**INDEPENDENT AUDITORS' REPORT**

**To the Members of Electrosteel Steels Limited**

**Report on the Audit of the Standalone Financial Statements**

**Opinion**

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

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

**Basis for Opinion**

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

**Material Uncertainty Related to Going Concern**

We draw attention to Note no. 41 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.

**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.

| **Key Audit Matters** | **Addressing the key audit matters** |
|---|---|
| Accounting and Other Implications arising from Resolution Plan (ARP) approved by Hon'ble NCLT **(as described in note 42 of the Standalone financial statements)** | |
| The non-sustainable debts of 7,39,911.32 lakhs remaining after making payment to financial creditors on full and final settlement of their debt have been converted into Equity Share Capital.The Equity Share Capital so converted along | • Understanding the requirement of the Standard and the accounting being effected and overriding effect of the provisions and requirements of ARP;<br>• Where relevant, reading external expert advices obtained by the management or discussion of open matters with the management and placing reliance on |

| Key Audit Matters | Addressing the key audit matters |
|---|---|
| with existing Equity Share Capital have been reduced thereafter and consolidated. Rs. 9,61,219.97 lakhs being the amount so reduced as prescribed in ARP has been credited to Capital Reserve.<br><br>Rs. 85,627.50 lakhs being the amount no longer payable to Operational Creditors in terms of ARP has been written back and shown as exceptional items in the statement of profit and loss.<br><br>As per ARP, the contingent liabilities primarily concerning EPCG obligations, Custom Duty, Sales Tax, Excise Duty, Service Tax, Entry Tax, etc., and commitments, claims and obligations, stand extinguished and accordingly no outflow of economic benefits is expected in respect thereof. | the expert advices on legal, taxation matters and conclusions drawn therefrom;<br>• Meeting with management and reading/reviewing the correspondences, memos and notes on related matters;<br>• The audit team in conjunction with tax specialists evaluated the treatment by the management under Income Tax Act vis-à-vis the Income Tax provisions which included reviewing the external opinions, ,Judicial pronouncements, computations, suggestion received by the management from advisers by the management and assumptions made in this respect; and<br>• Assessing and analysing management's contention, disclosures, the accounting and legal requirement vis-à-vis order of NCLT and conclusion thereof and understanding precedents set in similar cases. |
| **Non-Recognition of Deferred Tax Assets <u>(as described in note 44 of the Standalone financial statements)</u>** | |
| Deferred tax assets amounting to Rs. 2,49,020.29 lakhs (attributable to loss carry forwards) have not been recognized in the Standalone financial statements as at March 31, 2019 | • Utilisation of Deferred tax assets have been tested on the basis of internal forecasts prepared by the Company and probability of future taxable income;<br>• This includes critical review of the underlying assumptions for consistency and for arriving at reasonable degree of probability on the matters; and<br>• Due consideration of principle of prudence especially in absence of past established trend and track records. |
| **Impairment of Property, Plant and Equipment (PPE), Capital Work in Progress (CWIP) and Intangible Assets <u>(as described in note 5.5 of the Standalone financial statements)</u>** | |
| Evaluation of the impairment involves assessment of value in use of the Cash Generating Units (CGUs) and requires significant judgements and assumptions about the future cash flow forecasts, forecast production, forecast volumes, prices and discount rate.<br><br>Impairment testing of PPE, CWIP and Intangible assets were carried out during the year ended March 31, 2018 and provision of Rs. 5,11,193.02 lakhs was made. No further provision or reversal thereof has been considered necessary during this year. | • Critical evaluation of internal and external factors impacting the entity and indicators of impairment (or reversal thereof) in line with Ind AS 38; and<br>• Review of impairment valuation models used in relation to CGU to determine the recoverable amount by analysing the key assumptions used by management in this respect including:<br>− Consistency with respect to forecast for arriving at the valuation and assessing the potential impact of any variances;<br>− Price assumptions used in the models; and<br>− The assumption/estimation for the weighted average cost of capital and rate of discount for arriving at the value in use. |

| Key Audit Matters | Addressing the key audit matters |
|---|---|
| **Non-Renewal of Consent to Operate from JPSCB <u>(as described in note 41 of the Standalone financial statements)</u>** | |
| The Company's application for renewal of Consent to Operate ('CTO') was denied by Jharkhand State Pollution Control Board ('JSPCB'). Further Environmental Clearance has also not been granted by Ministry of Environment and Forest (MoEF). Hon'ble High Court of Jharkhand has extended a stay on these ordersand allowed the operations till next hearing. | • Obtained the status of the case from the legal department and their view on the matter;<br>• Evaluated the steps being taken by management for ensuring the related compliances and plans for future actions;<br>• Reliance placed on the legal experts view vis-à-vis stay being granted, pending final judgement; and<br>• Reviewed the appropriateness of disclosure by the management. |

**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 auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

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

Further to our comments in the annexure referred to in the paragraph above, as required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
f) With respect to the adequacy of the internal financial controls with reference to financial statements in place and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal control with reference to financial statements; and
g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note no. 39(ii)(A) to the Standalone financial statements;
   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note no. 43(d) to the Standalone financial statements; and
   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Place: Kolkata
Date: April 25, 2019

R. P. Singh
Partner
Membership No: 52438

**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 pursuant to the induction of current promoters, detailed verification of fixed assets by engaging the services of an Independent firm of professional has been undertaken by the management. The discrepancies noted on such verification as stated in Note no. 5.6 of the Standalone financial statements even though material in certain cases, have been provided for in the books of the account. Reasons for such variation are however, to be substantiated for strengthening control and other corrective control measures if any considered necessary in this regard.

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. 5.4 to 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 |
| Deeds with Defective title to be regularized and converted to leasehold. | 325.19 acres | 1,316.42 |
| 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 as stated in Note no. 5.4(d) is to be regularised and converted to leasehold land after obtaining necessary approvals of the authorities and charge holders. Pending execution of lease deed, these have been shown as leasehold prepayments under Other Non-current Assets.

ii) As informed, the inventories of the Company except for materials in transit and those lying in depot have been physically verified by the management during the year. In our opinion and according to the information and explanations given to us, the frequency of such verification is reasonable. As the Company's inventory of raw materials comprises mostly of bulk materials such as coal, coke, iron ore, etc. requiring technical expertise for quantification, the Company has hired an independent agency for the physical verification of the stock of these materials. The discrepancies noted on such verification as stated in Note no. 30.1 of the Standalone financial statement even though material in certain cases, have been properly dealt with in the books of the account.

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

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

v) The Company has not accepted any deposits during the year and does not have any unclaimed deposits as at March 31, 2018 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, 2019 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. 39(ii)(a) of the Standalone financial statements, all disputed dues of sales tax, income tax, customs duty, wealth tax, excise duty, service tax, and Cess, if any, prior to the effective date i.e. June 04, 2018 stand extinguished in terms of the resolution plan approved by Hon'ble NCLT. This is supported by the legal opinion taken by the company on the said matter.

viii) As stated in Note no. 42 of the Standalone financial statements the dues of banks and financial institutions determined in terms of the Resolution Plan has been settled. Subsequent to this, the company has not taken any loans from banks or financial institutions and as such there is no default in this respect.

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 give to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration during the year. Accordingly, provisions of clause 3 (xi) of the Order is not applicable.

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

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

xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has made preferential allotment equity shares to financial creditors by conversion of Debt amounting to Rs. 7,39,913.21 lakhsto 7,39,91,32,055 Equity Shares of Rs. 10 each pursuant to the ARP as stated in Note no. 42 of the Standalone financial statements. Further, the company also has made preferential allotment to the Holding Company by issue of 176,55,06,078 Equity Shares of Rs. 10 each which in terms of ARP has been utilised for payment of financial creditors.

xv) According to the information and explanations given to us and as represented to us by the management and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with 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: April 25, 2019

R. P. Singh
Partner
Membership No: 52438

**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, 2019 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

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

**Auditor’s Responsibility**

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

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

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

**Meaning of Internal Financial Controls with reference to financial statements**

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

**Inherent Limitations of Internal Financial Controls 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, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Other Matters**

The discrepancies noticed on physical verification of fixed assets as stated in Note no. 5.6(a) are being reviewed and corrective control measures as represented will be taken on completion thereof. 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: April 25, 2019

R. P. Singh
Partner
Membership No: 52438

**ELECTROSTEEL STEELS LIMITED**

**BALANCE SHEET AS AT MARCH 31, 2019**

| | | | | (Rs. in lakhs) |
|---|---|---|---|---|
| **Particulars** | | **Note No.** | **As at March 31, 2019** | **As at March 31, 2018** |
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| (a) | Property, Plant and Equipment | 5 | 514,178.54 | 516,160.32 |
| (b) | Capital work-in-progress | 6 | 91,073.72 | 91,943.13 |
| (c) | Other Intangible Assets | 7 | 69.97 | 82.54 |
| (d) | Financial Assets: | | | |
| | (i) Loans | 8 | 69.50 | 871.62 |
| | (ii) Other Financial Assets | 9 | 146.34 | 3.25 |
| (e) | Non Current Tax Assets (net) | 10 | 756.28 | 494.75 |
| (f) | Deferred Tax Assets (net) | 45 | - | - |
| (g) | Other Non-Current Assets | 11 | 5,565.95 | 3,173.01 |
| **Current assets** | | | | |
| (a) | Inventories | 12 | 84,256.53 | 84,472.78 |
| (b) | Financial Assets: | | | |
| | (i) Investments | 13 | 62,675.96 | - |
| | (i) Trade Receivables | 14 | 23,312.83 | 18,251.97 |
| | (ii) Cash and Cash Equivalents | 15 | 35,690.55 | 4,151.71 |
| | (iii) Bank Balances other than (ii) above | 16 | 19,089.62 | 64,681.37 |
| | (iv) Other Financial Assets | 17 | 962.21 | 982.22 |
| (c) | Other Current Assets | 18 | 4,262.37 | 11,824.05 |
| **TOTAL ASSETS** | | | **842,110.37** | **797,092.72** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| (a) | Equity Share Capital | 19 | 196,167.34 | 240,923.50 |
| (b) | Other Equity | 20 | 168,418.92 | (911,685.49) |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| (a) | Financial Liabilities: | | | |
| | Borrowings | 21 | 355,449.39 | - |
| (b) | Provisions | 22 | 820.22 | 1,190.30 |
| **Current liabilities** | | | | |
| (a) | Financial Liabilities: | | | |
| | (i) Borrowings | 23 | - | 42,045.88 |
| | (ii) Trade Payables | 24 | | |
| | - Total Outstanding dues of micro enterprises and small enterprises | | 2,768.76 | 727.76 |
| | - Total Outstanding dues of creditors other than micro enterprises and small enterprises | | 83,858.92 | 108,678.21 |
| | (iii) Other Financial Liabiities | 25 | 23,807.47 | 1,267,398.49 |
| (b) | Other Current Liabilities | 26 | 10,623.85 | 24,925.01 |
| (c) | Provisions | 27 | 195.50 | 22,889.06 |
| **TOTAL EQUITY AND LIABILITIES** | | | **842,110.37** | **797,092.72** |

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

As per our report of even date

**For Lodha & Co,**
Chartered Accountants

**R.P. Singh**
Partner

Mumbai
Dated: April 25,2019

For and on behalf of the Board

**Naveen Kumar Singhal** (DIN : 02642057) — Non-Excecutive Director

**Rashmi Mohanty** (DIN : 07072541 ) — Non-Excecutive Director

**Pankaj Malhan** — Acting CEO

**Jalaj Kumar Malpani** — Chief Financial Officer

**Binaya Kumar Dash** M.No. A17982 — Company Secretary

**ELECTROSTEEL STEELS LIMITED**

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

**(Rs. in lakhs)**

| Particulars | Note No. | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|---|
| **Revenue from Operations** | | | |
| Sale of Products | 28 | 487,105.62 | 359,416.02 |
| Other Operating Income | 28A | 8,049.32 | 6,088.76 |
| **Total Revenue from Operations** | | **495,154.94** | **365,504.78** |
| Other Income | 29 | 5,518.43 | 8,853.19 |
| **Total Income** | | **500,673.37** | **374,357.97** |
| **Expenses** | | | |
| Cost of Materials Consumed | 30 | 291,466.71 | 212,472.34 |
| Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress | 31 | 3,952.39 | 8,085.98 |
| Excise Duty on Sale of Goods | | - | 6,629.74 |
| Employee Benefits Expense | 32 | 15,452.82 | 14,770.55 |
| Finance Costs | 33 | 32,127.67 | 78,995.91 |
| Depreciation and Amortisation Expense | 34 | 30,463.42 | 53,415.20 |
| Other Expenses | 35 | 101,500.33 | 90,037.59 |
| **Total Expenses** | | **474,963.34** | **464,407.31** |
| **Profit/ (Loss) before exceptional items and tax** | | **25,710.03** | **(90,049.34)** |
| **Exceptional Items** | 36 | **93,093.53** | **(523,835.81)** |
| **Profit/ (loss) before tax** | | **118,803.56** | **(613,885.15)** |
| **Tax expense:** | | | |
| (1) Current tax | | - | - |
| (2) Deferred tax | 45 | - | - |
| **Profit/ (loss) for the year** | | **118,803.56** | **(613,885.15)** |
| **Other Comprehensive Income:** | | | |
| (i) Items that will not be reclassified to profit or loss | 37 | 80.88 | (92.24) |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | | - | - |
| **Other Comprehensive Income for the Year (net of taxes)** | | **80.88** | **(92.24)** |
| **Total Comprehensive Income for the year** | | **118,884.44** | **(613,977.39)** |
| **Earning per equity share of Par value of Rs. 10 each:** | 41 | | |
| Basic and Diluted | | 5.38 | (25.48) |

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

As per our report of even date

**For Lodha & Co,**
Chartered Accountants

**R.P. Singh**
Partner

Mumbai
Dated: April 25,2019

For and on behalf of the Board

**Naveen Kumar Singhal** (DIN : 02642057) — Non-Excecutive Director

**Rashmi Mohanty** (DIN : 07072541 ) — Non-Excecutive Director

**Pankaj Malhan** — Acting CEO

**Jalaj Kumar Malpani** — Chief Financial Officer

**Binaya Kumar Dash** M.No. A17982 — Company Secretary

**ELECTROSTEEL STEELS LIMITED**

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

| | Year Ended March 31, 2019 Rs. in lakhs | Year Ended March 31, 2018 Rs. in lakhs |
|---|---|---|
| **A. Cash flow from Operating Activities** | | |
| Profit before tax | **118,803.56** | **(613,885.15)** |
| Adjustment for non cash items to reconcile profit before tax to net cash flows | | |
| Impairment of Property, Plant and Equipment | - | 433,869.51 |
| Impairment of Intangible Assets | - | 43.39 |
| Impairment of Capital Work in Progress | - | 77,280.11 |
| Provision for Claims admitted pursuant to CIRP | - | 22,642.80 |
| Liability written back being no longer required pursuant to CIRP | (85,627.50) | - |
| Bad Debt Written Off | 557.18 | - |
| Provision for Obsolete and Non-moving Stores and Spares | 1,330.16 | 1,752.92 |
| Depreciation and amortization expenses | 30,463.42 | 53,415.20 |
| Loss/(profit) on sale of fixed assets | 20.53 | 0.37 |
| Sundry credit balances written back | (184.30) | (5,222.85) |
| Sundry Balances written-off | 95.04 | 517.84 |
| Net (gain)/ Loss on foreign currency translation and transaction | 1,647.89 | 76.95 |
| Net gain/(loss) on Derivative Instruments on fair valuation through profit and loss | 923.60 | (96.13) |
| Interest Income | (3,009.90) | (1,596.38) |
| Net Gain/(loss) on Current Investments on Fair Valuation through profit and loss | (441.21) | - |
| Net Gain/(loss) on disposal of Current Investments | (534.74) | - |
| Provision for doubtful advances | 3,696.25 | 737.74 |
| Impairment Allowance for doubtful debts | 1,062.19 | 1,592.06 |
| Finance Cost | 32,127.67 | 78,995.91 |
| Operating profit before Working Capital Changes | **100,929.84** | **50,124.29** |
| **Movements in working capital :** | | |
| Decrease/(Increase) in Inventories | (1,113.91) | (7,049.50) |
| Increase/(Decrease) in Trade Payables, Other financial and Non-Financial liabilities and Provisions | (12,794.74) | 65,501.28 |
| Decrease/(Increase) in Trade Receivables | (1,145.99) | (7,641.40) |
| Decrease/(increase) in loans and advances, Other financial and non-financial asets and other assets | (1,294.20) | 3,135.13 |
| Cash generated from / (used in) operations | **84,581.00** | **104,069.80** |
| Direct taxes paid (net of refunds) | (261.53) | (117.53) |
| **Net Cash flow from / (used in) Operating Activities (A)** | **84,319.47** | **103,952.27** |
| **B. Cash flow from Investing Activities** | | |
| Purchase of Property, Plant and Equipments including intangible assets and movement in Capital Work in Progress | (7,094.96) | (5,196.95) |
| Proceeds from sale of Property, Plant and Equipments | 3.12 | 1.46 |
| Investment in Fixed Deposits (having original maturity of more than three months) | 45,451.33 | (60,776.55) |
| Investment in mutual funds (Net) | (62,582.43) | - |
| Interest received | 3,528.36 | 1,036.95 |
| **Net Cash flow from / (used in) Investing Activities (B)** | **(20,694.58)** | **(64,935.09)** |
| **Cash flow from Financing Activities** | | |
| Proceeds from issuance of share capital | 176,555.30 | - |
| Proceeds/(Repayment) from long-term borrowings (net) | 146,726.27 | (10,553.85) |
| Proceeds/(Repayment) from short-term borrowings (net) | (42,045.88) | (27,583.38) |
| Interest and other borrowing cost paid | (313,321.74) | (6,230.27) |
| **Net Cash flow from / (used in) Financing Activities (C)** | **(32,086.05)** | **(44,367.50)** |
| Net increase/(decrease) in cash and cash equivalents (A+B+C) | 31,538.84 | (5,350.32) |
| Cash and cash equivalents at the beginning of the year | 4,151.71 | 9,502.03 |
| **Cash and cash equivalents at the end of the year (Refer Note no. 15)** | **35,690.55** | **4,151.71** |

# ELECTROSTEEL STEELS LIMITED

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

**Notes**

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

| **2. Change in Company's liabilities arising from financing activities:** | **As at March 31, 2018** | **Cash flows*** | **Non-Cash Flows**** | **As at March 31, 2019** |
|---|---|---|---|---|
| Non-current borrowings [Refer Note no. 21] | - | 355,449.39 | - | 355,449.39 |
| Current maturities of long term debt [Refer Note no. 25] | 948,636.33 | (208,723.12) | (739,913.21) | - |
| Short Term borrowings [Refer Note no. 23] | 42,045.88 | (42,045.88) | - | - |
| Interest accrued and due on borrowings [Refer Note no. 25] | 281,018.20 | (281,018.20) | - | - |
| Interest accrued but not due on borrowings [Refer Note no. 25] | 589.53 | (589.53) | 413.66 | 413.66 |

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

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

| **3. Cash and cash equivalents consists of the following for the purpose of the Cash Flow Statement:** | **As at March 31, 2019 Rs. in lakhs** | **As at March 31, 2018 Rs. in lakhs** |
|---|---|---|
| **Balances with Banks** | | |
| In Current Accounts | 7,608.72 | 4,150.68 |
| Cash on hand | 4.70 | 1.03 |
| Fixed Deposits with original maturity of less than 3 months | 28,077.13 | - |
| **Total cash and cash equivalents (Refer Note No. 15)** | **35,690.55** | **4,151.71** |

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

As per our report of even date

For Lodha & Co,
Chartered Accountants

R.P. Singh
Partner

Mumbai
Dated: April 25,2019

For and on behalf of the Board

**Naveen Kumar Singhal** Non-Excecutive Director
(DIN : 02642057)

**Rashmi Mohanty** Non-Excecutive Director
(DIN : 07072541 )

**Pankaj Malhan** Acting CEO

**Jalaj Kumar Malpani** Chief Financial Officer

**Binaya Kumar Dash** Company Secretary
M.No. A17982

**Statement of changes in Equity for the year ended March, 31, 2019**

| A. Equity Share Capital | (Rs. in lakhs) |
|---|---|
| Balance as at March 31, 2018 | 240,923.50 |
| Issued during the year (Refer Note no. 42) | 916,463.81 |
| Reduction and consolidation during the year (Refer Note no. 42) | (961,219.97) |
| Balance as at March 31 ,2019 | 196,167.34 |

**B. Other Equity**

**As at March 31, 2019** **(Rs. in lakhs)**

| Particulars | Capital Reserve | Reserves and Surplus | | Total |
|---|---|---|---|---|
| | | Securities premium | Retained earnings | |
| Balance as at March 31, 2018 | - | 3,993.17 | (915,678.66) | (911,685.49) |
| Profit for the Year | - | - | 118,803.56 | 118,803.56 |
| Other Comprehensive Income for the year | - | - | 80.88 | 80.88 |
| **Total comprehensive income for the year** | **-** | **-** | **118,884.44** | **118,884.44** |
| Capital Reduction during the year (Refer Note no. 42) | 961,219.97 | **-** | **-** | **961,219.97** |
| **Balance at March 31, 2019** | **961,219.97** | **3,993.17** | **(796,794.22)** | **168,418.92** |

**As at March 31,2018**

| Particulars | Capital Reserve | Reserves and Surplus | | Total |
|---|---|---|---|---|
| | | Securities premium | Retained earnings | |
| Balance as at March 31, 2017 | - | 3,993.17 | (301,701.27) | (297,708.10) |
| Loss for the Year | - | - | (613,885.15) | (613,885.15) |
| Other Comprehensive Income for the year | - | - | (92.24) | (92.24) |
| **Total comprehensive income for the year** | **-** | **-** | **(613,977.39)** | **(613,977.39)** |
| Capital Reduction during the year (Refer Note no. 42) | - | **-** | **-** | **-** |
| **Balance at March 31, 2018** | **-** | **3,993.17** | **(915,678.66)** | **(911,685.49)** |

Refer Note no. 20 for nature and purpose of reserves

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

As per our report of even date

**For Lodha & Co,**
Chartered Accountants

**R.P. Singh**
Partner

Mumbai
Dated: April 25,2019

For and on behalf of the Board

**Naveen Kumar Singhal** Non Excecutive Director
(DIN : 02642057)

**Rashmi Mohanty** Non Excecutive Director
(DIN : 07072541 )

**Pankaj Malhan** Acting CEO

**Jalaj Kumar Malpani** Chief Financial Officer

**Binaya Kumar Dash** Company Secretary
M.No. A17982

## 1 CORPORATE INFORMATION

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

## 2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

### i. Statement of Compliance

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

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

**Application of new and revised standards:**

a) Ind AS 115, Revenue from Contracts with Customers
Ind AS 115 has been introduced with effect from April 01, 2018 under modified retrospective approach which does not have any impact on the financial statements.

b) Ind AS 21- Appendix B, "Foreign Currency Transactions and Advance Consideration" and Ind AS 12 "Income Taxes" have been revised with effect from the said date. Revision in other standards are either not applicable or don not have any impact on the financial statements.

### ii. Recent accounting pronouncements

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

**a) Ind AS 116, Leases**

Ind AS 116 will affect the accounting of lessees primarily by removing the current distinction between operating and finance leases. This requires recognition of an asset (the right-of-use the leased item) and a financial liability to pay rentals over the period all lease contracts. An optional exemption exists for short-term and low-value leases.

The statement of profit and loss will also be affected because the expense in the earlier years of a lease is expected to be higher.

Presently, the Company is in the process of evaluating the impact that application of Ind AS 116 is expected to have on its financial statements.

**b) Appendix C, ‘Uncertainty over Income Tax Treatments’, to Ind AS 12, ‘Income Taxes’**

The appendix explains the recognition and measurement of deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

Presently, the Company is in the process of evaluating the impact that application of this appendix is expected to have on its financial statements.

## 3 SIGNIFICANT ACCOUNTING POLICIES

### A. Basis of Preparation

The Financial Statements have been prepared under the historical cost convention on accrual basis except certain financial instruments that are measured in terms of relevant Ind AS at fair values/ amortized costs at the 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 items 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 these class of assets, the useful life has been determined based on internal assessment and independent evaluation carried out by technical experts. The useful life in case of remaining assets have been taken as per Schedule II of the Act. The company believes that the useful life as given above represents the period over which the company expects to use the

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

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

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

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

**C. INTANGIBLE ASSETS**

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

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

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

**D. DERECOGNITION OF TANGIBLE AND INTANGIBLE ASSETS**

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

**E. LEASES**

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

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

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

**F. IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS**

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

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

**G. FINANCIAL INSTRUMENTS**

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

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

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

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

i. **Cash and cash equivalents**

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

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

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

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

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

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

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

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

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

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

vi. **Derivative and Hedge Accounting**

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

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

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

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

vii. **Impairment of financial assets**

A financial asset is assessed for impairment at each balance sheet date. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the 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 loss has been transferred and either the customer has accepted the product in accordance with the contract or the company has objective evidence that all criteria for acceptance has been satisfied.

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

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

ii. **INTEREST, DIVIDEND AND CLAIMS**

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

iii. **EXPORT BENEFITS**

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

**N. BORROWING COST**

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

## O. RESEARCH AND DEVELOPMENT

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

## P. GOVERNMENT GRANTS

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

## Q. TAXES ON INCOME

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

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

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

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

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

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

## R. EARNINGS PER SHARE

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

## S. SEGMENT REPORTING

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

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

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

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

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

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

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

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

b) **Impairment loss on trade receivables**

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

c) **Income taxes**

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

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

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

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

e) **Going Concern assumption**

As indicated in Note no. 43 of the financial statements, renewal of Consent to Operate (CTO) and 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. 42 contingent liability prior to the effective date of NCLT Order has been extinguished. Although there can be no assurance with regard to final outcome of the legal proceeding, the company does not expect to have an adverse impact in this respect. Disclosure in this respect have been made in Note no. 39(ii)(A) of the financial statements.

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

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

(Rs. in lakhs)

**5 Property, Plant and Equipment:**

**As at March 31, 2019**

| Particulars | Freehold land | Buildings | Plant and Equipment | Furniture and Fixtures | Vehicles | Office Equipments | Railway Siding | Total |
|---|---|---|---|---|---|---|---|---|
| **Gross Block** | | | | | | | | |
| As at March 31, 2018 | 42,450.01 | 198,916.76 | 810,322.01 | 1,370.30 | 169.70 | 713.82 | 18,044.97 | 1,071,987.57 |
| 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** | **199,524.70** | **793,542.31** | **589.45** | **390.39** | **3,410.94** | **20,029.67** | **1,083,941.31** |
| **Accumulated Depreciation** | | | | | | | | |
| As at March 31, 2018 | - | 26,531.72 | 92,101.74 | 504.44 | 84.19 | 286.71 | 2,448.94 | 121,957.74 |
| 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** | **114,558.84** | **225.44** | **260.75** | **1,001.77** | **3,589.42** | **150,190.02** |
| **Impairment** | | | | | | | | |
| As at March 31, 2018 | 19,385.88 | 78,724.10 | 328,017.53 | 392.87 | 34.91 | 191.90 | 7,122.32 | 433,869.51 |
| 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** | **313,176.65** | **158.06** | **66.99** | **1,113.60** | **7,686.90** | **419,572.75** |
| Net carrying amount | | | | | | | | |
| **As at March 31, 2019** | **46,605.51** | **91,448.69** | **365,806.82** | **205.95** | **62.65** | **1,295.57** | **8,753.35** | **514,178.54** |

**As at March 31, 2018**

| Particulars | Freehold land | Buildings | Plant and Equipment | Furniture and Fixtures | Vehicles | Office Equipments | Railway Siding | Total |
|---|---|---|---|---|---|---|---|---|
| **Gross Block** | | | | | | | | |
| As at March 31, 2017 | 42,449.91 | 198,557.29 | 798,466.54 | 1,317.37 | 172.31 | 635.34 | 18,022.15 | 1,059,620.91 |
| Additions | 0.10 | 338.26 | 10,870.76 | 54.65 | - | 74.56 | 20.37 | 11,358.70 |
| Disposal | - | - | (0.02) | (1.72) | (2.61) | - | - | (4.35) |
| Other Adjustments | - | 21.21 | 984.73 | - | - | 3.92 | 2.45 | 1,012.31 |
| **As at March 31, 2018** | **42,450.01** | **198,916.76** | **810,322.01** | **1,370.30** | **169.70** | **713.82** | **18,044.97** | **1,071,987.57** |
| **Accumulated Depreciation** | | | | | | | | |
| As at March 31, 2017 | - | 14,581.20 | 52,201.38 | 324.46 | 55.27 | 165.65 | 1,285.43 | 68,613.39 |
| Charge for the period | - | 11,950.52 | 39,900.37 | 180.94 | 30.48 | 121.06 | 1,163.51 | 53,346.88 |
| Disposal | - | - | (0.01) | (0.96) | (1.56) | - | - | (2.53) |
| Other Adjustments | - | - | - | - | - | - | - | - |
| **As at March 31, 2018** | **-** | **26,531.72** | **92,101.74** | **504.44** | **84.19** | **286.71** | **2,448.94** | **121,957.74** |
| **Impairment** | | | | | | | | |
| As at March 31, 2017 | - | - | - | - | - | - | - | - |
| Charge for the period | 19,385.88 | 78,724.10 | 328,017.53 | 392.87 | 34.91 | 191.90 | 7,122.32 | 433,869.51 |
| Disposal | - | - | - | - | - | - | - | - |
| Other Adjustments | - | - | - | - | - | - | - | - |
| **As at March 31, 2018** | **19,385.88** | **78,724.10** | **328,017.53** | **392.87** | **34.91** | **191.90** | **7,122.32** | **433,869.51** |
| Net carrying amount | | | | | | | | |
| **As at March 31, 2018** | **23,064.13** | **93,660.94** | **390,202.74** | **472.99** | **50.60** | **235.21** | **8,473.71** | **516,160.32** |

**(Rs. in lakhs)**

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, 2018: Rs 12,070.19 lakhs), incurred for construction of Railway siding ownership of which does not vest with the company.

5.3 Other adjustments includes Rs. Nil (March 31, 2018: Rs. 818.26 lakhs) being interest and Rs. Nil (March 31, 2018: Rs. 194.05 lakhs) being other project development expenditure allocated and transferred to Assets and capitalised. (Refer Note no. 6.1 below)

5.4 Freehold land includes:-

a) 229.42 acres amounting to Rs. 1,615.99 lakh (March 31, 2018: 229.43 acres amounting to Rs. 1,615.99 lakh) which is pending execution of registration thereof;

b)263.74 acres amounting to Rs. 1,929.88 lakhs (on proportionate basis) (March 31, 2018: Nil) for which deeds are currently not available with the company and/or are yet to be obtained from erstwhile promoters;

c) 455.35 acres amounting to Rs. 25,323.31 lakhs (March 31, 2018: Nil) (on proportionate basis) including demand of Rs. 23,552.55 lakhs against which Rs. 2,295.98 lakhs has been paid as advance, the title deed for which are on forest land pending compliance of requirement of afforestation and approval from respective authorities, for which necessary steps are being taken; and

d) 325.19 acres which are under process of regularisation by conversion to leasehold land and cost thereof (including amount of Rs.4,144.74 lakhs being demand for such conversion) pending execution of lease deed as stated in Note no. 11.1 of the financial statements has been shown as leasehold land prepayment.

5.5 During the previous year, the Company had carried out the Impairment testing determining the Fair Value less cost to Sale and Value in Use. The said Valuation has been carried out by an Independent Valuer appointed in this respect.

For the said purpose, the entire Steel manufacturing facility consisting of DI Pipe, Wire Rod, TMT Bar, Steel Billets and Pig Iron has been considered as a single unit for arriving at the value in use. This had been estimated as per the Discounted Cash Flow method based on future projections and assumptions. Thr pre-tax discount rate used for value-in-use was 12.20%.

The recoverable amount of the CGU was determined to be Rs. 6,08,186.00 lakhs as on March 31, 2018 and impairment of Rs. 5,11,193.01 lakhs was provided in that year. During the year, no further impairment/reversal thereof has been indicated and provision for impairment as determined in the previous year has remained unchanged.

5.6 a) During the year, the management had appointed an External Agency for physical verification of fixed assets and review of useful life and residual value of the Property, Plant and Equipment. On completion of the same, discrepencies in respect to Property, Plant and Equipment being physically not traceable amounting to Rs.14,277.91 lakhs has been provided for in these financial statements.

b) Further due to change in estimated useful life and residual value which has been applied prospectively, charge for the depreciation is lower by Rs. 564.54 lakhs.

5.7 Refer note. No. 21.1 regarding hypothecation of 1,993.29 acres of land against borrowings by the Holding Company. This includes 325.19 acres of land to be converted to leasehold land as stated in Note no. 5.4(d) above.

**6 Capital work-in-progress**

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

**6.1 Project Development Expenditure**

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

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

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

**7. Other Intangible Assets**

**(Rs. in lakhs)**

**As at Mar 31, 2019**

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

**As at March 31, 2018**

| Particulars | Gross Block | | | | Amortisation | | | | Impairment | | | | Net carrying amount |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at March 31, 2017 | Additions | Other Adjustments | As at March 31, 2018 | As at March 31, 2017 | Charge for the Period | Other Adjustments | As at March 31, 2018 | As at March 31, 2017 | For the period | Other Adjustments | As at Mar 31, 2018 | As at March 31, 2018 |
| Computer Softwares | 340.48 | 16.38 | - | 356.86 | 162.61 | 68.32 | - | 230.93 | - | 43.39 | - | 43.39 | 82.54 |

(Rs. in lakhs)

**8 Loans**

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

8.1 Movement of Impairment Allowances for doubtful deposits

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

**9 Other Financial Assets**

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

**10 Non-Current Tax Assets (net)**

| Particulars | Refer Note No. | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| Advance Income Tax including Tax deducted at source (net of provision) | | 756.28 | 494.75 |
| | | **756.28** | **494.75** |

**11 Other Non-Current Assets**

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

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

11.2 Movement of Impairment Allowances for doubtful advances

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

**12 Inventories**

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

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

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(Rs. in lakhs)

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

**13 Investments**

| | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| **Investments measured at fair value through Profit and Loss** | **Units** | **Amount** | **Units** | **Amount** |
| **Investment in Mutual Funds (quoted)** | | | | |
| (a) Kotak Savings Fund- Regular Growth Plan (Face Value: Rs. 10) | 638,016.93 | 9,252.90 | - | - |
| (b) UTI Money Market Fund - Regular Growth Plan (Face Value: Rs. 1,000) | 124,144.10 | 2,605.57 | - | - |
| (c) UTI Liquid Cash Plan - Regular Growth Plan (Face Value: Rs. 1,000) | 69,055.59 | 2,106.15 | - | - |
| (d)Aditya Birla Sunlife Savings Fund- Regular Growth Plan (Face Value: Rs. 100) | 1,467,989.52 | 5,418.88 | - | - |
| (e) Aditya Birla Sunlife Money Manager Fund- Regular Growth Plan (Face Value: Rs. 100) | 1,041,686.58 | 2,608.06 | - | - |
| (f) Aditya Birla Sunlife Liquid Fund- Regular Growth Plan (Face Value: Rs. 100) | 907,949.29 | 2,714.82 | - | - |
| (g) HDFC Ultra-Short Term Fund- Regular Growth Plan (Face Value: Rs. 10) | 52,988,880.56 | 5,541.10 | - | - |
| (h) HDFC Liquid Fund- Regular Growth Plan (Face Value: Rs. 1,000) | 71,696.78 | 2,624.32 | - | - |
| (i) ICICI Prudential Money Market Fund- Regular Growth Plan (Face Value: Rs. 100) | 1,279,036.55 | 3,310.56 | - | - |
| (j) ICICI Prudential Liquid Fund-Regular Growth Plan (Face Value: Rs. 100) | 511,927.14 | 1,409.94 | - | - |
| (k) L&T Liquid Fund- Regular Growth Plan (Face Value: Rs. 1,000) | 88,428.28 | 2,258.13 | - | - |
| (l) L&T Ultra Short Term Fund- Regular Growth Plan (Face Value: Rs. 10) | 10,571,599.63 | 3,228.02 | - | - |
| (m) LIC MF Liquid Fund-Regular Plan- Growth Plan (Face Value: Rs. 1,000) | 73,261.33 | 2,466.87 | - | - |
| (n) Reliance Liquid Fund - Growth Plan - Growth Option (Face Value: Rs. 1,000) | 64,501.64 | 2,927.87 | - | - |
| (o) Reliance Money Market Fund - Growth Plan- Growth Option (Face Value: Rs. 1,000) | 74,587.47 | 2,105.77 | - | - |
| (p) SBI Magnum Ultra Short Duration Fund- Regular Growth Plan (Face Value: Rs. 1,000) | 216,270.24 | 8,964.27 | - | - |
| (q) SBI Liquid Fund - Regular Growth Plan (Face Value: Rs. 1,000) | 58,907.39 | 1,717.92 | - | - |
| (r) TATA Liquid Fund Regular Plan- Regular Growth Plan (Face Value: Rs. 1,000) | 48,277.97 | 1,414.81 | - | - |
| | | **62,675.96** | | **-** |

| | | |
|---|---|---|
| 13.1 Aggregate amount of quoted Investments in Mutual Funds | 62,675.96 | - |
| 13.2 Aggregate amount of NAV of Investments in Mutual Funds | 62,675.96 | - |

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

**14 Trade Receivables**

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

14.1 Ageing of Trade Receivables

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

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

**(Rs. in lakhs)**

14.2 Movement of Impairment Allowances for doubtful debts

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

**15 Cash and Cash Equivalents**

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

**16 Bank Balances other than Cash and cash equivalents**

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

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

**17 Other Financial Assets**

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

17.1 Movement of Impairment Allowances for doubtful Debts and Deposits

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

**18 Other current assets**

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

18.1 Movement of Impairment Allowances for doubtful balances:

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

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

**(Rs. in lakhs)**

**19 Equity Share Capital**

| **Particulars** | | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|---|
| (a) | **Authorised:** | | |
| | 10,00,00,00,000 Equity Shares of Rs. 10/- each (March 31, 2018: 5,00,00,00,000 Equity Shares) | 1,000,000.00 | 500,000.00 |
| | | **1,000,000.00** | **500,000.00** |
| (b) | **Issued, Subscribed and Fully Paid Up:** | 196,167.34 | 240,923.50 |
| | 1,96,16,73,420 Equity Shares of Rs. 10/- each (March 31, 2018: 2,40,92,35,023 Equity Shares) | | |
| | | **196,167.34** | **240,923.50** |

19.1 Reconciliation of the number of Equity Shares Outstanding:

| **Particulars** | **Refer Note No.** | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|---|
| No. of shares as at the beginning | | 2,409,235,023 | 2,409,235,023 |
| Additions during the Year | 42 | 9,164,638,133 | - |
| Reduction and consolidation during the year | 42 | (9,612,199,736) | - |
| **No. of shares as at the end** | | **1,961,673,420** | **2,409,235,023** |

19.2 Shareholders holding more than 5% Shares Equity Shares:

| Name of Shareholder | As at 31st March 2019 | | As at 31st March 2018 | |
|---|---|---|---|---|
| | Nos | % holding | Nos | % holding |
| Vedanta Star Limited | 1,765,553,035 | 90.00% | - | 0.00% |
| Electrosteel Castings Limited | - | 0.00% | 1,089,800,000 | 45.23% |
| SCIIL STEEL CAST IRON INVESTMENTS (CYPRUS) LIMITED | - | 0.00% | 400,909,646 | 16.64% |

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

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

**20 Other Equity**

| **Particulars** | | **Refer Note No.** | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|---|---|
| (a) | Capital Reserve | 20.2 | 961,219.97 | - |
| (b) | Securities Premium | 20.3 | 3,993.17 | 3,993.17 |
| (c) | Retained Earnings | 20.4 | (796,794.22) | (915,678.66) |
| | | | **168,418.92** | **(911,685.49)** |

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

**20.2 Capital Reserve**

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

**20.3 Securities Premium**

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

**20.4 Retained Earnings**

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

**21 Borrowings**

| **Particulars** | | **Refer Note No.** | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|---|---|
| **Secured Borrowings** | | 21.2 | | |
| (a) | **From Banks:** | | | |
| | - Restructured Term Loan | | - | 596,704.97 |
| | - Additional Term Loan | | - | 122,687.44 |
| | - Funded Interest Term Loan (FITL) | | - | 137,888.23 |
| | **Total (a)** | | **-** | **857,280.64** |
| (b) | **From Others:** | | | |
| | - Restructured Term Loan | | - | 75,511.91 |
| | - Funded Interest Term Loan (FITL) | | - | 15,843.78 |
| | **Total (b)** | | **-** | **91,355.69** |
| **Unsecured Borrowings** | | | | |
| (a) | Inter-Corporate Deposits from Holding Company | 21.1, 21.3 and 21.4 | 355,449.39 | - |
| | | | 355,449.39 | **948,636.33** |
| | Less: Disclosed under Current Maturity of Long Term Debt- Secured | 25(a) | - | (948,636.33) |
| | | | **355,449.39** | **-** |

**(Rs. in lakhs)**

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

21.2 Security

(i) The entire borrowings from lender banks amounting to Nil (March 31, 2018: Rs. 8,57,280.64 lakhs) and Nil (March 31, 2018: Rs. 46,483.21 lakhs) (included in from others i.e. HUDCO and Life Insurance Corporation of India) was secured by first ranking pari passu charge by way of mortgage/hypothecation of all immovable and movable properties (including fixed assets, plant & machinery, tools & accessories etc.), current assets (including inventory and book debts), present and future and assignment over all of Company's bank accounts.

(ii) The loan of Nil (March 31, 2018: Rs. 42,976.76 lakhs) of SREI Infrastructure Finance Ltd included from others was secured by second pari passu charge by way of hypothecation of all movable assets (including receivables and intangibles), present and future; second charge on all rights, titles and interest in all assets of the Project, letter of credit/guarantee/performance bond provided in respect of the Project and all Project documents, Contracts, Insurance Policies etc; and first charge by way of mortgage of land with factory building situated at Elavur owned by Electrosteel Castings Limited.

(iii) The loan of Nil (March 31, 2018: Rs. 1,895.72 lakhs) from IL&FS Financial Services Ltd included from others was secured by second ranking pari passu charge by way of mortgage/hypothecation of all assets mentioned in 21.2(i) above.

(iv) The entire secured borrowings (including working facilities as given in 23 below) as stated in Note no. 42 has been settled and repaid in terms of Resolution plan approved by NCLT.

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

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

**22 Provisions**

| Particulars | Refer Note No. | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| Provision for Employee Benefits | 32.1 | 820.22 | 1,190.30 |
| | | **820.22** | **1,190.30** |

**23 Borrowings**

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

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

| **24 Trade Payables** | Refer Note No. | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| Payable for goods and services | | | |
| Due to Micro and Small Enterprises | 24.3 | 2,768.76 | 727.76 |
| Others | 24.1 and 24.2 | 83,858.92 | 108,678.21 |
| | | **86,627.68** | **109,405.97** |

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

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

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

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| a) Principal amount remaining unpaid but not due as at year end | 2,768.76 | 727.76 |
| b) Interest amount remaining unpaid but not due as at year end | - | - |
| c) Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year | - | - |
| d) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006 | - | - |
| e) Interest accrued and remaining unpaid as at year end | - | - |
| f) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise | 5.26 | 75.42 |

**(Rs. in lakhs)**

| **25** | **Other Financial Liabilities** | **Refer Note No.** | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|---|---|
| (a) | Current maturities of long-term debts- Secured | 21 | - | 948,636.33 |
| (b) | Interest accrued but not due on borrowings | | 413.66 | 589.53 |
| (c) | Interest accrued and due on borrowings | | - | 281,018.20 |
| (d) | Earnest Money Deposit against EOI | | - | 2,000.00 |
| (e) | Capital Vendors | 25.1 | 21,318.15 | 33,892.11 |
| (f) | Derviative Instrument Liability at fair value through profit and loss (net) | | 923.60 | - |
| (g) | Others Payables | | 1,152.06 | 1,262.32 |
| | | | **23,807.47** | **1,267,398.49** |

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

| **26** | **Other Current Liabilities** | **Refer Note No.** | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|---|---|
| (a) | Advance from customers | | 6,002.22 | 22,684.88 |
| (b) | Statutory Dues Payables | | 4,621.63 | 2,240.13 |
| | (includes Provident Fund, GST, Tax deducted at source etc.) | | **10,623.85** | **24,925.01** |

| **27** | **Provisions** | **Refer Note No.** | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|---|---|
| (a) | Provision for Employee Benefits | 32.1 | 195.50 | 246.26 |
| (b) | Provision for Claims admitted pursuant to CIRP | 27.1 | - | 22,642.80 |
| | | | **195.50** | **22,889.06** |

27.1 Movement of Provision for Claims:

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

(Rs. in lakhs)

**28 Revenue from Operations**

| Particulars | Refer Note No. | For the Year ended March 31, 2019 | For the Year ended March 31, 2018 |
|---|---|---|---|
| **Sale of Products (including excise duty):** | | | |
| Semi-Finished & Finised Goods: | | | |
| - Export Sales | | 3,487.96 | 18,200.38 |
| - Domestic Sales | | 483,617.66 | 341,215.64 |
| | | **487,105.62** | **359,416.02** |

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

**28A Other Operating Income**

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

**29 Other Income**

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

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

**30 Cost of Materials Consumed**

| | Particulars | Refer Note No. | For the Year ended March 31, 2019 | For the Year ended March 31, 2018 |
|---|---|---|---|---|
| (a) | **Raw material and other materials consumed** | | | |
| | Inventory at the beginning of the year | | 44,742.93 | 28,299.50 |
| | Add: Purchases | | 297,072.92 | 231,524.40 |
| | Less: Cost of goods sold | | 0.12 | 2,608.63 |
| | Less: Inventory at the end of the year | | 50,349.02 | 44,742.93 |
| | | 30.1 | **291,466.71** | **212,472.34** |

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

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

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

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

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

**(Rs. in lakhs)**

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

| | For the Year ended March 31, 2019 | For the Year ended March 31, 2018 |
|---|---|---|
| a) Reversal/ Write-down in value of Inventories | - | 214.74 |
| b) Inventories recognised as expense | 385,118.94 | 303,069.59 |

**32 Employee Benefits Expense**

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

**32.1 POST RETIREMENT EMPLOYEE BENEFITS**

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

**Defined Contribution Plans**

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

| **Particulars** | For the Year ended March 31, 2019 | For the Year ended March 31, 2018 |
|---|---|---|
| Employer's Contribution to Provident Fund | 321.66 | 309.18 |
| Employer's Contribution to Pension Scheme | 245.08 | 234.66 |

**Defined Benefit Plans**

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

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

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

(b) Changes in the Fair Value of Plan Asset

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

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

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

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

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

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

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

**(Rs. in lakhs)**

(f) **Balance Sheet Reconciliation**

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

(g) Percentage allocation of plan assets in

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

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

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

**Sensitivity Analysis**

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

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

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

| **Particulars** | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Year 1 | 57.85 | 43.65 |
| Year 2 | 28.41 | 119.53 |
| Year 3 | 33.38 | 81.50 |
| Year 4 | 47.78 | 70.49 |
| Year 5 | 54.83 | 109.75 |
| Remaining Subsequent Years | 730.79 | 539.91 |

**Other Long Term Employee benefits**

**Compensated Absences**

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

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Privileged Leave | 921.87 | 862.97 |
| Sick Leave | 15.06 | 141.73 |
| Average number of people employed | 2,187 | 2,181 |

(Rs. in lakhs)

**Risk analysis**

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

**Investment risk**

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

**Interest risk**

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

**Longevity risk / Life expectancy**

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

**Salary growth risk**

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

**33 Finance Costs**

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

**34 Depreciation and Amortisation Expense**

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

**35 Other Expenses**

| | Particulars | Refer Note No. | For the Year ended March 31, 2019 | For the Year ended March 31, 2018 |
|---|---|---|---|---|
| (a) | Consumption of Stores and Spares | | 18,003.36 | 17,243.19 |
| (b) | Power and Fuel | | 23,541.24 | 19,589.22 |
| (c) | Freight and Forwarding Charges | | 12,328.69 | 13,863.28 |
| (d) | Rent | | 401.59 | 340.09 |
| (e) | Rates and taxes | | 325.53 | 410.63 |
| (f) | Insurance | | 2,566.58 | 2,936.99 |
| (g) | Repairs to Plant and Machinery | | 9,417.50 | 7,736.43 |
| (h) | Repairs to Building | | 289.17 | 830.74 |
| (i) | Repairs to Others | | 324.38 | 288.98 |
| (j) | Operation & Maintenance expenses | | 10,582.06 | 10,472.43 |
| (k) | Machine Hire Charges | | 1,298.45 | 1,244.32 |
| (l) | Material Handling Expenses | | 1,105.32 | 982.99 |
| (m) | Listing & Registrar Expenses | | 362.48 | 54.94 |
| (n) | Security Expenses | | 897.23 | 877.11 |
| (o) | Advertisement and Business Promotion Expenses | | 12.53 | 96.63 |
| (p) | Travelling & Conveyance | | 1,145.53 | 1,171.74 |
| (q) | Legal & Professional Fees | | 2,503.92 | 3,527.27 |
| (r) | Payment to Auditors | 35.1 | 48.07 | 34.27 |
| (s) | Excise Duty on Closing Stock | | - | (2,465.04) |
| (t) | Net (gain)/loss on foreign exchange fluctuation | | 6,211.37 | 1,853.30 |
| (u) | Loss on Sale of Fixed Assets (Net) | | 20.53 | 0.37 |
| (v) | Selling & Distribution Expenses | | 1,971.78 | 3,201.87 |
| (w) | CSR Expenditure | | 151.29 | 74.75 |
| (x) | Impairment Allowance for Doubtful Debt and Deposits | | 1,062.19 | 1,592.06 |
| (y) | Provision for Doubtful Advance | | 3,696.25 | 737.74 |
| (z) | Provision for Obsolete and Non-moving Stores and Spares | | 1,330.16 | 1,752.92 |
| (aa) | Bad Debt Written Off | | 557.18 | - |
| (ab) | Sundry Balances written-off | | 95.04 | 517.84 |
| (ac) | Other Miscellaneous Expenses | | 1,250.91 | 1,070.53 |
| | | | **101,500.33** | **90,037.59** |

**35.1 Payment to Auditors**

| | Particulars | For the Year ended March 31, 2019 | For the Year ended March 31, 2018 |
|---|---|---|---|
| (a) | Statutory Audit Fee | 25.00 | 25.00 |
| (b) | Tax Audit Fee | 3.00 | 3.00 |
| (c) | Certification etc. | 19.05 | 5.35 |
| (d) | Out of Pocket Expenses | 1.02 | 0.92 |
| | | **48.07** | **34.27** |

(Rs. in lakhs)

**36 Exceptional Items**

| Particulars | Refer Note No. | For the Year ended March 31, 2019 | For the Year ended March 31, 2018 |
|---|---|---|---|
| Insurance Claims | 36.1(a) | 7,466.03 | 10,000.00 |
| Provision for Claims admitted pursuant to CIRP | 36.1(b) | - | (22,642.80) |
| Loss on Property, Plant and Equipment writtent off | 36.1(c) | 14,277.91 | - |
| Impairment reversal on Property, Plant and Equipment written off | 36.1(c) | (14,277.91) | - |
| Impairment of Property, Plant and Equipment | 36.1(d) | - | (433,869.51) |
| Impairment of Intangible Assets | 36.1(d) | - | (43.39) |
| Impairment of Capital Work in Progress | 36.1(d) | - | (77,280.11) |
| Liability written back being no longer required pursuant to CIRP | 36.1(e) | 85,627.50 | - |
| | | **93,093.53** | **(523,835.81)** |

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 this year on acceptance thereof by the Insurance Authorities.

b) Provision for Claims admitted pursuant to Corporate Insolvency Resolution Process (CIRP).

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

d) Impairment recognised as stated in Note no. 5.5

e) The liabilities/provision pertaining to Operational Creditors being no longer payable in terms of ARP amounting to Rs.85,627.50 lakhs have been written back (Refer Note no. 42).

**37 Components of Other Comprehensive Income**

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

**38 RELATED PARTY TRANSACTIONS**

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

**Names of the related parties and description of relationships:**

A

| **Company** | **Relationship** |
|---|---|
| Volcan Investment Limited | Ultimate Holding Company**** |
| Vedanta Star limited | Holding Company**** |
| Electrosteel Castings Limited | Promoter/ Associate Company*** |

B

| **Key Management personnel** | **Designation** |
|---|---|
| Prasun Kumar Mukherjee | Director* |
| Mahendra Singh Mehta | Director* |
| Naveen Kumar Singhal | Director* |
| Rashmi Mohanty | Director* |
| Jalaj Kumar Malpani | Chief Financial Officer (Appointed w.e.f. August 29, 2018) |
| Umang Kejriwal | Director** |
| Rajkumar Khanna | Director** |
| Jinendra Kumar Jain | Director** |
| Lalit Kumar Singhi | Director** |
| Naresh Pachisia | Director** |
| Sunil Vasant Diwakar | Director** |
| Jayantika Ganguly | Director** |
| Devaprasad Mozumder | Director** |
| Sunil Katial | Chief Executive Officer (Resigned w.e.f. October 31, 2018) |
| Ashutosh Agarwal | Chief Financial Officer (Resigned w.e.f. August 11, 2018) |

*Appointed w.e.f. June 04, 2018

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

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

Bose Estates Private Limited***
Sree Khemisati Constructions Private Limited***
Hooghly Alloy & Steels Company Private Limited***
Wilcox Merchants Private Limited***
Tulsi Highrise Private Limited***
Vedanta Limited****
Bharat Aluminium Company Limited****
Sterlite Power Transmission limited****
Vizag General Cargo Berth Private Limited****

(Rs. in lakhs)

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 06, 2018

E **Related party transaction:**

| **Nature of Transaction** | **Promoter/Associate Company** | | **Holding Company** | |
|---|---|---|---|---|
| | **2018-19** | **2017-18** | **2018-19** | **2017-18** |
| Sale of Goods (Inclusive of taxes) | - | 5,734.17 | - | - |
| Purchase of materials | - | 6,118.53 | - | - |
| Commission on Sales | 847.86 | 210.21 | - | - |
| Rent expenses | | 0.15 | - | - |
| Interest Expenses | - | - | 28,329.52 | - |
| Inter corporate deposit received | - | - | 355,449.39 | - |
| **Closing balance as at March 31** | | | | |
| Inter corporate deposit | - | - | 355,449.39 | - |
| Interest payable | - | - | 66.80 | - |
| Trade Payables | 712.49 | 3,370.74 | - | - |
| Trade Receivables | - | 2,498.12 | - | - |
| Advance received against supplies/services | - | 20,278.63 | - | - |

| **Nature of Transaction** | **Key Management Personnel** | | **Close member of KMP** | | **Entities where KMP or their close member have significant influence or control and Companies under Common control or Group Enterprises** | |
|---|---|---|---|---|---|---|
| | **2018-19** | **2017-18** | **2018-19** | **2017-18** | **2018-19** | **2017-18** |
| **Sale of goods** | | | | | | |
| Vedanta Limited | - | - | - | - | 0.08 | - |
| Sterlite Power Transmission limited | - | - | - | - | 392.94 | - |
| **Purchase of materials** | | | | | | |
| Vedanta Limited | - | - | - | - | 191.98 | - |
| Bharat Alluminium Company Ltd. | - | - | - | - | 17.05 | - |
| **Purchase of assets** | | | | | | |
| Vedanta Limited | - | - | - | - | 60.43 | - |
| **Reimbursement of Expenses** | | | | | | |
| Vedanta Limited | - | - | - | - | 355.54 | - |
| Bharat Alluminium Company Ltd. | - | - | - | - | 14.12 | - |
| **Services Received** | | | | | | |
| Vedanta Limited | - | - | - | - | 157.69 | - |
| Talwandi Sabo Power Limited | - | - | - | - | 16.28 | - |
| Bharat Alluminium Company Ltd. | - | - | - | - | 16.66 | - |
| Vizag General Cargo Berth | - | - | - | - | 62.60 | - |
| **Rent expenses** | | | | | | |
| Tulsi Highrise Private Limited | - | - | - | - | 13.23 | 19.89 |
| Wilcox Merchants Private Limited | - | - | - | - | 13.23 | 19.89 |
| Bose Estates Private Limited | - | - | - | - | 23.49 | 35.32 |
| **Maintainence charges** | | | | | | |
| Sree Khemisati Constructions Private Limited | - | - | - | - | 95.49 | 143.93 |
| **Remuneration** | | | | | | |
| Jalaj Kumar Malpani | 55.80 | - | - | - | - | - |
| Sunil Katial | 208.34 | 177.37 | - | - | - | - |
| Ashutosh Agarwal | 77.62 | 115.15 | - | - | - | - |
| Radha Kinkari Kejriwal Agarwal | - | - | 30.76 | 46.23 | - | - |
| Nityangi Kejriwal Jaiswal | - | - | 9.82 | 28.98 | - | - |
| Madhav Kejriwal | - | - | 1.14 | 2.94 | - | - |
| **Electricity Charges** | | | | | | |
| Sree Khemisati Constructions Private Limited | - | - | | - | 21.37 | 29.91 |

(Rs. in lakhs)

| | | | | | | |
|---|---|---|---|---|---|---|
| **Director sitting fees** | | | | | | |
| Prasun Kumar Mukherjee | 4.00 | - | - | - | - | - |
| Mahendra Singh Mehta | 2.25 | - | - | - | - | - |
| Pradeep Kumar Misra | - | 0.05 | - | - | - | - |
| Devaprasad Mozumder | - | 0.05 | - | - | - | - |
| Jayantika Ganguly | - | 0.05 | - | - | - | - |
| Jinendra Kumar Jain | - | 0.05 | - | - | - | - |
| Lalit Kumar Singhi | - | 0.05 | - | - | - | - |
| Naresh Pachisia | - | 0.10 | - | - | - | - |
| Rajkumar Khanna | - | 0.10 | - | - | - | - |
| Umang Kejriwal | - | 0.05 | - | - | - | - |
| **Closing balance as at March 31** | | | | | | |
| **Remuneration Payable** | | | | | | |
| Jalaj Kumar Malpani | 7.02 | - | - | - | - | |
| Sunil Katial | - | 4.42 | - | - | - | - |
| Radha Kinkari Kejriwal | - | - | - | 3.69 | - | - |
| Nityangi Kejriwal | - | - | - | 7.47 | - | - |
| Madhav Kejriwal | - | - | - | 0.50 | - | - |
| Ashutosh Agarwal | - | 1.67 | - | - | - | - |
| **Electricity Charges Payable** | | | | | | |
| Sree Khemisati Constructions Private Limited | - | - | - | - | - | 5.78 |
| **Maintenance Charges Payable** | | | | | | |
| Sree Khemisati Constructions Private Limited | - | - | - | - | - | 13.41 |
| **Purchase of assets Payable** | | | | | | |
| Vedanta Limited | - | - | - | - | 4.37 | - |
| **Purchase of materials Payable** | | | | | | |
| Vedanta Limited | - | - | - | - | 0.38 | - |
| **Reimbursement of Expenses Payable** | | | | | | |
| Vedanta Limited | - | - | - | - | 36.31 | - |
| Bharat Alluminium Company Ltd. | | | | | 15.25 | - |
| **Services Received Payable** | | | | | | |
| Vedanta Limited | - | - | - | - | 103.22 | - |
| Talwandi Sabo Power Limited | - | - | - | - | 14.90 | - |

F **Compensation of Key management personnel**

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

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

Notes:

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, 2019 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 made 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. All transactions from related parties are made in ordinary course of business. For the year ended March 31 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.
5. **Terms and conditions of transactions with related parties**

All transactions are from related parties are made in ordinary course of business. For the year ended March 31 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

(Rs. in lakhs)

## 39 COMMITMENTS AND CONTINGENCIES

### i. Operating leases:

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

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

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

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

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

| | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| a) | Various show cause notices/demands issued/ raised, which in the opinion of the management are not tenable and are pending with various forum/ authorities | | |
| | - Central Excise & Service Tax | - | 3,707.54 |
| | - Customs Duty (under EPCG) | - | 157,739.94 |
| | - Customs Duty (others) | - | 5,974.73 |
| | - Sales Tax | - | 25,704.83 |
| | - Entry Tax | - | 29,380.05 |
| | - Income Tax | - | 182.43 |
| b) | Guarantees given by banks on behalf of the Company | 2,937.09 | 2,916.25 |
| c) | Penalty for non-compliance of listing agreement and disputed by the company | - | 100.00 |
| d) | Claims filed against the company by the vendors | - | 5,569.80 |
| e) | Bills discounted with banks | 16,754.14 | 8,094.21 |
| | | **19,691.23** | **239,369.77** |

Notes:

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

2) The contingent liabilities as disclosed on March 31, 2018 has not been so considered as per the Resolution Plan approved by Hon'ble NCLT (as stated in Note no. 42) vide their order dated April 17, 2018. All such liabilities prior to effective date has been extingusihed and no outflow in this respect is expected to arise. This is supported by the legal opinion taken by the company on the said matter. Steps for intimation to/approval by respective authorities as advised by the legal experts, if necessary will however be taken in due course of time.

**B) Capital and other commitments**

| | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| (a) | Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for (net) | 9.89 | 0.95 |
| (b) | Export Obligation Commitments under EPCG Scheme (Refer Note no. 2 above) | - | 500,677.83 |
| | | **In Foreign Currency** | **In Foreign Currency** |
| (c) | Forward Contract Outstanding | | |
| | In USD | 75,057,028.00 | 60,602,625.00 |
| | In JPY | 11,760,000.00 | - |
| | In GBP | 27,300.00 | - |
| | In EURO | 63,080.00 | - |

**(Rs. in lakhs)**

**40 Segment information**

**(a) Description of segments and principal activities**

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

**(b) Geographical information**

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

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **In India** | | |
| - Billets | 9,995.88 | 4,421.30 |
| - TMT bars | 173,990.31 | 103,514.56 |
| - Wire rods | 184,145.82 | 118,510.22 |
| - DI pipes | 60,854.16 | 50,159.03 |
| - PIG Iron | 40,383.35 | 43,069.37 |
| - Others | 14,306.32 | 21,725.41 |
| **Outside India** | | |
| - Billets | 762.15 | 7,723.32 |
| - Wire rods | 2,667.63 | 10,292.80 |

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

**41 Calculation of Earning Per Share is as follows:**

| | **Particulars** | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|---|
| a) | Net Profit/ (Loss) for basic and diluted earnings per share as per Statement of Profit and Loss | 118,803.56 | (613,885.15) |
| | **Net Profit/ (Loss) for Basic and Diluted earnings per share** | 118,803.56 | (613,885.15) |
| b) | Weighted average number of equity shares for calculation of basic and diluted earnings per share (Face value Rs. 10/- per share) | | |
| | Number of equity shares outstanding as on March 31 | 2,409,235,023 | 2,409,235,023 |
| | Add: Equity Shares issued during the period (Refer Note no. 42) | 9,164,638,133 | - |
| | Less: Capital Reduction and Consolidation of Shares during the period | (9,612,199,736) | - |
| | Number of equity shares outstanding | 1,961,673,420 | 2,409,235,023 |
| | Weighted average number of equity shares considered for calculation of basic and diluted earnings per share | 2,209,747,691 | 2,409,235,023 |
| c) | Earnings per share (EPS) of Equity | | |
| | Basic EPS (Rs.) (a/d) | 5.38 | (25.48) |
| | Diluted EPS (Rs.) (a/d) | 5.38 | (25.48) |

**(Rs. in lakhs)**

**42(a)** Corporate Insolvency Resolution Process (CIRP) initiated on July 21, 2017 under Insolvency and Bankruptcy Code' 2016 by Hon'ble National Company Law Board 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 has been reconstituted on June 4, 2018 i.e. the effective date with nominees of Vedanta being inducted as member of the Board.

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

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

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

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

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

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

h) The charges created in respect of borrowing have been released by lenders subsequent to approval of the ARP and the company is in the process of filing the satisfaction of charges with the relevant authorities.

(b) Subsequent to Order of Hon'ble National Company Law Appellate Tribunal (NCLAT) dated August 10, 2018, 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 of India.

**43** The Company had filed application for renewal of Consent to Operate ('CTO') on August 24, 2017 for the period of five years which was denied by Jharkhand State Pollution Control Board ('JSPCB') on August 23, 2018. Further, Ministry of Environment and Forest (MoEF) has revoked the environmental clearence vide order dated September 20, 2017. The order of denial of CTO by JPSCB and Environmental clearence by MoEF has been stayed by Hon'ble High Court of Jharkhand and continued their interim order to allow the operations till next hearing on the matter involved. The matter is now posted for hearing on May 16, 2019. This beng procedural matter and considering that steps and compliances are being ensured in due course of time, the accounts of the company have been prepared on going concern basis.

(Rs. in lakhs)

**44 FINANCIAL INSTRUMENTS**

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

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| **Financial Assets (Current and Non-Current)** | | | | |
| **Fair Value through Profit and Loss Account** | | | | |
| Derivative Assets - not designated as hedging instruments | | | | |
| -Forward Contracts | - | - | 96.13 | 96.13 |
| Investments in Mutual Funds | 62,675.96 | 62,675.96 | - | - |
| **Financial Assets at amortised cost** | | | | |
| Trade receivables | 23,312.83 | 23,312.83 | 18,251.97 | 18,251.97 |
| Cash and Bank Balances | 7,613.42 | 7,613.42 | 4,151.71 | 4,151.71 |
| Fixed Deposits with bank | 47,310.42 | 47,310.42 | 64,684.62 | 64,684.62 |
| Loans | 69.50 | 69.50 | 871.62 | 871.62 |
| Other Financial Assets | 964.88 | 964.88 | 886.09 | 886.09 |
| **Financial Liabilities (Current and Non-Current)** | | | | |
| **Financial Liabilities at amortised cost** | | | | |
| Borrowings- Floating Rate | 355,449.39 | 355,449.39 | - | - |
| Borrowings- Fixed Rate | - | - | 990,682.21 | 990,682.21 |
| Trade payables | 86,627.68 | 86,627.68 | 109,405.97 | 109,405.97 |
| Interest on Loans and Borrowings | 413.66 | 413.66 | 281,607.73 | 281,607.73 |
| Others financial liabilities | 22,470.21 | 22,470.21 | 37,154.43 | 37,154.43 |
| **Fair Value through Profit and Loss Account** | | | | |
| Derivative Liabilities - not designated as hedging instruments | | | | |
| -Forward Contracts | 923.60 | 923.60 | - | - |

b) **Fair Valuation Techniques**

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

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

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

c) **Fair value hierarchy**

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

| Particulars | As at March 31, 2019 | As at March 31, 2018 | Fair value measurements at reporting date using | | |
|---|---|---|---|---|---|
| | | | Level 1 | Level 2 | Level 3 |
| **Financial Assets** | | | | | |
| – Derivative- not designated as hedging instruments | | | | | |
| o Forward Contracts | - | 96.13 | - | - | - |
| | | | - | (96.13) | - |
| – Investment in Mutual Funds | 62,675.96 | - | 62,675.96 | - | - |
| | | | ( - ) | - | - |
| **Financial Liabilities** | | | | | |
| – Borrowings- Floating Rate | 355,449.39 | - | - | 355,449.39 | - |
| | | | (-) | (-) | (-) |
| – Borrowings- Fixed Rate | - | 990,682.21 | - | - | - |
| | | | (-) | (9,90,682.21) | (-) |
| – Derivative- not designated as hedging instruments | | | | | |
| o Forward Contracts | 923.60 | - | - | 923.60 | - |
| | | | ( - ) | ( - ) | - |

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

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

The Inputs used in fair valuation measurement are as follows:

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

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

(Rs. in lakhs)

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 31st March 2019 | | As at 31st March 2018 | |
|---|---|---|---|---|---|
| | | No. of Deals | Amount in Foreign Currency | No. of Deals | Amount in Foreign Currency |
| Buy Forward | USD/INR | 61 | 75,057,028 | 11 | 60,602,625 |
| | EUR/INR | 1 | 63,080 | | |
| | GBP/INR | 1 | 27,300 | | |
| | JPY/INR | 1 | 11,760,000 | - | - |

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

| Nature | Currency | As at March 31, 2019 | As at 31-Mar-18 |
|---|---|---|---|
| Trade Payables (Including acceptances) | USD | - | 44,251,783 |
| Trade Payables (Including acceptances) | RMB | 97,252 | 51,160 |
| Trade Receivable | USD | - | - |

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

**(Amount Rs. In Lakh)**

| Paticulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Not later than one month | 57.69 | 40.60 |
| Later than one month and not later than three months | (541.80) | 50.67 |
| Later than three months and not later than one year | (439.49) | 4.86 |
| Later than one year | - | - |

e) **Sale of financial assets**

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

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

f) **FINANCIAL RISK MANAGEMENT**

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

**MARKET RISK**

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

**Foreign Currency Risk**

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

The Company incurred foreign exchange loss of Rs. 6,211.37 laks during the year. In order to mitigate such losses, the company has adopted a comprehensive risk mangement 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, 2019 | |
|---|---|---|
| | USD | RMB |
| Acceptances | - | - |
| Interest | (170,102) | |
| Trade and other Payables | - | (97,252) |
| **Net assets/(liabilities)** | **(170,102)** | **(97,252)** |

**(Amount in Foreign Currency)**

| Particulars | As at March 31, 2018 | |
|---|---|---|
| | USD | RMB |
| Acceptances | (60,183,968) | - |
| Interest on LC | (16,874,164) | |
| Trade and other Payables | (44,251,783) | (51,160) |
| **Net assets/(liabilities)** | **(121,309,915)** | **(51,160)** |

(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, 2019 | For the year ended March 31, 2018 |
| **PAYABLES (Weakening of INR by 5%)** | | |
| USD | - | 1,434.86 |
| | | |

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

**Interest Rate Risk**

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

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

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

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

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

**Other price risk**

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

**CREDIT RISK**

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

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

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

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

**Financial assets that are neither past due nor impaired**

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

**Financial assets that are past due but not impaired**

Trade receivables amounting to Rs. 1,377.81 lakhs (March 31, 2018: Rs. 428.33 lakhs) which are past due at the end of the reporting period, no credit losses thereagainst 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 and borrowings from holding company to meet its fund requirement. The ongoing implementation measures will have a positive cash flow and in term help to control the liquidity crisis.

**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, 2019 | | |
|---|---|---|---|
| | Floating rate borrowings | Fixed rate borrowings | Weighted average Interest Rate (%) |
| INR | 355,449.39 | - | 9.30% |
| **Total** | **355,449.39** | **-** | |

(Rs. in lakhs)

| Particulars | As at March 31, 2018 | | |
|---|---|---|---|
| | Floating rate borrowings | Fixed rate borrowings | Weighted average Interest Rate (%) |
| INR | - | 990,682.21 | 10.96% |
| **Total** | **-** | **990,682.21** | |

**Maturity Analysis of Financial Liabilities**
**As at March 31, 2019**

| Particulars | Carrying Amount | On Demand | Less than 6 months | 6 to 12 months | > 1 year | Total |
|---|---|---|---|---|---|---|
| Interest bearing borrowings (including current maturities) | 355,449.39 | - | - | - | 355,449.39 | 355,449.39 |
| Interest payable | 413.66 | - | 413.66 | - | - | 413.66 |
| Trade and other payables | 109,097.89 | 71,559.23 | 37,536.75 | 1.91 | - | 109,097.89 |

**As at March 31, 2018**

| Particulars | Carrying Amount | On Demand | Less than 6 months | 6 to 12 months | > 1 year | Total |
|---|---|---|---|---|---|---|
| Interest bearing borrowings (including current maturities) | 990,682.21 | 990,682.21 | - | - | - | 990,682.21 |
| Interest payable | 281,607.73 | 281,018.20 | 589.53 | - | - | 281,607.73 |
| Trade and other payables | 146,560.40 | 117,531.86 | 29,028.54 | - | - | 146,560.40 |

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

**CAPITAL MANAGEMENT**

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

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

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Current loans and borrowings | - | 990,682.21 |
| Non-current loans and borrowings | 355,449.39 | - |
| **Total loans and borrowings** | **355,449.39** | **990,682.21** |
| Less: Cash and Cash Equivalents | 35,690.55 | 4,151.71 |
| **Net Debt** | **319,758.84** | **986,530.50** |
| Total equity attributable to the equity shareholders of the Company | 364,586.26 | (670,761.99) |
| **Capital and Debt** | **684,345.10** | **315,768.51** |
| **Total capital (loans and borrowings and equity)** | **0.88** | **(1.47)** |

**45 INCOME TAX**

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

(b) In assessing the relisability of deferred tax assets, the Company considers the extent to which, it is probable that the deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment.

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

| Particulars | As at March 31, 2017 | Charge/ (Credit) | As at March 31, 2018 | Charge/ (Credit) | As at March 31, 2019 |
|---|---|---|---|---|---|
| **Deferred Tax Liability** | | | | | |
| a) Related to Property, Plant and Equipment and Intangible Assets | 138,447.68 | (115,937.44) | 22,510.24 | 12,313.23 | 34,823.47 |
| b) Fair Valuation of Mutual Funds | | - | - | 137.66 | 137.66 |
| **Total Deferred Tax Liability** | **138,447.68** | **(115,937.44)** | **22,510.24** | **12,450.89** | **34,961.13** |
| **Deferred Tax Assets** | | | | | |
| a) Accumulated business loss and unabsored depreciation | 75,070.80 | 75,070.80 | - | (32,303.63) | 32,303.63 |
| b) Provision for doubtful debts and advances and others | - | (7,791.45) | 7,791.45 | 5,579.92 | 2,211.53 |
| c) Amount deductible on payment basis | 63,376.88 | 48,658.09 | 14,718.79 | 14,272.82 | 445.97 |
| **Total Deferred Tax Assets** | **138,447.68** | **115,937.44** | **22,510.24** | **(12,450.89)** | **34,961.13** |
| **Deferred Tax Liability/(Assets) (Net)** | - | - | - | - | - |

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

(Rs. in lakhs)

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

| Particulars | Year of Expiry | Amount |
|---|---|---|
| Business Loss | 2019-2020 | 12,810.76 |
| Business Loss | 2020-2021 | 22,317.85 |
| Business Loss | 2021-2022 | 58,445.72 |
| Business Loss | 2022-2023 | 28,638.62 |
| Unabsorbed depreciation | No Expiry | 674,089.44 |

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

| Particulars | For the Year ended March 31, 2019 | For the Year ended March 31, 2018 |
|---|---|---|
| Profit/ (Loss) before tax | **118,803.56** | **(613,885.15)** |
| Income Tax Charge/(Credit) thereon based on tax rate @ 31.20% | 37,066.71 | (191,532.17) |
| Deferred Tax assets on losses and unabsorbed depreciation not recognised | - | 191,532.17 |
| Utilisation/ Credit of unrecognised tax losses and unaborbed depreciation | (37,066.71) | - |
| | **0.00** | **0.00** |

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

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

**48** 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

Mumbai
Dated: April 25, 2019

For and on behalf of the Board

**Naveen Kumar Singhal** — Non Excecutive Director
(DIN No. 02642057)

**Rashmi Mohanty** — Non Excecutive Director
(DIN : 07072541 )

**Pankaj Malhan** — Acting CEO

**Jalaj Kumar Malpani** — *Chief Financial Officer*

**Binaya Kumar Dash** — *Company Secretary*
M.No. A17982