independent agency for the physical verification of the stock of these materials. The year-end verification could not be carried out due to lock-down amidst COVID-19 pandemic. The Inventories as on that date have been arrived at by rolling back the receipts and issues with respect to verification carried out on a subsequent date in presence and supervision of an Independent firm of chartered accountant, entrusted with such responsibility. The discrepancies noted during the year on verification upto February, 2020 as stated in Note no. 30.1 of the Standalone financial statement have been properly dealt with in the books of the account.

iii) The Company has not granted any loans secured or unsecured to companies, firms or parties covered in the register maintained under Section 189 of the Act. Accordingly, clause 3 (iii) of the Order is not applicable to the Company.

iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made investments or provided any guarantees/securities to parties covered under Section 185 and 186 of the Act. Accordingly, clause 3 (iv) of the Order is not applicable to the Company.

v) The Company has not accepted any deposits during the year and does not have any unclaimed deposits as at March 31, 2020 from public covered under Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder and therefore, the provisions of clause 3(v) of the Order is not applicable to the company

vi) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148 (1) of the Act in respect of the Company's products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed records have been maintained. We have however, not made a detailed examination of the said records with a view to determine whether they are accurate or complete.

vii) a. According to the information and explanations given to us, during the year, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Goods and Service Tax, Service tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues as applicable to it.

b. There were no undisputed amounts payable in respect of Provident Fund, Investor Education Protection fund, Employees' State Insurance, Income Tax, Sales Tax, Goods and Service Tax, Wealth Tax, Service tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrear as at March 31, 2020 for a period of more than six months from the date they become payable.

c. According to the information and explanations given to us and as stated in Note no. 40(B) of the Standalone financial statements, all disputed dues of sales tax, income tax, customs duty, wealth tax, excise duty, service tax, and Cess, if any, prior to the effective date i.e. June 04, 2018 stand extinguished in terms of the resolution plan approved by Hon'ble NCLT. This is supported by the legal opinion taken by the company on the said matter.

viii) In our opinion and on the basis of information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

ix) In our opinion and according to the information and explanations given to us, the company did not raise any money by way of initial public offer or further public offer (including debt instruments) or term loans during the year. Accordingly, provisions of clause 3 (ix) of the Order is not applicable.

x) During the course of our examination of books of account carried out in accordance with generally accepted auditing practices in India, we have neither come across any incidence of fraud on or by the Company nor have we been informed of any such cases by the management.

xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii) The Company is not a Nidhi company and hence reporting under paragraph 3(xii) of the Order is not applicable to the Company.

xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Standalone Financial statements as required by the applicable accounting standards.

xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3 (xiv) of the Order is not applicable to the Company.

xv) According to the information and explanations given to us and as represented to us by the management and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

Place: Kolkata
Date: May 18, 2020

R. P. Singh
Partner
Membership No: 52438
UDIN: 20052438AAAAAP4839

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT
(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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

We have audited the internal financial controls with reference to financial statements of Electrosteel Steels Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated under the Committee of Sponsoring Organisations of the Treadway Commission (2013 framework) ("COSO 2013"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in COSO 2013.

Other Matters

The discrepancies noticed on physical verification of fixed assets as stated in Note no. 5.6 are being reviewed and corrective control measures as represented are under implementation. Reliance has been placed on the managements contention and procedures followed for testing the control and forming an opinion on the matter.

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

Place: Kolkata
Date: May 18, 2020

R. P. Singh
Partner
Membership No: 52438
UDIN: 20052438AAAAAP4839

ELECTROSTEEL STEELS LIMITED

BALANCE SHEET AS AT MARCH 31, 2020

(Rs. in lakhs)

Particulars		Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS				
Non-current assets				
(a)	Property, Plant and Equipment	5	4,98,169.05	5,14,178.54
(b)	Capital work-in-progress	6	91,011.72	91,073.72
(c)	Other Intangible Assets	7	139.39	69.97
(d)	Financial Assets:			
	(i) Loans	8	52.15	69.50
	(ii) Other Financial Assets	9	505.78	146.34
(e)	Non Current Tax Assets (net)	10	2,206.34	1,570.99
(f)	Deferred Tax Assets (net)	48	-	-
(g)	Other Non-Current Assets	11	27.69	5,565.95
Current assets				
(a)	Inventories	12	87,074.83	84,256.53
(b)	Financial Assets:			
	(i) Investments	13	1,10,046.33	62,675.96
	(ii) Trade Receivables	14	17,172.51	23,312.83
	(iii) Cash and Cash Equivalents	15	17,077.62	35,690.55
	(iv) Bank Balances other than (iii) above	16	11,352.41	22,177.03
	(v) Other Financial Assets	17	1,262.99	1,031.71
(c)	Other Current Assets	18	3,870.07	4,164.99
TOTAL ASSETS			**8,39,968.88**	**8,45,984.61**
EQUITY AND LIABILITIES				
Equity				
(a)	Equity Share Capital	19	1,84,903.02	1,96,165.97
(b)	Other Equity	20	1,64,380.20	1,66,093.79
Liabilities				
Non-current liabilities				
(a)	Financial Liabilities:			
	(i) Borrowings	21	3,31,581.57	3,57,192.83
	(ii) Lease Liabilities	39	451.92	-
(b)	Provisions	22	671.79	820.22
Current liabilities				
(a)	Financial Liabilities:			
	(i) Trade Payables	23		
	- Total Outstanding dues of micro enterprises and small enterprises		4,488.44	2,768.76
	- Total Outstanding dues of creditors other than micro enterprises and small enterprises		84,248.94	83,029.96
	(ii) Other Financial Liabilities	24	56,350.93	29,996.67
(b)	Other Current Liabilities	25	12,504.03	9,720.91
(c)	Provisions	26	388.04	195.50
TOTAL EQUITY AND LIABILITIES			**8,39,968.88**	**8,45,984.61**

Significant accounting policies and other accompanying notes (1 to 52) form an integral part of the financial statements

As per our report of even date

For Lodha & Co,
Chartered Accountants

R.P. Singh
Partner

Place: Bokaro
Dated: May 18, 2020

For and on behalf of the Board

A Sumathi — Non-Executive Director
(DIN : 07147100)

Pankaj Malhan — Whole time Director
(DIN : 08516185)

Jalaj Kumar Malpani — Chief Financial Officer

Binaya Kumar Dash — Company Secretary
(M. No. A17982)

ELECTROSTEEL STEELS LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in lakhs)

Particulars	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from Operations			
Sale of Products	27	4,31,129.75	4,87,105.62
Other Operating Income	28	6,621.06	8,049.32
Total Revenue from Operations		**4,37,750.81**	**4,95,154.94**
Other Income	29	10,364.45	5,542.73
Total Income		**4,48,115.26**	**5,00,697.67**
Expenses			
Cost of Materials Consumed	30	2,82,423.70	2,91,466.71
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	31	(14,222.62)	3,952.39
Employee Benefits Expense	32	16,181.47	15,452.82
Finance Costs	33	38,413.55	32,246.02
Depreciation and Amortisation Expense	34	30,651.89	30,463.42
Other Expenses	35	96,848.19	1,01,529.55
Total Expenses		**4,50,296.18**	**4,75,110.91**
Profit/ (Loss) before exceptional items and tax		**(2,180.92)**	**25,586.76**
Exceptional Items	36	**-**	**93,093.53**
Profit/ (loss) before tax		**(2,180.92)**	**1,18,680.29**
Tax expense:	48		
(1) Current tax		-	-
(2) Deferred Tax		-	-
Profit/ (loss) for the year		**(2,180.92)**	**1,18,680.29**
Other Comprehensive Income:			
(i) Items that will not be reclassified to profit or loss	37	(52.24)	80.88
(ii) Income tax relating to items that will not be reclassified to profit or loss	48	-	-
Other Comprehensive Income for the Year (net of taxes)		**(52.24)**	**80.88**
Total Comprehensive Income for the year		**(2,233.16)**	**1,18,761.17**
Earning per equity share of Par value of Rs. 10 each:	42		
Basic and Diluted		(0.11)	5.37

Significant accounting policies and other accompanying notes (1 to 52) form an integral part of the financial statements

As per our report of even date

For Lodha & Co,
Chartered Accountants

R.P. Singh
Partner

Place: Bokaro
Dated: May 18, 2020

For and on behalf of the Board

A Sumathi Non-Executive Director
(DIN : 07147100)

Pankaj Malhan Whole time Director
(DIN : 08516185)

Jalaj Kumar Malpani Chief Financial Officer

Binaya Kumar Dash Company Secretary
(M.No. A17982)

ELECTROSTEEL STEELS LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH, 31, 2020

A. Equity Share Capital	(Rs. in lakhs)	(Rs. in lakhs)
Balance as at March 31, 2019		
Equity Share Capital	19,616.73	
Share Suspense	1,76,549.24	1,96,165.97
Less: Balance of Shares Suspense pending allotment as on March 31, 2019		(1,76,555.30)
Add: Shares issued to Shareholders on Amalgamation (Refer Note. 45(a)		1,76,555.30
Less: Shares cancalled pursuant to "Exit Offer" (Refer Note. 45(b))		(11,262.95)
Balance as at March 31 ,2020		**1,84,903.02**

B. Other Equity
As at March 31, 2020 **(Rs. in lakhs)**

Particulars	Capital Reserve	Capital Reserve on Amalgamation	Reserves and Surplus		Total
			Securities premium	Retained earnings	
Balance as at March 31, 2019	9,59,389.11	(1,74,593.58)	1,79,036.44	(7,97,738.18)	1,66,093.79
Amalgamation during the period (Refer Note no. 45(a))	-	-	-	-	-
Profit/(Loss) for the Year	-	-	-	(2,180.92)	(2,180.92)
Other Comprehensive Income for the year	-	-	-	(52.24)	(52.24)
Total comprehensive income for the year	**-**	**-**	**-**	**(2,233.16)**	**(2,233.16)**
Capital Reserve on cancellation of Shares pursuant to "Exit Offer" (Refer Note no. 45(b))	519.57	-	-	-	519.57
Capital Reduction during the year (Refer Note no. 43(a))	-	-	-	-	-
Balance as at March 31, 2020	**9,59,908.68**	**(1,74,593.58)**	**1,79,036.44**	**(7,99,971.34)**	**1,64,380.20**

As at March 31, 2019

Particulars	Capital Reserve	Capital Reserve on Amalgamation	Reserves and Surplus		Total
			Securities premium	Retained earnings	
Balance as at March 31, 2018	-	-	3,993.17	(9,15,678.66)	(9,11,685.49)
Amalgamation during the period (Refer Note no. 45(a))	(1,831.14)	(1,74,593.58)	1,75,043.27	(820.69)	(2,202.14)
Profit/(Loss) for the Year	-	-	-	1,18,680.29	1,18,680.29
Other Comprehensive Income for the year	-	-	-	80.88	80.88
Total comprehensive income for the year	**-**	**-**	**-**	**1,18,761.17**	**1,18,761.17**
Capital Reserve on cancellation of Shares pursuant to "Exit Offer" (Refer Note no. 45(b))	0.28	-	-	-	0.28
Capital Reduction during the year (Refer Note no. 43(a))	9,61,219.97	-	-	-	9,61,219.97
Balance as at March 31, 2019	**9,59,389.11**	**(1,74,593.58)**	**1,79,036.44**	**(7,97,738.18)**	**1,66,093.79**

Refer Note no. 20 for nature and purpose of reserves

Significant accounting policies and other accompanying notes (1 to 52) form an integral part of the financial statements

As per our report of even date

For Lodha & Co,
Chartered Accountants

R.P. Singh
Partner

Place: Bokaro
Dated: May 18, 2020

For and on behalf of the Board

A Sumathi Non-Executive Director
(DIN : 07147100)

Pankaj Malhan Whole time Director
(DIN : 08516185)

Jalaj Kumar Malpani Chief Financial Officer

Binaya Kumar Dash Company Secretary
(M.No. A17982)

ELECTROSTEEL STEELS LIMITED

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2020

	Year Ended March 31, 2020 Rs. in lakhs	Year Ended March 31, 2019 Rs. in lakhs
A. Cash flow from Operating Activities		
Profit before tax	**(2,180.92)**	**1,18,680.29**
Adjustment for non cash and other items:		
Liability written back being no longer required pursuant to CIRP	-	(85,627.50)
Bad Debt Written Off	-	557.18
Provision for Obsolete and Non-moving Stores and Spares	761.44	1,330.16
Depreciation and amortization expenses	30,651.89	30,463.42
Loss/(profit) on sale of fixed assets	140.53	20.53
Sundry credit balances written back	(62.47)	(184.30)
Sundry Balances written-off	4.57	95.04
Unrealised (gain)/ Loss on foreign currency translation and transaction	(882.26)	1,647.89
Net gain/(loss) on Derivative Instruments on fair valuation through profit and loss	(1,958.36)	923.60
Interest Income	(3,833.07)	(3,034.20)
Net Gain/(loss) on Current Investments on Fair Valuation through profit and loss	(857.27)	(441.21)
Net Gain/(loss) on disposal of Current Investments	(3,505.94)	(534.74)
Provision for doubtful advances	-	3,696.25
Impairment Allowance for doubtful debts, Advances and deposits	261.66	1,062.19
Finance Cost	38,413.55	32,246.02
Operating profit before Working Capital Changes	**56,953.35**	**1,00,900.62**
Movements in working capital :		
Decrease/(Increase) in Inventories	(3,538.71)	(1,113.91)
Increase/(Decrease) in Trade Payables, Other financial and Non-Financial liabilities and Provisions	3,477.23	(10,761.21)
Decrease/(Increase) in Trade Receivables	10,597.40	(1,145.99)
Decrease/(increase) in loans and advances, Other financial and non-financial asets and other assets	436.54	(1,391.59)
Cash generated from / (used in) operations	**67,925.81**	**86,487.92**
Direct taxes paid (net of refunds)	(635.35)	(1,076.24)
Net Cash flow from / (used in) Operating Activities (A)	**67,290.46**	**85,411.68**
B. Cash flow from Investing Activities		
Purchase of Property, Plant and Equipments including intangible assets and movement in Capital Work in Progress	(8,210.26)	(7,094.96)
Proceeds from sale of Property, Plant and Equipments	167.27	3.12
Investment in Fixed Deposits (having original maturity of more than three months)	10,474.31	42,363.94
Investment/(Proceeds) from Investment in mutual funds (Net)	(43,007.15)	(62,582.43)
Interest received	3,918.92	3,483.17
Net Cash flow from / (used in) Investing Activities (B)	**(36,656.91)**	**(23,827.16)**
Cash flow from Financing Activities		
Proceeds from issuance of share capital	-	1,76,555.30
Repayment on Shares brought on Exit Offer	(10,744.85)	(5.44)
Proceeds/(Repayment) from long-term borrowings (net)	-	1,48,469.71
Proceeds/(Repayment) from short-term borrowings (net)	-	(42,045.88)
Repayment of Lease Liability	(136.06)	-
Interest and other borrowing cost paid	(38,365.57)	(3,10,817.23)
Net Cash flow from / (used in) Financing Activities (C)	**(49,246.48)**	**(27,843.54)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(18,612.93)	33,740.98
Adjustment for amalgamation during the year (Refer Note no. 45(a))	-	(2,202.14)
Cash and cash equivalents at the beginning of the year	35,690.55	4,151.71
Cash and cash equivalents at the end of the year (Refer Note no. 15)	**17,077.62**	**35,690.55**

ELECTROSTEEL STEELS LIMITED

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2020

Notes

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

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

Particulars	As at March 31, 2019	Cash flows*	Non-Cash Flows	As at March 31, 2020
Non-current borrowings [Refer Note no. 21]	3,57,192.83	-	(25,611.26)	3,31,581.57
Current maturities of long term debt [Refer Note no. 24]	-	-	25,327.31	25,327.31
Finance Lease Liabilities [Refer Note no. 39]	-	(136.06)	1,020.92	884.86
Interest accrued but not due on borrowings [Refer Note no. 24]	3,036.53	(3,036.53)	2,800.56	2,800.56

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

3. Cash and cash equivalents consists of the following for the purpose of the Cash Flow Statement:	**As at March 31, 2020 Rs. in lakhs**	**As at March 31, 2019 Rs. in lakhs**
Balances with Banks		
In Current Accounts	3,026.67	7,608.72
Cash on hand	0.95	4.70
Fixed Deposits with original maturity of less than 3 months	14,050.00	28,077.13
Total cash and cash equivalents (Refer Note No. 15)	**17,077.62**	**35,690.55**

Significant accounting policies and other accompanying notes (1 to 52) form an integral part of the financial statements

As per our report of even date

For Lodha & Co,

Chartered Accountants

R. P. Singh

Partner

Place: Bokaro

Dated: May 18, 2020

For and on behalf of the Board

A Sumathi Director

(DIN : 07147100)

Pankaj Malhan Whole time Director

(DIN : 08516185)

Jalaj Kumar Malpani Chief Financial Officer

Binaya Kumar Dash Company Secretary

(M.No. A17982)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1 CORPORATE INFORMATION

Electrosteel Steels Limited ("ESL" or "the Company") is a public limited company in India having its registered office at, 801, Uma Shanti Apartments, Kanke Road, Ranchi - 834 008 and is engaged in the manufacture and supply of Billets, TMT Bars, Wire Rods and Ductile Iron(DI) Pipes and also deals in Pig Iron and Iron and Steel Scrap products generated while manufacturing these products. It also produces Metallurgical Coke, Sinter and Power for captive consumption. The Company caters to the needs of construction, automobile, industrial machinery and equipments and water Infrastructure development. The Company's shares were listed on the National Stock Exchange of India Limited and BSE Limited till December 20, 2018. The Erstwhile Holding Company "Vedanta Star Limited" (VSL) has been amalgamated with ESL (Transferee Company) with effect from October 01, 2018 and the company has become subsidiary of Vedanta Limited.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

i. Statement of Compliance

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

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

Application of new and revised standards:

a) **Ind AS 116, LEASES**

Effective April 01, 2019, the Company has adopted Ind AS 116 "Leases" and applied the standard to its leasehold assets under modified retrospective approach with cumulative effect of initial recognition being given effect to on the date of application. Consequently, such assets have been recognised as "Right of Use" and have been amortised over the term of lease. Further, finance cost in respect of lease liability has been measured and considered in these financial statements. Previously charge on account of this was recognised as lease rent in terms of the agreement. This however does not have any material impact on the Profit/Loss and Earning Per Share for the year.

b) Appendix C, 'Uncertainty over Income Tax Treatments', to Ind AS 12, 'Income Taxes' have also been revised with effect from the said date. Revision in these standard also did not have any material impact on the financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Preparation

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

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

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

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

Fair value measurement

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

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

a) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

b) Level 2: Inputs other than quoted prices included in inputs that are observable, either directly or indirectly for the asset or liability.

c) Level 3: Inputs for the asset or liability which are not based on observable market data.

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

B. PROPERTY, PLANT AND EQUIPMENT (PPE)

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

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

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

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

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

Depreciation and Amortisation

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

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

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

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

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

Pipe Moulds of 350 MM and above are depreciated over a period of three years. Other such moulds are charged out as and when consumed.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

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

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

C. INTANGIBLE ASSETS

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

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

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

D. DERECOGNITION OF TANGIBLE AND INTANGIBLE ASSETS

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

E. LEASES

The Company's lease asset classes primarily consist of leases for office space, transit houses, furnitures and fixtures etc. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii)the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements, except for leases with a term of twelve months or less (short-term leases)and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options considered for arriving at ROU and lease liability when it is reasonably certain that they will be exercised.

The lease liability is initially measured at amortized cost at the present value of the future lease payments.The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment, whether it will exercise an extension or a termination option. Lease liability and ROU asset are separately presented in the Balance Sheet and lease payments are classified as financing cash flows. Lease liability obligations is presented seperately under the head "Financial Liabilities".

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount(i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

F. IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

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

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

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.

ii. Financial Assets and Financial Liabilities measured at amortised cost

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

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

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

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

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

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

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

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

vi. **Derivative and Hedge Accounting**

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

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

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

Hedging instrument which 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 remains therin till that time and thereafter to the extent hedge accounting being discontinued is recognised in Statement of Profit and Loss. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss accumulated in equity is transferred to the statement of profit and loss.

vii. **Impairment of financial assets**

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

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

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

viii. **Derecognition of financial instruments**

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

On derecognition of a financial asset, the difference between the asset’s carrying amount and the sum of the consideration received and receivable are recognized in statement of profit and loss.

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

Financial liabilities are derecognized if the Company’s obligations specified in the contract expire or are discharged or cancelled. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in Statement of Profit and Loss.

H. INVENTORIES

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

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

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

I. FOREIGN CURRENCY TRANSACTIONS

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

J. EQUITY SHARE CAPITAL

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

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

K. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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

L. EMPLOYEE BENEFITS

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

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

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

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

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

M. REVENUE RECOGNITION

i. REVENUE FROM SALE OF PRODUCT

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

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

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

ii. INTEREST, DIVIDEND AND CLAIMS

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

iii. EXPORT BENEFITS

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

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 PPE 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 to acquire non current assets are recognized as Deferred Income and disclosed under Non Current Liabilities and transferred to Statement of Profit and Loss on a systematic basis over the useful life of the respective asset. Grants relating to non-depreciable assets is transferred to Statement of Profit and Loss over the periods that bear the cost of meeting the obligations related to such grants.

Q. TAXES ON INCOME

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

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

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences with respect tp carryforward of unused tax credits and any unused tax losses/depreciation to the extent that it is probable that taxable profits will be available against which these can be utilized.

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

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

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

R. EARNINGS PER SHARE

Basic earnings per share are computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit attributable to the equity shareholders 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 identified and reported taking into account the different risk and return, organisation structure and the internal reporting provided to the chief-operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Segment manager who allocates resources and assess the operating activities, financial results, forecasts, or plans for the segment.

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

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

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

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

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

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

During the year ended March 31, 2018 the company determined the recoverable amount of the CGU based on value in use (i.e. the transaction price in terms of approved resolution plan) and impairment with respect to carrying value of the assets was provided. This has been reviewed based on the assumptions and adjustments for forecasts wich may vary subsequently. According to such review, no further adjustment in the carrying value thereof has been considered essential. As at March 31, 2020, the carrying amount of Property, Plant and Equipment, Intangible assets and Capital Work in Progress is Rs.5,89,320.16 lakhs (March 31, 2019: Rs. 6,05,322.23 lakhs)

b) **Impairment loss on trade receivables**

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

c) **Income taxes**

Significant judgment is required in determination of taxability of certain income and deductibility of certain expenses during the estimation of the provision for income taxes. During the previous year, the company subsequent to approval of ARP by Hon'ble NCLT as stated in Note no. 43(a) has credited the amount of Equity Share Capital issued against non-sustainable debt and reduced thereafter to Capital Reserve in accordance with ARP. The management does not expect any tax liability in this respect based on independent professional advises received in this respect.

The Company has significant amount of unused tax losses and depreciation. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profit together with future tax planning strategies. The management has reviewed the rationale for recognition of Deferred Tax Assets and based on the likely timing and level of profitability in future and expected utilisation of deferred tax thereagainst and in absence of past trend and records, recognition of deferred tax assets has not been carried out.

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

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any option to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the company's operations taking into account among other things, the location of the underlying asset and the availability of suitable alternatives. The lease terms and impact thereof are reassessed in each year to ensure that the lease term reflects the current economic circumstances.

e) **Going Concern assumption**

As indicated in Note no. 44 of the financial statements, renewal of Consent to Operate (CTO) and envoirmental clearence has been denied by the respective authorities and the matter has been referred to Hon'ble High Court of Jharkhand whereby a stay has been granted till further hearing. Even though there is a uncertainity in this respect on this date, pending final decision and considering the steps being taken in this respect, the financial statement has been prepared on a Going Concern basis.

f) **Provisions and Contingencies**

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change.

Management uses in-house and external legal professional to make judgment for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations/ against the Company as it is not possible to predict the outcome of pending matters with accuracy.

As stated in Note no. 43(a) contingent liability prior to the effective date of NCLT Order has been extinguished. Although there can be no assurance with regard to final outcome of the legal proceeding, the company does not expect to have an adverse impact in this respect. Disclosure in this respect have been made in Note no. 40(B) of the financial statements.

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

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in lakhs)

5 Property, Plant and Equipment:

As at March 31, 2020											
Particulars	**Freehold land**	**Buildings**	**ROU - Land Leasehold**	**ROU - Building Leasehold**	**ROU - Equipments Leasehold**	**Plant and Equipment**	**Furniture and Fixtures**	**Vehicles**	**Office Equipments**	**Railway Siding**	**Total**
Gross Block											
As at March 31, 2019	66,453.85	1,99,524.70	-	-	-	7,93,542.31	589.45	390.39	3,410.94	20,029.67	10,83,941.31
Additions	1.88	64.41	5,531.76	360.90	661.70	8,160.75	6.88	31.00	67.74	16.46	14,903.48
Disposal	-	-	-	-	-	(783.47)	(3.65)	(32.10)	(0.63)	-	(819.85)
Other Adjustments	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2020	**66,455.73**	**1,99,589.11**	**5,531.76**	**360.90**	**661.70**	**8,00,919.59**	**592.68**	**389.29**	**3,478.05**	**20,046.13**	**10,98,024.94**
Accumulated Depreciation											
As at March 31, 2019	-	30,553.80	-	-	-	1,14,558.84	225.44	260.75	1,001.77	3,589.42	1,50,190.02
Charge for the period	-	3,861.51	1.67	101.36	70.89	25,534.88	41.39	11.78	217.32	764.39	30,605.19
Disposal	-	-	-	-	-	(202.08)	(1.83)	(24.55)	(0.47)	-	(228.93)
Other Adjustments	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2020	**-**	**34,415.31**	**1.67**	**101.36**	**70.89**	**1,39,891.64**	**265.00**	**247.98**	**1,218.62**	**4,353.81**	**1,80,566.28**
Impairment											
As at March 31, 2019	19,848.34	77,522.21	-	-	-	3,13,176.65	158.06	66.99	1,113.60	7,686.90	4,19,572.75
Charge for the period	-	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	(277.48)	(1.11)	(4.44)	(0.11)	-	(283.14)
Other Adjustments	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2020	**19,848.34**	**77,522.21**	**-**	**-**	**-**	**3,12,899.17**	**156.95**	**62.55**	**1,113.49**	**7,686.90**	**4,19,289.61**
Net carrying amount											
As at March 31, 2020	**46,607.39**	**87,651.59**	**5,530.09**	**259.54**	**590.81**	**3,48,128.78**	**170.73**	**78.76**	**1,145.94**	**8,005.42**	**4,98,169.05**

(Rs. in lakhs)

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

5.1 Gross block includes certain property, plant and equipment i.e. freehold land which have been valued on April 01, 2015 i.e. the date of transition by an Independent Valuer and considered as "deemed cost" resulting in increase in value thereof by Rs. 17,355.54 lakhs

5.2 Gross book value of Railway siding includes Rs. 120,70.19 lakhs (March 31, 2019: Rs 12,070.19 lakhs), incurred for construction of Railway siding ownership of which does not vest with the company.

5.3 a) "RoU Land Leasehold " includes Rs. 5,461.16 lakhs in respect of 325.19 acres which are under process of regularisation by conversion to leasehold land (including Rs.4,144.74 lakhs being demand for such conversion) pending execution of lease deed. Such Leasehold land has been accounted for in accordance with Ind AS 116 with effect from April 01, 2019 pending execution of Lease deed and will be amortised over the tenure of lease on execution of the deed thereof. Execution of lease deed is however subject to necessary approval from relevant authorities and charge holders.

b) "ROU Buildings" and "ROU Equipment" relates to building premises and equipments respectively taken on lease and recognised as "Right of Use" in terms of Ind AS 116 on implemention with effect from April 01, 2019 as stated in Note no. 3(E).

5.4 Freehold land includes:-

a) 229.42 acres amounting to Rs. 1,615.99 lakh which is pending execution of registration thereof;

b)263.74 acres amounting to Rs. 1,929.88 lakhs (on proportionate basis) for which deeds are currently not available with the company and/or are yet to be obtained from erstwhile promoters; and

c) 455.35 acres amounting to Rs. 25,323.31 lakhs (on proportionate basis) including demand of Rs. 23,552.55 lakhs against which in principal approval has been granted by the competent authority for diversion of the said land and Rs. 2,295.98 lakhs has been paid as advance. The title deed for such land pertain to forest department pending compliance of requirement of afforestation and approval from respective authorities and necessary steps are being taken for regularasition etc. (Refer Note no.44).

5.5 In earlier years, the Company had carried out the Impairment testing determining the Fair Value less cost to Sale and Value in Use. The said Valuation was been carried out by an Independent Valuer appointed in this respect.

For the said purpose, the entire Steel manufacturing facility consisting of DI Pipe, Wire Rod, TMT Bar, Steel Billets and Pig Iron was considered as a single unit for arriving at the value in use. This had been estimated as per the Discounted Cash Flow method based on future projections and assumptions.

The recoverable amount of the CGU was determined to be Rs. 6,08,186.00 lakhs as on that date and impairment of Rs. 5,11,193.01 lakhs was provided in that year. During the year, no further impairment/reversal thereof has been indicated and provision for impairment as determined has remained unchanged.

5.6 During the year ended March 31, 2019, the management had appointed an External Agency for physical verification of fixed assets and review of useful life and residual value of the Property, Plant and Equipment. Discrepencies with respect to Property, Plant and Equipment being physically not traceable amounting to Rs.14,277.91 lakhs (Net Block) as provided for in that year has been continued in this year.

5.7 Refer note. No. 21 in respect of charge created against borrowings. This includes 325.19 acres of land to be converted to leasehold land as stated in Note no. 5.3(a) above.

(Rs. in lakhs)

6 Capital work-in-progress

Particulars		Refer Note No.	As at March 31, 2020	As at March 31, 2019
(a)	Capital Work in Progress	6.1	96,776.15	96,838.15
(b)	Project Development Expenditure	6.1	71,469.15	71,469.15
(c)	Impairment		(77,233.58)	(77,233.58)
			91,011.72	**91,073.72**

6.1 Project Development Expenditure

The installation of certain plant and equipments and other facilities mainly consisting of one Blast furnace, Horizontal Coke Oven batteries and related plants, equipments and facilities which were suspended in earlier years, is pending completion as on this date. The above relates to the installation of certain plant and equipments and other facilities mainly consisting of blast furnace, coke oven batteries and related plants, equipments for expanding the production capacity from 1.5 MTPA to 2.5 MTPA. The company has engaged the services of a technical consultant for carrying out feasibility study and providing various technical consultancies which includes evaluation of current status of equipments etc. being considered as capital work in progress and those to be procured for completing the said project. This could not be progressed due to out break of COVID-19 as such the cost so far incurred has been carried forward. The adjustments required in this respect even though has not been expected to be material by the management will be given effect to when ascertained.

'Project Development Expenditure' represents proportionate Interest and other pre-operative expenditure related to the above project accounted as under 'Capital Work-in-Progress'. Capital work in progress includes Rs. 96,776.15 Lakhs (March 31, 2019: Rs. 96,838.15 lakhs), 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)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance brought forward	**71,469.15**	71,512.71
Less: Allocated/Transferred during the year	-	(43.56)
Total Project development expenditure carried forward	**71,469.15**	**71,469.15**

ELECTROSTEEL STEELS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

7. Other Intangible Assets

(Rs. in lakhs)

As at March 31, 2020

Particulars	Gross Block				Amortisation				Impairment				Net carrying amount
Particulars	As at March 31, 2019	Additions	Other Adjustments	As at March 31, 2020	As at March 31, 2019	Charge for the period	Other Adjustments	As at March 31, 2020	As at March 31, 2019	For the period	Other Adjustments	As at March 31, 2020	As at March 31, 2020
Computer Softwares	380.46	116.12	-	496.58	255.83	46.70	-	302.53	54.66	-	-	54.66	139.39

As at March 31, 2019

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in lakhs)

8 Loans

Particulars		**Refer Note No.**	**As at March 31, 2020**	**As at March 31, 2019**
(a)	Security Deposit			
	Unsecured, considered good		52.15	69.50
	Unsecured, Credit Impaired		853.94	856.55
	Less: Impairment Allowance for doubtful deposit	8.1	(853.94)	(856.55)
			52.15	**69.50**

8.1 Movement of Impairment Allowances for doubtful deposits

Particulars	**For the Year ended March 31, 2020**	**For the Year ended March 31, 2019**
Balance at the beginning of the year	856.55	-
Recognised during the year	-	856.55
Reversal during the year	(2.61)	-
Balance at the end of the year	**853.94**	**856.55**

9 Other Financial Assets

Particulars		**Refer Note No.**	**As at March 31, 2020**	**As at March 31, 2019**
(a)	Fixed Deposits with Banks (having original maturity of more than 12 months)	16.2	493.98	143.67
(b)	Interest receivable on fixed deposits	16.2	11.80	2.67
			505.78	**146.34**

10 Non-Current Tax Assets (net)

Particulars	**Refer Note No.**	**As at March 31, 2020**	**As at March 31, 2019**
Advance Income Tax including Tax deducted at source (net of provision)		2,206.34	1,570.99
		2,206.34	**1,570.99**

11 Other Non-Current Assets

Particulars		**Refer Note No.**	**As at March 31, 2020**	**As at March 31, 2019**
(a)	Capital advances			
	Considered good		20.78	35.87
	Considered Doubtful		3,010.03	3,044.85
	Less: Impairment Allowance for doubtful Advances	11.2	(3,010.03)	(3,044.85)
(b)	Leasehold land prepayment	11.1	-	5,530.08
(c)	Gratuity Fund Receivable	32.1	6.91	-
			27.69	**5,565.95**

11.1 Leasehold prepayment includes Rs. NIL (March 31, 2019: Rs. 5,461.16 lakhs) in respect of 325.19 acres of freehold including demand of Rs. 4,144.74 lakhs against which Rs. 3,315.79 lakhs has been paid as advance. The title deed of the said land will be regularised by conversion to leasehold land on execution of agreement thereof with Revenue Department, Government of Jharkhand. This however, is subject to necessary approval from the authorities and the charge holders (as stated in Note no. 5.3(a) and 5.7) and execution of required deed in this respect. During the year, Leasehold land prepayment has been treated as "RoU Land assets" as stated in Note no. 5.3(a).

11.2 Movement of Impairment Allowances for doubtful advances

Particulars	**For the Year ended March 31, 2020**	**For the Year ended March 31, 2019**
Balance at the beginning of the year	3,044.85	-
Recognised during the year	-	3,044.85
Reversal during the year	(34.82)	-
Balance at the end of the year	**3,010.03**	**3,044.85**

12 Inventories

Particulars		**Refer Note No.**	**As at March 31, 2020**	**As at March 31, 2019**
(a)	Raw Materials	12.1	42,277.36	45,790.04
(b)	Raw Materials in transit		196.50	4,558.98
(c)	Semi Finished Goods/ Work In Progress		5,973.64	2,079.96
(d)	Finished Goods		17,610.81	8,001.88
(e)	Finished Goods in transit		2,049.18	1,589.93
(f)	Stores and Spares	12.2	19,474.50	19,747.68
	Less: Provision for Obsolete and Non-moving Stores and Spares	12.3	(3,803.50)	(3,083.08)
(g)	Stores and Spare Parts in transit		686.95	3,181.51
	Less: Provision for Obsolete and Non-moving Stores and Spares	12.3	(41.02)	-
(h)	Scrap and By Products		2,650.41	2,389.65
			87,074.83	**84,256.53**

(Rs. in lakhs)

12.1 Raw Materials stock includes Rs. 359.41 lakhs (March 31, 2019: 2,197.04 lakhs) being Stock of ROM Coal to be used in Power Plant and shown as Power and Fuel expense.

12.2 Stores and Spares stock includes stock of DI Pipe Mould of size 350 mm and above amounting to Rs. 1,692.06 lakhs (March 31, 2019: Rs.777.11 lakhs).

12.3 The Company has a policy of making provision against obsolete and non-moving stores and spares which are lying unmoved for a period of above two years. The movement in provisions are as follows:

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Balance at the beginning of the year	3,083.08	1,752.92
Recognised during the year	761.44	1,330.16
Reversal during the year	-	-
Balance at the end of the year	**3,844.52**	**3,083.08**

12.4 Also refer Note no. 49 in respect of charge created against borrowings

13 Investments

	As at March 31, 2020		As at March 31, 2019	
Investments measured at fair value through Profit and Loss	**Units**	**Amount**	**Units**	**Amount**
Investment in Mutual Funds (quoted)				
(a) Kotak Savings Fund- Direct Plan- Growth Option (Face Value: Rs. 10)	-	-	6,38,016.93	9,252.90
(b) Kotak Money Market Fund- Direct Plan- Growth Option (Face Value: Rs. 1,000)	6,34,789.84	21,031.10	-	-
(c) UTI Money Market Fund - Regular Plan- Growth Option (Face Value: Rs. 1,000)	-	-	1,24,144.10	2,605.57
(d) UTI Liquid Cash Plan - Regular Plan- Growth Option (Face Value: Rs. 1,000)	-	-	69,055.59	2,106.15
(e)Aditya Birla Sunlife Savings Fund- Direct Plan- Growth Option (Face Value: Rs. 100)	52,23,019.97	20,935.38	14,67,989.52	5,418.88
(f) Aditya Birla Sunlife Money Manager Fund- Regular Plan- Growth Option (Face Value: Rs. 100)	-	-	10,41,686.58	2,608.06
(g) Aditya Birla Sunlife Liquid Fund- Regular Plan- Growth Option (Face Value: Rs. 100)	-	-	9,07,949.29	2,714.82
(h) HDFC Ultra-Short Term Fund- Regular Plan- Growth Option (Face Value: Rs. 10)	-	-	5,29,88,880.56	5,541.10
(i) HDFC Money Market Fund- Direct Plan - Growth Option (Face Value: Rs. 10)	4,74,118.97	20,007.05	-	-
(j) HDFC Liquid Fund- Regular Plan- Growth Option (Face Value: Rs. 1,000)	-	-	71,696.78	2,624.32
(k) ICICI Prudential Money Market Fund- Direct Plan - Growth Option (Face Value: Rs. 100)	16,36,636.32	4,570.55	12,79,036.55	3,310.56
(l) ICICI Prudential Liquid Fund-Regular Plan- Growth Option (Face Value: Rs. 100)	-	-	5,11,927.14	1,409.94
(m) L&T Liquid Fund- Regular Plan- Growth Option (Face Value: Rs. 1,000)	-	-	88,428.28	2,258.13
(n) L&T Ultra Short Term Fund- Direct Plan- Growth Option (Face Value: Rs. 10)	5,16,74,375.58	17,274.64	1,05,71,599.63	3,228.02
(o) LIC MF Liquid Fund-Regular Plan- Growth Option (Face Value: Rs. 1,000)	-	-	73,261.33	2,466.87
(p) NIPPON India Liquid Fund- Growth Plan - Growth Option (Formerly Reliance Liquid Fund - Growth Plan - Growth Option) (Face Value: Rs. 1,000)	-	-	64,501.64	2,927.87
(q) NIPPON India Money Market Fund- Direct Plan- Growth Option (Formerly Reliance Money Market Fund - Direct Plan- Growth Option) (Face Value: Rs. 1,000)	6,82,429.53	20,832.24	74,587.47	2,105.77
(r) SBI Magnum Ultra Short Duration Fund- Regular Plan- Growth Option (Face Value: Rs. 1,000)	-	-	2,16,270.24	8,964.27
(s) SBI Liquid Fund - Regular Plan- Growth Option (Face Value: Rs. 1,000)	-	-	58,907.39	1,717.92
(t) TATA Liquid Fund- Direct Plan- Growth Option (Face Value: Rs. 1,000)	66,790.78	2,091.88	48,277.97	1,414.81
(u) AXIS Liquid Fund- Direct Plan- Growth Option (CFDGG) (Face Value: Rs. 1,000)	1,49,863.12	3,303.49	-	-
		1,10,046.33		**62,675.96**

(Rs. in lakhs)

13.1 Aggregate amount of quoted Investments in Mutual Funds	1,10,046.33	62,675.96
13.2 Aggregate amount of NAV of Investments in Mutual Funds	1,10,046.33	62,675.96

13.3 Particulars of Investments as required under Section 186(4) of the Companies Act, 2013 have been disclosed herein above.

13.4 Also refer Note no. 49 in respect of charge created against borrowings

14 Trade Receivables

Particulars	Refer Note No.	As at March 31, 2020	As at March 31, 2019
Unsecured			
Considered good	14.1	16,770.33	22,899.70
Considered good, having significant increase in Credit Risk	14.1	402.18	413.13
Credit Impaired		1,920.90	1,755.49
Less: Impairment Allowance for doubtful debts	14.2	(1,920.90)	(1,755.49)
		17,172.51	**23,312.83**

14.1 Ageing of Trade Receivables

Particulars	As at March 31, 2020	As at March 31, 2019
Within the credit period	5,381.53	15,245.52
0 - 90 days	5,811.27	6,385.70
91 - 180 days	4,214.65	303.80
More than 180 days	1,765.06	1,377.81
	17,172.51	**23,312.83**

14.2 Movement of Impairment Allowances for doubtful debts

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Balance at the beginning of the year	1,755.49	1,587.81
Recognised during the year	165.41	167.68
Reversal during the year	-	-
Balance at the end of the year	**1,920.90**	**1,755.49**

14.3 Also refer Note no. 49 in respect of charge created against borrowings

15 Cash and Cash Equivalents

	Particulars	Refer Note No.	As at March 31, 2020	As at March 31, 2019
(a)	**Balances with Banks:**			
	- In Current Accounts		3,026.67	7,608.72
(b)	Cash on hand		0.95	4.70
(c)	Fixed Deposits with original maturity of less than 3 months		14,050.00	28,077.13
			17,077.62	**35,690.55**

16 Bank Balances other than Cash and cash equivalents

	Particulars	Refer Note No.	As at March 31, 2020	As at March 31, 2019
(a)	**Balances with Banks:**			
	- In Current Accounts	16.1 and 16.3	1,499.29	43.91
(b)	Fixed Deposits with Banks (having original maturity of more than 3 months)	16.2	9,853.12	22,133.12
			11,352.41	**22,177.03**

16.1 Refer Note no. 21 in respect of charge created against borrowings

16.2 Fixed Deposits with banks includes:

a) Rs. 6,982.44 lakhs (March 31, 2019: Rs. 12,361.02 lakhs) (including Rs. 275.72 lakhs (March 31, 2019: Rs. 161.60 Lakhs) disclosed under other non-current assets) which have been lodged with bank as margin money against Letter of Credit/Bank Guarantees/OD facilities issued/granted by them;

b) Rs. 264.66 lakhs (March 31, 2019: Rs. 25.64 lakhs) (including Rs. 217.56 lakhs (March 31, 2019: Rs. 2.57 lakhs) disclosed under other non-current assets) lying with Customers/ Vendors/ Government Authorities in term of agreement/orders; and

c) Rs. 3,100.00 lakhs (March 31, 2019: Rs. 3,043.50 lakhs) lying with Banks as per the Interest Service Account in term of facilities granted as detailed in Note no. 21.

16.3 Balances with banks in current account includes Rs. 1,394.60 lakhs (March 31, 2019: Nil) and balances with government authorities includes Rs. 148.57 lakhs (March 31, 2018: Nil) against accounts freezed and amount withheld by commercial tax department against sales tax demand pending in appeal before Hon'ble High Court at Kolkata and Supreme Court of India (Refer Note. no. 40(B)(i)).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in lakhs)

17 Other Financial Assets

Particulars		**Refer Note No.**	**As at March 31, 2020**	**As at March 31, 2019**
(a)	Earnest Money to Vendors			
	Considered good		86.32	52.38
	Considered Doubtful		60.96	35.46
	Less: Impairment Allowance for doubtful deposits	17.1	(60.96)	(35.46)
(b)	Earnest Money to Customers			
	Considered good		4.00	131.00
	Considered Doubtful		6.75	6.75
	Less: Impairment Allowance for doubtful debts	17.1	(6.75)	(6.75)
(c)	Derivative Assets at fair value through profit and loss	47(d)(iii)	1,034.59	-
(d)	Interest receivable on fixed deposits	16.2	96.12	191.09
(e)	Export incentive receivables			
	Considered good		41.96	124.97
	Considered doubtful		4.55	-
	Less: Impairment Allowance for doubtful balances	17.1	(4.55)	-
(f)	Insurance Claim Receivable		-	532.27
			1,262.99	**1,031.71**

17.1 Movement of Impairment Allowances for doubtful Debts and Deposits

Particulars	**For the Year ended March 31, 2020**	**For the Year ended March 31, 2019**
Balance at the beginning of the year	42.21	4.25
Recognised during the year	20.95	37.96
Reversal during the year	-	-
Balance at the end of the year	**72.26**	**42.21**

17.2 Also refer Note no. 49 in respect of charge created against borrowings

18 Other current assets

Particulars		**Refer Note No.**	**As at March 31, 2020**	**As at March 31, 2019**
(a)	Balance with Government Authorities	16.3	337.54	393.18
(b)	Advances for supply of goods and services			
	Considered good	18.3	3,037.36	3,514.89
	Considered doubtful		1,368.56	1,389.15
	Less: Impairment Allowance for doubtful balances	18.1	(1,368.56)	(1,389.15)
(c)	Leasehold land prepayment		-	3.35
(d)	Prepaid Expenses		374.11	77.47
(e)	Advances against salaries		9.52	7.33
(f)	Stamp papers on hand		10.22	10.22
(g)	MEIS Licenses			
	Considered good		75.97	146.92
	Considered doubtful		68.80	-
	Less: Impairment Allowance for doubtful balances		(68.80)	-
(e)	Others- GST and other Clearing accounts		25.35	11.63
			3,870.07	**4,164.99**

18.1 Movement of Impairment Allowances for doubtful balances:

Particulars	**For the Year ended March 31, 2020**	**For the Year ended March 31, 2019**
Balance at the beginning of the year	1,389.15	737.74
Recognised during the year	68.80	651.41
Reversal during the year	(20.59)	-
Balance at the end of the year	**1,437.36**	**1,389.15**

18.2 Also refer Note no. 49 in respect of charge created against borrowings

18.3 Includes Advances to Related Parties (Refer Note no. 35.4)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in lakhs)

19 Equity Share Capital

Particulars	Refer Note No.	As at March 31, 2020	As at March 31, 2019
(a) Authorised:			
10,02,00,00,000 Equity Shares of Rs. 10/- each (March 31, 2019: 10,02,00,00,000 Equity Shares)		10,02,000.00	10,02,000.00
		10,02,000.00	**10,02,000.00**
(b) Issued, Subscribed and Fully Paid Up:			
1,84,90,30,224 Equity Shares of Rs. 10/- each (March 31, 2019: 19,61,67,342 Equity Shares)		1,84,903.02	19,616.73
Share Suspense	19.1	-	1,76,549.24
		1,84,903.02	**1,96,165.97**

19.1 Reconciliation of the number of Equity Shares Outstanding:

Particulars	Refer Note No.	As at March 31, 2020	As at March 31, 2019
No. of shares as at the beginning		19,61,67,342	2,40,92,35,023
As per the Resolution Plan			
Addition during the year	43(a)	-	9,16,46,38,133
Reduction and consolidation during the year	43(a)	-	(9,61,21,99,736)
As per Scheme of Amalgamation			
Shares cancelled on Amalgamation	45(a)	-	(1,76,55,06,078)
Shares issued to Shareholders of erstwhile VSL on Amalgamation	45(a)	1,76,55,53,040	-
Shares cancelled pursuant to Exit Offer	45(b)	(11,26,90,158)	-
		1,84,90,30,224	**19,61,67,342**
Shares Suspense			
a) Shares to be issued to Shareholders of erstwhile VSL on Amalgamation	45(a)	-	1,76,55,53,040
b) Shares under Exit Offer- Pending Cancellation	45(b)	-	(60,661)
		-	**1,76,54,92,379**

19.2 Shareholders holding more than 5% Shares Equity Shares post implementation of Scheme of Amalgamation::

Name of Shareholder	As at March 31, 2020		As at March 31, 2019	
	Nos	% holding	Nos	% holding
Vedanta Limited	1,76,55,53,040	95.49%	1,76,55,53,040	90.00%

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

19.4 Also refer Note no. 43(a) detailing the adjustments arising in respect to implementation of Hon'ble NCLT Order dated April 17, 2018.

19.5 Consequent to the amalgamation of Erstwhile Vedanta Star Limited (VSL), the immediate holding company w.e.f. October 01, 2018 i.e. the Appointed Date pursuant to the Scheme of Amalgamation approved by Hon'ble NCLT, Kolkata, the existing shares held by VSL stands cancelled and new shares have been allotted to the shareholders of erstwhile VSL i.e. Vedanta Limited on March 25, 2020 in exchange of their holding in VSL. (Refer Note no. 45(a) of the financial statement)

20 Other Equity

Particulars	Refer Note No.	As at March 31, 2020	As at March 31, 2019
(a) Capital Reserve	20.1		
As per last Balance Sheet		9,59,389.11	-
On Consolidation and Reduction of Equity Shares pursuant to the Resolution Plan	43(a)	-	9,61,219.97
On Amalgamation of erstwhile VSL	45(a)	-	(1,831.14)
On Cancellation of Equity Shares pursuant to Exit Offer to the equity shareholders of the company	45(b)	519.57	0.28
		9,59,908.68	**9,59,389.11**
(b) Capital Reserve on Amalgamation	20.1		
As per last Balance Sheet		(1,74,593.58)	-
On Amalgamation of erstwhile VSL	45(a)	-	(1,74,593.58)
		(1,74,593.58)	**(1,74,593.58)**
(c) Securities Premium	20.2		
As per last Balance Sheet		1,79,036.44	3,993.17
On Amalgamation of erstwhile VSL	45(a)	-	1,75,043.27
		1,79,036.44	**1,79,036.44**
(d) Retained Earnings	20.3		
As per last Balance Sheet		(7,97,738.18)	(9,15,678.66)
On Amalgamation of erstwhile VSL	45(a)	-	(820.69)
Profit/(Loss) for the Year		(2,180.92)	1,18,680.29
Other Comprehensive Income for the year		(52.24)	80.88
		(7,99,971.34)	**(7,97,738.18)**
		1,64,380.20	**1,66,093.79**

(Rs. in lakhs)

20.1 Capital Reserve

Capital Reserve includes:

a) The amount recognised on Consolidation and Reduction of Equity Share Capital of the Company on Jun 14, 2018 in terms of Hon'ble NCLT Order dated April 17, 2018, as stated in Note no. 43(a).

b) Differential arising on cancellation of equity share capital on amalgamation of erstwhile VSL and cost of those shares held as Investment by them.

Capital Reserve on Amalgamation represents the excess of consideration paid i.e. equity shares issued with respect to net assets and reserves acquired consequent to amalgamation of erstwhile VSL with the company as stated in Note no. 45(a).

20.2 Securities Premium

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

20.3 Retained Earnings

Retained earnings generally represents the undistributed profit/ amount of accumulated earnings/losses of the company. This includes Other Comprehensive Income of (Rs. 194.71 lakhs) (March 31, 2019: (Rs. 142.47 lakhs)) relating to remeasurement of defined benefit plans (net of tax) which cannot be reclassified to Statement of Profit and Loss.

21 Borrowings

Particulars	**Refer Note No.**	**As at March 31, 2020**	**As at March 31, 2019**
Secured Borrowings			
(a) **From Banks:**			
- Term Loan	21.1, 21.2, 21.3 and 21.4	3,37,208.88	3,37,492.83
Total (a)		**3,37,208.88**	**3,37,492.83**
Unsecured Borrowings			
(b) Inter-Corporate Deposits from Holding Company	21.2 and 21.3	19,700.00	19,700.00
		19,700.00	**19,700.00**
Less: Disclosed under Current Maturity of Long Term Debt- Unsecured	24(a)	(1,418.40)	**-**
Less: Disclosed under Current Maturity of Long Term Debt- Secured	24(b)	(23,908.91)	-
		3,31,581.57	**3,57,192.83**

21.1 Security

Term Loan from banks is secured by:

a) First ranking pari passu charge by way of hypothecation on all fixed assets of the Borrower, including the bank accounts and the Interest Service Reserve Account and amounts lying therein;

b) First ranking pari passu charge by deed of Hypothecation on November 28, 2018 in favour of Vistra ITCL (India) Limited, security trustees by way of deposit of 1,993.35 acres of title deed of mortgageable lands (Refer Note no. 5.7) .

c) Corporate Guarantee, in favour of the Security Trustee for the benefit of the Lenders in form and substance satisfactory to the Security Trustee. These shall be collectively referred to as the "Security"; and

d) Negative Pledge over shares of the company i.e. post merger, Guarantor (M/s Vedanta Ltd.) to hold 76% of the shares of the company.

e) Each of the Guarantor and the Borrower shall also provide and maintain at all times a Non Disposal Undertaking in favour of the Security Trustee acting for the Lenders, in a form and substance acceptable to the Security Trustee (acting on the instructions of the Lenders).

21.2 The interest rate for the above loans ranges from 8.75% to 9.55%.

21.3 **Repayment terms:**

Year	**Term Loan from Banks**	**Inter-Corporate Deposit from Holding Company**
2020-2021	24,480.00	1,418.40
2021-2022	43,520.00	2,521.60
2022-2023	43,520.00	2,521.60
2023-2024	43,520.00	2,521.60
2024-2025	43,520.00	2,521.60
2025-2026	43,520.00	2,521.60
2026-2027	43,520.00	2,521.60
2027-2028	43,520.00	2,521.60
2028-2029	10,880.00	630.40

21.4 The amount disclosed herein above represents the amortised cost in accordance with Ind AS 109 "Financial Instruments".

22 Provisions

Particulars	**Refer Note No.**	**As at March 31, 2020**	**As at March 31, 2019**
Provision for Employee Benefits	32.1	671.79	820.22
		671.79	**820.22**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in lakhs)

		Refer Note No.	As at March 31, 2020	As at March 31, 2019
23	**Trade Payables**			
	Payable for goods and services			
	Due to Micro and Small Enterprises	23.2	4,488.44	2,768.76
	Others	23.1	84,248.94	83,029.96
			88,737.38	**85,798.72**

23.1 Includes Supplier's Credit of Rs. 45,826.78 lakhs (March 31, 2019: Rs. 36,614.86 lakhs) out of which Rs. 13,471.59 lakhs (March 31, 2019: Rs. 17,361.79 lakhs) is backed by LC's secured against fixed deposits (Refer Note No. 16.2)

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

Particulars	As at March 31, 2020	As at March 31, 2019
a) Principal amount remaining unpaid but not due as at year end	4,488.44	2,768.76
a) Interest amount remaining unpaid but not due as at year end	-	-
b) Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
c) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	-	-
d) Interest accrued and remaining unpaid as at year end	-	-
e) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	2.16	5.26

		Refer Note No.	As at March 31, 2020	As at March 31, 2019
24	**Other Financial Liabilities**			
(a)	Current maturities of long-term debts- Unsecured	21	1,418.40	-
(b)	Current maturities of long-term debts- Secured	21	23,908.91	-
(c)	Interest accrued but not due on borrowings	21	2,800.56	3,036.53
(d)	Earnest Money Deposit		65.73	-
(e)	Capital Vendors	24.1 and 24.2	22,156.78	21,318.15
(f)	Lease Liability		432.94	-
(g)	Derivative Instrument Liability at fair value through profit and loss (net)	47(d)(iii)	-	923.60
(h)	Others Payables			
	- Employees' payables		1,519.36	1,152.06
	- Corporate Guarantee commission and others	24.2	4,048.25	3,566.33
			56,350.93	**29,996.67**

24.1 Includes Rs. 21,256.57 lakhs (March 31, 2019: Rs. 21,256.57 lakhs) provided for balance amount of demand (net of advance of Rs. 2,295.98 lakhs) against cost of afforestation against forest land (Refer Note No. 5.4(c)).

24.2 Includes Rs. 828.95 lakhs (March 31, 2019: Rs. 828.95 lakhs) provided for balance amount of demand (Net of Advance of Rs. 3,315.79 lakhs) for execution of leasehold agreement (Refer Note No. 11.1)

		Refer Note No.	As at March 31, 2020	As at March 31, 2019
25	**Other Current Liabilities**			
(a)	Advance from customers		10,582.65	6,002.22
(b)	Statutory Payables		1,921.38	3,718.69
	(includes Provident Fund, GST, Tax deducted at source etc.)		**12,504.03**	**9,720.91**

		Refer Note No.	As at March 31, 2020	As at March 31, 2019
26	**Provisions**			
(a)	Provision for Employee Benefits		70.00	195.50
(b)	Other Provisions	26.1	318.04	-
			388.04	**195.50**

26.1 Other Provisions represent amount provided in respect of defined contribution for employee benefit including contractual workmen pursuant to the Order of Hon'ble Supreme Court pending final decision/demand from the relevant authorities in this respect. Movement of such Provisions are as follows:

Particulars	Refer Note No.	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Balance at the beginning of the year		-	-
Provided during the year		318.04	-
Written back during the year		-	-
Balance at the end of the year		**318.04**	**-**

(Rs. in lakhs)

27 Revenue from Operations

Particulars	Refer Note No.	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Sale of Products:			
Semi-Finished & Finised Goods:			
- Export Sales		1,689.33	3,487.96
- Domestic Sales		4,29,440.42	4,83,617.66
		4,31,129.75	**4,87,105.62**

27.1 Disclosure as per Ind AS 115:

Disaggregate Revenue

The break up with respect to type of revenue stream of the Company are as follows:

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019	For the Year ended March 31, 2020	For the Year ended March 31, 2019
	Government		Non-Government	
Within India				
- Billets	-	-	6,576.32	9,995.88
- TMT bars	23,809.96	17,338.62	1,35,337.55	1,56,651.69
- Wire rods	-	-	1,46,434.16	1,84,145.82
- DI pipes	2,044.30	599.04	62,608.16	60,255.12
- PIG Iron	-	-	39,563.65	40,383.35
- Others	-	-	13,066.32	14,248.14
Outside India				
- Billets	-	-	-	762.15
- Wire rods	-	-	1,689.33	2,725.81
	25,854.26	**17,937.66**	**4,05,275.49**	**4,69,167.96**

28 Other Operating Income

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Sale of Scrap/ By-products & Others	6,568.62	7,747.36
Incentive on exports	52.44	301.96
	6,621.06	**8,049.32**

29 Other Income

Particulars	Refer Note No.	For the Year ended March 31, 2020	For the Year ended March 31, 2019
(a) Interest income on Fixed deposits, overdue debts etc. measured at amortised cost		3,833.07	3,034.20
(b) Interest income on financial assets measured at amortised cost		3.70	-
(c) Sundry credit balances/ Provisions no longer required written back		62.47	184.30
(d) Net Gain/(loss) on Derivative Instruments on fair valuation through profit and loss		1,958.36	393.67
(e) Net Gain/(loss) on Current Investments on Fair Valuation through profit and loss		857.27	441.21
(f) Net Gain/(loss) on disposal of Current Investments		3,505.94	534.74
(g) Miscellaneous Income		143.64	954.61
		10,364.45	**5,542.73**

30 Cost of Materials Consumed

Particulars	Refer Note No.	For the Year ended March 31, 2020	For the Year ended March 31, 2019
(a) **Raw material and other materials**			
Inventory at the beginning of the year		50,349.02	44,742.93
Add: Purchases		2,74,548.54	2,97,072.92
Less: Cost of goods sold		-	0.12
Less: Inventory at the end of the year		42,473.86	50,349.02
	30.1	**2,82,423.70**	**2,91,466.71**

30.1 Based on the physical verification of Inventories carried out by Independent professionals upto February, 2020. Such verification at the end of the year could not be undertaken due to lock down amidst the outbreak of COVID-19. The exercise was undertaken subsequently on May 11, 2020 and May 12, 2020. Stock at the end of the year was derived by doing Roll back adjustments with respect to movement for the period from April 01, 2020 till that date. The services of an independent firm of chartered accountants was engaged and entrusted with responsibility of supervising, reconciling and certifying the stock at the end of the year and submit their report in this respect. On reconciliation with book stock for the period upto February 2020, the following amounts have been adjusted to Cost of Material consumed/ Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress:

Particulars	Refer Note No.	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Cost of Material consumed			
Increase/(Decrease) in Stock of Raw Material		975.64	2,732.77
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress			
Increase/(Decrease) in Stock of Finished Goods		(92.33)	(8.45)
Increase/(Decrease) in Stock of Semi-Finished Goods		(7.05)	(352.82)
Increase/(Decrease) in Stock of Scrap/ By-products		69.18	(4,307.03)
		945.44	**(1,935.53)**

(Rs. in lakhs)

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

	Particulars	**Refer Note No.**	**For the Year ended March 31, 2020**	**For the Year ended March 31, 2019**
(i)	**Inventories at the end of the year**			
(a)	Finished Goods		19,659.99	9,591.81
(b)	Semi-Finished Goods		5,973.64	2,079.96
(c)	Scrap / By-products		2,650.41	2,389.65
			28,284.04	**14,061.42**
(ii)	**Inventories at the beginning of the year**			
(a)	Finished Goods		9,591.81	5,482.46
(b)	Semi-Finished Goods		2,079.96	6,184.71
(c)	Scrap / By-products		2,389.65	6,346.64
			14,061.42	**18,013.81**
		30.1	**(14,222.62)**	**3,952.39**

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

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

	For the Year ended March 31, 2020	**For the Year ended March 31, 2019**
a) Inventories recognised as expense	3,54,319.01	3,85,118.94

32 Employee Benefits Expense

	Particulars	**Refer Note No.**	**For the Year ended March 31, 2020**	**For the Year ended March 31, 2019**
(a)	Salaries and wages		14,885.43	14,245.06
(b)	Contribution to Provident and Other Funds		778.47	637.32
(c)	Staff welfare expenses		517.57	570.44
			16,181.47	**15,452.82**

32.1 POST RETIREMENT EMPLOYEE BENEFITS

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

Defined Contribution Plans

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

Particulars	**For the Year ended March 31, 2020**	**For the Year ended March 31, 2019**
Employer’s Contribution to Provident Fund	457.65	321.66
Employer’s Contribution to Pension Scheme	244.31	245.08
Employer’s Contribution to Superannuation Scheme	17.92	-

Defined Benefit Plans

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

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

	Gratuity (funded)	
	As at March 31, 2020	**As at March 31, 2019**
Liability at the beginning of the year	953.04	964.83
Interest Cost	74.34	74.77
Current Service Cost	178.00	167.67
Benefits paid	(243.29)	(184.77)
Remeasurements - Due to Financial Assumptions	111.71	(4.85)
Remeasurements - Due to Experience Adjustments	9.36	(64.61)
Liability at the end of the year	**1,083.16**	**953.04**

(b) Changes in the Fair Value of Plan Asset

	As at March 31, 2020	**As at March 31, 2019**
Fair value of Plan Assets at the beginning of the year	874.25	535.34
Expected return on Plan Assets	68.19	41.48
Contributions by the Company	78.80	286.01
Benefits paid	-	-
Remeasurements - Return on Assets (Excluding Interest Income)	68.83	11.42
Fair value of Plan Assets at the end of the year	**1,090.07**	**874.25**

(c) **Amount recognised in Balance Sheet**

	As at March 31, 2020	**As at March 31, 2019**
Liability at the end of the year	1,083.16	953.04
Fair value of Plan Assets at the end of the year	1,090.07	874.25
Amount recognised in the Balance Sheet	(6.91)	78.79

(Rs. in lakhs)

(d) **Components of Defined Benefit Cost**

	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Current Service Cost	178.00	167.67
Interest Cost	74.34	74.77
Expected return on plan assets	(68.19)	(41.48)
Total Defined benefit recognised in Statement of Profit & Loss Account	184.15	200.96

(e) **Remeasurements recognised in Other Comprehensive Income**

	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Remeasurements - Due to Financial Assumptions	111.71	(4.85)
Remeasurements - Due to Experience Adjustments	9.36	(64.61)
Remeasurements- Return on Assets	(68.83)	(11.42)
Remeasurements recognised in Other Comprehensive Income	52.24	(80.88)

(f) **Balance Sheet Reconciliation**

	As at March 31, 2020	As at March 31, 2019
Opening Net Liability	78.79	429.49
Defined Benefit Cost included in Statement of Profit and Loss Account	184.15	200.96
Remeasurements recognised in OCI	52.24	(80.88)
Employers Contribution	(78.80)	(286.01)
Benefit Paid Directly by Enterprise	(243.29)	(184.77)
Amount recognised in Balance Sheet	(6.91)	78.79

(g) Percentage allocation of plan assets in

	As at March 31, 2020	As at March 31, 2019
Fund managed by Insurer	100.00%	100.00%

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

	As at March 31, 2020	As at March 31, 2019
Summary of Financial Assumptions		
Discount Rate	6.80%	7.80%
Future Salary Increase	6.00%	6.00%
Salary Escalation- After Five Years	6.00%	6.00%
Expected Return on Plan Assets	6.80%	7.80%
Summary of Demographic Assumptions		
Mortality Rate [as % of IALM (2006-08) (Mod.) Ult. Mortality Table]	100.00%	100.00%
Disability Table (as % of above mortality rate)	5.00%	5.00%
Withdrawal Rate	1% to 8%	1% to 8%
Retirement Age	60/58 Years	60 Years
Average Future Service	22.30	23.56
Weighted Average Duration	13.32	13.95

Sensitivity Analysis

Particulars	Change in Assumption	Gratuity As at March 31, 2020	Gratuity As at March 31, 2019
Changes in Defined Benefit Obligations:			
Salary Escalation	+1%	117.90	101.33
Salary Escalation	-1%	(106.24)	(94.10)
Withdrawal Rates	+1%	13.25	11.65
Withdrawal Rates	-1%	(15.73)	(13.84)
Discount Rates	+1%	(108.34)	(92.79)
Discount Rates	-1%	117.55	100.16

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

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

Particulars	As at March 31, 2020	As at March 31, 2019
Year 1	47.11	57.85
Year 2	56.46	28.41
Year 3	58.39	33.38
Year 4	53.61	47.78
Year 5	61.21	54.83
Remaining Subsequent Years	806.38	730.79

(Rs. in lakhs)

Other Long Term Employee benefits

Compensated Absences

The obligation for compensated absences is recognised in the same manner as gratuity except remeasurement benefit which is treated as part of other comprehensive income. The actuarial liability of Compensated Absences (unfunded) of accumulated privileged and sick leaves of the employees of the Company as at March 31, 2020 & March 31, 2019 is given below:

	As at March 31, 2020	As at March 31, 2019
Privileged Leave	716.98	921.87
Sick Leave	24.81	15.06
Average number of people employed	2,064	2,187

Risk analysis

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

Investment risk

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

Interest risk

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

Longevity risk / Life expectancy

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

Salary growth risk

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

33 Finance Costs

	Particulars	Refer Note No.	For the Year ended March 31, 2020	For the Year ended March 31, 2019
(a)	Interest Expense on financial liabilities not measured at FVTPL		37,012.14	30,985.85
(b)	Other Borrowing Cost (i.e. LC charges, Suppliers Credit, Guarantee Comission etc.)		1,401.41	1,260.17
			38,413.55	**32,246.02**

34 Depreciation and Amortisation Expense

	Particulars	Refer Note No.	For the Year ended March 31, 2020	For the Year ended March 31, 2019
(a)	Depreciation on Tangible Assets	5	30,605.19	30,436.07
(b)	Amortisation of Intangible Assets	7	46.70	27.35
			30,651.89	**30,463.42**

35 Other Expenses

	Particulars	Refer Note No.	For the Year ended March 31, 2020	For the Year ended March 31, 2019
(a)	Consumption of Stores and Spares		14,034.29	18,003.36
(b)	Power and Fuel		24,613.58	23,541.24
(c)	Freight and Forwarding Charges		14,331.46	12,328.69
(d)	Rent	39	358.43	401.59
(e)	Rates and taxes		1,014.55	325.53
(f)	Insurance		1,965.29	2,566.58
(g)	Repairs to Plant and Machinery		10,234.72	9,417.50
(h)	Repairs to Building		487.74	289.17
(i)	Repairs to Others		393.36	324.38
(j)	Operation & Maintenance expenses		11,135.90	10,582.06
(k)	Machine Hire Charges		1,336.33	1,298.45
(l)	Material Handling Expenses		1,200.21	1,105.32
(m)	Listing & Registrar Expenses		0.01	362.60
(n)	Security Expenses		973.36	897.23
(o)	Advertisement and Business Promotion Expenses		107.29	12.53
(p)	Travelling & Conveyance		1,026.90	1,145.53
(q)	Legal & Professional Fees		1,471.95	2,530.50
(r)	Payment to Auditors	35.1	59.37	50.57
(s)	Net (gain)/loss on foreign exchange fluctuation	35.2	2,733.42	6,211.37
(t)	Loss on Sale of Fixed Assets (Net)		140.53	20.53
(u)	Selling & Distribution Expenses		448.19	1,971.78
(v)	CSR Expenditure		76.62	151.29
(w)	Impairment Allowance for Doubtful Debt and Deposits		261.66	1,062.19
(x)	Provision for Doubtful Advance		-	3,696.25
(y)	Provision for Obsolete and Non-moving Stores and Spares		761.44	1,330.16
(z)	Bad Debt Written Off		-	557.18
(aa)	Sundry Balances written-off	35.3	4.57	95.04
(ab)	Brand Fees	35.4	6,203.92	-
(ac)	Charity and Donation	35.5	101.07	3.55
(ad)	Sitting Fees to Directors		8.25	10.25
(ae)	Other Miscellaneous Expenses		1,363.78	1,237.13
			96,848.19	**1,01,529.55**

(Rs. in lakhs)

35.1 Payment to Auditors

	Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
(a)	Statutory Audit Fee	25.00	25.00
(b)	Tax Audit Fee	3.00	3.00
(c)	Certification etc.	29.75	21.55
(d)	Out of Pocket Expenses	1.62	1.02
		59.37	**50.57**

35.2 Net (gain)/loss on foreign exchange fluctuation is net of Rs. 1,316.42 lakhs (March 31, 2019: Nil) being net gain on cancellation/rollover/utilisation of Forward Contracts (i.e. Derivative Instrument at Fair Value through Profit and Loss).

35.3 Sundry balances written off is net of Rs. 358.18 lakhs (March 31, 2019: Nil) being liability no longer required written back.

35.4 During the year, the company in terms of the Brand Licence Agreement dated September 24, 2019 with Vedanta Resources Limited has agreed to pay 1.5% of the Turnover as "Brand Fee". In accordance with the said agreement the company has paid advance of Rs. 6,735.51 lakhs against which Rs.6,203.92 lakhs has been recognised as expenses in terms of the agreement and balance has been shown as recoverable under "Advances against supply of goods and Services".

35.5 Charity and Donation includes contribution made by the Company through electoral trust amounting to Rs. 100.00 lakhs (March 31, 2019: Nil).

36 Exceptional Items

Particulars	Refer Note No.	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Insurance Claims	36.1(a)	-	7,466.03
Loss on Property, Plant and Equipment writtent off	36.1(b)	-	14,277.91
Impairment reversal on Property, Plant and Equipment written off	36.1(b)	-	(14,277.91)
Liability written back being no longer required pursuant to CIRP	36.1(c)	-	85,627.50
		-	**93,093.53**

36.1 Exceptional Item relates to:

a) Claim lodged against "Loss of Profit" claim due to accident at the Oxygen Plant. The balance amount has been recognised in previous year on acceptance thereof by the Insurance Authorities.

b) Pursuant to the physical verification of Property, Plant and Equipment (PPE) carried out during the previous year (as stated in Note no. 5.6), discrepancy with respect to PPE pending final determination as per books was provided for and shown as exceptional Items. An equivalent amount being resultant excess amount of the provision for impairment made in earlier years was written back and credited against the same under exceptional items.

c) The liabilities/provision pertaining to Operational Creditors being no longer payable in terms of ARP amounting to Rs.85,627.50 lakhs had been written back (Refer Note no. 43(a)).

37 Components of Other Comprehensive Income

Particulars	Refer Note No.	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Items that will not be reclassified to Statement of Profit and Loss			
Remeasurement of Defined benefit plans	32.1	(52.24)	80.88
		(52.24)	**80.88**

38 RELATED PARTY TRANSACTIONS

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

Names of the related parties and description of relationships:

	Company	Relationship
A	**Company**	**Relationship**
	Volcan Investment Limited (VIL)	Ultimate Holding Company**
	Vedanta Star limited (VSL)	Holding Company (From June 04, 2018 to September 30, 2018)
	Vedanta Limited (VL)	Holding Company (w.e.f. October 01, 2018)
	Electrosteel Castings Limited (ECL)	Promoter/ Associate Company*
B	**Key Management personnel**	**Designation**
	Prasun Kumar Mukherjee	Director (Appointed w.e.f. June 21, 2018)
	Mahendra Singh Mehta	Director (Appointed w.e.f. June 21, 2018)
	Naveen Kumar Singhal	Director (From June 04, 2018 to July 22, 2018)
	Rashmi Mohanty	Director (From June 04, 2018 to October 01, 2019)
	Angusamy Sumathi	Director (Appointed w.e.f. October 22, 2019)
	Pankaj Malhan	Whole Time Director (w.e.f. July 22, 2019)
	Umang Kejriwal	Director*
	Rajkumar Khanna	Director*
	Jinendra Kumar Jain	Director*
	Lalit Kumar Singhi	Director*
	Naresh Pachisia	Director*
	Sunil Vasant Diwakar	Director*
	Jayantika Ganguly	Director*
	Devaprasad Mozumder	Director*
	Sunil Katial	Chief Executive Officer (Resigned w.e.f. October 31, 2018)
	Jalaj Kumar Malpani	Chief Financial Officer (Appointed w.e.f. August 29, 2018)
	Ashutosh Agarwal	Chief Financial Officer (Resigned w.e.f. August 11, 2018)

(Rs. in lakhs)

C **Entities where KMP or their close member have significant influence or control or Group Enterprises or Companies under common control and with whom transaction have taken place during the year**

Bose Estates Private Limited (BEPL)*
Sree Khemisati Constructions Private Limited (SKCPL)*
Hooghly Alloy & Steels Company Private Limited (HASCPL)*
Wilcox Merchants Private Limited (WMPL)*
Tulsi Highrise Private Limited (THPL)*
Vedanta Limited (VL)***
Bharat Aluminium Company Limited (BACL)**
Sterlite Power Transmission limited (SPTL)**
Vizag General Cargo Berth Private Limited (VGCBPL)**
Maritime Ventures Private Limited (MVPL)**
Vedanta Resources Limited (VRL)**
Talwandi Saboo Power Limited (TSPL)**
Hindusthan Zinc Limited (HZL)**
Janhit Electoral Trust (JET)**

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

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

*Ceased to be a related party w.e.f. June 04, 2018
** Related Party w.e.f. June 04, 2018
*** Related Party w.e.f. June 04, 2018 and became Holding Company from October 01, 2018

E **Related party transaction:**

Nature of Transaction	Promoter/Associate Company		Holding Company- VSL		Holding Company- VL	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Sale of Goods (Inclusive of taxes)	-	-	-	-	-	0.02
Purchase of materials	-	-	-	-	89.45	191.98
Commission on Sales	-	847.86	-	-	-	-
Purchase of assets	-	-	-	-	-	58.87
Interest Expenses	-	-	-	10,904.21	1,728.47	1,421.50
Guarantee Comission	-	-	-	-	1,059.88	798.55
Reimbursement of Expenses	-	-	-	-	932.63	243.15
Purchase of Scripts/Licences	-	-	-	-	229.75	-
Services Received	-	-	-	-	-	157.69
Inter corporate deposit received	-	-	-	3,55,449.39	-	-
<u>Closing balance as at March 31</u>						
Inter corporate deposit	-	-	-	-	19,700.00	19,700.00
Trade Payables	-	712.49	-	-	886.58	103.60
Payable against Fixed Assets	-	-	-	-	-	4.37
Reimbursement of Expenses Payable	-	-	-	-	3,509.82	2,204.78
Guarantee Comission payable	-	-	-	-	500.72	568.91

(Rs. in lakhs)

Nature of Transaction	Key Management Personnel		Close member of KMP		Entities where KMP or their close member have significant influence or control and Companies under Common control or Group Enterprises	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Sale of goods						
VL	-	-	-	-	-	0.06
SPTL	-	-	-	-	1,895.19	392.94
Purchase of materials						
VL	-	-	-	-	-	191.98
BACL	-	-	-	-	-	17.05
Purchase of assets						
VL	-	-	-	-	-	1.56
BACL	-	-	-	-	12.01	-
Reimbursement of Expenses						
VL	-	-	-	-	-	112.39
BACL	-	-	-	-	14.28	14.12
TSPL	-	-	-	-	16.66	-
MVPL	-	-	-	-	1,719.25	-
HZL	-	-	-	-	12.42	-
VGCBPL	-	-	-	-	236.92	-
Services Received						
TSPL	-	-	-	-	-	16.28
VL	-	-	-	-	-	157.69
BACL	-	-	-	-	-	16.66
VGCBPL	-	-	-	-	3,054.70	62.60
MVPL	-	-	-	-	1,539.39	-
Rent expenses						
THPL	-	-	-	-	-	13.23
WMPL	-	-	-	-	-	13.23
BEPL	-	-	-	-	-	23.49
Maintainence charges						
SKCPL	-	-	-	-	-	95.49
Donation						
JET	-	-	-	-	100.00	-
Other Income						
VGCBPL	-	-	-	-	38.70	-
Loan Given						
TSPL	-	-	-	-	90,000.00	-
Brand Fees						
VRL	-	-	-	-	6,203.92	-
Interest Received						
TSPL	-	-	-	-	1,207.75	-
Purchase of Scripts/Licences						
VGCBPL	-	-	-	-	76.47	-
BACL	-	-	-	-	985.18	-
Remuneration						
Jalaj Kumar Malpani	127.56	55.80	-	-	-	-
Pankaj Malhan	133.66	-				
Sunil Katial	-	208.34	-	-	-	-
Ashutosh Agarwal	-	77.62	-	-	-	-
Radha Kinkari Kejriwal Agarwal	-	-	-	30.76	-	-
Nityangi Kejriwal Jaiswal	-	-	-	9.82	-	-
Madhav Kejriwal	-	-	-	1.14	-	-
Electricity Charges						
SKCPL	-	-	-	-	-	21.37
Director sitting fees						
Prasun Kumar Mukherjee	5.00	6.25	-	-	-	-
Mahendra Singh Mehta	3.25	4.00	-	-	-	-
Closing balance as at March 31						
Remuneration Payable						
Jalaj Kumar Malpani	8.86	7.02	-	-	-	-
Pankaj Malhan	9.47	-	-	-	-	
Reimbursement of Expenses Payable						
BACL	-	-	-	-	-	15.25
Trade Payable						
TSPL	-	-	-	-	-	14.90
VGCBPL	-	-	-	-	41.70	-
MVPL	-	-	-	-	306.62	-
BACL	-	-	-	-	197.07	-
Advances Given						
VRL	-	-	-	-	531.59	-
Trade Receivable						
SPTL	-	-	-	-	261.00	273.88

(Rs. in lakhs)

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, 2020	Year ended March 31, 2019
Short-term employee benefits	252.31	299.19
Post-employment benefits	8.91	19.02
Other long-term benefits	-	23.55

Notes:

1. The above related party information is as identified by the management and relied upon by the auditor
2. In respect of above parties, there is no provision for doubtful debts as on March 31, 2020 and no amount has been written back or written off during the year in respect of debts due from/ to them
3. Post-Employee benefits and other long term employee benefits have been disclosed based on retirement/resignation of services but does not include provision made on acturial basis as the same is available for all the employees together.

4. Terms and conditions of transactions with related parties

All transactions with related parties are made in ordinary course of business. For the year ended March 31 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

39 DISCLOSURE AS PER IND AS 116

i) Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020:

Particulars	Land	Buildings	Equipment	Total
As at April 1, 2019	-	240.97	64.99	305.96
Reclassified on account of adoption of Ind AS 116	5,531.76	-	-	5,531.76
Addition	-	119.93	596.71	716.64
Deletion	-	-	-	-
Depreciation	(1.67)	(101.36)	(70.89)	(173.92)
As at March 31, 2020	**5,530.09**	**259.54**	**590.81**	**6,380.44**

ii) The following is the break-up of current and non-current lease liabilities:

Particulars	As at March 31, 2020
Current lease liabilities	432.94
Non-current lease liabilities	451.92
Total	**884.86**

iii) The following is the movement in lease liabilities:

Particulars	As at March 31, 2020
As at April 01, 2019	305.96
Additions	716.64
Finance cost accrued during the period	40.01
Deletions	-
Payment of lease liabilities	(177.75)
As at March 31, 2020	**884.86**

iv) The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis

Particulars	As at March 31, 2020
Not later than one year	467.55
Later than one year and not more than five years	539.00
Later than five years	-

v) Further to above, the Company has certain operating lease arrangements for office, transit houses, furnitures and fixtures etc. on short-term leases. Expenditure incurred on account of rental payments under such leases during the year and recognized in the Profit and Loss account amounts to Rs. 358.43 lakhs.

40 Contingent Liabilities and Commitments (to the extent not provided for):

A) Contingent Liabilities

	As at March 31, 2020	As at March 31, 2019
a) Guarantees given by banks on behalf of the Company	11,170.10	2,937.09

(Rs. in lakhs)

B) (i) Claims in respect of various show cause notices/demands issued/ raised by Central Excise & Service Tax of Rs.8,311.10 lakhs , Customs Duty (under EPCG) of Rs.35,813.76 lakhs , Sales Tax and VAT Rs. 15,859.73 lakhs, Entry Tax of Rs. 33,494.59 lakhs, Income Tax, etc. for the period upto June 04, 2018 which as per the Resolution Plan approved by Hon'ble NCLT (as stated in Note no. 43(a)) have been extingusihed. However, certain statutory authorities have made demand and matter are pending before High Court, Supreme Court and other adjudicating authorities for decission. In certain cases as stated in Note no. 16.3, balances with bank in current Account bank and lying with Government Authorities has been withheld pending final decision on the matter.

(ii) Similarly in respect of claims of certain operational creditors amounting to Rs. 22,381.57 lakhs has been extinguished pursuant to the Resolution Plan (Refer Note no. 43(a)), the matters have been referred to Supreme Court. In majority of the cases, the said court has referred back the matter to NCLT for decission.
(iii) In view of the management supported by legal opinion and various judicial pronouncements, the contention of the claimants including in respect of statutory liability are not tenable as per the Resolution Plan approved by Hon'ble NCLT and no outflow of fund with respect to these are expected.

Notes:
The Company’s pending litigations comprises of claims against the company and proceedings pending with Statutory/ Government Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, and disclosed contingent liabilities, where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material impact on its financial positions. Future cash outflow, if any in respect of the above are dependent upon the outcome of judgements/ decisions and acceptance by the respective authorities.

C) Capital and other commitments

		As at March 31, 2020	As at March 31, 2019
(i)	Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for (net)	4,935.20	9.89
		In Foreign Currency	**In Foreign Currency**
(ii)	Forward Contract Outstanding		
	In USD	7,72,24,851.38	7,50,57,028.00
	In JPY	-	1,17,60,000.00
	In GBP	-	27,300.00
	In EURO	1,35,072.00	63,080.00
	GBP-USD	27,300.00	-
	EURO-USD	1,35,072.00	-

41 Segment information

(a) Description of segments and principal activities

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

(b) Geographical information

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

Particulars	As at March 31, 2020	As at March 31, 2019
In India		
- Billets	6,576.32	9,995.88
- TMT bars	1,59,147.51	1,73,990.31
- Wire rods	1,46,434.16	1,84,145.82
- DI pipes	64,652.46	60,854.16
- PIG Iron	39,563.65	40,383.35
- Others	13,066.32	14,248.14
Outside India		
- Billets	-	762.15
- Wire rods	1,689.33	2,725.81

-

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

(Rs. in lakhs)

42 Calculation of Earning Per Share is as follows:

	Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
a)	Net Profit/ (Loss) for basic and diluted earnings per share as per Statement of Profit and Loss	(2,180.92)	1,18,680.29
	Net Profit/ (Loss) for Basic and Diluted earnings per share	(2,180.92)	1,18,680.29
b)	Weighted average number of equity shares for calculation of basic and diluted earnings per share (Face value Rs. 10/- per share)		
	Number of equity shares outstanding as on March 31	19,61,67,342	2,40,92,35,023
	Add: Equity Shares issued during the period (Refer Note no. 43(a) and 45(a))	1,76,55,53,040	9,16,46,38,133
	Less: Capital Reduction and Consolidation of Shares during the period (Refer Note no. 43(a))	(11,26,90,158)	(9,61,21,99,736)
	Less: Shares cancalled on Amalgamation (Refer Note no. 45(a))	-	(1,76,55,06,078)
	Number of equity shares outstanding	1,84,90,30,224	19,61,67,342
	Weighted average number of equity shares considered for calculation of basic and diluted earnings per share *	1,92,33,96,826	2,20,97,08,618
c)	Earnings per share (EPS) of Equity		
	Basic EPS (Rs.) (a/b)	(0.11)	5.37
	Diluted EPS (Rs.) (a/b)	(0.11)	5.37

* In calculation of weighted average number of equity shares "Shares suspense account" has been considered.

43(a) Corporate Insolvency Resolution Process (CIRP) initiated on July 21, 2017 under Insolvency and Bankruptcy Code' 2016 by Hon'ble National Company Law Board Tibunal (NCLT) has been completed and order to the effect approving the resolution plan (ARP) submitted by Vedanta Limited (Vedanta) one of the applicant was passed on April 17, 2018 by NCLT (NCLT Order). The NCLT Order and ARP has been upheld by National Company Law Appellate Tribunal vide its Order dated August 10, 2018 (NCLAT Order). Consequential impact giving effect to ARP approved as above are as follows:

a) The Board of the Company was reconstituted on June 4, 2018 i.e. the effective date with nominees of Vedanta being inducted as member of the Board.

b) Vedanta Star Limited (erstwhile wholly owned subsidiary of Vedanta Limited) on June 04, 2018 deposited Rs. 532,000.00 lakh in an escrow account ("Escrow Account") of the Company for payment to financial creditors of the entire amount of sustainable debts in terms of the ARP out of total Outstanding amount of Rs. 12,71,913.21 lakhs and the same was remitted to them on June 21, 2018.

c) 739,91,32,055 equity shares of Rs. 10 each were allotted on June 6, 2018 to financial creditors converting the non-sustainable debt to equity.

d) On June 14, 2018, the existing 980,83,67,078 equity shares including those allotted on June 6, 2018 to financial creditors as above had been reduced from Rs. 9,80,836.71 lakhs to Rs. 19,616.73 lakhs divided into 980,83,67,078 equity shares of Re. 0.20 each fully paid-up. Simultaneously, 50 such shares of Re 0.20 each thereafter had been consolidated into 1 fully paid-up equity share of Rs. 10 each. The amount of Rs. 9,61,219.97 lakhs reduced as above in compliance with the Order of Hon'ble NCLT had been credited to Capital Reserve.

e) On June 15, 2018, 176,55,06,078 fully paid equity shares of Rs. 10 each were allotted to Vedanta Star Limited against the money deposited in Escrow Account, leaving the balance of Rs. 355,449.39 lakhs to be considered as long term interest bearing loan.

f) Consequent to above allotment and consolidation of shares, equity share capital of the company stood at Rs. 19,61,67.34 lakhs as on March 31, 2019 divided into 196,16,73,420 equity shares of Rs.10 each. (ARP) by NCLT

g) The liability pertaining to Operational Creditors being no longer payable in terms of ARP amounting to Rs.85,627.50 lakhs had been written back and shown as exceptional items. Further, contingent liabilities, export obligations and other claims etc. against the company prior to the effective date got extingusihed and there being no outflow of fund expected in this respect, the disclosure with respect to these as contingent liability has therefore not been continued.

h) The charges created in respect of borrowing have been released by lenders subsequent to approval of the ARP, accordingly subsequent to the balance sheet date the company has filed the satisfaction of charges with the relevant authorities.

(b) Subsequent to Order of Hon'ble National Company Law Appellate Tribunal (NCLAT) dated August 10, 2018, Rennaissance Steel Private Limited, an unsuccessful resolution applicant, approached the Hon'ble Supreme Court of India, challenging the Order of the Hon'ble NCLAT. The matter is still pending for hearing before the Hon'ble Supreme Court.

44 44. The Company had filed application for renewal of Consent to Operate ('CTO') on August 24, 2017 for the period of five years which was denied by Jharkhand State Pollution Control Board ('JSPCB') on August 23, 2018. Further, Ministry of Environment and Forest (MoEF) has revoked the environmental clearance vide order dated September 20, 2017. The order of denial of CTO by JPSCB and Environmental clearance by MoEF has been stayed by Hon'ble High Court of Jharkhand and interim order to allow the operations pending final decission on the matter has been extended till May 30, 2020 by general order dated April 27, 2020. Meanwhile, the Forest Appraisal Committee (FAC) of MoEFCC granted the Stage 1 clearence on December 17, 2019. Pending decision of the Hon'ble High Court and considering that effective steps are being taken towards required clearances and regularisations, compliances etc. are being ensured in due course of time, the accounts of the company have been prepared on going concern basis.

45 **a) Accounting and Disclosures for Scheme of Amalgamation:**

Pursuant to Order dated January 31, 2020 of Hon'ble National Company Law Tribunal, Kolkata Bench (NCLT) the scheme of Arrangement for Amalgamation of Vedanta Star Limited, the erstwhile immediate Holding Company (VSL) with Electrosteel Steels Limited (ESL) (the Scheme) with effect from October 01, 2018 i.e. the appointed date has been approved and thereby on the Scheme becoming effective on March 25, 2020, VSL stands amalgamated with ESL with effect from the said appointed date. The said Amalgamation has been given effect to in these financial statements in accordance with Appendix- C of Ind AS 103 applicable for Business combination of entities under common control. Accordingly, following figures and adjustments on account of the said amalgamation based on the financial statements of VSL for the period ended September 30, 2018 as approved by it's Board of Directors on March 20, 2020 and audited and reported upon by the Statutory Auditors on even date has been incorporated in these financial statements:

i) all assets and liabilities of VSL have been recorded by the company at it's carrying value as on the Appointed Date. Loans and advances, borrowings, investments etc.and other balances of receivables and payable inter-se between VSL (the Transferor Company) and the Company stand cancelled;

ii) The Securities Premium and other reserves standing in the books of VSL has been included in the books of the company in the same form in which they appeared in the financial statements of VSL;

iii) The Company as on the record date i.e. March 25, 2020 has issued 17,655.53 lakh equity shares to shareholders of VSL i.e. Vedanta Limited in the exchange ratio of 90 shares of ESL against one share held by them in VSL. The excess of the consideration over the net assets and the reserves acquired consequent to amalgamation has been transfered to capital reserve on amalgamation (i.e. debit balance of Rs. 1,74,593.58 lakhs).

iv) Share capital of the company issued to VSL stands cancelled and differential of Rs. 1,831.14 lakhs with respect to the cost of investment in the book of VSL and face value thereof have been adjusted to Capital Reserve.

(Rs. in lakhs)

v) The Assets and Liabilities of erstwile VSL incorporated in these financial statements as at the Appointed date pursuant to the Scheme based on Financial Statement of VSL as on September 30, 2018 as audited by the Statutory Auditor are as detailed below:

Particulars	As at October 01, 2018
Non - current assets	
Financial Assets	
Investments	1,78,381.75
Loans	3,55,449.39
Non-current tax asset (Net)	811.86
Other non current assets	841.08
Total Non - current assets	**5,35,484.08**
Current assets	
Financial Assets	
Cash and Cash Equivalents	2,548.80
Other financial assets	10.99
Other current assets	132.91
Total Current assets	**2,692.70**
Total Assets	**5,38,176.78**
Liabilities	
Non-current Liabilities	
Financial Liabilities	
Borrowings	3,56,597.88
Deferred Tax Liabilities (Net)	-
Total Non-current Liabilities	**3,56,597.88**
Current Liabilities	
Financial liabilities	
Trade payables	11.96
Other financial liabilities	5,361.49
Other Current liabilities	21.15
Total Current Liabiities	**5,394.60**
Total Liabiities	**3,61,992.48**
Net Identifiable Assets	**1,76,184.30**
Less:	
a) Reserves acquired pursuant to Amalgamation	
Securities Premium	1,75,043.27
Retained Earnings	(820.69)
	1,74,222.58
b) Consideration paid on amalgamation	
1,76,55,53,040 Equity Shares of Rs. 10 each.	**1,76,555.30**
Capital Reserve on Amalgamation	**(1,74,593.58)**

(vi) VSL on December 22, 2018 has issued to it's Equity Shareholders Bonus Shares of Rs. 186.73 lakhs by capitalisation of Securities Premium. The figures of Share Premium and consideration against amalgamation has been arrived at after giving effect to the said issue of Bonus Shares.

vii) The title deeds for licenses, agreements, bank accounts, loan documents etc. of the Transferor Company are in the process of being transferred in the name of the Company.

viii) Name of the Company will be changed to “ESL Steel limited” for which necessary approval from the appropriate authorities is awaited.

b) VSL vide it's Resolution dated September 18, 2018 has made an "Exit Offer" to the shareholders of ESL for purcahse of the shares at a price of Rs. 9.54 per equity share for a period of one year from the date of delisting i.e. December 20, 2018. Accordingly, 11,26,90,158 (March 31, 2019: 60,661) Equity Shares of Rs. 10 each amounting to Rs. 11,269.02 lakhs (March 31, 2019: Rs. 6.07 lakhs) has been acquired for Rs. 10,749.45 lakhs (March 31, 2019: 5.79 lakhs) subsequent to the appointed date and has been cancalled consequent to the aforesaid amalgamation and differential with respect to the face value thereof amounting to Rs. 519.57 lakhs (March 31, 2019: Rs. 0.28 lakhs) has been adjusted to capital reserve.

46 Financial statements of the Company for the year ended March 31, 2019 were earlier approved by the Board of Directors on April 25, 2019 and also reported upon by the statutory auditors vide their report of even date. These financial statements (hereinafter referred to "Earlier Financial Statements") were adopted by shareholders in the Annual General Meeting held on September 21, 2019. These earlier financial statements are required to be revised by incorporating therein the figures pertaining to erstwhile VSL amalgamated with the company with effect from October 01, 2018 as dealt herein above in Note no. 45(a).

The Board of Directors of erstwhile VSL vide it's meeting dated March 20, 2020 has approved the financial statements of VSL for the period ended September 30, 2018 (Interim Financial Statement) which have been audited by the Statutory Auditors of the said Company and reported upon by them vide their report of even date. The financial statements for the year ended March 31, 2019 have therefore been prepared after giving effect to impacts arising on amalgamation of VSL based on the figures taken from the interim financial statements as stated above and has been approved by the Board of Directors on May 18, 2020.

(Rs. in lakhs)

47 FINANCIAL INSTRUMENTS

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets (Current and Non-Current)				
Fair Value through Profit and Loss Account				
Derivative Assets - not designated as hedging instruments				
-Forward Contracts	1,034.59	1,034.59	-	-
Investments in Mutual Funds	1,10,046.33	1,10,046.33	62,675.96	62,675.96
Financial Assets at amortised cost				
Trade receivables	17,172.51	17,172.51	23,312.83	23,312.83
Cash and Bank Balances	4,526.91	4,526.91	7,657.33	7,657.33
Fixed Deposits with bank	24,397.10	24,397.10	50,353.92	50,353.92
Loans	52.15	52.15	69.50	69.50
Other Financial Assets	240.20	240.20	1,034.38	1,034.38
Financial Liabilities (Current and Non-Current)				
Financial Liabilities at amortised cost				
Borrowings- Floating Rate	3,37,208.88	3,37,208.88	3,37,492.83	3,37,492.83
Borrowings- Fixed Rate	19,700.00	19,700.00	19,700.00	19,700.00
Lease Liability	884.86	884.86	-	-
Trade payables	88,737.38	88,737.38	85,798.72	85,798.72
Interest on Loans and Borrowings	2,800.56	2,800.56	3,036.53	3,036.53
Others financial liabilities	27,790.12	27,790.12	26,036.54	26,036.54
Fair Value through Profit and Loss Account				
Derivative Liabilities - not designated as hedging instruments				
-Forward Contracts	-	-	923.60	923.60

b) **Fair Valuation Techniques**

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

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

- The fair value of cash and cash equivalents, current trade receivables and payables, current financial liabilities and assets and borrowings approximate their carrying amount largely due to the short-term nature of these instruments. The management considers that the carrying amounts of financial assets and financial liabilities recognised at nominal cost in the financial statements approximate their fair values.
- The Company's long-term debt has been contracted at floating rates of interest. Fair value of variable interest rate borrowings approximates their carrying value subject to adjustments made for transaction cost. In respect of fixed interest rate borrowings, fair value is determined by using discount rates that reflects the present borrowing rate of the company.
- Investment in liquid and short-term mutual funds which are classified as fair value through profit and loss are measured using quoted market prices at the reporting date multiplied by the quantity held.
- The fair value of derivative financial instruments is determined based on observable market inputs including currency spot and forward rates, yield curves, currency volatility etc. The said valuation has been carried out by the counter party with whom the contract has been entered with and Management has evaluated the credit and non-performance risks associated with the counterparties and believes them to be insignificant and not requiring any credit adjustments.

c) **Fair value hierarchy**

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2020:

Particulars	As at March 31, 2020	As at March 31, 2019	Fair value measurements at reporting date using		
			Level 1	Level 2	Level 3
Financial Assets					
– Derivative- not designated as hedging instruments					
o Forward Contracts	1,034.59	-	-	1,034.59	-
			-	-	-
– Investment in Mutual Funds	1,10,046.33	62,675.96	1,10,046.33	-	-
			(62,675.96)	-	-
– Investment in Fixed Deposits	24,397.10	50,353.92		24,397.10	
				(50,353.92)	
Financial Liabilities					
– Borrowings- Floating Rate	3,37,208.88	3,37,492.83	-	3,37,208.88	-
			(-)	(3,37,492.83)	(-)
– Borrowings- Fixed Rate	19,700.00	19,700.00	-	19,700.00	-
			(-)	(19,700.00)	(-)
– Lease Liability	884.86	-	-	884.86	-
			(-)	-	(-)
– Derivative- not designated as hedging instruments					
o Forward Contracts	-	923.60	-	-	-
			(-)	(923.60)	-

(*) Figures in round brackets ( ) indicate figures as at March 31, 2019

During the year ended March 31, 2020 and March 31, 2019, there were no transfers between Level 1, Level 2 and Level 3.

(Rs. in lakhs)

The Inputs used in fair valuation measurement are as follows:
-Fair valuation of Financial assets and liabilities not within the operating cycle of the company is amortised based on the borrowing rate of the company.
-Financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace. In respect of derivative financial instruments, the inputs used for forward contracts are Forward foreign currency exchange rates and Interest rates to discount future cash flow.

d) **Derivatives assets and liabilities:**

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

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

Category	Currency	As at March 31, 2020		As at March 31, 2019	
		No. of Deals	Amount in Foreign Currency	No. of Deals	Amount in Foreign Currency
Buy Forward	USD/INR	61	7,72,24,851	61	7,50,57,028
	EUR/INR	-	-	1	63,080
	EURO/USD	1	1,35,072	-	-
	GBP/USD	1	27,300	-	-
	GBP/INR	-	-	1	27,300
	JPY/INR	-	-	1	1,17,60,000

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

Nature	Currency	As at March 31, 2020	As at March 31, 2019
Trade Payables (Including acceptances)	USD	-	-
Trade Payables (Including acceptances)	RMB	-	97,252
Trade Receivable	USD	13,77,586	-

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:

(Amount in Rs. Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Not later than one month	618.77	57.69
Later than one month and not later than three months	482.29	(541.80)
Later than three months and not later than one year	(66.47)	(439.49)
Later than one year	-	-

e) **Sale of financial assets**

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

During the year ended March 31, 2020 and 2019, the Company transferred and recorded as sale of financial assets (i.e. bill discounted with banks) of Rs. 67,083.92 lakhs and Rs. 522,00.00 lakhs respectively, under arrangements without recourse and has included the proceeds from such sale in net cash provided by operating activities. These transfers resulted in loss of Rs. 1,358.77 lakhs and Rs. 414.84 lakhs for the year ended March 31, 2020 and 2019 respectively.

f) **FINANCIAL RISK MANAGEMENT**

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

MARKET RISK

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

Foreign Currency Risk

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

The Company incurred foreign exchange loss of Rs. 2,733.42 lakhs during the year. In order to mitigate such losses, the company has adopted a comprehensive risk management review system wherein it actively hedges its foreign currency exposure with defined parameters through use of hedging instrument such as forward contracts. The Company periodically reviews its risk management initiatives and also takes expert advice on regular basis on hedging strategy.

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

(Amount in Foreign Currency)

Particulars	As at March 31, 2020	As at March 31, 2019
	USD	USD
Trade Receivable	13,77,586	-
Acceptances	-	-
Interest	-	
Trade and other Payables	-	(97,252)
Net assets/(liabilities)	**13,77,586**	**(97,252)**

(Rs. in lakhs)

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

Particulars	Effect on Profit before tax	
	For the year ended March 31, 2020	For the year ended March 31, 2019
PAYABLES (Weakening of INR by 5%)		
USD	-	0.05
RECEIVABLES (Weakening of INR by 5%)		
USD	0.69	

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

Interest Rate Risk

The company exposure in market risk relating to change in interest rate primarily arises from floating rate borrowing from banks. Considering the same the carrying amount of said borrowing was considered to be at fair value.

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

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

Particulars	Effect on Profit before tax	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Increase in 50 basis points		
Borrowings- Floating Rate	1,686.04	1,687.46

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

Other price risk

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

CREDIT RISK

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

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

The carrying amount of respective financial assets recognised in the financial statements, (net of impairment losses) represents the Company's maximum exposure to credit risk. The concentration of credit risk is limited due to the customer base being large and unrelated. Of the trade receivables balance at the end of the year, there are two customers having outstanding of Rs 5,582.78 lakhs (March 31, 2019: Rs 13,262.16 lakhs) which accounts for more than 10% of the accounts receivable.

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

Financial assets that are neither past due nor impaired

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

Financial assets that are past due but not impaired

Trade receivables amounting to Rs. 1,765.06 lakhs (March 31, 2019: Rs. 1,377.81 lakhs) which are past due at the end of the reporting period, no credit losses there against are expected to arise.

LIQUIDITY RISK

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

(Rs. in lakhs)

Liquidity and interest risk tables

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

Interest rate and currency of borrowings

Particulars	As at March 31, 2020		
	Floating rate borrowings	Fixed rate borrowings	Weighted average Interest Rate (%)
INR	3,37,208.88	19,700.00	9.46%
Total	**3,37,208.88**	**19,700.00**	

Particulars	As at March 31, 2019		
	Floating rate borrowings	Fixed rate borrowings	Weighted average Interest Rate (%)
INR	3,37,492.83	19,700.00	9.25%
Total	**3,37,492.83**	**19,700.00**	

Maturity Analysis of Financial Liabilities

As at March 31, 2020

Particulars	Carrying Amount	On Demand	Less than 6 months	6 to 12 months	> 1 year	Total
Interest bearing borrowings (including current maturities)	3,56,908.88	-	12,594.60	12,594.60	3,31,719.68	3,56,908.88
Interest payable	2,800.56	-	2,800.56	-	-	2,800.56
Lease Liability	884.86	-	220.46	212.48	451.93	884.87
Trade and other payables	1,16,527.50	56,402.49	60,125.01	-	-	1,16,527.50

As at March 31, 2019

Particulars	Carrying Amount	On Demand	Less than 6 months	6 to 12 months	> 1 year	Total
Interest bearing borrowings (including current maturities)	3,57,192.83	-	-	-	3,57,192.83	3,57,192.83
Interest payable	3,036.53	-	3,036.53	-	-	3,036.53
Lease Liability	-	-	-	-	-	-
Trade and other payables	1,11,835.26	41,099.16	70,736.10	-	-	1,11,835.26

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

CAPITAL MANAGEMENT

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

The gearing ratio as at March 31, 2020 and March 31, 2019 are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Current loans and borrowings	25,327.31	-
Non-current loans and borrowings	3,31,581.57	3,57,192.83
Total loans and borrowings	**3,56,908.88**	**3,57,192.83**
Less: Cash and Cash Equivalents	17,077.62	35,690.55
Net Debt	**3,39,831.26**	**3,21,502.28**
Total equity attributable to the equity shareholders of the Company	3,49,283.22	3,62,259.76
Capital and Debt	**6,89,114.48**	**6,83,762.04**
Total capital (loans and borrowings and equity)	**0.97**	**0.89**

48 INCOME TAX

(a) Income Tax has been provided considering the provisions of Income Tax Act and Resolution Plan approved by Hon'ble NCLT vide their order dated April 17, 2018 and based on the legal opinion and advices received in this respect.

(b) In assessing the relisability of deferred tax assets (DTA), 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 against 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.

(Rs. in lakhs)

Movement of Deferred Tax Liability from beginning to the end of the financial year is as follows:

Particulars	As at March 31, 2018	Charge/ (Credit) to Statement of Profit and Loss	Charge/ (Credit) to Other Comprehensive Income	As at March 31, 2019	Charge/ (Credit) to Statement of Profit and Loss	Charge/ (Credit) to Other Comprehensive Income	As at March 31, 2020
Deferred Tax Liability							
a) Related to Property, Plant and Equipment and Intangible Assets	22,510.24	12,313.23	-	34,823.47	10,854.79	-	45,678.26
b) Fair Valuation of Mutual Funds	-	137.66	-	137.66	316.08	-	453.74
c) Loans carried at Amortised Cost	-	-	-	-	975.33	-	975.33
d) Forward Contract receivable	-	-	-	-	361.53	-	361.53
Total Deferred Tax Liability	**22,510.24**	**12,450.89**	**-**	**34,961.13**	**12,507.73**	**-**	**47,468.86**
Deferred Tax Assets							
a) Accumulated Unabsorbed depreciation	-	(32,303.63)	-	32,303.63	(11,613.50)	-	43,917.13
b) Provision for doubtful debts and advances and others	7,791.45	5,579.92	-	2,211.53	(1,068.35)	-	3,279.88
c) Amount deductible on payment basis	14,718.79	14,272.82	-	445.97	186.76	-	259.21
c) Others	-	-	-	-	(12.64)	-	12.64
Total Deferred Tax Assets	**22,510.24**	**(12,450.89)**	**-**	**34,961.13**	**(12,507.73)**	**-**	**47,468.86**
Deferred Tax Liability/(Assets) (Net)	**0.00**	**(0.00)**	**-**	**(0.00)**	**0.00**	**-**	**(0.00)**

The ultimate realisation of deferred tax assets, carried forward losses and unused tax credit is dependent upon the generation of future taxable income. In absence of historical trend and considering the principle of prudence Deferred tax asset have been recognised only to the extent of liabilities in this respect and such asset in respect of unused depreciation and tax losses amounting to Rs. 2,85,878.20 lakhs and Rs. 2,49,020.29 lakhs as of March 31, 2019 and March 31, 2018 respectively have not been recognized by the Company.

(c) **The Expiry date for accumulated business loss are as follows:**

Particulars	**Year of Expiry**	**Amount**
Business Loss	2021-2022	7,798.75
Business Loss	2022-2023	20,423.27
Business Loss	2025-2026	10,007.48
Business Loss	2026-2027	9,712.27
Business Loss	2026-2027	38,966.22
Unabsorbed depreciation	No Expiry	1,98,970.21

(d) Reconciliation of Tax expense and the accounting profit multiplied by domestic tax rate for March 31, 2020

Particulars	**For the Year ended March 31, 2020**	**For the Year ended March 31, 2019**
Profit/ (Loss) before tax	**(2,180.92)**	**1,18,680.29**
Income Tax Charge/(Credit) thereon based on tax rate @ 34.94%	(762.10)	41,471.64
Adjustment for:		
Unrecognised Deferred Tax in earlier years on Depreciation recognised during the year	(2,49,020.29)	-
Difference in Tax Rates used	(29,882.43)	-
Difference in amount of Unabsorbed business loss considered for last year computation	(7,816.39)	-
Deferred Tax Liability on Loan Processing Fees	975.33	-
Other Permanent difference	(1.94)	-
Revision in Tax Return for previous year	629.62	-
Closing unrecognised unused depreciation and tax losses	2,85,878.20	(41,471.64)
	0.00	**-**

49 The Company has availed various fund and non-fund based working capital facilities from banks amounting to Rs. 1,12,500.00 lakhs secured by First ranking pari passu charge by deed of Hypothecation executed in favour of Vistra ITCL (India) Limited, security trustees over the whole of the current assets of the company both present and future including stock of raw materials, stock-in-process, semi-finished goods, finished goods, stores and spares. Further secured by all of the book debts, amount outstanding, monies receivable, investments, claims and bills of the borrower.

50 Consequent to the out break of COVID-19, which has been declared as a pandemic by World Health Organisations (WHO) on March 11, 2020, Government of India has declared a lock down effective from March 25, 2020 and extended the same till May 31, 2020. During the lockdown period even though the company has continued the production as this being categorised as essential services, business operations have been affected significantly due to supply chain disruption, non-availability of personnel and various other facilities affecting the overall liquidity due to blockage of funds in current assets including inventories etc. and consequential mismatch in overall operating cycle. The Company has considered various internal and external information including assumptions relating to economic forecasts up to the date of approval of these financials for future estimates and assessments, utilised among other things for arriving at recoverable value of CGU for carrying out impairment analysis and valuation of financial assets and liabilities including investments. Further pending normalancy in the operations project work for expanding the capacity undertaken in earlier years could not be further progressed and certain usual year end exercise including physical verification of inventories etc., could not be undertaken. The company continues to monitor the impact of the pandemic and impact in this respect as estimated as on this date, which may ultimately be different affecting the assumptions, estimates and assessments including those relating to various financial, credit and other business risks. The assumptions used by the company have been tested through sensitivity analysis and the company expects to recover the carrying amount of the assets based on the current indicators of future economic conditions. The aforesaid evaluation are dependent on future development including government policies. Any variation due to the changes in situations will be taken into consideration, if necessary, as and when it crystallizes.

51 These financial statements have been approved by the Board of Directors of the Company on May 18, 2020 for issue to the shareholders for their adoption.

(Rs. in lakhs)

52 The figures of the previous year have been restated after incorporating the figures pertaining to erstwhile VSL w.e.f. October 1, 2018 and the figures of the current year and are not comparable with the previous year. Previous Period's figure has been regrouped/rearranged wherever necessary to comply with current year presentation

As per our report of even date

For Lodha & Co,
Chartered Accountants

R.P. Singh
Partner

Place: Bokaro
Dated: May 18, 2020

For and on behalf of the Board

A Sumathi Non-Executive Director
(DIN : 07147100)

Pankaj Malhan Whole time Director
(DIN : 08516185)

Jalaj Kumar Malpani Chief Financial Officer

Binaya Kumar Dash Company Secretary
(M.No. A17982)