

Limited Review Report**The Resolution Professional
Electrosteel Steels Limited**

1. We have reviewed the accompanying statement of unaudited Financial Results of Electrosteel Steels Limited ('the Company') for the Quarter ended on 30th September 2017 which are included in the accompanying 'Statement of unaudited financial results for the quarter and half year ended September 30, 2017 and Balance Sheet as on that date ('the Statement')'. The Statement has been prepared by the Company pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 ('the SEBI Regulations'), read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July 2016 which has been initiated by us for the purpose of identification.
2. This Statement which is the responsibility of the Company's Management and approved by the Resolution Professional has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34") prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on these financial statements based on our review.
3. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Attention is drawn to Note No. 5 of the accompanying statement regarding certain reconciliations /confirmations / adjustments to be carried out pending completion and ascertainment of amounts thereof. Impacts with respect to these are presently not ascertainable and as such cannot be commented upon by us.
5. Based on our review conducted as above, we report that, excepting the possible effect of the matters stated in Para 4 above nothing has come to our attention that causes us to believe that the accompanying statement of the Results read with notes thereon, prepared in accordance with aforesaid Indian Accounting Standards and other recognized accounting practices and policies generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. (a) Attention is invited to Note no. 2 of the accompanying statement, stating therein the matter concerning significant losses being incurred by the Company resulting in erosion of its network and current liabilities exceeding its current assets. State Bank of India, in its capacity as financial creditor has filed a petition under "Insolvency and Bankruptcy Code, 2016" (IBC) with Hon'ble National Company Law Tribunal (NCLT). NCLT vide its order of even date, has admitted the Corporate Insolvency Resolution Process (CIRP) in respect of the Company. CIRP is currently in progress and pending measures to be approved, adopted and implemented as a part of resolution process, the financial statement has continued to be prepared on a going concern basis. There is however, material uncertainty in this respect as on this date, since the same is dependent upon the resolution plan to be formulated and approved by NCLT.



(b) The comparative Ind AS financial information of the Company for the corresponding quarter ended June 2017 and half year ended September 30, 2016 and March 31, 2017 were reviewed/audited by the predecessor auditors who expressed opinion vide their reports dated August 12, 2017 and December 08, 2016 and May 15, 2017 respectively and reliance has been placed by us on these for the purpose of the financial results.

Our conclusion is not qualified in respect of the above.

Place: Kolkata
Date: November 14, 2017



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

R.P. Singh
R P Singh
Partner
Membership No.052438



ELECTROSTEEL STEELS LIMITED

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 Head Office : G.K.Tower, 2nd & 3rd Floor, 19 Camac Street, Kolkata - 700 017, West Bengal
 CIN - L27310JH2006PLC012663, Tel and fax 0651-2285636, Website: www.electrosteelsteels.com

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30TH SEPTEMBER, 2017

in lakhs ₹ except,
per share data

Particulars	Quarter Ended			Half Year Ended		Year Ended
	30 Sep'17	30 Jun'17	30 Sep'16	30 Sep'17	30 Sep'16	31 Mar'17
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 Income						
Revenue from operations	76,224.60	77,317.09	60,535.43	153,541.69	146,315.93	277,429.58
Other Income	607.15	4,177.08	5,835.74	4,784.23	8,335.64	6,981.29
Total income	76,831.75	81,494.17	66,371.17	158,325.92	154,651.57	284,410.87
2 Expenses						
Cost of materials consumed	47,690.83	52,620.93	38,769.02	100,311.76	82,400.83	153,425.33
Changes in inventories of finished goods, work-in-progress and stock in trade	287.06	(8,258.95)	2,319.18	(7,971.89)	6,370.52	11,709.47
Excise duty on sale of goods	-	6,629.74	4,842.81	6,629.74	12,250.11	23,304.94
Employee benefits expense	3,653.43	3,695.63	3,698.18	7,349.06	6,358.26	13,117.63
Finance costs	28,271.24	28,060.36	32,438.16	56,331.60	56,763.69	112,983.05
Depreciation and amortisation expense	12,104.93	11,963.51	12,081.21	24,068.44	24,160.03	47,878.97
Other Expenses	16,489.99	18,752.42	20,811.52	35,242.41	42,021.62	68,339.47
Total expenses	108,497.48	113,463.64	114,960.08	221,961.12	230,325.06	430,758.86
3 Profit/(Loss) before tax and exceptional items	(31,665.73)	(31,969.47)	(48,588.91)	(63,635.20)	(75,673.49)	(146,347.99)
4 Exceptional items	(2,000.00)	(7,750.00)	-	(9,750.00)	-	-
Profit/(Loss) before tax	(29,665.73)	(24,219.47)	(48,588.91)	(53,885.20)	(75,673.49)	(146,347.99)
5 Tax expense						
Current Tax	-	-	-	-	-	-
Deferred Tax	-	-	-	-	-	-
6 Profit/(Loss) for the Period	(29,665.73)	(24,219.47)	(48,588.91)	(53,885.20)	(75,673.49)	(146,347.99)
7 Other Comprehensive Income (OCI)						
i. Items that will not be reclassified to profit or loss:						
Remeasurement of defined benefit plans	5.79	5.79	(11.58)	11.58	(21.42)	24.91
ii. Income tax relating to Items that will not be reclassified to profit or loss	-	-	-	-	-	-
Other Comprehensive Income (OCI) for the period	5.79	5.79	(11.58)	11.58	(21.42)	24.91
8 Total comprehensive income for the period	(29,659.94)	(24,213.68)	(48,600.49)	(53,873.62)	(75,694.91)	(146,323.08)
9 Paid up equity share capital (Face Value of 10/- ₹ each)	240,923.50	240,923.50	240,923.50	240,923.50	240,923.50	240,923.50
10 Other equity excluding revaluation reserve						(297,708.10)
11 Earnings Per Share (of ₹ 10/- each) (not annualised):						
(a) Basic	(1.23)	(1.01)	(2.02)	(2.24)	(3.14)	(6.07)
(b) Diluted	(1.23)	(1.01)	(2.02)	(2.24)	(3.14)	(6.07)



Signature

Statement of Assets and Liabilities

(Rs. in lakhs)

Particulars	As at 30th September 2017	As at 31st March 2017
ASSETS		
Non- Current Assets		
(a) Property, plant and equipment	969,047.26	991,007.52
(b) Capital work-in-progress	177,167.79	179,907.04
(c) Intangible assets	151.74	177.87
(d) Financial Assets		
i. Other Financial Assets	840.23	815.83
(e) Other non-current assets	5,533.36	8,288.03
Total Non-Current Assets	1,152,740.38	1,180,196.29
Current Assets		
(a) Inventories	85,100.89	79,176.19
(b) Financial Assets		
i. Trade receivables	20,937.29	12,720.47
ii. Cash & cash equivalents	7,477.55	9,510.62
iii. Bank Balances other than (ii) above	16,772.44	3,904.82
iv. Others financial assets	247.10	152.57
(c) Current Tax Assets (net)	396.77	377.22
(d) Other current assets	21,484.02	15,611.14
Total Current Assets	152,416.06	121,453.03
TOTAL ASSETS	1,305,156.44	1,301,649.32
EQUITY & LIABILITIES		
Equity		
(a) Equity Share capital	240,923.50	240,923.50
(b) Other Equity	(351,581.72)	(297,708.10)
Liabilities		
Non - Current Liabilities		
(c) Financial Liabilities		
i. Borrowings	642,278.14	691,979.12
ii. Other financial liabilities	-	35.41
(d) Provisions	843.32	833.90
Total Non-Current Liabilities	532,463.24	636,063.83
Current liabilities		
(e) Financial Liabilities:		
i. Borrowings	59,200.70	69,629.27
ii. Trade Payables	69,237.24	46,243.45
iii. Other financial liabilities	608,784.80	520,261.71
(f) Other current liabilities	35,059.13	29,188.85
(g) Provisions	411.33	262.21
Total Current Liabilities	772,693.20	665,585.49
TOTAL EQUITY AND LIABILITIES	1,305,156.44	1,301,649.32



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NOTES

- 1 The Company's Integrated Steel & DI Pipe Plant is in the State of Jharkhand, India. A part of plant facility is still under construction and erection and cost of equipment, pre-operative and other expenditure related thereto has therefore been carried forward under capital work in progress.
- 2 The Company has incurred significant amount of losses leading to erosion of networth and current liabilities have exceeded the current assets of the Company. Interest and other terms and condition of repayment etc. as per the sanctioned CDR package could not be complied with and lenders in terms of RBI Circular dated 8th July 2015 and 24th September 2015, invoked "Strategic Debt Restructuring" (SDR) in respect of the Company. Pending implementation of SDR, State Bank of India in it's capacity as financial creditor has filed a petition on 27th June 2017 under "Insolvency and Bankruptcy Code, 2016" (IBC) with Hon'ble National Company Law Tribunal, Kolkata Bench (NCLT). On 21st July 2017, the NCLT vide it's order of even date admitted the said petition and Corporate Insolvency Resolution Process (CIRP) has been initiated in terms of IBC and related rules and regulation issued thereunder. Mr. Dhaivat Anjaria (having Registration No: IBBI/IPA-001/IPP00088/2017-18/10184) was appointed as Interim Resolution Professional (IRP) and thereafter has been confirmed to be Resolution Professional by Committee of Creditors (COC) constituted under IBC.

CIRP is currently in progress and as a part of the said process, resolution plan is to be prepared, approved by COC and implemented on approval thereof by NCLT. Pending this and measures to be adopted as a part of the resolution process, the financial statements has been continued to be prepared on a going concern basis.

- 3 Interest on borrowings have been provided for considering the rates and terms and conditions stipulated originally as per CDR Package or otherwise stipulated/advised in this respect. Adjustments, if any required in this respect pursuant to the resolution plan will be given effect to on completion of CIRP and approval thereof by NCLT.
- 4 Pending finalisation of Resolution Plan and certainty as to the realisation of unused tax losses, adjustments for deferred taxation have not been given effect to during the period.
- 5 This being interim financial statement certain disclosures/ adjustments etc. pending compilation and ongoing reconciliation etc. in respect of the following could not be ascertained and given effect to during the period:
 - a) Physical Verification of Inventory and reconciliation thereof with the books of account;
 - b) Confirmation and Reconciliation of Bank balance including fixed deposits with Banks;
 - c) Independent Confirmation of debit and credit balances including Trade Receivables/ Trade Payables and reconciliation of these balances including Statutory liabilities and admitted claims in respect of amounts outstanding as on 21st July 2017 with respect to financial and operational creditors;
 - d) Non-recognition of additional interest (over and above as per 3 above), management fees and other charges in respect of Non-CDR lender SREI pending finalisation of amount payable in this respect;
 - e) Contingent Liability/ Provision if any with respect to matters related to Entry Tax and custom duty including interest etc., due to non-fulfilment of export obligations; and
 - f) Re-appointment of Mr. Rama Shankar Singh, as a whole time director with effect from February 06, 2017 of the Company and the remuneration paid to him with effect from February 06, 2017 has since not been approved by the Shareholders in the annual general meeting of the Company held on November 07, 2017.


Necessary adjustments/disclosures, if any, with respect to above will be given effect to on determination of amount thereof.

- 6 Exceptional Items relate to the interim payment received from the insurers against 'Loss of profit' claim made by the company due to the accident at the oxygen plant in May, 2016. The balance amount will be recognised on acceptance thereof by the insurance authorities.
- 7 Considering the nature of the Company's business operations and future prospects and possible capacity utilisation etc. on completion of entire plant facilities, no separate reportable segments (business and/ or geographical) in terms of IND AS 108 'Operating Segments' has been considered necessary.
- 8 Goods and Service Tax ("GST") has been implemented with effect from 1st July 2017 and therefore Revenue from Operations for the quarter ended 30th September 2017 are net of GST. Revenue from operations and expenses for the previous periods being inclusive of excise duty are not comparable with corresponding figures of quarter and six months ended 30th September 2017.
- 9 The above financial results which have been prepared in accordance with Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI circular dated July 5, 2016 have been subjected to Limited Review by the Statutory Auditors. Since the powers of the board of directors has been suspended after commencement of CIRP, the above financial results have been certified by Mr. Sunil Katial, Chief Executive Officer and Mr. Ashutosh Agarwal, Chief Financial Officer and thereafter provided to the Resolution Professional. The Board of Directors of the Company was in charge of the business and conduct of the Company until 21st July 2017 i.e. the date when the CIRP process has commenced and IRP/Resolution Professional had been appointed and taken charge of operations of the company. The Resolution Professional has not conducted an independent verification of such statement. The Resolution Professional has therefore relied upon the certifications, representations and statements made by Mr. Sunil Katial, Chief Executive Officer, Mr. Ashutosh Agarwal, Chief Financial Officer in relation to the financial accounts and records.
- 10 Previous periods' figures have been reclassified wherever appropriate to conform to current periods' presentation.

Place : Kolkata
Date : Nov 14, 2017



For Electrosteel Steels Ltd.


Lalit Kumar Singhi
(Director)
DIN No. 00893144