



Head Office:
GK Tower, 2nd & 3rd floor,
19, Camac Street, Kolkata – 700017
West Bengal, India
Board Number: + 91-33-7103 4400
Fax No: + 91-33-2290 2882
CIN: L27310JH2006PLC012663

Sec/Share/18-19/88

Date: 14th October, 2018

BY ONLINE FILING

The Secretary,
BSE Limited,
Phiroze Jeejeebhoy Towers, 1st Floor,
Dalal Street, Fort,
Mumbai-400 001
Scrip Code: 533264

The Manager,
National Stock Exchange of India Limited,
Exchange Plaza, C-1, Block “G”,
5th floor, Bandra Kurla Complex,
Bandra East,
Mumbai-400 051
Scrip Code: ELECTROSL

Dear Sir/Madam,

Sub. : Annual Report of the Company for the Financial Year 2017-18 pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Eleventh (11th) Annual General Meeting (AGM) of the Members of the Electrosteel Steels Limited (“the Company”) was held on Saturday, 29th September, 2018 at 11.30 pm at Capitol Hill Hotel, Mahatma Gandhi Marg, Main Road, Ranchi-834001.

In this regard, please find enclosed, Annual Report of the Company for the Financial Year 2017-18 pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, duly approved and adopted by the members of the Company.

This is for your information and record.

Thanking you,
Yours faithfully,
For ELECTROSTEEL STEELS LIMITED

(Binaya Kumar Dash)
Company Secretary & Compliance Officer
ICSI: A17982



**11th ANNUAL REPORT
2017-2018**



**ELECTROSTEEL
STEELS LIMITED**

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CORPORATE INFORMATION

CIN - L27310JH2006PLC012663

BOARD OF DIRECTORS	Mr. Mahendra Singh Mehta (DIN: 00019566)	Non-Executive Independent Director
	Mr. Naveen Kumar Singhal (DIN: 02642057)	Non-Executive Director
	Mr. Prasun Kumar Mukherjee (DIN: 00015999)	Non-Executive Independent Director
	Ms. Rashmi Mohanty (DIN: 07072541)	Non-Executive Director
CHIEF EXECUTIVE OFFICER	Mr. Sunil Katial	
CHIEF FINANCIAL OFFICER	Mr. Jalaj Kumar Malpani	
COMPANY SECRETARY	Mr. Binaya Kumar Dash (ACS-17982)	
STATUTORY AUDITORS	M/s. Lodha & Co., Chartered Accountants	
REGISTERED OFFICE	801, Uma Shanti Apartments, Kanke Road, Ranchi - 834 008, Jharkhand. Tel & Fax No.: +91 0651 228 5636	
PLANT	Village Siyaljori, P.O. - Jogidih, P.S. - Chandankyari, Dist - Bokaro, Pin - 828 303, Jharkhand.	
CORPORATE OFFICE	G K Tower, 2nd & 3rd Floor, 19, Camac Street, Kolkata - 700 017, West Bengal Phone : +91 033-7103 4400 Fax : +91 033-2290 2882 Email: esl.shares@vedanta.co.in Website : www.electrosteelsteels.com	

BOARD'S REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the Eleventh Annual Report along with the Audited Financial Statements of the Company for the year ended 31st March, 2018.

FINANCIAL SUMMARY/HIGHLIGHTS

Particulars	Amount (₹ in Lakhs) (Except otherwise stated)	
	FY 2017-18	FY 2016-17
i. Revenue from Operations	353,283.40	277,429.58
ii. Other Income	8,843.06	9,353.12
iii. Total Income	362,126.46	286,782.70
iv. Earnings Before Interest, Depreciation, Taxation And Amortization (EBIDTA) (excluding exceptional item)	35,339.27	14,517.36
v. Finance Cost	78,995.91	112,983.05
vi. Depreciation & Amortization Expenses	53,415.20	47,882.30
vii. Exceptional Item	(523,835.81)	-
viii. Profit/ (loss)before Taxation (PBT)	(613,885.15)	(146,347.99)
ix. Tax including Deferred Tax	-	-
x. Profit/ (loss) after Taxation (PAT)	(613,885.15)	(146,347.99)
xi. Other Comprehensive Income	(92.24)	24.91
xii. Total Comprehensive Income	(613,977.39)	(146,323.08)
xiii. Earnings Per Share (Rs)	(25.48)	(6.07)

Your Company is selling Wire Rods, TMT Bars, Ductile Iron Pipes, Pig Iron and Billets in the open market. Continuous efforts for reduction of production cost and improvement of operational efficiency coupled with favorable market conditions has resulted in the Company being able to report positive Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) for the year.

Wide fluctuation in raw material prices, especially imported coking coal, also had a negative impact. Effective steps towards implementing better guidelines for operational procedure and precautionary measures thereto have been put in place. Continuous efforts were initiated to improve performance of the Company in both, quantitative and qualitative terms.

Despite operational and funding challenges of working capital, the Company was able to improve turnover vis-a-vis previous financial year.

CORPORATE INSOLVENCY RESOLUTION PROCESS

As per the decision of the lenders of the Company at their meeting held on 22nd June, 2017, State Bank of India ("SBI"/ Financial Creditor), the Lead Banker, filed an application before the Hon'ble National Company Law Tribunal (NCLT), Kolkata, under Section 7 of the Insolvency and Bankruptcy Code, 2016 ("Code") and rules and regulations made there under, for initiation of Corporate Insolvency Resolution Process ("CIRP") against the Company.

NCLT vide its Order dated 21st July, 2017 ("CIRP commencement date) admitted the application of the Financial Creditors. The NCLT, in terms of the aforesaid order appointed Mr. Dhaivat Anjaria (having IBBI registration number : IBBI/IPA-001/IPP00088/2017-18/10184) as the Interim Resolution Professional (IRP) of the Company, who was confirmed as the Resolution Professional (RP) for the Company by the Committee of Creditors (CoC), pursuant to its majority decision passed on August 21, 2017.

In terms of the decision of the CoC, the RP invited expression of interest (“EOI”) requesting prospective investors, i.e. potential resolution applicants to submit their EOI in relation to the CIRP of the Company and subsequently, received four resolution plans.

After evaluating the resolution plans, the CoC approved the resolution plan submitted by Vedanta Limited by 100% voting shares (“Resolution Plan”). Vedanta Limited is the Indian subsidiary of Vedanta Resources Plc, a London Stock Exchange listed Company. Vedanta Limited is a diversified natural resources company, whose business primarily involves producing oil & gas, zinc-lead-silver, copper, iron-ore, aluminium and commercial power, the company has a presence across India, South Africa, Namibia, Australia and Ire Land.

NCLT vide its Order dated 17th April, 2018 approved the Resolution Plan submitted by Vedanta Limited, wherein the Company’s majority ownership and management would with Vedanta Limited and such plan shall be binding on the Company, its employees, members, creditors, coordinators and other stakeholders.

With the passing of the Order, CIRP initiated in respect of the Company, came to end and tenure of Mr. Dhaivat Anjaria, who was appointed as RP completed his tenure.

As per the approved Resolution Plan, during the interim period, until the date on which Vedanta Limited acquires control of the Company (i.e. effective date), a “Steering Committee” was constituted comprising of majority nominees representing the financial creditors of the Company and minority nominees from Vedanta Limited.

The Steering Committee consisted of :

- (a) Mr. Partha Sen, Deputy General Manager & Relationship Manager, State Bank of India
- (b) Mr. Ramesh Chandra Ojha, Deputy General Manager, Punjab National Bank
- (c) Mr. S. Ramasubramanian, Deputy General Manager, Canara Bank
- (d) Mr. Naveen Kumar Singhal, CEO Iron Ore, Vedanta Limited; and
- (e) Mr. Azad Shaw, CFO Iron Ore, Vedanta Limited

In addition to the above, PricewaterhouseCoopers Private Limited was appointed as Independent Managing Authority (IMA) to monitor the affairs of the Company under the instructions, control and management of the Steering Committee.

RESOLUTION PLAN & CHANGE OF MANAGEMENT

Pursuant to the Resolution Plan, Vedanta Star Limited, a wholly-owned subsidiary of Vedanta Limited, subscribed to the share capital of the Company for an aggregate amount of Rs. 1765.51 Crores and provided additional funds aggregating of Rs. 3,554.49 Crores by way of debt. The funds received thus by the Company as debt and equity were used to settle the debts owed to the existing financial creditors of the Company, by payment of Rs. 5,320 Crores.

Upon implementation of the Resolution Plan, Vedanta Star Limited now hold approximately 90% of the paid up share capital of the Company. The remaining 10% of the Company’s share capital is held by the Company’s existing shareholders and the financial creditors who received shares in exchange for the part debt owed to them.

The Resolution Plan envisages the treatment towards all the stakeholders of the Company including the shareholders of the Company and in terms of Section 31 of the Insolvency and Bankruptcy Code, 2016, the Approved Plan will be binding on the Company along with the stakeholders that are involved in the Approved Plan.

Salient features of the Resolution Plan approved are as follows:

a. Conversion of debt into equity share capital of the Company:

An amount of Rs. 7399,13,20,550 due to the financial creditors was converted into 739,91,32,055 fully paid-up equity shares of Rs. 10 each of the Company (“New Equity Shares”), which was issued to the financial creditors in proportion to their respective portion of the debt;

b. Capital Reduction and Consolidation of the share capital:

The existing equity shares of the Company i.e. 240,92,35,023 of Rs. 10 each and the New Equity Shares issued pursuant to conversion of debt i.e. 739,91,32,055 of Rs. 10 each stood reduced by reducing the face value of the equity shares, from Rs. 9808,36,70,780 divided into 980,83,67,078 equity shares of Rs. 10 each fully paid-up to Rs. 196,16,73,416 divided into 980,83,67,078 equity shares of Re 0.20 each fully paid-up. Immediately thereafter, 50 (fifty) equity shares of Re 0.20 each as reduced was consolidated into 1 (one) fully paid-up equity share of Rs. 10 each;

c. Issue of equity shares to Vedanta Star Ltd.:

Vedanta Star Ltd. (VSL) was issued and allotted 176,55,06,078 fully paid up equity shares of Rs. 10 each of the fully diluted share capital of the Company.

Upon allotment of the aforesaid equity shares of the Company, VSL holds 90% of the paid up share capital of the Company. The remaining 10% of the Company's Share Capital is held by the Company's existing shareholders and the financial creditors who receive shares in exchange for the debt owed to them.

d. Delisting:

As an integral part of the Resolution Plan, the Company would be delisted from the BSE and NSE. The financial creditors holding shares of the Company and existing shareholders holding equity shares shall be offered an exit at a price which shall be calculated as per the Resolution Plan.

Pursuant to the Resolution Plan, on 4th June, 2018, was determined to be the "Effective Date" for the purpose of implementation of Resolution Plan.

On 4th June, 2018, Board of Directors of the Company was re-constituted and erstwhile Board of Directors were deemed to be resigned.

As on date the Board of Directors of the Company consists of the following Directors:

1. Mr. Prasun Kumar Mukherjee - Non-Executive Independent Director (Additional)
2. Mr. Naveen Kumar Singhal - Non-Executive Director (Additional)
3. Ms. Rashmi Mohanty - Non-Executive Director (Additional)
4. Mr. Mahendra Singh Mehta - Non-Executive Independent Director (Additional)

EQUITY SHARE CAPITAL

Authorised Share Capital of the Company as on 31st March, 2018 was Rs. 50,000,000,000 (Rupees Five Thousand crores), divided into 5,000,000,000 equity shares of Rs. 10 each. Issued and paid up share capital was Rs. 24,092,350,230 divided into 2,409,235,023 equity shares of Rs. 10 each.

Pursuant to the implementation of the Resolution Plan sanctioned by the NCLT, Authorized Share Capital of the Company has since been increased to Rs. 100,000,000,000 (Rupees Ten Thousands crores), divided into 10,000,000,000 equity shares of Rs. 10 each.

Further the paid up capital, after allotment of shares to the lenders of the Company and post reduction and consolidation and allotment of shares to Vedanta Star Ltd., new Promoter of the Company, stands at Rs. 19,616,734,200 divided into 1,961,673,420 number of equity shares of Rs. 10 each.

DIVIDEND

In view of the losses incurred by the Company, the Management of the Company expresses their inability to declare any dividend for the financial year ended 31st March, 2018.

TRANSFER TO RESERVES

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

EROSION OF NETWORTH

As reported last year, since accumulated losses resulted in erosion of over 50% of peak net worth during the immediately preceding four financial years, your Company continues as a “Sick Company”. A Resolution Plan has been sanctioned by the Hon’ble National Company Law Tribunal, Kolkata Bench with effect from 4th June, 2018, as stated above, wherein various restructuring plans are being implemented. The present Board of Directors of the Company is optimistic that such measures would revive the operations of the Company.

Company has carried out the Impairment testing determining the recoverable amount of the assets based on Value in Use of the cash generating unit, the same being higher than fair value less costs of disposal determined based on the transaction price in terms of the approved resolution plan. The computation of Value in Use has been carried out by an Independent Valuer appointed in this respect. Based on this Company has taken impairment loss in respect of Property, Plant & Equipment, Intangible Assets and CWIP amount to Rs. 433,869.51 lacs, Rs. 43.39 lacs and Rs. 77,280.11 lacs respectively.

MANAGEMENT DISCUSSIONS AND ANALYSIS

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

NATURE OF BUSINESS

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

OPPORTUNITY/ CHALLENGES/ OUTLOOK:

Opportunities and Threats have been enumerated in the Management Discussion and Analysis section of the Report.

NUMBER OF BOARD MEETINGS

During the year, till 21st July, 2017, i.e. commencement of CIRP, only one Meeting of the Board of Directors was held on 15th May, 2017.

After commencement of CIRP, Mr. Dhaivat Anjaria, was appointed as Interim Resolution Professional, who later on was confirmed as Resolution Professional by the Committee of Creditors. As per Section 17 of the Insolvency & Bankruptcy Code 2016, upon appointment of the Resolution Professional, the powers of the Board of Directors stands suspended and such powers are exercised by the Interim Resolution Professional (‘IRP’) appointed for the Company.

Post CIRP, three meetings of Resolution Professional with Key Managerial Personnel of the Company were held in lieu of the Board Meetings.

Details of these meetings are provided in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 (LODR Regulations).

DEPOSITS

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

SUBSIDIARY / ASSOCIATE / JOINT VENTURE COMPANY

The Company did not have any subsidiary/associate /joint venture Company during the year ended 31st March 2018.

INVESTOR EDUCATION AND PROTECTION FUND

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

Accordingly, unclaimed /unpaid share application money, lying in the IPO Refund Account has been transferred to IEPF during the financial year 2017-18.

INTERNAL FINANCIAL CONTROLS

Your Company has in place policies and procedures to ensure orderly and efficient conduct of its business including adherence to Company policies, safeguarding its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records, and timely preparation of reliable financial information. Your Company, with respect to all material aspects, has adequate internal financial controls over financial reporting and such internal financial controls were operating effectively during the period under review. Financial reporting criteria established by your Company considered the essential components of internal control stated in the Guidance Note on “Audit of Internal Financial Controls Over Financial Reporting” issued by The Institute of Chartered Accounts of India (ICAI).

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

Statutory Auditors of the Company have in their Report dated 29th August, 2018, opined that the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018.

SIGNIFICANT AND MATERIAL ORDERS

During the period under review, financial creditors of the Company led by State Bank of India, initiated Corporate Insolvency Resolution Process, in respect of the Company, under Insolvency & Bankruptcy Code 2016. Hon’ble National Company Law Tribunal (NCLT), Kolkata, vide order dated 21st July, 2017 admitted the application and ordered for Corporate Insolvency Resolution Process for a period of 180 days and appointed Mr. Dhaivat Anjaria, PwC House, 252, Veer Savarkar Road, Shivaji park, Dadar, Mumbai - 400028, Registration Number: IBBI/IPA-001/IPP00088/2017-18/10184 as Interim Resolution Professional (IRP), who was later confirmed as Resolution Professional by the Committee of Creditors. Further, on the basis of the resolution passed by the Committee of Creditors for extension of CIRP period for 90 days and on the application made by the Resolution Professional, the NCLT granted further extension of CIRP by 90 days w.e.f. 17th January, 2018 i.e. till 17th April, 2018. During the pendency of the proceedings, the powers of the Board of Directors of the Company stood suspended and all powers were instead exercised by Mr. Dhaivat Anjaria till the time he continues to act as the IRP/Resolution Professional. Further as per provisions of Sec. 14 of The Insolvency And Bankruptcy Code, 2016, granted moratorium, during CIRP, prohibiting institution of any suits against the Company.

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

Material changes and commitments affecting the financial position of the Company that have occurred between the end of the Financial Year and the date of the Board’s Report:

NCLT vide its Order dated 17th April, 2018 approved the Resolution Plan of Vedanta Ltd. for the Company and Corporate Insolvency Resolution Process initiated in respect of the Company came to an end.

One of the Resolution Applicants, had challenged the eligibility of other two Resolution Applicants, including Vedanta Ltd., whose Resolution Plan was approved by the Hon’ble National Company Law Tribunal and later challenged the Order of the Hon’ble National Company Law Tribunal, Kolkata Bench before the Hon’ble National Company Law Appellate Tribunal, New Delhi (NCLAT). NCLAT vide its Judgement dated 10th August, 2018 has inter alia upheld the eligibility of Vedanta Limited under Insolvency And Bankruptcy Code, 2016 and dismissed appeals filed by the aggrieved Resolution Applicant, challenging the resolution plan of Vedanta Limited for Electrosteel Steels Limited.

Pursuant to the said Order of the NCLT, 4th June, 2018, was determined to be the “Effective Date” for the purpose of implementation of Resolution Plan. With effect from 4th June, 2018, Board of Directors was re-constituted and Vedanta Star Ltd. (wholly owned subsidiary of Vedanta Ltd.) became the new promoter of the Company and took control of Management of the Company. Salient features of approved Resolution Plan, have been stated elsewhere above.

ANNUAL EVALUATION OF THE BOARD

During the year, Corporate Insolvency Resolution Process (CIRP) was initiated in respect of the Company, vide order of the Hon’ble National Company Law Tribunal dated 21st July, 2017, under Insolvency And Bankruptcy Code 2016. During the pendency of the proceedings, the powers of the Board of Directors of the Company were suspended and all powers were instead exercised by Mr. Dhaivat Anjaria, Resolution Professional appointed for the Company.

Since post appointment of Interim/Resolution Professional, there was no Meeting of Directors, hence Annual Evaluation of the Board has not been done.

During the financial year ended 31st March, 2018, there was no Meeting of Independent Directors of the Company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year Mr. Pradeep Kumar Misra, who was Additional Independent Non-Executive Director designated as Chairman, resigned from the Board of Directors on personal grounds, with effect from 5th July, 2017.

Further, recommendation of re-appointment of Mr. Rama Shankar Singh as Whole Time Director of the Company for a period of three years with effect from 6th February, 2017 was not approved by the shareholders of the Company at the 10th Annual General Meeting held on 7th November, 2017. Accordingly, Mr. Rama Shankar Singh ceased to be Whole Time Director with effect from 7th November, 2017 and continued as a Non-Executive Director.

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

Pursuant to the approved Resolution Plan, with effect from 4th June, 2018, i.e. “Effective Date” for the purpose of implementation of Resolution Plan, Board of Directors of the Company was re-constituted and erstwhile Board of Directors were deemed to be resigned.

As on date the Board of Directors consists of the following Directors:

1. Mr. Prasun Kumar Mukherjee - Non-Executive Independent Director (Additional)
2. Mr. Naveen Kumar Singhal - Non-Executive Director (Additional)
3. Ms. Rashmi Mohanty - Non-Executive Director (Additional)
4. Mr. Mahendra Singh Mehta - Non-Executive Independent Director (Additional)

All the Directors have been appointed as Additional Directors subject to the approval of the shareholders in the forthcoming Annual General Meeting for a term till conclusion of forthcoming Annual General Meeting.

The Board recommends their appointment at the forthcoming Annual General Meeting.

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

DETAILS OF KEY MANAGERIAL PERSONNEL :

As on date, the following are the Key Managerial Personnel, appointed by the Board of Directors of the Company:

1. Mr. Sunil Katial- Chief Executive officer
2. Mr. Jalaj Kumar Malpani- Chief Financial Officer and
3. Mr. Binaya Kumar Dash- Company Secretary

Resignation of Mr. Ashutosh Agarwal, as Chief Financial Officer (Key Managerial Personnel) was accepted with effect from 11th August, 2018.

Mr. Jalaj Kumar Malpani was appointed as Chief Financial Officer (Key Managerial personnel) by the Board of Directors of the Company, with effect from 29th August, 2018.

INDEPENDENT DIRECTORS

Mr. Prasun Kumar Mukherjee and Mr. Mahendra Singh Mehta are the Independent Directors of the Company. The Company has received declarations pursuant to Section 149(7) of the Companies Act, 2013 from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under Section 149(6) of the Companies Act, 2013 and in terms of Regulation 16 of Listing Regulations.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors hereby confirm, in terms of Section 135 (5) of the Companies Act, 2013 ("the Act"), that:

- a) in the preparation of annual accounts, containing financial statements for the year ended March 31, 2018, the applicable accounting standards have been followed along with proper explanations, wherever required.
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2017-18 and of the loss of the Company for that period.
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safe guarding the assets of the Company and for preventing and detecting any fraud and other irregularities.
- d) they have prepared Annual Accounts on a going concern basis.
- e) they have laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and were operating effectively.*
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

PARTICULARS OF THE EMPLOYEES

As per provisions of Sec. 197(12) of the Companies Act, 2013, a listed Company is required to disclose in Board's Report, the ratio of the remuneration of each of the Director to the median employee's remuneration.

The Reports and Accounts are being sent to Members and other entitled thereto, excluding the information on employee's particulars which are available for inspection by the Members at the Registered Office of the Company during business hours on any working day. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary in this regard.

AUDIT COMMITTEE

Pursuant to the Resolution Plan approved by the Hon'ble National Company Law Tribunal, Kolkata Bench dated 17th April, 2018, Board of Directors of the Company was re-constituted on 4th June, 2018 and erstwhile Board Of Directors was deemed to be resigned. Accordingly, the Committees of the Board of Directors was also deemed to be resigned.

Audit Committee has been re-constituted, pursuant to provisions of Companies Act, 2013 & SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, with effect from 12th July, 2018, detailed as below :

1. Mr. Prasun Kumar Mukherjee, Non-Executive Independent Director – Chairman
2. Mr. Mahendra Singh Mehta, Non-Executive Independent Director - Member
3. Mr Naveen Kumar Singhal, Non-Executive Director – Member

In view of commencement of Corporate Insolvency Resolution Process in respect of the Company with effect from 21st July, 2017 and power of the Board of Directors being suspended, only one Meeting of the Audit Committee, prior to commencement of CIRP was held during the year on 15th May, 2017.

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

During the financial year there were no recommendations of the Audit Committee to the Board.

OTHER COMMITTEES

Pursuant to the Resolution Plan approved by the Hon'ble National Company Law Tribunal, Kolkata Bench dated 17th April, 2018, Board of Directors of the Company was re-constituted on 4th June, 2018 and erstwhile Board of Directors was deemed to be resigned. Accordingly, the Committees of the Board of Directors was also deemed to be resigned.

Accordingly the following Committees have been re-constituted, pursuant to provisions of Companies Act, 2013 & LODR Regulations, with effect from 12th July, 2018, detailed as below :

NOMINATION & REMUNERATION COMMITTEE:

1. Mr. Prasun Kumar Mukherjee, Non-Executive Independent Director – Chairman
2. Mr. Mahendra Singh Mehta, Non-Executive Independent Director -Member
3. Mr. Naveen Kumar Singhal, Non-Executive Director – Member

STAKEHOLDERS' RELATIONSHIP COMMITTEE:

1. Mr. Prasun Kumar Mukherjee, Non-Executive Independent Director – Chairman
2. Mr. Naveen Kumar Singhal, Non-Executive Director – Member
3. Ms. Rashmi Mohanty, Non-Executive Director – Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

1. Mr. Prasun Kumar Mukherjee, Non-Executive Independent Director – Chairman
2. Mr. Naveen Kumar Singhal, Non-Executive Director – Member
3. Ms. Rashmi Mohanty, Non-Executive Director – Member

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

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

CORPORATE GOVERNANCE

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

STATUTORY AUDITORS

The shareholders of the Company at the Tenth Annual General Meeting (AGM) held on 7th November, 2017 had appointed M/s. Lodha & Co., Chartered Accountants (Firm Registration No.:301051E) of 14, Government Place East, Kolkata 700069, as Statutory Auditors of the Company to hold office for a period of five consecutive years, commencing from the conclusion of Tenth Annual General Meeting till the conclusion of the Fifteenth Annual General Meeting to be held in FY 2022-23, subject to ratification by the members at every subsequent AGM.

As per the Notification of Ministry of Corporate Affairs dated 7th May, 2018, ratification of appointment of Statutory Auditors at every AGM is not required.

Accordingly, the Notice convening the forthcoming Annual General Meeting does not carry any resolution on ratification of appointment of Statutory Auditors. However, the said M/s. Lodha & Co., Chartered Accounts has confirmed that they are eligible to continue as Statutory Auditors of the Company for the financial year ended 31st March, 2019.

AUDITOR'S REPORT

M/s. Lodha & Co., Chartered Accountants have audited the books of accounts of the Company for the financial year ended 31st March, 2018 and have issued the Auditors' Report thereon. There are no qualifications or reservations or adverse remarks or disclaimer in the said Report.

COST AUDITORS & COST AUDIT REPORT

In terms of requirement of Section 148 of the Act, read with Companies (Audit and Auditors) Rules, 2014, the Board in its meeting held on May 15, 2017 and on the recommendation of the Audit Committee, had approved appointment of M/s S. G. & Associates, Cost Accountants, Kolkata (Registration No 000138) as Cost Auditors for audit of the Cost records to be maintained by the Company for the goods to be produced by the Company during the Financial Year 2017-18. The appointment as Cost Auditors is till the expiry of 180 days from the closure of the financial year ending 31st March, 2018 or till the submission of the Cost Audit Report for the financial year 2017-18 in the prescribed format to the Board, whichever is earlier.

The Cost Auditor is expected to submit their Cost Audit Report to the Board of Directors in the prescribed form for the financial year 2017-18 within the due date of 27th September 2018.

The Cost Audit Report for the Financial year 2016-17 does not contain any qualification or reservation or adverse remark and was filed with the Ministry of Corporate Affairs within the stipulated time.

As required under the Act, the remuneration payable to the Cost Auditors is required to be placed before the Members for ratification. Accordingly, a resolution seeking Members ratification for the remuneration payable to M/s. S. G. & Associates, Cost Accountants is included in the Notice convening the ensuing AGM. The Company has received consent letter from M/s. S. G. & Associates, Cost Accountants, for their re-appointment for the financial year ended 31st March, 2019.

SECRETARIAL AUDITOR & SECRETARIAL AUDIT REPORT

The Board in its meeting held on May 15, 2017 and on the recommendations of the Audit Committee had approved appointment of M/s K Arun & Co., Practicing Company Secretaries, as Secretarial Auditor of the Company for audit of the secretarial and related records of the Company for the financial year ending 31st March 2018.

The Secretarial Audit Report of M/s K Arun & Co., Practicing Company Secretaries for the financial year ended 31st March, 2018 does not contain any qualification or reservation or adverse remark or disclaimer and is enclosed as "**Annexure D**" and forms an integral part of this Report.

The Board of Directors have appointed M/s. Chandrasekaran Associates, Company Secretaries of 11-F, Pocket –IV, Mayur Vihar, Phase I, Delhi, as Secretarial Auditors of the Company for the FY 2018-19

EXTRACTS OF ANNUAL RETURN

In accordance with Section 134 (3)(a) of the Companies Act, 2013, an extract of the Annual Return in the prescribed format is appended as "**Annexure E**" and forms an integral part of this Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES

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

All related party transactions entered during the year 2017-18 have been placed on quarterly basis before the Audit Committee/Meeting of Resolution Professional with KMPs for approval and before the Board/ Meeting of Resolution Professional with KMPs for consideration and noting. The Company pursuant to the requirement of Section 188 of the Act read with Rules made therein had taken shareholders' approval on 11th September 2015 for execution of related party transactions with Electrosteel Castings Limited, then Promoter Company.

In terms of provisions of Insolvency and Bankruptcy Code, 2016, related party transactions have also been reviewed and approved by the Committee of Creditors constituted pursuant to Sec. 21 of the Insolvency And Bankruptcy Code, 2016.

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

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

RISK MANAGEMENT POLICY

The Company has in place a Risk Management Policy, which is reviewed by the Audit Committee from time to time. The details of the identification of the various risk associated with the business of the Company which in the opinion of the Board may threaten existence of the Company is detailed in the enclosed Management Discussion & Analysis Report.

CORPORATE SOCIAL RESPONSIBILITY POLICY

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

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

REMUNERATION POLICY

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

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

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

VIGIL MECHANISM/WHISTLE BLOWER POLICY

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

SECRETARIAL STANDARDS

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

APPRECIATION

Your Directors take this opportunity to place on record their gratitude and thanks the Banks, Financial Institutions, Government Authorities, Resolution Professional and other advisors / consultants, customers, vendors, shareholders and employees for their valuable guidance, support continued assistance and co-operation to the Company and look forward for their continued support in future.

For and on behalf of the Board of Directors

Place : Kolkata
Dated : August 29, 2018

Naveen Kumar Singhal
Non-Executive Director
(DIN : 02642057)

Rashmi Mohanty
Non-Executive Director
(DIN : 07072541)

MANAGEMENT DISCUSSION & ANALYSIS REPORT

ECONOMIC OVERVIEW

Global economy continued its broad-based momentum and registered a growth of 3.8%. Global manufacturing activity continued to grow on account of favorable financing conditions globally, accommodative policies, rising investor confidence and increase in price commodity.

According to International Monetary Fund (IMF), global growth is projected to rise to 3.9% in 2018 and 2019. In 2018 growth will be, USA - 2.9%, Euro area - 2.4%, Japan - 1.2%, China - 6.6% and India - 7.4%.

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF) and it is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships.

The Economic Survey for the year 2017-18 underlines that due to the launch of transformational Goods and Services Tax (GST) reform on July 1, 2017, time bound approval of turnaround plan of stressed companies for resolution under the new Indian Bankruptcy Code, implementing a major recapitalization package to strengthen the public sector banks, further liberalization of FDI and the export uplift from the global recovery, the economy began to accelerate in the second half of the year. Due to series of major reforms undertaken, the Survey predicts 7.4% growth in 2018-19. The survey points out that India can be rated as among the best performing economies in the world as the average growth during last three years is around 4 percentage points higher than global growth and nearly 3 percentage points higher than that of Emerging Market and Developing Economies. It points out that the GDP growth has averaged 7.3 per cent for the period from 2014-15 to 2017-18, which is the highest among the major economies of the world. That this growth has been achieved in a milieu of lower inflation, improved current account balance and notable reduction in the fiscal deficit to GDP ratio makes it all the more creditable.

Though concerns have been expressed about growing protectionist tendencies in some countries, but it remains to be seen as to how the situation unfolds. Some of the factors could have dampening effect on GDP growth in the coming year viz. the possibility of an increase in crude oil prices in the international market. However, with world growth likely to witness moderate improvement in 2018, expectation of greater stability in GST, likely recovery in investment levels, and ongoing structural reforms, among others, should be supporting higher growth. On balance, country's economic performance should witness an improvement in 2018-19.

GLOBAL STEEL INDUSTRY

Global demand of finished steel products will grow by 1.80% to more than 1.62 billion ton in 2018 and increase by another 0.70% to around 1.63 billion ton in 2019. China's steel demand which accounts for 46% of global steel demand is expected to be flat at 736.8 million ton in 2018, while declining by 2% to 722.1 million ton in 2019. However, steel demand in rest of the world is expected to grow at 3.4% in 2018 and 2.9% in 2019. Europe will experience marginal year on year growth with EU28 collective demand to rise by 2% to 165.6 million ton in 2018 and 0.8% to 166.9 million ton in 2019. The NAFTA region expected to grow at 3% to 145 million ton in 2018 and another 1.6% to 147.3 million ton in 2019. Global growth momentum is expected to aid growth in advanced as well as developing markets.

Further, restrictions by the US Government on imports and other protectionist measures in Europe and other regions may disrupt global trade and investment adversely.

As far as steel prices are concerned, global steel prices are in general maintaining a northward move, led by a combination of factors including supply-demand imbalance, raw material price movements, impact of trade cases and specially the impact of the stiff recommendations.

INDIAN STEEL INDUSTRY

The Union Budget 2018-19 stuck to its generic form, with its focus fixed on infrastructure and rural push-uplifting the rural economy and strengthening of the agriculture sector-while at the same time, taking the digitalization drive forward and announcing core measures for healthcare for the economically less privileged and improvement in the quality of education of the country, among others. Significant investment in infrastructure development is all set to drive domestic steel demand, as per provisions of the annual budget announced by the Indian Government.

For Steel, the direct benefit is expected to come from the government's massive thrust on infrastructure development, with an allocation of Rs.5.97 lakh crore though timely execution of projects remains a core parameter for steel demand to actually reach greater heights at the same time, a gamut of measures has been announced with the aim to boost domestic manufacturing, a step up in allocation for smart Cities mission, higher expenditure on railways Infrastructure, airport capacity expansion and transportation especially debottlenecking of the railways and affordable housing which are all expected to act as a major boost for raising domestic steel demand. Again, government's focus on improving farm income and rising spend on irrigation sector are expected to lead to a rise in rural disposable income and rural housing construction, thereby boosting steel demand via both these indirect (working through agro-industry linkage) and direct routes. Indian steel consumption is expected to grow at 5.7% YOY to 92.1 million ton in 2018.

Policy:

- Major stressed assets were marked for sale under the Insolvency and Bankruptcy Code, 2016.
- The Union cabinet has approved a plan to allow private companies to bid for coal mines for commercial production.
- The government has announced Rs. 50 billion fund to jumpstart growth in 12 key services sectors.
- The Union Cabinet has approved six rail projects in 4 states, Uttar Pradesh, Madhya Pradesh, Bihar, Odisha, which would generate more than 200 lakh person days of employment.
- 15 year old vehicles will be scrapped from 2019 and owners of such vehicles will have to give them away against an assured amount.

These Policy measures have enhanced external confidence in the Indian economy and are set to provide a boost to economy growth. These measures have enabled India to jump 30 places in the World Bank's Ease of Doing Business rankings and upgrading India's Sovereign Debt Ratings.

OVERVIEW OF THE OPERATIONS

Performance of the Company

Electrosteel Steels Limited (hereinafter referred to as Electrosteel or ESL or the Company) set up its Greenfield Integrated Steel & Ductile Iron Pipe Plant with 2.51 million ton per annum (MTPA) capacity as detailed hereunder is under construction and erection:

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

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

Wide fluctuation in raw material prices, especially imported coking coal, also had a negative impact. Effective steps towards implementing better guidelines for operational procedure and precautionary measures thereto have been put in place. Continuous efforts were initiated to improve performance of the Company in both, quantitative and qualitative terms.

Fixed Assets (including capital work in progress)

The net fixed assets as on 31st March, 2018, were Rs. 608,185.99 lakhs. This comprises of Rs. 91,943.13 lakhs as capital work-in-progress as on 31st March, 2018. Capital work-in-progress was primarily on account of expenditure including advances towards plant & machinery and construction & erection thereof. The expenditure incurred during the construction period is classified as 'Project Development Expenditure' pending capitalization to be allocated to the asset on the completion thereof. Necessary details as per Schedule III of the Companies Act, 2013 have been disclosed in the notes to accounts forming part of the Annual Accounts for the year 2017-18.

Indebtedness

The total secured outstanding indebtedness (including interest) as on 31st March 2018 is Rs. 1,271,700.41 lakhs out of which current maturities of long term borrowings is Rs. 1,229,654.53 lakhs and other short term borrowings (including interest) is Rs. 42,045.88 lakhs.

OPPORTUNITIES AND THREATS

Major impetus is being given by the Government on Schemes like National Rural Drinking Water Programs, AMRUT, Smart City Mission and 'Swachh Bharat Abhiyan' and others, providing sanitation facilities in all the rural areas, inter-linking of rivers. With these initiatives, the demand for our products may exceed in future due to the fact that Government of India has earmarked huge budget over and above the already committed large investments in water and sanitation infrastructure development schemes.

Increased cost of inputs coupled with ever rising competition in the domestic market with capacity addition by the existing players may pose threat in the form of thinner sales realization and margin contraction. Further, delay in implementation of centrally sponsored schemes/projects, due to political developments and economic slowdown may result in underutilization of capacities. Huge global overcapacity and demand slowdown has resulted in historically low international steel prices.

The primary factors, amongst others, which could affect the operations/ performance of the Company in near future are:

- Raw material security and high logistics cost issues
- Steel sector recognized as stressed by the Banks
- Volatility in supply of prices of raw materials or protracted low steel prices.
- Increased competition in steel industry.
- Excessive capacity in the steel industry may weigh on the profitability of steel producers.
- Competition from foreign players mainly China, Japan, Korea and CIS.

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

COMPETITION

The intense competition in the domestic market with the entry of new incumbents, capacity expansion and consolidation may negatively impact the business of the Company.

The Company invites healthy competition in the industry as it drives improvements such as productivity enhancement, cost reductions and quality improvements. The Company is adequately equipped to mitigate the risk of competition through various initiatives viz., enforcing effective market intelligence, widening and deepening customer reach, responsive credit and pricing policy, timely execution of orders in line with customer delivery schedule, periodic evaluation of marketing strategy to bring in appropriate changes to secure major and prestigious

orders and maintain market share. Further, Company's persistent focus on upgradation of quality of its product is an added advantage in enhancing its brand reputation and by virtue of having established its foot prints across the southern and western markets, the Company is comfortable in effectively facing the risk of competition.

The long-term competitiveness of the Steel industry in India will depend on the cost of doing business including regulatory costs, logistics costs for inbound and outbound transportation of raw material and finished goods, finance costs as also the availability of energy at competitive costs. We have seen significant increase in levies, duties and regulatory costs in this sector in the recent years and also high interest rates and other incidental costs. If this trend continues in the future, it will seriously impact the long term prospects of steel sector. The Company has designed an efficient distribution network and robust marketing set up to capture new markets and to remain competitive. Efficient sales process & improved service levels have resulted in customer confidence and positive referrals. The production of Wire Rod has strengthened the Company's presence in the segment.

Strengthening of marketing team for the sale of products has resulted in product being sold across the country thereby making a pan India presence of the Company. With inclusion of distributors, from time to time, for the sale of products across the country, the Company is aggressively making products available for various sections of consumers. Hence, a strong foundation has been laid for the marketing of the products by creation of the marketing team and continuous increase in the customer base which is reflected in the sale of primarily TMT bars, Wire Rod and Ductile Iron Pipes. Initiation of branding activity has helped us to penetrate retail markets and enhance our reach to various regions across India.

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

RISK MANAGEMENT

The Company has in place a robust risk management framework which identifies and evaluates business risks and opportunities. The Company recognizes that these risks need to be managed and mitigated to protect the interest of the stakeholders, to achieve business objectives and enable sustainable growth. The risk management framework is aimed at effectively mitigating the Company's various business and operational risks through strategic actions. Risk management is embedded in all its critical business activities, functions and processes. The risks are reviewed periodically for the change in the frequency and impact of the major risks identified since the last assessment. It also provides control measures for risk and future action plans.

The risks identified by the Company and suggested mitigation measures are described as under.

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

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

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

Market Risk

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

Raw Material Risk

The operations of the Company are primarily dependent on iron ore and coking coal which are linked to international demand for and supply of resources and hence exposed to possible increase in price of raw materials. Timely and cost-effective raw material supply is critical to growth. Your Company is exposed to the risk of price fluctuation of raw materials as well as of finished goods. Your Company proactively manages the risk through inventory management, proactive vendor development practices and robust marketing network.

Foreign Exchange Rate Risk

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

Interest Rate Risk

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

Sales Risk

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

Credit Risk

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

Construction Risk

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

Technology Risk

The Company has in place reporting framework with lead indicators that reliably flags emerging risks while they can be efficiently mitigated. This ensures that the Plant is equipped with updated technologies in order to serve customers and secure cost competitiveness. This would facilitate in long term increase in productivity across supply chain and improved market valuation. It helps the Company in providing accurate MIS and prompt information/services to its customers and stakeholders. The Company is always focused on continuous developments on IT front and implementation of enhanced level of information systems security and controls with monitoring systems to address technology risks.

The transition to GST scenario was a major change process and the Company has successfully carried out changes to the business process & IT systems as per the GST framework. GST system in SAP has been implemented along with Digital Compliance System for filing GST Returns online from SAP, which will ensure accuracy of data entry in the GST portal.

Environment Risk

By virtue of its diverse and complex operations involving emissions and effluents, the Company is open to environmental risk. To mitigate this risk, Company continuously focuses on establishing appropriate environment management systems to minimize its ecological footprint by effectively managing and controlling various emissions and effluents with the help of sophisticated pollution control apparatus, efficient disposal and reuse of solid waste generation, effective water and waste water management on a sustainable basis. The existing environmental regulation may have impact on the earnings of the Company. The increase volume and scope of regulations is increasing the cost of compliances, risk of noncompliance and delays while interacting with regulators. Your Company has robust compliance tool in place that ensures adherence to all applicable laws and regulations.

INTERNAL CONTROLS

The Company believes that a robust, comprehensive internal control system is a prerequisite for an organisation to function ethically and in commensuration with its abilities and objectives. The Company is responsible for establishing and maintaining adequate and effective internal controls and preparation and presentation of financial statements. In pursuit of achieving these objectives, the Company has established a strong internal control system, which is comprised of policies, guidelines and procedures adopted by the Company to ensure the orderly and efficient business conduct, including adherence to policies, asset safeguarding, fraud cum error prevention and detection, accounting records accuracy and completeness, and the timely preparation and presentation of reliable financial information and management reports. This internal control system is aimed at providing assurance of Company's operational effectiveness and efficiency, compliance with laws and regulations, safeguarding of assets and reliability of financial and management reporting.

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

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

INDUSTRIAL RELATIONS AND HUMAN RESOURCE (HR) MANAGEMENT

The Company has matured human resource management systems and policies in place for recruitment, learning development, performance management and employee deployment, which adequately reduce risk of talent attrition.

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

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

- Strong emphasis on structured communication sessions for all sections of workmen across departments.
- Skill development training and engagement programs for workers in different categories.
- Structured training and counselling session for improvement of work place behavior and discipline through Central Board for Workers Education (Government of India)
- Ensuring compliance of all Labour Statutes.

- Effective grievance redressal mechanism is in place.
- The Performance Management System and Goal Setting exercise has been aligned to support the business plan of the Company.
- Formal Reward and Recognition programs is in place for all employees to encourage superlative performance and recognise outstanding individual and team achievements and further improve engagement levels.
- Structured training intervention is in place to address behavioural and technical skill gaps through launch of annual training calendar.
- Periodic meetings with all employees with Director and Senior Management for providing business updates and open house interaction.

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

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

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

During the year, Your Company has maintained cordial relations with the employees and there has been no material development in Human Resources/Industrial Relations front. The number of employees directly employed in the Company as on 31st March 2018 was 2245.

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility (CSR) has been integrated with standard business practices of ESL. Corporate Social Responsibility is at the front of Companies operating philosophy and in pursuance of this policy the Company has always walked that extra mile to develop symbiotic relationships with the communities in its operational areas. Overall aim is to achieve a positive impact on society as a whole while maximizing the creation of shared value for the stakeholders of the business. Company believes in to foster innovative partnership that empowers humanity. Shared CSR vision is one of the most important factors in establishing company's public image and reputation and brand value.

Integrated participatory approach is followed in ensuring effective delivery of services to the beneficiary in uninterrupted manner impacting quality of life of the poor. Concerted efforts are made to ensure up-liftment of the deprived sections of society through community based development initiative in bringing changes from the grassroots to upwards. Some of the many schemes it undertakes in various segments are listed below:-

HEALTH: Company runs a primary health Center, in Chandaha, in Chas Block, Bokaro, under the "Sparsh Trust" banner, a philanthropic and social wing of company. This facility is designed to provide responsive and qualitative medical services on a 24x7 basis with qualified doctors and nursing staffs in attendance. It also has a comprehensive range of diagnostic and supporting medical instruments to attend and provide quick and healing treatments to its patients. The hospital also has an inpatient facility for its underprivileged sections. The center also has an ambulance facility to attend to emergency calls and transfer critically ill patients to referral and specialty hospitals in Bokaro and other locations. More than 1500 patients from 20 villages have availed of this facility during the year.

ESL also runs various awareness camps and preventive health programs for the communities around its operating areas. Last year health team members conducted three HIV-STD camps for truckers and the labours in tie up with NACO and District Health Department, Government of Jharkhand.

Every year India requires about 5 Crore units of blood, out of which only a meager 2.5 Crore units of blood are available. ESL employees also pledged to support this divine cause and they are supporting blood banks for the last five years by donating blood. This year also a blood donation camp was organized by the ESL CSR Department at 16 Khata Campus on Friday, 12th January, 2018.

The camp was organized in collaboration and support of Red Cross Society and 150 units of blood have been donated to the pioneer agency to support their cause.

The human eye has been called the most complex organ in our body. ESL CSR department in technical association with LNJP Eye Hospital, Hazaribagh organized a free eye check-up and screening camp for locals. A five member team of Eye Surgeon, Ophthalmologist, Optometrist and Optician conducted Refraction Test for individuals, who cannot see far or near objects perfectly, vision test, duct test, eye-pressure, primary diagnosis of any eye-disease, identification of cataract, glaucoma, DCR, DCT, Pterygium etc. and further prescribed follow up action, medicines, corrective and preventive treatment. 300 people were benefitted out of this camp.

Breast Cancer is one of the leading causes of mortality and morbidity worldwide. Sparsh Trust organized community-based breast cancer awareness and sensitization programs to detect cancer early and thereby to reduce mortality. The program components include creating community awareness, screening test in Sparsh Hospital, mobility for the patients detected positive to a treatment center, tracking and follow-ups. 150 ladies from nearby villages attended the programs and were largely benefitted.

Awareness creation on "Safe Motherhood" was done at 20 places and people were also oriented on diarrhea management programs at 20 places. Chicken pox awareness programs was conducted at 7 places along with vector borne disease management programs which were organized at 4 places to capacitate local villagers as what kind of precautions are to be taken to avoid these diseases and if diagnosed then what kind of follow up action are to be adopted for.

Company also runs Mobile Health Camps in the villages around its operational areas on a daily basis as a Preventive health Care program. These Mobile Clinics comprise of a qualified and experienced doctor, a qualified Pharmacist along with a good supply of quality medicines which are provided free of cost. This unit visits each village on a bi-weekly basis. 198 such camps were held last year and more than 6600 patients availed this benefit free of cost.

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

Around 20 villages were taken up in this program last year and helped in the prevention of diseases.

EDUCATION: Company also emphasis on the development of basic education and skills of various segments of society. As a primary step the Company has undertaken the development of basic infrastructure in schools around it. It helped in the construction and up gradation of pucca classrooms and toilets as well as setting up of laboratories and libraries in these schools. Also the provision of safe drinking water and sanitization were undertaken in many government and private schools. These schools were provided water filters and where ever needed filter candles were also replaced on regular basis. Training was also provided to the students of 24 schools in the use of first aid techniques and their benefits. 24 schools were also provided necessary medicines and these medicines are also restocked whenever needed free of cost.

One of the most neglected aspects of education in villages or backward communities is the unavailability or lack of extra curriculum activity and sports opportunities. ESL has made a sustained and sincere effort to provide these facilities to the children of these areas.

During the year, sports programs and extracurricular programs were organized in 19 and 14 schools respectively. Company has provided sports equipment such as footballs, volley ball kits, skipping ropes, Badminton kits to 39 schools so that students also get to develop their talents in such activities. As an added input, ESL had also appointed trained and qualified PT/Sports teachers to take regular classes/training in these activities in schools on a daily basis. The Company has also provided teachers to take drawing classes in select schools. As an incentive to the students, competitions and tournaments were held in all the schools on their annual day in which competitions in various categories and sports were held and also prizes were distributed to winning students. A mega drawing event was also held this year. Around 500 students selected from 40 schools got an opportunity to participate, in three drawing categories, and from these 24 winners were awarded prizes.

The Company also lays stress on promotion of quality education in youths, children and women. In this regard it sets up special Tuition classes and Prerna Classes for school going children and youths. ESL has set up 4 tuition classes in various villages and was attended by more than 132 children. It also runs 7 Prerna classes in selected locations which

provided special coaching classes to 166 students who appeared for Board exams in 2018. Only underprivileged students are eligible for this tuition classes at free of cost which runs for one year and all supporting teaching materials along with quality teachers are provided by ESL to help them secure good marks. At least 60% students from the Prerna Classes secure first division every year. Company provided 2 Teachers in PSM School on the request of villagers.

Women Empowerment: Women form a very large segment of Indian society but they are highly neglected and exploited. Company has made efforts to bridge the gap for them who stay around its operational areas. To make women independent and self-reliant, the CSR Department conducts many schemes that help them realize their potential and made them self-reliant. 87 SHGs (Self Help Groups) are operating in these villages which are being run by women under the guidance of the Sparsh Trust. The women have been provided guidance in the matter credit culture of making savings, how to keep accounts, book keeping and managing their own bank accounts and also how to invest in Fixed Deposits. They have also been provided training in the setting up of micro enterprises and manufacturing of some daily use and fast moving items such as Muri, Vadi Pappad, Phenyl, Candles, Petticoats, etc.

With the intention of helping the women attain self-reliance, Company has also set up a production unit which produces petticoats and other such fabric items which are being used in the plant and Candle, Muri and Phenyl making units. These activities have helped these women to keep their families out of the clutches of money lenders and being exploited by others. Another program conducted for the upliftment of women, is to train them in Sewing and Embroidery arts. These classes have been set up in various villages and there were 9 such centers being run in which more than 250 students were enrolled and successful ones had been given certificates by the Sparsh Foundation. Pass out and meritorious students from these Sewing and Embroidery centers were also provided Sewing and Embroidery machines so that they can earn their own livelihood and lead a dignified life.

The members of Self Help Group borrow at a subsidized rate from their group, which is far lower compared to local moneylenders. The other advantage is that interest paid by the borrowing member also becomes the income of the group and hence gets partially recycled back to the borrowing member. In this way they help each other in lending money and get out of clutch of local stronghold of exploitative money lenders.

Woman members of SHGs get an important place in her family and society, and establishes right to use available resources in the family. Social value of women after joining SHG, has increased leading to larger involvement in discussion with family members and enabling them to decide on increased expenditure on Health and Marriage events etc.

SHG Women Activities: Members of SHG joined in Swach Bharat Mission (SBM) and participated in rally during bleaching programs in villages.

Water and Sanitation: Company lays stress on the need to provide safe and clean drinking water to the villages under its social development programs. Safe drinking water to the people is the primary need in these rural areas. With the intention of making available safe drinking water, Company has under taken several measures. Tube wells are the primary source of water in these villages. So the Company hired the services of 3 tube well mechanics, one in each zone, for the timely repairing of these facilities.

The Company also provides the mechanics the requisite spare parts needed free of cost. Last year, more than 250 tube wells were repaired and one new tube well was also installed. From time to time repairs to the well platforms were also done and 25 such units were repaired and the response time for attendance of such complaints and repairs has been set to be done in 24 hours after receiving complaints. In the case of wells, 2 defunct wells were also repaired and sanitized. Even ponds in 10 locations in 7 villages were also taken up for excavation so as to increase their storage capacity and to de-silt and clean them. During the summer season, for festivals and on social occasions the Company provides drinking water through water tankers and on more than 260 such occasions, water was provided to the needy villagers. Schools, both government and private, were also the beneficiaries of this program. Tube wells in these schools were also regularly repaired and maintained on a priority basis free of cost. Three schools were provided with water filters and filter candles were replaced at 26 locations free of cost.

Farm Based Activity: Company has also taken up many activities that promote farm based development and help the farmers to gain knowledge and training for the enhancement of farm and agricultural products. In this regard the Company in the past year has conducted training in more than three places which were attended by more than 150 farmers from different villages. These farmers were taught about new methods of rice cultivation, which considerably increases the production of rice per hectare. The farmers were also given training in production of other farm products and provided high quality seeds for vegetables and other agro products. These villagers were trained, in tie up with KVK, Petarwar, in the setting up of Vermi-culture pits and how to produce Organic manure and make

judicious use of it to get maximum benefit. Four farmers have already started these units and many others have shown keen interests for the same.

Kharif training for two days were organized for farmers in which kharif cash crops and SRI were focused, seeds were distributed to farmers, and on field demonstration was done.

Post kharif training was done in villages and seed was distributed among the farmers. 158 farmers took training and benefitted.

Animal welfare: Company has also organized animal vaccination camps to promote the well-being of farm animals such as cows and goats. In co-operation with the Animal Husbandry Department of the Jharkhand Government, Company last year conducted two such camps to identify and treat such animals. As many as 250 cows and goats were treated in these camps at free of cost.

Sports and Yoga Event: Company has organized ESL Football League (EFL) during the year 2017-18. Football is a popular sport in locals and around 400 locals participated in the game. Also company organised 2 days Yoga training for company Employees.

LED light: Company provides LED lights to promote a culture to save energy, save environment, save money in surrounding villages of Plant area. Total 600 LED lights were distributed.

Bag distribution: Company as a serious corporate citizen, fully realize the importance of nurturing children in the right way, so that they would grow up as responsible citizens of the future. CSR team, considers it our duty to give them every help the children of the local villages deserve. As a part of this, company took initiative to carry out an Education Sponsorship Programs in our area of operation. In growing India, students are encouraged to go schools with their belongings in school bag. ESL and Sparsh Trust are committed to fulfil the dream of the child with smile and care. Accordingly, 500 school bags were distributed to students of ESL sponsored Study Centres and Schools.

Sewing competition: ESL's CSR Department in association with ESL Ladies Club organized Mega Sewing Competition in Bokaro. Total 90 candidates, 10 best performing students round the year of each center run by company, located in villages Chandaha, Siyaljuri, Yogdih, Mohal, Kumatand, Modidh, Alkusa, Usardih and Bhandih, competed to win prizes in 4 different categories. This was first of its kind skill based competition in Bokaro probably in the State where open competition between village women was organized.

All the participants were awarded sewing tool kit and certificate of participation, however first three winners of all 4 sewing categories, Tape, Petty coat, blouse and frock, total 12 participants, were handed over Usha Sewing machines. All winners were belong to marginalized section of the society and cannot afford to buy machines by their own. In a way, ESL ensured sustainable livelihood for these 12 families and this effort was acknowledged by the awardee, their family members and local village representatives. Social innovation that changes life of women.

Blanket Distribution : 100 Blankets were distributed by ESL ladies Club to Woman SHG members.

CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors

Place : Kolkata
Dated : August 29, 2018

Naveen Kumar Singhal
Non-Executive Director
(DIN : 02642057)

Rashmi Mohanty
Non-Executive Director
(DIN : 07072541)

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014 DURING THE FINANCIAL YEAR 2017-18
A) CONSERVATION OF ENERGY
(i) Steps taken for Conservation of Energy

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

- (a) Optimisation of running of Blast Furnace slag granulation pumps. Now it runs only during granulation process thereby reducing power consumption.
- (b) Blast Furnace #3 cast house de-dusting system now runs only during metal casting.
- (c) Auxiliary power consumption in Turbo Generator pumps reduced by optimizing the reduction in the number of pumps in operation.
- (d) Reduction of power in Dolomite plant by reducing the working hours of crusher
- (e) Reduction of power consumption in Sinter Plant by improving the productivity and reducing the return fines rate.
- (f) Reduction of power consumption in Rolling Mill by improving the production and productivity.
- (g) Optimisation of import/ export of power with external source during fluctuation of own power generation.

During the year, company has taken major initiatives to save energy cost.

(ii) Steps taken for Utilizing Alternate Source of Energy

- a) Solar powered LED street lighting system has been installed.
- b) Operation of plant lighting made timer based
- c) Utilisation of Basic Oxygen Furnace (BOF) gas in Lime plant for replacement of PCI coal.

(iii) Capital investment on energy conservation equipment

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

B TECHNOLOGY ABSORPTION
(i) Efforts made towards technology absorption

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

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

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

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

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

C FOREIGN EXCHANGE EARNINGS AND OUTGO:

	₹ in lakhs
Foreign Exchange earnings	18,273.45
Foreign Exchange outgo	65,204.76

For and on behalf of the Board of Directors

Naveen Kumar Singhal
Non-Executive Director
 (DIN : 02642057)

Rashmi Mohanty
Non-Executive Director
 (DIN : 07072541)

Place : Kolkata
 Dated : August 29, 2018

CORPORATE GOVERNANCE REPORT

1. Company's philosophy on Corporate Governance

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

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

CORPORATE INSOLVENCY RESOLUTION PROCESS

As per the decisions of lenders at their meeting held on 22nd June, 2017, State Bank of India ("SBI"), the Lead Bank, initiated the Corporate Insolvency Resolution Process ("CIRP") against the Company and filed application before the Hon'ble National Company Law Tribunal (NCLT), Kolkata Bench, under the Insolvency and Bankruptcy Code, 2016 ("Code").

The Hon'ble National Company Law Tribunal, Kolkata Bench vide its order dated 21st July, 2017 admitted the application and CIRP was commenced against the Company with effect from 21st July, 2017. The NCLT in terms of the aforesaid order had appointed Mr. Dhaivat Anjaria as the Interim Resolution Professional (IRP) of the Company. Later on Mr. Dhaivat Anjaria was confirmed as the Resolution Professional (RP) for the Company by the Committee of Creditors (CoC), pursuant to its majority decision passed on 21st August, 2017.

In terms of the decision of the CoC, the RP invited expression of interest ("EOI") requesting prospective investors i.e. potential resolution applicants to submit their EOI in relation to the CIRP of the Company and subsequently, received four resolution plans.

After evaluating the resolution plans, the CoC approved the resolution plan submitted by Vedanta Limited ("Resolution Plan").

The Hon'ble National Company Law Tribunal, Kolkata Bench vide its order dated 17th April, 2018 approved the Resolution Plan of Vedanta Limited for the Company and Corporate Insolvency Resolution Process initiated in respect of the Company came to an end.

As per the approved Resolution Plan, until the date on which Vedanta Limited acquired control of the Company as per terms of the Resolution Plan (i.e. effective date), the Company was required to be monitored by an Independent Managing Authority (IMA) under the instructions, control and management of a Steering Committee. The Steering Committee ("Committee") was constituted as per the terms of the Resolution Plan and comprises of majority nominees representing the financial creditors of the Company and minority nominees from Vedanta Limited.

The Steering Committee consisted of:

- (a) Mr. Partha Sen, Assistant General Manager & Relationship Manager, State Bank of India
- (b) Mr. Ramesh Chandra Ojha, Deputy General Manager, Punjab National Bank
- (c) Mr. S. Ramasubramanian, Deputy General Manager, Canara Bank
- (d) Mr. Naveen Kumar Singhal, CEO Iron Ore, Vedanta Limited; and
- (e) Mr. Azad Shaw, CFO Iron Ore, Vedanta Limited

In addition to the above, PricewaterhouseCoopers Private Limited has also been appointed as the IMA by the Steering Committee.

In view of the above, the erstwhile Resolution Professional (i.e. Mr. Dhaivat Anjaria) has handed over the management of affairs of the Company to the IMA, which is acting under the supervision and instructions of the Steering Committee.

On 4th June, 2018, pursuant to completion of Corporate Insolvency Resolution Process and as per the approved Resolution Plan, Vedanta Limited took control of management and affairs of the Company, through its wholly-owned subsidiary Vedanta Star Limited and new Board of Directors was re-constituted.

One of the Resolution Applicants, had challenged the eligibility of other two Resolution Applicants, including Vedanta Ltd., whose Resolution Plan was approved by the Hon'ble National Company Law Tribunal and later challenged the Order of the Hon'ble National Company Law Tribunal, Kolkata Bench before the Hon'ble National Company Law Appellate Tribunal, New Delhi (NCLAT). NCLAT vide its Judgement dated 10th August, 2018 has inter alia upheld the eligibility of Vedanta Limited under Insolvency And Bankruptcy Code, 2016 and dismissed appeals filed by the aggrieved Resolution Applicant, challenging the resolution plan of Vedanta Limited for Electrosteel Steels Limited.

Board of Directors

During the year, Corporate Insolvency Resolution Process was initiated in respect of the Company, vide order of the Hon'ble National Company Law Tribunal, Kolkata Bench dated 21st July, 2017, under Insolvency & Bankruptcy Code, 2016. During the pendency of the proceedings, the powers of the Board of Directors of the Company were suspended and all powers of the Board were instead exercised by Mr. Dhaivat Anjaria, Resolution Professional appointed for the Company. The Corporate Insolvency resolution Process came to an end on 17th April, 2018.

Pursuant to completion of Corporate Insolvency Resolution Process, on 4th June, 2018, Board of Directors of the Company was re-constituted and erstwhile Board of Directors were deemed to be resigned.

As on date the Board of Directors consists of the following Directors :

1. Mr. Prasun Kumar Mukherjee - Non-executive Independent Director (Additional)
2. Mr. Naveen Kumar Singhal - Non-executive Director (Additional)
3. Ms. Rashmi Mohanty - Non-executive Director (Additional)
4. Mr. Mahendra Singh Mehta - Non-executive Independent Director (Additional)

Composition of Board

The composition of the Board of Directors, which is in conformity with the Companies Act, 2013 (hereinafter referred as "the Act") and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "LODR Regulations"), attendance at the meetings during the year and number of other directorships in other companies and memberships of the committees of the Board of such companies as on 31st March, 2018 are as follows:

Name of the Directors	Category	No. of Directorship(s) held in other companies		No. of other Board / Committee(s) of Public Companies in which he/she is a Member / Chairman	
		Chairman	Member	Chairman	Member
Mr. Rajkumar Khanna	NEI	Nil	1	4	1
Mr. Devaprasad Mozumder	ND	Nil	Nil	Nil	Nil
Ms. Jayantika Ganguly	NEI	Nil	Nil	Nil	Nil
Mr. Jinendra Kumar Jain	NEI	Nil	Nil	Nil	Nil
Mr. Lalit Kumar Singhi	NE	Nil	5	Nil	Nil
Mr. Naresh Pachisia	NEI	Nil	6	1	6
Mr. Sunil V Diwakar	NE	Nil	5	Nil	Nil
Mr. Umang Kejriwal	NE	Nil	5	Nil	Nil
Mr Predeep Kumar Mishra#	NEI	Nil	Nil	Nil	Nil
Mr. Rama Shankar Singh##	NE	Nil	4	Nil	Nil

Who was appointed as Additional Director and Chairman of the Board, resigned with effect from 5th July, 2017.

Change in Designation from Whole Time Director to Director w.e.f. 7th November, 2017.

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

As mandated in LODR Regulations:

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

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

None of the Directors are related to each other.

During the period from 21st July, 2017 till 17th April, 2018, i.e. during Corporate Insolvency Resolution Process (CIRP) period, power of Board was suspended in terms of the provisions of the Insolvency and Bankruptcy Code, 2016 and the power of Board was being exercised by the Resolution Professional.

On 4th June, 2018, Board of Directors of the Company was re-constituted and erstwhile Board of Directors were deemed to be resigned. The re-constituted Board consists of following Directors:

1. Mr. Prasun Kumar Mukherjee - Non-Executive Independent Director (Additional)
2. Mr. Naveen Kumar Singhal - Non-Executive Director (Additional)
3. Ms. Rashmi Mohanty - Non-Executive Director (Additional)
4. Mr. Mahendra Singh Mehta - Non-Executive Independent Director (Additional)

Board Agenda

During the year, one meeting of Board of Directors was held on 15.05.2017. In view of commencement of CIRP, after 21st July, 2017, there was no meeting of Board of Directors of the Company after the aforesaid date. For compliance purpose, meetings of Resolution Professional with Key Managerial Personnel and Statutory Auditor were held in lieu of Audit Committee Meetings and Meetings of Resolution Professional with Key Managerial Personnel were being held in lieu of Board Meetings.

In compliance with SS-1, Secretarial Standard on Board Meeting, issued by the Institute of Company Secretaries of India, the meetings of the Board/RP are governed by a structured agenda which is circulated to the Directors/Participants well in advance for facilitating meaningful and focused discussion at the meeting. Where it is not practicable to attach any document to the Agenda, it is tabled at the meeting with specific reference to the effect in the agenda. In special and exceptional circumstances additional or supplementary item(s) on the agenda are permitted. The Board Members/RP in consultation with the Chairman/Key Managerial Personnel bring upon other matters for consideration at the Board/RP Meeting. Members of the Senior Management are occasionally present in the meeting as an invitee as and when required.

In compliance with LODR Regulations, Directors, Key Managerial Personnel (KMP) and members of Senior Management of the Company, confirm, about their material interest in any transactions, directly affecting the Company.

Information placed before the Board / RP Meeting

Necessary information, as required under the Act and LODR Regulations, are placed before the Board and Meeting of the RP with KMPs, from time to time. The draft minutes are circulated amongst the members/participants for their comments. The minutes of the meeting explicitly record dissenting opinions of the members, if any. The minutes of the proceedings of the Meeting are entered within thirty (30) days of the conclusion of the meeting and thereafter signed by the Chairman.

To protect and to facilitate the shareholders rights, the Board and RP ensure that:

- (a) Shareholders have the right to participate in and be sufficiently informed on decisions concerning fundamental corporate changes.
- (b) Shareholders have the right to participate effectively and vote in general meetings.
- (c) Shareholders are informed on the rules including voting procedures for general meetings and voting through ballot at the venue of the meeting.
- (d) Shareholders have the opportunity to ask questions to the Board, to place items on the agenda of general meetings and to propose resolutions, subject to reasonable limitations.
- (e) Effective shareholder participation is facilitated in Key Corporate Governance decisions, such as nomination and election of board members.
- (f) Exercise of ownership rights is facilitated by all shareholders including institutional investors.
- (g) Company has an adequate mechanism to address the grievances of the shareholders.

Post Meeting Mechanism

The important decisions taken at the Board/Board Committees meetings and RP Meetings are communicated to the concerned departments/divisions. Action Taken Report, if required, on decisions/minutes of the previous meeting is

placed at the succeeding meetings of the Board/Board committees and Resolution Professional Meetings for noting. The Company also files the reports, statements, documents and other information, if any, with NSE & BSE on the electronic platform as specified in LODR Regulations.

Number of Board Meetings/Resolution Professional (RP) Meeting held and attended by Directors

Corporate Insolvency Resolution Process was commenced as on 21st July 2017. During the tenure of CIRP period, power of the Board was suspended and its vested with Resolution Professional.

During the year, 1 (one) meeting of the Board of Directors and 3(three) Meetings of Resolution Professional with KMPs in lieu of Board were held and the gap between the consecutive meetings did not exceed one hundred and twenty days. The necessary quorum was present for all meetings. The dates on which the Board meeting and RP meetings in lieu of Board were held are as follows :

Date	Meeting
15.05.2017	Meeting of Board of Directors
12.08.2017	Meeting of Resolution Professional with Key Managerial Personnel
14.11.2017	Meeting of Resolution Professional with Key Managerial Personnel
12.02.2018	Meeting of Resolution Professional with Key Managerial Personnel

The attendance record of each of the Directors at the Board meetings and RP meetings during the year ended 31st March 2018 and of the last Annual General Meeting is as under:

Name of Directors	No of Board Meetings during the year 2017-18*			Attendance at the Last AGM Yes/No
	Held	Entitled to attend	Attended	
Mr. Devaprasad Mozumder	1	1	1	No
Ms. Jayantika Ganguly	1	1	1	No
Mr. Jinendra Kumar Jain	1	1	1	No
Mr. Lalit Kumar Singhi	1	1	1	No
Mr. Naresh Pachisia	1	1	1	No
Mr. Rajkumar Khanna	1	1	1	No
Mr. Sunil V Diwakar	1	1	1	No
Mr. Umang Kejriwal	1	1	1	No
Mr. Rama Shankar Singh	1	1	1	No
Mr. Pradeep Kumar Mishra#	1	1	1	No

resigned from the Board w.e.f. 5th July 2017.

*During the year, after commencement of CIRP, there was no Meeting of Directors.

The attendance record of Resolution Professional Meetings with KMPs during the year ended 31st March 2018 and of the last Annual General Meeting is as under:

Name of Directors	No of Meeting of Resolution with KMPs during the year 2017-18*			Attendance at the Last AGM Yes/No
	Held	Entitled to attend	Attended	
Mr. Dhaivat Anjaria	3	3	3	Yes
Mr. Ashutosh Agarwal	3	3	3	No
Mr. Sunil Katial	3	3	1	No
Mr. Binaya Kumar Dash	3	3	3	Yes

*During the year, after commencement of CIRP, there was no Meeting of Directors.

At the Annual General Meeting, RP chaired and conducted the Meeting.

INDEPENDENT DIRECTORS

In terms of the requirement of the Act and LODR Regulations, the shareholders of the Company in the Annual General Meeting approve the appointment of Independent Director. The Company issues formal letter of appointment to the Independent Director which, inter-alia, explains the role, functions, duties and responsibilities expected from him/her as a Director of the Company. The brief terms and conditions for appointment as an Independent Director is available on Company's website www.electrosteelsteels.com.

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

During the year, in view of commencement of CIRP and suspension of power of Board, there was no Meeting of Independent Directors.

CODE OF CONDUCT

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

All Board Members and Senior Management Personnel have confirmed compliance with the Code on an annual basis and the declaration to the effect signed by the Chief Executive Officer forms part of this Report.

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

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

FAMILARIZATION PROGRAMMES

The familiarization programmes for the Independent Directors has not been conducted during the financial year, as the Board was suspended during the CIRP.

BOARD EVALUATION

During the year, in view of commencement of CIRP and suspension of powers of Board, there was no evaluation of Board, though the following may be considered for evaluation purpose :

- (1) The Composition and roles and responsibilities of the Board are in compliance with the requirement of the Companies Act, 2013 and LODR Regulations.
- (2) The Board has an optimum composition which brings diversity, experience, specialized skills and expertise. The information to the Board and its committee is disseminated in structured manner well in advance to enable the Members to prepare diligently for the meetings.
- (3) The agenda papers circulated to the Board help the members to understand the company's vision & strategy, keep members abreast of trends and issues affecting the Company and to broadly understand the business it is governing, which helps in taking informed decisions after detailed deliberations and considerations.
- (4) The Board through delegation of authorities to the Committee, Key Managerial Personnel demonstrates good understanding of strategy and focus on relevant area and engages on important company matters at oversight level and not management level.

- (5) The Board rigorously monitors the Company's performance along with the ability to understand and deal with factors having a significant bearing.

CEO & CFO CERTIFICATE

An annual Compliance Certificate from the CEO and CFO of the Company pursuant to Regulation 17(8) of LODR Regulations, 2015 is placed before the Steering Committee Meeting.

The CEO and CFO also give a quarterly certification while placing the Financial Results before the Board/Resolution Professional meeting pursuant to Regulation 33(2) of LODR Regulations, 2015.

DISCLOSURE REGARDING RE-APPOINTMENT OF DIRECTOR

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

BOARD COMMITTEES

The Company has four Board level committees:

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

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

During the year, the Board and RP were responsible for constituting, assigning, co-opting and fixing the terms and reference of various committees. The minutes of all the Board and Committee and RP meetings are placed before the Board and noted by the Directors and Members present at the meeting. The particulars of composition of various committees of Board are also available on the website of the Company. The role and composition of the Committees including the number of meeting(s) held and the related attendance during the financial year 2017-18 are as follows:

AUDIT COMMITTEE

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

Terms of Reference

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

- (a) the recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (b) review and monitor the auditor's independence and performance and effectiveness of audit process;
- (c) reviewing, with the management, the quarterly and Annual Financial Statements along with Auditor's Report thereon before submission to the Board for approval;
- (d) approval or any subsequent modification of transactions of the company with related parties; if any;
- (e) scrutiny of inter-corporate loans and investments;
- (f) reviewing, with the management, performance of Statutory and Internal Auditors, adequacy of the Internal Control Systems;
- (g) discussion with internal auditors of any significant findings and follow up there on;
- (h) to review the functioning of the Whistle Blower/Vigil Mechanism;
- (i) to review the Internal Financial Control and Risk Management System; and
- (j) to look after the valuation of Assets

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

Composition

The composition of the Audit Committee is in accordance with the requirements of the Act and Listing Obligation Disclosure Requirements (LODR) Regulation. As on 31st March, 2018, the Committee comprised of 3 Directors out of which 2 Directors including the Chairman are independent. All members of the Audit Committee are financially literate and have accounting or related financial management expertise.

Mr. Rajkumar Khanna (Chairman), Mr. Naresh Pachisia and Mr. Rama Shankar Singh are the members as on 31st March, 2018. The Company Secretary acts as Secretary to the Committee.

The Audit Committee is normally attended by CFO, representatives of Statutory Auditors, representatives of Internal Auditors and Senior Executives of the Company, if required. The Cost Auditor appointed by the Company attended the Audit Committee meeting, where Cost Audit Reports were discussed.

Pursuant to completion of Corporate Insolvency Resolution Process, on 12th July, 2018, the Audit Committee was re-constituted and consists of the following Directors :

1. Mr. Prasun Kumar Mukherjee, Non-Executive Independent Director - Chairman
2. Mr. Naveen Kumar Singhal, Non-Executive Director - Member
3. Mr. Mahendra Singh Mehta, Non-Executive Independent Director - Member

Meetings and Attendance:

During the year 1 (one) Audit Committee Meeting held on 15th May 2017. The necessary quorum was present at the meeting. The details of attendance of members are as under:

Name of the Members	Number of Meetings during the year 2017-18	
	Held	Attended
Mr. Rajkumar Khanna	1	1
Mr. Naresh Pachisia	1	1
Mr. Rama Shankar Singh	1	1

During the year 3(three) Meetings of Resolution Professional with KMPs and Statutory Auditors were held in lieu of Audit Committee Meeting on 12th August 2017, 14th November 2017 and 12th February, 2018. The necessary quorum was present for all meetings. The details of attendance of members are as under:

Name of the Persons	Number of RP Meetings in lieu of Audit Committee held during the year 2017-18	
	Held	Attended
Mr. Dhaivat Anjaria	3	3
Mr Ashutosh Agarwal	3	3
Mr Sunil Katial	3	1
Mr Binaya Kumar Dash	3	3

NOMINATION & REMUNERATION COMMITTEE

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

- (a) recommending to the Board Remuneration Policy for its Directors, Key Managerial Personnel and Senior Management Personnel i.e. one level below the Board;
- (b) formulation of criteria for evaluation of Independent Directors and the Board;
- (c) devising a policy on Board diversity;

- (d) identify persons who are qualified to become directors and who may be appointed in Senior Management in accordance to criteria laid down and recommend to the Board their appointment and removal;
- (e) to recommend extension or continuation of the term of appointment of Independent Director (IDs), on the basis of report of performance evaluation of IDs;
- (f) to carry out any other functions as is referred by the Board, from time to time, or referred by any statutory notification/amendment or modification, as may be applicable.

Composition, Meeting and Attendance:

The composition of the Committee is in compliance with the Act and Rules made therein and LODR Regulations. As on 31st March, 2018, the Committee comprised of three (3) Non-Executive Directors out of which two (2) including the Chairman are independent. Mr. Jinendra Kumar Jain (Chairman), Mr. Naresh Pachisia and Mr. Lalit Kumar Singhi are members of the Committee. The Company Secretary acts as Secretary to the Committee. No Committee meeting was held during the year 2017-18.

Pursuant to completion of Corporate Insolvency Resolution Process, on 12th July, 2018 the Nomination & Remuneration Committee was re-constituted and consists of the following Directors :

1. Mr. Prasun Kumar Mukherjee, Non-Executive Independent Director - Chairman
2. Mr. Naveen Kumar Singhal, Non-Executive Director - Member
3. Mr. Mahendra Singh Mehta, Non-Executive Independent Director - Member

EVALUATION OF INDEPENDENT DIRECTOR(S)

In view of commencement of CIRP on 21st July, 2017 and suspension of power of Board of Directors, there was no Meeting of Board to evaluate performance of Independent Directors.

PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS

The Board had approved and adopted Code of Conduct as detailed in Schedule IV of the Act, as criteria for evaluation of performance of Directors. The Code of Conduct adopted is a guide to the professional conduct for the Independent Directors. Adherence to these standards by Independent Directors and fulfillment of their responsibilities in a professional and faithful manner promotes confidence of the investment community, particularly minority shareholders, regulators and stakeholders in the institution of the Independent Directors. The Nomination & Remuneration Committee evaluates the performance of each Member of the Board including Independent Directors. During the year, in view of suspension of Board, there was no evaluation of Board Members and Independent Directors.

REMUNERATION POLICY

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

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

During the year, there was no remuneration paid to Whole Time Director.

During the year, the Non-Executive Directors of the Company were paid sitting fees of Rs 5000/-each for attending each meeting of the Board and Committee thereof, which are within the limits of the Act. With effect from 4th June, 2018 i.e. from the date of re-constitution of the Board of Directors, Independent Directors are paid sitting fees of Rs. 50,000 for attending the Board Meeting and Rs. 25,000 for attending the Committee Meetings. Non-Executive Directors are also entitled for reimbursement of expenses for attending the Shareholders Meetings, Board Meetings and Committee Meetings.

DETAILS OF SITTINGS FEES PAID TO NON-EXECUTIVE DIRECTORS

During the year, the Company has not made any payment to Non-Executive Directors except sitting fees for attending Board and Committee Meetings as detailed hereunder:

Name of the Director	Sitting Fees (Rs)
Mr. Devaprasad Mozumder	5000
Ms. Jayantika Ganguly	5000
Mr. Jinendra Kumar Jain	5000
Mr. Naresh Pachisia	10,000
Mr. Rajkumar Khanna	10,000
Mr. Umang Kejriwal	5000
Mr. Pradeep Kumar Mishra	5000
Mr. Lalit kumar Singhi	5000

The criteria for payments to Non-Executive Directors is included in the remuneration policy and the same is available on the website of the Company www.electrosteelsteels.com.

The Company has no pecuniary relationship or transactions with its Non-Executive Directors other than their holding of shares in the company, payment of sitting fees and reimbursement of expenses to them for discharging their service in the Company.

Details of Equity Shares/Non-Convertible instruments held by Non-Executive Directors as on 31st March 2018:

Name of the Director	No of Equity Shares	Non-Convertible Debentures
Mr. Umang Kejriwal	5,17,000	Nil
Mr. Naresh Paschisa	50,000	Nil
Mr. Lalit Kumar Singhi	10,000	Nil
Mr. Rama Shankar Singh	2,00,000	NIL

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

The Company does not have Employee Stock Option Scheme.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

As a Policy, the Committee would meet, as and when required, inter alia to look into the unresolved grievances, if any, of the security holders relating to transfer of shares, non-receipt of Annual Reports, issue of duplicate shares etc.

During the year, in view of commencement of CIRP and suspension of power of Board of Directors, there was no Meeting of Stakeholders Relationship Committee.

Composition, Meeting and Attendance:

As on 31st March, 2018, the Committee comprised of three (3) Non-Executive Directors. Mr. Lalit Kumar Singhi (Chairman), Mr. Naresh Pachisia and Mr. Rama Shankar Singh are the members of the Committee. The Company Secretary acts as Secretary to the Committee. During the financial year ended 31st March, 2018, no Committee meeting was held.

On 12th July, 2018 pursuant to completion of CIRP, the Stakeholders' Relationship Committee was re-constituted and consists of the following Directors:

1. Mr. Prasun Kumar Mukherjee, Non-Executive Independent Director - Chairman
2. Mr. Naveen Kumar Singhal, Non-Executive Director - Member
3. Ms. Rashmi Mohanty, Non-Executive Director - Member

COMPLIANCE OFFICER

Mr. Binaya Kumar Dash, Company Secretary of the Company acts as Compliance Officer for complying with the requirements of LODR Regulations.

INVESTOR'S COMPLAINTS/GREIVANCE REDRESSAL MECHANISM

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

Opening Balance	Received during the year	Resolved during the year	Closing Balance
NIL	6	6	NIL

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

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

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

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

Composition, Meeting and Attendance:

The composition of the Committee is in compliance with the Act read with Rules made therein. As on 31st March, 2018, the Committee comprised of an Independent Director and two Non-Executive Directors of the Company.

Mr. Lalit Kumar Singhi (Chairman), Mr. Naresh Pachisia and Mr. Rama Shankar Singh were the members of the Committee as on 31st March, 2018. The Company Secretary acts as Secretary to the Committee.

During the financial year ended 31st March, 2018, no Committee meeting was held.

On 12th July, 2018 pursuant to completion of CIRP, the Corporate Social Responsibility Committee was re-constituted and consists of the following Directors:

1. Mr. Prasun Kumar Mukherjee, Non-Executive Independent Director - Chairman
2. Mr. Naveen Kumar Singhal, Non-Executive Director - Member
3. Ms. Rashmi Mohanty, Non-Executive Director - Member

GENERAL BODY MEETINGS :
(A) ANNUAL GENERAL MEETINGS (AGMs):

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

No.	Financial Year & Time	Date	Venue	No. of Special Resolution(s) passed
10th AGM	2016-17 01.00 P.M	07.11.2017	Forum Hall, 2nd Floor, Capitol Hill Hotel, Mahatma Gandhi Marg, Main Road, Ranchi- 834001	2
9th AGM	2015-16 04.00 P.M	23.09.2016	Forum Hall, 2nd Floor, Capitol Hill Hotel, Mahatma Gandhi Marg, Main Road, Ranchi- 834001	No special resolution passed
8th AGM	2014-15 11.30 A.M	11.09.2015	Prez Hall, Capitol Hill Hotel, Mahatma Gandhi Marg, Main Road, Ranchi- 834001	1

(B) EXTRA-ORDINARY GENERAL MEETING (EGMs):

No EGMs took place during the Financial Year 2017-18.

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

No Postal Ballot took place during the Financial Year 2017-18.

(D) WHETHER ANY SPECIAL RESOLUTION IS PROPOSED TO BE CONDUCTED THROUGH POSTAL BALLOT

None of the business proposed to be transacted at the ensuing Annual General Meeting requires passing of resolution through postal ballot.

DISCLOSURES

- The details of the materially significant related party transactions have been disclosed by way of Notes to the Annual Report 2017-18. There are no materially significant related party transactions of the Company which have potential conflict with the interests of the Company at large. The policy on Related Party Transaction as approved by Board of Directors is available on Company's website: <http://www.electrosteelsteels.com/investorrelations/pdf/rpt.pdf>. The Directors, Key Managerial Personnel and Senior Management i.e. one level below the Board, quarterly disclose to the Board about the material financial and commercial transaction entered, if any, which would have potential conflict with interest of the Company at large.
- The Financial Results have been prepared in accordance with IND-AS notified under Companies (Indian Accounting Standard) Rules, 2015, as amended by Companies (Indian Accounting Standard) (Amendment) Rules, 2016. IND-AS has been applicable to the Company with effect from April 1, 2016. The Company implements the Accounting Standards in letter and spirit in the preparation of financial statements taking into consideration the interest of all stakeholders. The financial statements of the Company are audited by M/s. Lodha & Co., Chartered Accountants, Statutory Auditors, who are qualified, independent and competent.
- Vigil Mechanism/Whistle Blower Policy
The Company has a vigil mechanism/whistle blower mechanism for its Directors and employees to report genuine concerns or grievances about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The mechanism provides for adequate safeguards against victimization of director(s)/ employee(s) and also provides for direct access to the Chairman of the Audit Committee in exceptional cases.
The Whistle Blower Policy covering the details of establishment of such mechanism by the Company is available on the website www.electrosteelsteels.com and the Audit Committee periodically reviews the functioning of the Whistle Blower mechanism. No personnel have been denied access to the Audit Committee.
- The Company has a mechanism in place to inform Board Members about the risk assessment and minimization procedures. The Company has in place Risk Management Policy and Risk Manual which helps in framing, implementing and monitoring the risk management plan of the Company.
- Demat Suspense Account/Unclaimed Suspense Account:
There are no outstanding shares which are required to be transferred to Suspense Account/Unclaimed Suspense Account.

There has been no instance of non-compliance by the Company on any matter related to Listing Agreement/Regulations, during the last three financial years and no penalties or strictures have been imposed on the Company by the Stock Exchanges or Securities and Exchange Board of India or any other statutory authority in this regard.

However, in view of commencement of Insolvency Resolution Process, the Company could not finalise the Audited Financial Statements for the financial year 2017-18 within due dates and the Company has received a Notice from one of the Stock exchange, asking to pay the penalty for non-compliance of Listing Regulations. The Company has made application to SEBI, seeking waiver of the penalty.

SUBSIDIARY COMPANY

The Company does not have Subsidiary Company and therefore policy for determining material subsidiaries is not required.

MEANS OF COMMUNICATION

The Company files the reports, statements, documents, filing, etc. on the electronic platform as specified by both BSE & NSE. The Company has a functional website www.electrosteelsteels.com and is regularly updated. The information disseminated on the website provide for equal, timely and cost efficient access to relevant information by users. Official news releases, if any, are also displayed on the website of the Company.

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

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

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

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

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

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

GENERAL SHAREHOLDER INFORMATION

- a) **Annual General Meeting :** **Date:** 29th September, 2018
Time: 11:30 A.M.
Venue: Capitol Hill Hotel, Mahatma Gandhi Marg, Main Road, Ranchi- 834001
- b) **Financial Year: 2017-18** 1st April – 31st March. The Financial results will be declared as per the following schedule:

Particulars	Schedule
Quarter ended 30th June, 2018	On 29 th August, 2018
Quarter ending 30th September, 2018	On or before 14 th November, 2018 (Tentative)
Quarter ending 31st December, 2018	On or before 14 th February, 2019 (Tentative)
Annual Audited Results of 2018-19	On or before 30 th May, 2019 (Tentative)

- c) **Dates of Book Closure:** —

- d) **Dividend Payment:** No dividend has been proposed for the year ended 31st March, 2018.
- e) **Listing on Stock Exchanges:**
- (i) National Stock Exchange of India Limited (NSE)
Exchange Plaza, C-1, Block "G",
5th floor, Bandra Kurla Complex,
Bandra East, Mumbai-400 051
 - (ii) BSE Limited
New Trading Wing, Rotunda Building,
Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai-400 001

The annual listing fees have been paid to both the Stock Exchanges for the financial year 2018-19.

- f) **Custodial Fees to Depositories:** The annual custodial fees have been paid for the financial year 2018-19 to National Securities Depository Ltd (NSDL) and Central Depository Services India Ltd (CDSL).
- g) **Stock Code:**
- | | |
|--|----------------|
| ISIN No. | : INE481K01021 |
| National Stock Exchange of India Limited | : ELECTROSL |
| BSE Limited | : 533264 |

h) Market Price Data

The details of monthly high and low quotations of the equity shares of the Company traded at BSE and NSE during the financial year 2017-18 are given hereunder:

Month	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	Month's High Price	Month's Low Price	Volume	Month's High Price	Month's Low Price	Volume
April 2017	6.75	4.41	29148965	6.80	4.40	124551730
May 2017	5.75	4.42	8686709	5.75	4.40	32832951
June 2017	5.75	3.77	15700783	5.70	3.75	82726976
July 2017	5.34	4.21	19996812	5.35	4.15	58398185
August 2017	4.75	3.95	8977834	4.75	3.95	28454376
September 2017	4.69	3.60	8315989	4.65	3.60	33017747
October 2017	7.07	3.76	37620822	7.10	3.75	151791413
November 2017	7.20	4.86	33111544	7.20	4.85	139257920
December 2017	6.15	5.04	25831954	6.15	5.00	37837716
January 2018	7.08	3.88	94659672	7.00	4.00	106382715
February 2018	4.94	2.71	137353997	5.00	2.85	132669331
March 2018	3.40	2.08	150047533	3.35	2.10	108186468

i) Registrar and Share Transfer Agent:

Karvy Computershare Private Limited
 Unit: Electrosteel Steels Limited
 Karvy Selenium Tower B, Plot 31-32, Gachibowli,
 Financial District, Nanakramguda, Hyderabad-500 032
 Tel: 040 67162222, Fax: 040 23001153, E-mail: einward.ris@karvy.com

j) Share Transfer System:

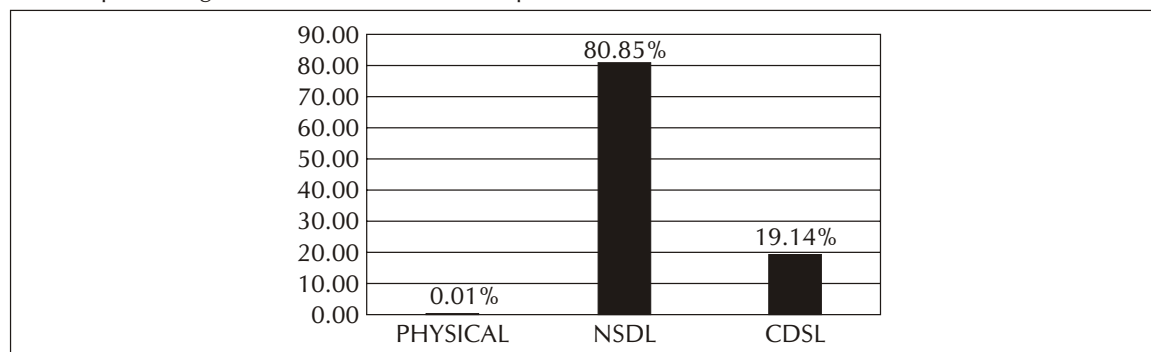
99.99% of shares of the Company are held in electronic mode. Intimation about transfer/transmission of these shares to RTA is done through the depositories i.e. NSDL & CDSL with no involvement of the Company.

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

As envisaged in the LODR Regulations, a certificate for the half year ended 30th September, 2017 and 31st March, 2018 confirming all activities in relation to both physical and electronic share transfer facility are maintained by RTA from both the compliance officer of the Company and the authorized representative of RTA, was also submitted to Stock Exchange(s) within stipulated time.

k) Dematerialization of Equity Shares:

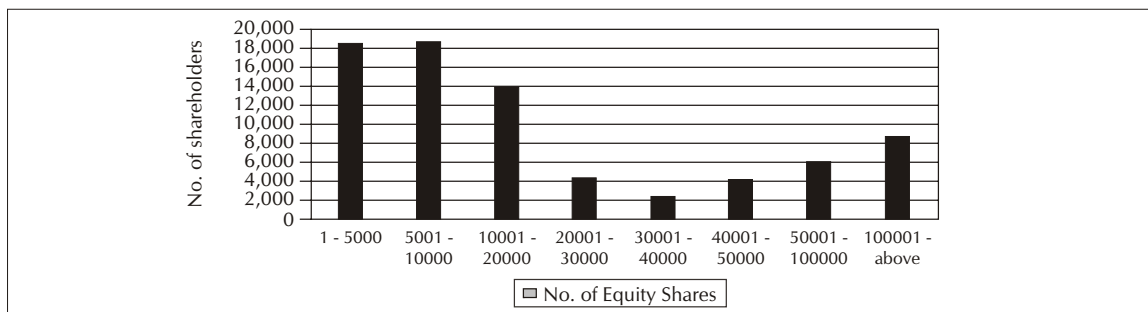
The shares of the Company are currently traded only in dematerialized with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL). Under the Depository system, the International Securities Identification Number (ISIN) allotted to the Company's shares are INE481K01013. The ISIN has been changed, subsequent to reduction and cancellation of shares of the Company on 15th June, 2018. The new ISIN is INE481K01021. As on 31st March, 2018, 2,40,89,55,321 equity shares representing about 99.99% of the share capital are held in dematerialized form.



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

m) Distribution of shareholding as on 31st March, 2018:

Number of Equity Shares held	Shareholders	% of Total Holders	Shares	% of Total Capital
1-5000	18657	24.17	46094950.00	0.19
5001- 10000	18729	24.26	154184200.00	0.64
10001- 20000	14067	18.22	239037340.00	0.99
20001- 30000	4355	5.64	117864480.00	0.49
30001- 40000	2439	3.16	90723810.00	0.38
40001- 50000	4152	5.38	203665710.00	0.85
50001- 100000	6026	7.81	498242680.00	2.07
100001 & Above	8767	11.36	22742537060.00	94.40
Total	77192	100	24092350230.00	100.00



n) **The details of shareholding as on 31st March, 2018:**

Sl. No.	Category	No. of Shares	% of Shareholding
1.	PROMOTERS BODIES CORPORATE	1,08,98,00,000	45.23
2.	FOREIGN COMPANIES	272746161	11.32
3.	BODIES CORPORATES	321610278	13.35
4.	RESIDENT INDIVIDUALS	520886774	21.62
5.	FOREIGN CORPORATE BODIES	122136860	5.07
6.	FOREIGN PORTFOLIO INVESTORS	1000000	0.04
7.	H U F	36339873	1.51
8.	VENTURE CAPITAL	1,53,05,000	0.64
9.	NON RESIDENT INDIANS	18386272	0.76
10.	BANKS	1254122	0.05
11.	DIRECTORS AND THEIR RELATIVES	1698034	0.07
12.	CLEARING MEMBERS	3993929	0.17
13.	NON RESIDENT INDIAN NON REPATRIABLE	3476268	0.14
14.	TRUSTS	127951	0.01
15.	NBFC	473501	0.02
	Total	2,40,92,35,023	100.0000

Post implementation of the approved resolution plan, Vedanta Star Ltd., new Promoter of the Company holds 90% of total shareholding of the Company.

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

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

p) **Plant Location:**

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

q) **Address for Communication:**

Mr. Binaya Kumar Dash
Company Secretary & Compliance Officer
2nd & 3rd Floor, G K Tower, 19 Camac Street, Kolkata- 700 017
Phone No: 033-7103-4400, Fax: 033-2290-2882
Email: esl.shares@vedanta.co.in, Website: www.electrosteelsteels.com

NON-MANDATORY REQUIREMENTS

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

For and on behalf of the Board of Directors

Naveen Kumar Singhal
Non-Executive Director
(DIN : 02642057)

Rashmi Mohanty
Non-Executive Director
(DIN : 07072541)

Place : Kolkata
Dated : August 29, 2018

CERTIFICATION OF COMPLIANCE OF THE CODE OF CONDUCT OF THE COMPANY

This is to confirm that the Company has received declarations affirming compliance of the Code of Conduct from all the members of the Board and Senior Management Personnel for the Financial Year ended 31st March, 2018.

For **Electrosteels Steels Limited**

Place : Kolkata
Dated : 29th August, 2018

Sd/-
Sunil Katial
Chief Executive Officer

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
ELECTROSTEEL STEELS LIMITED

We have examined the compliance of conditions of Corporate Governance by **ELECTROSTEEL STEELS LIMITED** ('the Company') for the year ended 31st **March 2018**, as stipulated in Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

For K. Arun & Co
Company Secretaries

Place: Kolkata
Date: 29th August, 2018

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

SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED 31st Day of March, 2018**

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

To,
The Members,
Electrosteel Steels Limited

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

Based on our verification of books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers and authorized representatives during the conduct of **Secretarial Audit**, we hereby report that in our opinion the Company has, during the audit period for the financial year ended **31st March, 2018**, complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended **31st March, 2018** according to the provisions of:

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

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

- i. The uniform Listing Agreements entered into by the Company, with **BSE Limited & National Stock Exchange of India Limited**.
- ii. The Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- iii. The Secretarial Standards (SS - 1 and SS - 2) issued by the Institute of Company Secretaries of India.

We further report that:

During the year, the State Bank of India, on behalf of consortium of lenders, of the Company had initiated insolvency proceedings against the Company before NCLT, Kolkata under the Insolvency And Bankruptcy Code, 2016. The Corporate Insolvency Resolution Process (CIRP) in terms of the Insolvency and Bankruptcy Code, 2016 (**IBC**) was commenced against the Company pursuant to the order dated **July 21, 2017** passed by the Hon'ble National Company Law Tribunal, Kolkata Bench (**NCLT**). The NCLT in terms of the aforesaid order had appointed Mr. Dhaivat Anjaria as the Interim Resolution Professional (**IRP**) of the Company. Pursuant to the majority decision of Committee of Creditors held on 21st August 2017, the Interim Resolution Professional, Mr. Dhaivat Anjaria was appointed as the Resolution Professional and as per provisions of IBC, all the powers of the Board of Directors were suspended and were vested with the Resolution Professional, who was also responsible for the day to day management and operations of the Company.

We further understand that meetings of Resolution Professional, Key Managerial Personnel and & Statutory Auditors were being held in lieu of quarterly meetings of Audit Committee and meetings of Resolution Professional and Key Managerial Personnel were being held in lieu of quarterly meetings of Board of Directors, for which adequate notices are given.

We further report that:

The Committee of Creditors of the Company constituted in terms of the Insolvency and Bankruptcy Code, 2016 has approved the resolution plan for the Company submitted by Vedanta Limited in the Meeting of the Committee of Creditors held on March 29, 2018. Based on this The Hon'ble National Company Law Tribunal, Kolkata Bench, on April 17, 2018 has **approved the Resolution Plan submitted by Vedanta Limited to acquire the Company pursuant to Corporate Insolvency Resolution Process**. After passing the order the Insolvency Process initiated against the Company came to an end.

For K. Arun & Co
Company Secretaries

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

Place : Kolkata
Date : 08.05.2018

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

as on financial year ended on 31st March, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I REGISTRATION AND OTHER DETAILS :

i) CIN	L27310JH2006PLC012663
ii) Registration Date	20.12.2006
iii) Name of the Company	Electrosteel Steels Limited
iv) Category / Sub-Category of the Company	Company Limited by shares / Non-Government Company
v) Address of the Registered office and contact details	801, Uma Shanti Apartments, Kanke Road, Ranchi : 834 008, Jharkhand, India Contact : 0651-2285636 Email id: esl.shares@vedanta.co.in Website: www.electrosteelsteels.com
vi) Whether listed company	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent	Karvy Computershare Private Limited Unit: Electrosteel Steels Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda Hyderabad-500 032 Contact Person: Ms C Shobha Anand, AGM Tel: 040 67162222 Fax: 040 23001153 E-mail: einward.ris@karvy.com

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sl No	Name and Description of the main Products	NIC Code of the Product	% of total turnover of the Company
1	Basic Iron & Steel	24101/24103/24105	85.27
2	Ductile Iron Pipe	24311	14.55

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

The Company does not have a Holding Company or a Subsidiary Company or an Associate Company.

IV	SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)		
	i)	Category-wise Share Holding	Attachment A
	ii)	Shareholding of Promoters	Attachment B
	iii)	Change in Promoters' Shareholding	Attachment C
	iv)	Shareholding Pattern of top ten Shareholders (other than Directors and Promoters)	Attachment D
	v)	Shareholding of Directors and Key Managerial Personnel	Attachment E
V	INDEBTEDNESS		
	Indebtedness of the Company including interest outstanding/accrued but not due for payment		Attachment F
VI	REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL		
	A	Remuneration to Managing Director, Whole-time Directors and/or Manager	Attachment G
	B	Remuneration to other directors	Attachment H
	C	Remuneration to Key Managerial Personnel other than Wholetime Director	Attachment I
VII	PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES		There were no penalties or punishment or compounding of offence during the financial year ended 31 st March, 2018 against the Company, Directors and Key Managerial Personnel.

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

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1.04.2017)				No. of Shares held at the end of the year (as on 31.03.2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A) PROMOTERS									
(1) INDIAN									
(a) Individual /HUF	-	-	-	-	-	-	-	-	-
(b) Central Government	-	-	-	-	-	-	-	-	-
(c) State Government(s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corporate	1089800000	-	1089800000	45.23	1089800000	-	1089800000	45.23	-
(e) Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
(f) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total A(1) :	1089800000	-	1089800000	45.23	1089800000	-	1089800000	45.23	-
(2) FOREIGN									
(a) Individuals (NRIs/FIs)	-	-	-	-	-	-	-	-	-
(b) Bodies Corporate	-	-	-	-	-	-	-	-	-
(c) Institutions	-	-	-	-	-	-	-	-	-
(d) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(e) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total A(2) :	-	-	-	-	-	-	-	-	-
Total A = A(1) + A(2)	1089800000	-	1089800000	45.23	1089800000	-	1089800000	45.23	-
(B) PUBLIC SHAREHOLDING									
(1) INSTITUTIONS									
(a) Mutual Funds /UTI	0	0	0	0.00	0	0	0	0.00	0.00
(b) Financial Institutions /Banks	2291225	0	2291225	0.10	1254122	0	1254122	0.05	0.04
(c) Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d) Venture Capital Funds	15305000	0	15305000	0.64	15305000	0	15305000	0.64	0.00
(e) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f) Foreign Institutional Investors	97191597	0	97191597	4.03	1000000	0	1000000	0.04	3.99
(g) Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i) Others	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total B(1) :	114787822	0	114787822	4.76	17559122	0	17559122	0.73	4.04
(2) NON-INSTITUTIONS									
(a) Bodies Corporate	305447716	0	305447716	12.68	322083779	0	322083779	13.37	-0.69
(b) Individuals									
(i) Individuals holding nominal share capital upto Rs.2 lakh	81874858	239675	82114533	3.41	131072435	229702	131302137	5.45	-2.04
(ii) Individuals holding nominal share capital in excess of Rs.2 lakh	208481740	50000	208531740	8.66	427572544	50000	427622544	17.75	-9.09
(c) Others									
CLEARING MEMBERS	1480808	0	1480808	0.06	3993929	0	3993929	0.17	-0.10
FOREIGN BODIES	122136860	0	122136860	5.07	122136860	0	122136860	5.07	0.00
FOREIGN COMPANIES	476097077	0	476097077	19.76	272746161	0	272746161	11.32	8.44
NON RESIDENT INDIANS	7387119	0	7387119	0.31	18386272	0	18386272	0.76	-0.46
NRI NON-REPATRIATION	1314900	0	1314900	0.05	3476268	0	3476268	0.14	-0.09
TRUSTS	136448	0	136448	0.01	127951	0	127951	0.01	0.00
(d) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total B(2) :	1204357526	289675	1204647201	50.00	1301596199	279702	1301875901	54.04	-4.04
Total B = B(1) + B(2) :	1319145348	289675	1319435023	54.76	1319155321	279702	1319435023	54.77	0.00
Total (A + B) :	2408945348	289675	2409235023	100.00	2408955321	279702	2409235023	100.00	0.00
(C) Shares held by custodians, against which Depository Receipts have been issued									
(1) Promoter and Promoter Group									
(2) Public	0	0	0	0.00	0	0	0	0.00	0.00
GRAND TOTAL (A + B + C) :	2408945348	289675	2409235023	100.00	2408955321	279702	2409235023	100.00	

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

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2017)			Shareholding at the end of the year (As on 31.03.2018)			% of change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.	Electrosteel Castings Limited	108,98,00,000	45.23	79.53	108,98,00,000	45.23	79.53	0.00

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

Sl. No.	Name	Shareholding at the beginning of the year (As on 01.04.2017)/ end of the year (31.03.2018)		Cumulative Shareholding during the year (01.04.2017-31.03.2018)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Electrosteel Castings Limited				
	At the beginning of the year (as on 01.04.2017)	1,08,98,00,000	45.23	1,08,98,00,000	45.23
	At the end of the year (as on 31.03.2018)	1,08,98,00,000	45.23		

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

Sl. No.		Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01/04/2017-31/03/2018)	
		No. of Shares at the beginning (01/04/2017) / end of the year (31/03/2018)	% of total shares of the Company				No. of Shares	% of total shares of the Company
	For each of the Top 10 shareholders							
1	STEMCOR CAST IRON INVESTMENTS LIMITED	400,909,646	16.64	01/04/2017	-	N.A.		
				09/06/2017	(50,000)	Transfer	400,859,646	16.64
				04/08/2017	(400,859,646)	Transfer	0	0
				31/03/2018			0	0
2	SCIIL STEEL CAST IRON INVESTMENTS (CYPRUS) LIMITED	0	0.00	01/04/2017	0		0	0
				09/06/2017	50000	Transfer	50000	0.00
				16/06/2017	-50000	Transfer	0	0.00
				04/08/2017	400859646	Transfer	400859646	16.64
				12/01/2018	-111709239	Transfer	289150407	12.00
				19/01/2018	3790855	Transfer	292941262	12.16
				26/01/2018	-18132402	Transfer	274808860	11.41
				02/02/2018	-3592039	Transfer	271216821	11.26
				09/02/2018	-34120314	Transfer	237096507	9.84
				16/02/2018	-41581072	Transfer	195515435	8.12
				23/02/2018	94271843	Transfer	289787278	12.03
				02/03/2018	-71847171	Transfer	217940107	9.05
				09/03/2018	-28917877	Transfer	189022230	7.85
				16/03/2018	-28632058	Transfer	160390172	6.66
				23/03/2018	-31689501	Transfer	128700671	5.34
				30/03/2018	68858059	Transfer	197558730	8.20
				31/03/2018			197558730	8.20
3	HYPNOS FUND LIMITED	96550000	4.01	31/03/2017			96550000	4.01
				27/10/2017	-2000000	Transfer	94550000	3.92
				31/10/2017	-150000	Transfer	94400000	3.92
				03/11/2017	-2850000	Transfer	91550000	3.80
				10/11/2017	-1543424	Transfer	90006576	3.74
				17/11/2017	-86420	Transfer	89920156	3.73
				24/11/2017	-3370156	Transfer	86550000	3.59
				08/12/2017	-72793	Transfer	86477207	3.59
				15/12/2017	-9927207	Transfer	76550000	3.18
				22/12/2017	-1749055	Transfer	74800945	3.10

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

Sl. No.	Shareholding	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01/04/2017-31/03/2018)	
		No. of Shares at the beginning (01/04/2017) / end of the year (31/03/2018)	% of total shares of the Company				No. of Shares	% of total shares of the Company
	For each of the Top 10 shareholders							
				29/12/2017	-4614818	Transfer	70186127	2.91
				05/01/2018	-11556823	Transfer	58629304	2.43
				12/01/2018	-28629304	Transfer	30000000	1.25
				19/01/2018	-4595032	Transfer	25404968	1.05
				26/01/2018	-9759134	Transfer	15645834	0.65
				02/02/2018	-5445834	Transfer	10200000	0.42
				09/02/2018	-7021845	Transfer	3178155	0.13
				23/02/2018	-3178155	Transfer	0	0.00
				31/03/2018			0	0.00
4	IFCI LTD	91979734	3.82	31/03/2017			91979734	3.82
				27/10/2017	-1979734	Transfer	90000000	3.74
				31/03/2018			90000000	3.74
5	GPC MAURITIUS II LLC	87441860	3.63	31/03/2017			87441860	3.63
				31/03/2018			87441860	3.63
6	PGS INVEST CORP	75187431	3.12	31/03/2017			75187431	3.12
				31/03/2018			75187431	3.12
7	SANGHAI COMMERCIAL AND	47700000	1.98	31/03/2017			47700000	1.98
				28/04/2017	-200000	Transfer	47500000	1.97
				08/09/2017	-200000	Transfer	47300000	1.96
				24/11/2017	200000	Transfer	47500000	1.97
				31/03/2018			47500000	1.97
8	TARA INDIA HOLDINGS A LTD	34695000	1.44	31/03/2017			34695000	1.44
				31/03/2018			34695000	1.44
9	PAYAL COMMERCIAL COMPANY LIMITED	20000000	0.83	31/03/2017			20000000	0.83
				28/04/2017	-200000	Transfer	19800000	0.82
				30/03/2018	-450000	Transfer	19350000	0.80
				31/03/2018			19350000	0.80
10	EDELWEISS BROKING LTD	0	0.00	31/03/2017			0	0.00
				07/04/2017	100000	Transfer	100000	0.00
				14/04/2017	-55949	Transfer	44051	0.00
				21/04/2017	-41451	Transfer	2600	0.00
				28/04/2017	-2600	Transfer	0	0.00
				05/05/2017	1500	Transfer	1500	0.00
				12/05/2017	162691	Transfer	164191	0.01
				19/05/2017	-164091	Transfer	100	0.00
				26/05/2017	10400	Transfer	10500	0.00
				02/06/2017	10100	Transfer	20600	0.00
				09/06/2017	-20500	Transfer	100	0.00
				16/06/2017	23303	Transfer	23403	0.00
				23/06/2017	-23380	Transfer	23	0.00
				30/06/2017	-23	Transfer	0	0.00
				07/07/2017	5120	Transfer	5120	0.00
				14/07/2017	-5120	Transfer	0	0.00
				21/07/2017	10000	Transfer	10000	0.00
				28/07/2017	-8800	Transfer	1200	0.00
				04/08/2017	-1100	Transfer	100	0.00
				11/08/2017	4910	Transfer	5010	0.00
				18/08/2017	13	Transfer	5023	0.00
				25/08/2017	-5023	Transfer	0	0.00
				15/09/2017	10	Transfer	10	0.00
				22/09/2017	2700	Transfer	2710	0.00
				29/09/2017	7402	Transfer	10112	0.00
				30/09/2017	502112	Transfer	512224	0.02
				06/10/2017	-512224	Transfer	0	0.00
				13/10/2017	17710	Transfer	17710	0.00
				20/10/2017	538819	Transfer	556529	0.02

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

Sl. No.	For each of the Top 10 shareholders	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01/04/2017-31/03/2018)	
		No. of Shares at the beginning (01/04/2017) / end of the year (31/03/2018)	% of total shares of the Company				No. of Shares	% of total shares of the Company
				27/10/2017	-521195	Transfer	35334	0.00
				31/10/2017	-34734	Transfer	600	0.00
				03/11/2017	-600	Transfer	0	0.00
				17/11/2017	14919	Transfer	14919	0.00
				24/11/2017	1090154	Transfer	1105073	0.05
				01/12/2017	39919	Transfer	1144992	0.05
				08/12/2017	23309	Transfer	1168301	0.05
				15/12/2017	-4322	Transfer	1163979	0.05
				22/12/2017	27469	Transfer	1191448	0.05
				29/12/2017	40456	Transfer	1231904	0.05
				05/01/2018	175876	Transfer	1407780	0.06
				12/01/2018	224220	Transfer	1632000	0.07
				19/01/2018	486161	Transfer	2118161	0.09
				26/01/2018	1099785	Transfer	3217946	0.13
				02/02/2018	-812277	Transfer	2405669	0.10
				09/02/2018	588702	Transfer	2994371	0.12
				16/02/2018	763697	Transfer	3758068	0.16
				23/02/2018	-1401194	Transfer	2356874	0.10
				02/03/2018	-563717	Transfer	1793157	0.07
				09/03/2018	237749	Transfer	2030906	0.08
				16/03/2018	89440	Transfer	2120346	0.09
				23/03/2018	9818676	Transfer	11939022	0.50
				30/03/2018	473487	Transfer	12412509	0.52
				31/03/2018	9059	Transfer	12421568	0.52
				31/03/2018			12421568	0.52

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

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2017-31.03.2018)	
		No. of Shares at the beginning (01/04/2017) / end of the year (31/03/2018)	% of total shares of the Company				No. of Shares	% of total shares of the Company
A	DIRECTORS							
1	Lalit Kumar Singhi	190000	0.01	01/04/2017	-	-	-	
				23/06/2017	75000	Transfer	265000	0.01
				19/01/2018	-255000	Transfer	10,000	0.00
		10000	0.00	31/03/2018	-	-	-	-
2	Mr Naresh Pachisia	50,000	0.00	01/04/2017	-	N.A.	50,000	0.0021
		50,000	0.00	31/03/2018	-	-	-	-
3	Mr Umang Kejriwal	517,000	0.02	01/04/2017	-	N.A.	517,000	0.0215
		517,000	0.02	31/03/2018	-	-	-	-
B	KEY MANAGERIAL PERSONNEL							
1	Mr Rama Shankar Singh, Whole-time Director*	200,000	0.01	01/04/2017	-	N.A.	200,000	0.01
		200,000	0.01	31/03/2018	-	-	-	-
2	Mr Ashutosh Agarwal, Chief Financial Officer	44250		01/04/2017	-	-	-	-
				20/10/2017	100000	Purchase	144250	
		144250		27/10/2017	2000	Purchase	146250	-
		146250		19/01/2018	-146000	Sale	250	-
		250		31/03/2018	-	N.A.	250	0.00
3	Mr. Binaya Kumar Dash Company Secretary	-	-	01/04/2017	-	-	-	-
				20/10/2017	100	Purchase	100	0.00
		100	0.00	31/03/2018	-	-	-	-

*ceased to be Whole-time Director w.e.f. 7.11.2017

V. INDEBTEDNESS (Attachment - F)

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

(₹ In lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2017)				
(i) Principal Amount	1,028,819.44	-	-	1,028,819.44
(ii) Interest due but not paid	208,486.64	-	-	208,486.64
(iii) Interest accrued but not due	355.45	-	-	355.45
Total (i + ii + iii)	1,237,661.53	-	-	1,237,661.53
Change in Indebtedness during the financial year				
Addition	34,628.41	-	-	34,628.41
Reduction	-	-	-	-
Net Change	34,628.41	-	-	34,628.41
Indebtedness at the end of the financial year (31.03.2018)				
(i) Principal Amount	990,682.21	-	-	990,682.21
(ii) Interest due but not paid	281,018.20	-	-	281,018.20
(iii) Interest accrued but not due	589.53	-	-	589.53
Total (i + ii + iii)	1,272,289.94			1,272,289.94

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Lakhs)

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

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

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Pradeep Kumar Misra	Devaprasad Mozumder	Jayantika Ganguly	Jinendra Kumar Jain	Lalit Kumar Singhi	Naresh Pachisia	Rajkumar Khanna	Umang Kejriwal	Total Amount
1	Independent Directors:									
	Fee for attending Board and or/ Committee meetings	0.05	-	0.05	0.05		0.1	0.1		0.35
	Commission			0	0		0	0		
	Others			0	0		0	0		
	Total (1)	0.05		0.05	0.05		0.1	0.1		0.35
2	Other Non-Executive Directors :									
	Fee for attending Board and or/ Committee meetings		0.05			0.05			0.05	0.15
	Commission									
	Others									
	Total (2)		0.05			0.05			0.05	0.15
	Total (B) = (1 + 2)	0.05	0.05	0.05	0.05	0.05	0.10	0.10	0.05	0.50
	Total Managerial Remuneration									-
	Overall ceiling as per the Act									-

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

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

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Chief Executive Officer Mr. Sunil Katial	Chief Financial Officer Mr. Ashutosh Agarwal	Company Secretary Mr. Binaya Kumar Dash
1	Gross salary			
(a)	Salary as per provisions contained in section 17(1) of the Income Tax, 1961	134.99	103.62	15.19
(b)	Value of perquisites u/s 17(2) of the Income tax Act, 1961	42.38	11.53	1.38
(c)	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others	-	-	-
5	Others-	-	-	-
	Total (A)	177.37	115.15	16.57

For and on behalf of the Board of Directors

 Place : Kolkata
 Dated : August 29, 2018

Naveen Kumar Singhal Non-Executive Director (DIN : 02642057)	Rashmi Mohanty Non-Executive Director (DIN : 07072541)
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INDEPENDENT AUDITOR'S REPORT

The Members of ELECTROSTEEL STEELS LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Electrosteel Steels Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), and Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory notes for the year ended on that date (hereinafter referred to as "Ind AS financial statements").

Management's Responsibility for the Ind AS 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 Ind AS financial statements that gives a true and fair view of the state of affairs (financial position), Profit or Loss (financial performance including Other Comprehensive Income), Cash Flows and changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

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

Auditors' Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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, 2018, its Loss, total Comprehensive Income, its Cash Flows and the Changes in Equity for the year ended on that date.

Emphasis of Matters

Attention is invited to Note no. 5.6 of the Ind AS financial statement regarding exceptional item which includes Rs. 511,193.01 lakhs recognised as impairment against Property, Plant and Equipments, Intangible Assets and Capital Work in Progress based on valuation carried out by an Independent Valuer, upon which reliance has been placed by us.

Our opinion is not modified in respect of this matter.

Other Matters

The comparative Ind AS financial information of the Company for the corresponding year ended March 31, 2017 were audited by the predecessor auditor, M/s. B Chhawchharia & Co, who expressed unmodified opinion vide their report dated May 15, 2017 and reliance has been placed by us on the same for the purpose of this report.

Our opinion is not modified in respect of this matter.

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 Act, 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 appears from our examination of those books;
- c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) specified under section 133 of the Act;
- e) On the basis of the written representations received from the directors as on March 31, 2018, none of the director is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act. This however was not taken on record by the Board of Directors, since as stated in Note no. 42, the Company was under Corporate Insolvency Resolution Process (CIRP) and powers of the Board were suspended during CIRP;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company 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 financial controls over financial reporting; 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. Impact of pending litigations (Other than those already recognised in the accounts) on the financial position of the Company have been disclosed in the Ind AS financial statement as required in terms of the Ind AS and provisions of the Companies Act, 2013.;
 - 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 as referred to in Note no. 43(d) to the Ind AS 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 : August 29, 2018

R. P. Singh
Partner
Membership No: 52438

ANNEXURE “A” TO THE AUDITOR’S 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, certain fixed assets have been physically verified by the management during the year and detailed verification has since been undertaken which is in progress. According to the information and explanation given to us, no material discrepancies with respect to verification so far carried out were noticed.
- 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 which are freehold, 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 Ind AS financial statements).

(Amount ₹ In Lakhs)

Type of Immovable Property	No. of Cases	Area	Gross Block	Net Block
Freehold Land	226	229.43 acres	1,615.99	878.01

- 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 even though material in certain cases, have been properly dealt with in the books of the accounts.
- 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, 2018 for a period of more than six months from the date they become payable.
- c. According to the information and explanations given to us, the details of disputed dues of Sales tax, Income tax, Customs duty, Wealth tax, Excise duty, Service Tax, and Cess, if any, as at March 31, 2018, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty	34.00	2009-2010	CESTAT
		36.71	2016-2017	Commissioner (Appeals), Ranchi
Central Sales Tax Act, 1956	Sales Tax	57.58	2011-2012	Deputy Commissioner of Commercial Taxes, Jharkhand
		392.78	2012-2013	
		348.00	2012-2013 2014-2015	Commissioner Commercial Taxes, Jharkhand
		452.98	2013-2014	
		1,507.64	2014-2015	
322.58	2015-2016			

Name of the statute	Nature of dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Customs Act' 1962	Custom Duty	5,974.73	2008-2009 to 2011-2012	Additional Director General, Directorate of Revenue Intelligence, New Delhi
	Custom duty-EPCG	1,57,739.94	2009-2010 to 2017-2018	Principal, Additional Director General, Directorate of Revenue Intelligence, Kolkata Zonal Unit
Jharkhand VAT Act, 2015	Value Added Tax	24.40	2009-2010	Commercial Tax Tribunal, Ranchi
		45.90	2010-2011	Commissioner Commercial Taxes, Jharkhand
		329.68	2013-2014	
		179.41	2015-2016	
		91.98	2010-2011	Deputy Commissioner of Commercial Taxes, Jharkhand
		16,380.35	2011-2012	
		4,202.12	2012-2013	
		276.96	2013-2014	
1,092.47	2015-2016			
Service Tax under Finance Act, 1994	Service Tax	2,214.87	2007-2008 2008-2009	CESTAT
		1,071.40	2007-2008 to 2011-2012	
		331.87	2009-2010	
		3.22	2015-2016	
		13.34	2014-2015	Commissioner (Appeals) Kolkata
		2.27	2015-2016	The Asst Commissioner of Service Tax, Audit, Kolkata
West Bengal (Entry Tax)	Entry Tax	2,888.58	2012-2013 to 2017-2018	West Bengal Taxation Tribunal
Jharkhand (Entry Tax)	Entry Tax	26,491.47	2011-2012 to 2017-2018	High Court of Jharkhand
Income Tax Act, 1961	TDS/TCS	0.21	2008-2009	Commissioner of Income Tax (Ranchi)
		0.79	2009-2010	
		0.91	2010-2011	
		0.33	2011-2012	
		8.57	2012-2013	
		22.63	2013-2014	
		23.62	2014-2015	
		50.31	2015-2016	
		59.33	2016-2017	
		15.73	2017-2018	

As stated in Note no. 42(a), claims against the company with respect to above will be dealt with as provided in resolution plan as approved by NCLT and thereby, these will stand extinguished as provided in the said plan.

- viii) In our opinion and on the basis of information and explanations given to us by the management, the Company has defaulted in repayment of dues to the following banks and financial institutions:

Amount (in Lakhs)

Name of the Bank / Financial Institution	Principal	Period of Default	Interest	Period of Default
State Bank of India	3,41,554.77	December 2015 to July 21, 2017	1,01,120.84	April 2015 to July 21, 2017
Punjab National Bank	57,007.01		17,141.78	
Canara Bank	50,501.01		15,049.97	
UCO Bank	49,264.58		14,638.00	
Indian Overseas Bank	42,468.93		12,261.10	

Name of the Bank / Financial Institution	Principal	Period of Default	Interest	Period of Default
SREI Infrastructure Finance Ltd	42,976.77	December 2015 to July 21, 2017	14,813.63	April 2015 to July 21, 2017
Oriental Bank of Commerce	43,650.69		12,812.15	
United Bank of India	32,918.10		9,084.23	
Union Bank of India	28,444.07		8,277.13	
HUDCO	29,497.91		8,822.17	
Allahabad Bank	29,090.33		8,585.73	
Bank of India	19,954.67		5,936.92	
Vijaya Bank	20,307.95		5,953.57	
Indian Bank	16,699.22		4,837.78	
Corporation Bank	18,183.71		5,347.97	
Syndicate Bank	18,406.60		5,055.23	
Bank of Baroda	16,938.18		5,008.23	
Life Insurance Corporation of India	16,985.30		4,949.49	
Bank of Maharashtra	12,606.42		3,738.96	
Central Bank of India	13,464.72		3,878.45	
Andhra Bank	11,296.57		3,341.89	
Punjab & Sind Bank	12,000.76		3,394.34	
Dena Bank	11,615.04		3,551.80	
Jammu & Kashmir Bank	6,008.39		1,706.66	
ICICI Bank	4,898.91		1,282.70	
IL&FS Financial Services Ltd	1,895.72	427.49		

However, as stated in Note no. 42 to the Ind AS financial statements all these dues have since been settled.

- 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) As indicated in Note no. 42 of the Ind AS financial statements, the Company was under Corporate Insolvency Resolution Process (CIRP) for the period from July 22, 2017 to March 31, 2018 and accordingly powers of the Board of Directors were suspended during the said period. 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 have been disclosed in the financial statements considering the relationship and control existing prior to the initiation of CIRP. In absence of the Board as stated above, compliance with respect to Section 177 and 188 of the Act could not be ensured. These were however approved in the meetings of Resolution Professional with Key Managerial Professional.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv) According to the information and explanations given to us and 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

R. P. Singh
Partner
Membership No: 52438

Place : Kolkata
Date : August 29, 2018

ANNEXURE “B” TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph (g) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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

We have audited the internal financial controls over financial reporting of Electrosteel Steels Limited (“the Company”) as of March 31, 2018 in conjunction with our audit of the Ind AS 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 over financial reporting 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 over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with Generally Accepted Accounting Principles. A company's internal financial control over financial reporting 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 Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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.

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

Place : Kolkata
Date : August 29, 2018

R. P. Singh
Partner
Membership No: 52438

BALANCE SHEET AS AT MARCH 31, 2018

Particulars	Note No.	(₹ in lakhs)	
		As at Mar 31, 2018	As at Mar 31, 2017
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	5	516,160.32	991,007.52
(b) Capital work-in-progress	6	91,943.13	179,907.04
(c) Other Intangible Assets	7	82.54	177.87
(d) Financial Assets			
(i) Loans	8	871.62	812.50
(ii) Other Financial Assets	9	3.25	3.32
(e) Current Tax Assets (net)	10	494.75	377.22
(f) Other Non-Current Assets	11	3,173.01	8,288.03
Current assets			
(a) Inventories	12	84,472.78	79,176.20
(b) Financial Assets:			
(i) Trade Receivables	13	18,251.97	12,720.47
(ii) Cash and Cash Equivalents	14	4,151.71	9,502.03
(iii) Bank Balances other than (ii) above	15	64,681.37	3,904.82
(iv) Other Financial Assets	16	982.22	141.68
(c) Other Current Assets	17	11,824.05	15,937.63
TOTAL ASSETS		797,092.72	1,301,956.33
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	18	240,923.50	240,923.50
(b) Other Equity	19	(911,685.49)	(297,708.10)
Liabilities			
Non-current liabilities			
(a) Financial Liabilities:			
(i) Borrowings	20	-	691,979.13
(ii) Other Financial Liabilities	21	-	35.40
(b) Provisions	22	1,190.30	764.05
Current liabilities			
(a) Financial Liabilities:			
(i) Borrowings	23	42,045.88	69,629.26
(ii) Trade Payables	24	110,661.13	42,074.29
(iii) Other Financial Liabilities	25	1,266,143.33	524,434.16
(b) Other Current Liabilities	26	24,925.01	29,492.58
(c) Provisions	27	22,889.06	332.06
TOTAL EQUITY AND LIABILITIES		797,092.72	1,301,956.33

Significant accounting policies and other accompanying notes (1 to 47) form an integral part of the financial statements

As per our Report of even date

For and on behalf of the Board

For Lodha & Co,
Chartered Accountants

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

R.P. Singh
Partner

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

Jalaj Kumar Malpani *Chief Financial Officer*

Place : Kolkata
Dated: August 29, 2018

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

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

Particulars	Note No.	(₹ in lakhs)	
		Year ended March 31, 2018	Year ended March 31, 2017
Revenue from Operations	28	353,283.40	277,818.20
Other Income	29	8,843.06	9,767.78
Total Income		362,126.46	287,585.98
Expenses			
Cost of Materials Consumed	30	221,651.85	153,425.33
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	31	8,085.98	11,709.47
Excise Duty on Sale of Goods		6,629.74	23,304.94
Employee Benefits Expense	32	14,760.42	13,117.63
Finance Costs	33	78,995.91	112,581.08
Depreciation and Amortisation Expense	34	53,415.20	47,878.97
Other Expenses	35	68,636.70	71,916.55
Total Expenses		452,175.80	433,933.97
Profit/ (Loss) before exceptional items and tax		(90,049.34)	(146,347.99)
Exceptional Items	36	(523,835.81)	-
Profit/ (loss) before tax		(613,885.15)	(146,347.99)
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
Profit/ (loss) for the year		(613,885.15)	(146,347.99)
Other Comprehensive Income:			
(i) Items that will not be reclassified to profit or loss	37	(92.24)	24.91
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
Other Comprehensive Income for the Year (net of taxes)		(92.24)	24.91
Total Comprehensive Income for the year		(613,977.39)	(146,323.08)
Earning per equity share of Par value of Rs. 10 each:	40		
Basic and Diluted		(25.48)	(6.07)

Significant accounting policies and other accompanying notes (1 to 47) form an integral part of the financial statements.

As per our Report of even date

For and on behalf of the Board

For Lodha & Co,
Chartered Accountants

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

R.P. Singh
Partner

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

Jalaj Kumar Malpani *Chief Financial Officer*

Place : Kolkata
Dated: August 29, 2018

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

A. Equity Share Capital (₹ in lakhs)

Particulars	Amount
Balance as at March 31, 2017	240,923.50
Changes during the year	-
Balance as at March 31, 2018	240,923.50

B. Other Equity

As at March 31, 2018

(₹ in lakhs)

Particulars	Reserves and Surplus		Items of Other Comprehensive Income	Total
	Securities premium reserve	Retained earnings	Re-mesurement of defined benefit plans	
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)
Balance at March 31, 2018	3,993.17	(915,678.66)	-	(911,685.49)

As at March 31, 2017

Particulars	Reserves and Surplus		Items of Other Comprehensive Income	Total
	Securities premium reserve	Retained earnings	Re-mesurement of defined benefit plans	
Balance as at March 31, 2016	3,993.17	(155,222.18)	(156.01)	(151,385.02)
Regrouped during the year	-	(156.01)	156.01	-
Loss for the Year	-	(146,347.99)	-	(146,347.99)
Other Comprehensive Income for the year	-	24.91	-	24.91
Total comprehensive income for the year	-	(146,323.08)	-	(146,323.08)
Balance at March 31, 2017	3,993.17	(301,701.27)	-	(297,708.10)

Refer Note no. 19 for nature and purpose of reserves

Significant accounting policies and other accompanying notes (1 to 47) form an integral part of the financial statements

As per our Report of even date

For and on behalf of the Board

For Lodha & Co,
Chartered Accountants

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

R.P. Singh
Partner

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

Jalaj Kumar Malpani *Chief Financial Officer*

Place : Kolkata
Dated: August 29, 2018

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

	Year Ended March 31, 2018	(₹ in lakhs) Year Ended March 31, 2017
A. Cash flow from operating activities		
Profit / (Loss) before tax	(613,885.15)	(146,347.99)
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	-
Provision for Obsolete and Non-moving Stores and Spares	1,752.92	-
Depreciation and amortization expenses	53,415.20	47,878.97
Loss/(profit) on sale of fixed assets	0.37	(0.95)
Sundry credit balances written back	(5,222.85)	(5,207.99)
Sundry Balances written-off	517.84	56.98
Net (gain)/ Loss on foreign currency translation and transaction	76.95	(447.24)
Net gain/(loss) on Derivative Instruments on fair valuation through profit and loss	(96.13)	-
Interest Income	(1,596.38)	(819.86)
Provision for doubtful advances	737.74	-
Impairment Allowance for doubtful debts	1,592.06	-
Finance Cost	78,995.91	112,581.08
Operating profit before Working Capital Changes	50,124.29	7,693.00
Movements in working capital :		
Decrease/(Increase) in Inventories	(7,049.50)	(5,599.95)
Increase/(Decrease) in Trade Payables, Other financial and Non-Financial liabilities and Provisions	65,501.28	6,679.30
Decrease/(Increase) in Trade Receivables	(7,641.40)	12,297.38
Decrease/(increase) in long-term loans advances	(55.73)	(24.23)
Decrease/(increase) in loans and advances, Other financial and non-financial assets and other assets	3,190.86	(537.81)
Cash generated from / (used in) operations	104,069.80	20,507.69
Direct taxes paid (net of refunds)	(117.53)	(65.31)
Net Cash flow from / (used in) Operating Activities (A)	103,952.27	20,442.38
B. Cash flow from Investing Activities		
Purchase of Property, Plant and Equipments including intangible assets and movement in Capital Work in Progress	(5,196.95)	(7,851.68)
Proceeds from sale of Property, Plant and Equipments	1.46	2.06
Investment in Fixed Deposits (having original maturity of more than three months)	(60,776.55)	243.47
Interest received	1,036.95	812.29
Net Cash flow from / (used in) Investing Activities (B)	(64,935.09)	(6,793.86)
C. Cash flow from Financing Activities		
Proceeds/(Repayment) from long-term borrowings (net)	(10,553.85)	(3,298.28)
Proceeds/(Repayment) from current borrowings (net)	(27,583.38)	5,250.57
Interest and other borrowing cost paid	(6,230.27)	(7,232.33)
Net Cash flow from / (used in) Financing Activities (C)	(44,367.50)	(5,280.04)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(5,350.32)	8,368.48
Cash and cash equivalents at the beginning of the year	9,502.03	1,133.55
Cash and cash equivalents at the end of the year (Refer Note no. 14)	4,151.71	9,502.03

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)

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, 2017	Cash Flows*	Non-Cash Flows**	As at March 31, 2018
Non-current borrowings [Refer Note no. 20]	691,979.13	-	(691,979.13)	-
Current maturities of long term debt [Refer Note no. 25]	267,211.05	(10,553.85)	691,979.13	948,636.33
Current borrowings [Refer Note no. 23]	69,629.26	(27,583.38)	-	42,045.88
Interest accrued and due on borrowings [Refer Note no. 25]	208,486.64	-	72,531.56	281,018.20
Interest accrued but not due on borrowings [Refer Note no. 25]	355.45	(355.45)	589.53	589.53

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

** Other non-cash changes comprises of amortisation of borrowing costs, foreign exchange difference on borrowings and reclassification between borrowings due within one year and borrowings due after one year.

3. **Cash and cash equivalents consists of the following for the purpose of the Cash Flow Statement:**

	As at March 31, 2018	(₹ in lakhs) As at March 31, 2017
Balances with Banks		
In Current Accounts	4,150.68	9,499.67
Cash on hand	1.03	2.36
Total cash and cash equivalents (Refer Note No. 14)	4,151.71	9,502.03

Significant accounting policies and other accompanying notes (1 to 47) form an integral part of the financial statements

As per our Report of even date

For Lodha & Co,
Chartered Accountants

R.P. Singh
Partner

Place : Kolkata
Dated: August 29, 2018

For and on behalf of the Board

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

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

Jalaj Kumar Malpani *Chief Financial Officer*

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

Notes forming part of the Financial Statements as at and for the year ended March 31, 2018

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 Wire Rods, TMT Bars, Ductile Iron(DI) Pipes, Billets 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 are listed on the National Stock Exchange of India Limited and BSE Limited.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

i. Statement of Compliance

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

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

Financial Statements for the year ended March 31, 2017 and as at March 31, 2017 were audited by previous auditor B. Chhawchharia & Co, Chartered Accountants.

ii. Recent Pronouncements

On March 28, 2018, Ministry of Corporate Affairs (“MCA”) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2018 notifying Ind AS 115, “Revenue from Contract with Customers” and Appendix B to Ind AS 21 “Foreign currency transactions and advance consideration” which are applicable with effect from financial periods beginning on or after April 1, 2018.

Ind AS 115 - Revenue from Contract with Customers

The standard requires that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Company intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as on April 01, 2018 and that comparatives will not be restated. The effect of this amendment will not have any significant effect on the financial statements of the company.

Ind AS 21 - Appendix B “Foreign currency transactions and advance consideration”

This Appendix applies to a foreign currency transaction (or part of it) when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income (or part of it). The effect of this amendment on the financial statements of the company is being evaluated.

The Company intends to adopt the amendments prospectively to items in scope of the appendix that are initially recognised on or after the beginning of the reporting period in which the appendix is first applied (i.e. from April 01, 2018). The effect of this amendment will not have any significant effect on the financial statements of the company.

Notes forming part of the Financial Statements as at and for the year ended March 31, 2018

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/ amortised 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 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 categorises 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 overseeing 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.

Expenditure directly attributable on implementation of the project prior to commencement 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).

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

Notes forming part of the Financial Statements as at and for the year ended March 31, 2018

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

Capital work in progress includes Project Development expenditure, equipment to be installed, construction and erection costs, etc. Such items are classified 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 life of the mother plant/ Property, Plant and Equipment.

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

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

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

Notes forming part of the Financial Statements as at and for the year ended March 31, 2018

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 cenvat) 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. DE-RECOGNITION OF TANGIBLE AND INTANGIBLE ASSETS

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

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.

G. FINANCIAL INSTRUMENTS

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

Notes forming part of the Financial Statements as at and for the year ended March 31, 2018

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 and points paid or received, transaction costs and other premiums or discounts) through the expected life of the Financial Asset or Financial Liability to the gross carrying amount of the financial asset or to the amortised cost of financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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

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

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

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

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

Notes forming part of the Financial Statements as at and for the year ended March 31, 2018

vi. **Derivative and Hedge Accounting**

The company enters into derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in foreign exchange rates in respect of financial instruments and forecasted cash flows denominated in certain foreign currencies. The Company uses hedging instruments 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 per Ind AS 109 "Financial Instruments", is categorized as a financial asset, at fair value through profit or loss. Transaction costs attributable to the same are also recognized in statement of profit and loss. Changes in the fair value of the derivative hedging instrument designated as a fair value hedge are recognized in the statement of profit and loss.

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

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

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.

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

viii. **Derecognition of financial instruments**

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

On derecognition of a financial asset, 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.

Notes forming part of the Financial Statements as at and for the year ended March 31, 2018

H. INVENTORIES

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

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

Provision are made at the rate of 100% for unservicable, slow-moving and obsolete stores for stores and spares not moved for two years.

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.

Notes forming part of the Financial Statements as at and for the year ended March 31, 2018

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. Sale of Goods

Revenue is recognised at the fair value of consideration received or receivable when the significant risk and rewards of goods ownership have been transferred and the amount thereof can be measured reliably. This represents the net invoice value of goods supplied to third parties after deducting discounts, volume rebates and taxes and duties collected on behalf of third parties.

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 benefits arising on account of entitlement for duty free imports are accounted for through import of materials. Other export benefits are accounted for as and when the ultimate realisability of such benefits are established.

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.

Notes forming part of the Financial Statements as at and for the year ended March 31, 2018

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 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 uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Notes forming part of the Financial Statements as at and for the year ended March 31, 2018

a) **Going Concern assumption and status of Financial Liabilities consequent to Approval of Resolution Plan (ARP)**

As indicated in Note no. 42 of the financial statements, in view of the Order of the Hon'ble NCLT as upheld by Hon'ble NCLAT and considering the various steps under implementation in terms thereof, the financial statements has been prepared on a Going Concern basis. Adjustments consequent to ARP has been considered to be non-adjusting event and status of financial and operational creditors has been kept unchanged and provisions/liabilities have been recognised as admitted as per the policy and principles followed earlier. The related figures and status will undergo changes on giving effect to adjustment as per ARP.

b) **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.

c) **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 Schedule II of the Companies Act, 2013, taking into account the estimated residual value, wherever applicable. The useful lives and residual value of the assets are determined by the management when the asset is acquired and reviewed periodically including at each financial year end. The lives are based on technical evaluation, technological obsolesces and historical experience with similar assets as well as anticipation of future events, which may impact their lives.

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.

Accordingly based on the review for impairment carried out, the loss on account of the same has been recognised in the financial statements which may undergo change subsequently depending upon the change in financial position and related assumptions. Details of carrying values and impairment charge and the assumptions used are disclosed in Note no. 5.6.

d) **Impairment loss on trade receivables**

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

e) **Income taxes**

Significant judgment is required in determination of taxability of certain income and deductibility of certain expenses during the estimation of the provision for income taxes.

Notes forming part of the Financial Statements as at and for the year ended March 31, 2018

In assessing realisability of deferred tax assets, the company considering the extent to which it is probable that the deferred tax assets will be realised. The ultimate realisation of deferred tax assets is dependent upon the future taxable profits during the period in which those temporary differences and tax loss carry forward becomes deductible.

Accordingly, since the Company has significant amount of unused tax credits, as a matter of prudence recognition of deferred tax assets has not been carried out.

f) **Insurance Claim and Liquidated damages**

Claims including Insurance claims are accounted for on determination of certainty of realisation thereof. Liquidated damages and penalties from the vendors are accounted for if balances are available in Supplier's/ Contractor's Account, in accordance with the terms of agreement for loss of opportunity/profit by the company due to delay in completion of Supply/Service.

g) **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 judgment is required 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.

The carrying amounts of provisions and liabilities and estimation/disclosures for contingencies and status thereof for the reasons stated in Note no. 42 have been kept unchanged.

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

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

**Notes forming part of the Financial Statements
as at and for the year ended March 31, 2018**
5 Property, Plant and Equipment: (₹ in lakhs)
As at March 31, 2018

Particulars	Freehold land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipments	Railway Siding	Total
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Gross Block

As at April 1, 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 April 1, 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 April 1, 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
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As at March 31, 2017

Particulars	Freehold land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipments	Railway Siding	Total
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Gross Block

As at April 1, 2016	42,346.47	198,516.67	797,360.86	1,130.30	156.58	531.67	18,022.15	1,058,064.70
Additions	103.44	40.62	1,105.68	187.07	21.30	103.67	-	1,561.78
Disposal	-	-	-	-	(5.57)	-	-	(5.57)
Other Adjustments	-	-	-	-	-	-	-	-
As at March 31, 2017	42,449.91	198,557.29	798,466.54	1,317.37	172.31	635.34	18,022.15	1,059,620.91

Accumulated Depreciation

As at April 1, 2016	-	2,626.92	17,856.14	156.46	32.77	69.76	114.98	20,857.03
Charge for the period	-	11,954.28	34,345.24	168.00	26.96	95.89	1,170.45	47,760.82
Disposal	-	-	-	-	(4.46)	-	-	(4.46)
Other Adjustments	-	-	-	-	-	-	-	-
As at March 31, 2017	-	14,581.20	52,201.38	324.46	55.27	165.65	1,285.43	68,613.39

Impairment

As at April 1, 2016	-	-	-	-	-	-	-	-
Charge for the period	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-	-
As at March 31, 2017	-	-	-	-	-	-	-	-

Net carrying amount

As at March 31, 2017	42,449.91	183,976.09	746,265.16	992.91	117.04	469.69	16,736.72	991,007.52
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- 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 as on March 31, 2018 (March 31, 2017: 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. 818.26 lakhs (March 31, 2017: Rs. Nil) being interest and Rs. 194.05 lakhs (March 31, 2017: Rs.Nil) being other project development expenditure allocated and transferred to Capitalised Assets from Project Development Expenditure. (Refer Note no. 6.1 below)

Notes forming part of the Financial Statements as at and for the year ended March 31, 2018

- 5.4 Freehold land and Land developments includes 229.43 acres amounting to Gross Block of Rs. 1,615.99 lakh (Previous year 229.43 acres amounting to Gross Block of Rs. 1,615.99 lakh) is pending execution registration thereof.
- 5.5 Property, Plant and Equipments includes addition of Rs. 5,312.98 lakhs relating to capital expenditure incurred and carried forward as capital work in progress in respect of assets capitalised in earlier years.
- 5.6 As indicated in Note no. 42, the Company incurred significant amount of losses, it's current liabilities became in excess of current assets and net worth got eroded. Keeping in view these indicators and circumstances stated in the said note, the Company has carried out the Impairment testing determining the recoverable amount of the assets based on Value in Use of the cash generating unit, the same being higher than fair value less costs of disposal determined based on the transaction price in terms of the approved resolution plan. The computation of Value in Use has been carried out by an Independent Valuer appointed in this respect.

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 has been estimated as per the Discounted Cash Flow method based on future projections and assumptions. The pre-tax discount rate used for value in use is 12.20%.

The recoverable amount of the CGU was determined to be Rs.6,08,186.00 lakhs as at March 31, 2018 creating an impairment of Rs. 5,11,193.01 lakhs disclosed as exceptional item in statement of profit and loss.

- 5.7 Refer note. No. 20 and 23 of the financial statements in respect of charge created on Property, Plant and Equipments against borrowings.

6 Capital work-in-progress	Refer Note No.	(₹ in lakhs)	(₹ in lakhs)
		As at Mar 31, 2018	As at Mar 31, 2017
Particulars			
(a) Capital Work in Progress		97,710.53	107,382.02
(b) Project Development Expenditure		71,512.71	72,525.02
(c) Impairment	5.6	(77,280.11)	-
		91,943.13	179,907.04

6.1 Project Development Expenditure

The Company's Integrated Steel & DI Pipe Plant in the State of Jharkhand, India, could not be fully constructed and operated at full capacity. A part of plant facility had already commenced production in earlier years and accordingly the installation of balance plant and equipments and other facilities mainly consisting of one Blast furnace, Horizontal Coke Oven batteries and related plants, equipments and facilities had to be suspended. The balance proportionate Interest and other expenditure directly attributable to the plant under construction & erection continues to be accounted as 'Project Development Expenditure' under 'Capital Work-in-Progress' pending allocation thereof to Property, Plant and Equipments on completion of the project/assets. Capital work in progress includes Rs. 97,710.53 Lakhs (March 31, 2017: Rs. 1,073,82.02 lakhs), in respect of plant and equipment and other facilities to be installed and following project development expenditure.

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

Particulars	As at Mar 31, 2018	As at Mar 31, 2017
Balance brought forward	72,525.02	72,525.02
Less: Allocated/Transferred during the year to completed assets	(1,012.31)	-
Total Project development expenditure carried forward	71,512.71	72,525.02

- 6.2 Refer note. No. 20 and 23 of the financial statements in respect of charge created on Capital Work in Progress against borrowings.

Notes forming part of the Financial Statements as at and for the year ended March 31, 2018

7 Other Intangible Assets

As at March 31, 2018											(₹ in lakhs)
Particulars	Gross Block			Amortisation			Impairment			Net carrying amount	
	As at Apr 1, 2017	Additions	As at Mar 31, 2018	As at Apr 1, 2017	Charge for the period	As at Mar 31, 2018	As at Apr 1, 2017	Charge for the period	As at Mar 31, 2018		
Computer Softwares	340.48	16.38	356.86	162.61	68.32	230.93	-	43.39	43.39	82.54	

As at March 31, 2017											(₹ in lakhs)
Particulars	Gross Block			Amortisation			Impairment			Net carrying amount	
	As at Apr 1, 2016	Additions	As at Mar 31, 2017	As at Apr 1, 2016	Charge for the period	As at Mar 31, 2017	As at Apr 1, 2016	Charge for the period	As at Mar 31, 2017		
Computer Softwares	286.89	53.59	340.48	44.46	118.15	162.61	-	-	-	177.87	

7.1 Refer note. No. 20 and 23 of the financial statements in respect of charge created on other intangible assets against borrowings.

7.2 Refer note. No. 5.6 for impairment recognised during the period.

8 Loans Particulars	Refer Note No.	(₹ in lakhs)	(₹ in lakhs)
		As at Mar 31, 2018	As at Mar 31, 2017
Unsecured, considered good			
(a) Security Deposit		871.62	812.50
		871.62	812.50
9 Other Financial Assets			
Particulars	Refer Note No.	As at Mar 31, 2018	As at Mar 31, 2017
(a) Fixed Deposits with Banks (having original maturity of more than 12 months)	15.1	3.25	3.32
		3.25	3.32
10 Current Tax Assets (net)			
Particulars	Refer Note No.	As at Mar 31, 2018	As at Mar 31, 2017
Advance Income Tax including Tax deducted at source (net of provision)		494.75	377.22
		494.75	377.22
11 Other Non-Current Assets			
Particulars	Refer Note No.	As at Mar 31, 2018	As at Mar 31, 2017
(a) Capital advances	11.1 and 11.2	3,100.71	8,212.41
(b) Leasehold land prepayment		72.30	75.62
		3,173.01	8,288.03

11.1 Capital Advances includes Rs. 1,804.86 Lakhs given against land acquisition which is yet to be completed, leaving a balance of Rs. 1,295.85 lakhs which are against supplies and services against project lying suspended as per Note no. 6.1

11.2 Also Refer Note no. 42 for status of Operational Creditors Liability in respect of period upto July 21, 2017 included herein above. The adjustments and disclosures in this respect are without giving effect to Hon'ble NCLT Order being considered to be non-adjusting event as stated in said note.

**Notes forming part of the Financial Statements
as at and for the year ended March 31, 2018**
12 Inventories

(₹ in lakhs)

Particulars	Refer Note No.	As at	As at
		Mar 31, 2018	Mar 31, 2017
(a) Raw Materials		32,705.59	27,511.54
(b) Raw Materials in transit		12,037.34	787.96
(c) Semi Finished Goods/ Work In Progress		6,184.71	7,082.70
(d) Finished Goods		5,482.46	9,001.72
(e) Stores and Spares	12.2	22,008.18	24,697.11
Less: Provision for Obsolete and Non-moving Stores and Spares	12.3	(1,752.92)	-
(f) Stores and Spare Parts in transit		1,460.78	79.80
(g) Scrap and By Products		6,346.64	10,015.37
		84,472.78	79,176.20

12.1 Refer note. No. 20 and 23 of the financial statements in respect of charge created on Inventories against borrowings.

12.2 Stores and Spares stock includes stock of DI Pipe Mould of size 350 mm and above amounting to Rs. 773.51 lakhs (March 31, 2017: Rs.1,616.02 lakhs).

12.3 The Company has adopted a policy of provisions against obsolete and non-moving stores and spares for a period above two years. Accordingly, the same has been recognised in these financial statement. The movement in provisions are as follows:

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Balance at the beginning of the year	-	-
Recognised during the year	1,752.92	-
Reversal during the year	-	-
Balance at the end of the year	1,752.92	-

13 Trade Receivables

Particulars	Refer Note No.	As at Mar 31, 2018	As at Mar 31, 2017
Unsecured			
Considered good	13.1	18,251.97	12,720.47
Considered Doubtful		1,587.81	-
Less: Impairment Allowance for doubtful debts	13.2	(1,587.81)	-
		18,251.97	12,720.47

13.1 Ageing of Trade Receivables

Particulars	As at Mar 31, 2018	As at Mar 31, 2017
Within the credit period	15,559.89	4,147.99
0 - 180 days	2,263.75	5,987.08
More than 180 days	428.33	2,585.40
	18,251.97	12,720.47

13.2 Movement of Impairment Allowances for doubtful debts

Particulars	For the Year ended Mar 31, 2018	For the Year ended Mar 31, 2017
Balance at the beginning of the year	-	-
Recognised during the year	1,587.81	-
Reversal during the year	-	-
Balance at the end of the year	1,587.81	-

13.3 Refer note. No. 20 and 23 of the financial statements in respect of charge created on Trade Receivables against borrowings.

Notes forming part of the Financial Statements
as at and for the year ended March 31, 2018
14 Cash and Cash Equivalents

(₹ in lakhs)

Particulars	Refer Note No.	As at	As at
		Mar 31, 2018	Mar 31, 2017
(a) Balances with Banks:			
- In Current Accounts		4,150.68	9,499.67
(b) Cash on hand		1.03	2.36
		4,151.71	9,502.03

14.1 Refer note. No. 20 and 23 of the financial statements in respect of charge created on Cash and Cash Equivalents against borrowings.

15 Bank Balances other than Cash and cash equivalents

Particulars	Refer Note No.	As at	As at
		Mar 31, 2018	Mar 31, 2017
(a) Fixed Deposits with Banks (having original maturity of more than three months)	15.1	64,681.37	3,904.82
		64,681.37	3,904.82

15.1 Fixed Deposits with banks includes ₹ 64,397.00 lakhs (March 31, 2017: ₹ 3,670.35 lakhs), including ₹ Nil (March 31, 2017: ₹ 3.32 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 ₹ 287.62 lakhs (March 31, 2017: ₹ Nil), including ₹ 3.25 lakhs (March 31, 2017: ₹ Nil) disclosed under other non-current assets) lying with Customers/Vendors/ Government Authorities in term of agreement/orders.

16 Other Financial Assets

Particulars	Refer Note No.	As at	As at
		Mar 31, 2018	Mar 31, 2017
(a) Earnest Money to Vendors		236.86	40.93
(b) Earnest Money to Customers			
Considered good		6.50	17.45
Considered Doubtful		4.25	-
Less: Impairment Allowance for doubtful debts	16.2	(4.25)	-
(c) Derivative Assets at fair value through profit and loss		96.13	-
(d) Interest receivable on fixed deposits	15.1	642.73	83.30
		982.22	141.68

16.1 Refer note. No. 20 and 23 of the financial statements in respect of charge created on other financial assets against borrowings.

16.2 Movement of Impairment Allowances for doubtful Deposits

Particulars	For the	For the
	Year ended Mar 31, 2018	Year ended Mar 31, 2017
Balance at the beginning of the year	-	-
Recognised during the year	4.25	-
Reversal during the year	-	-
Balance at the end of the year	4.25	-

**Notes forming part of the Financial Statements
as at and for the year ended March 31, 2018**
17 Other current assets

(₹ in lakhs)

Particulars	Refer Note No.	As at Mar 31, 2018	As at Mar 31, 2017
(a) Balance with Government Authorities		448.28	3,359.15
(b) Advances for supply of goods and services			
Considered good	11.2	9,092.76	10,355.09
Considered doubtful		737.74	-
Less: Impairment Allowance for doubtful balances	17.2	(737.74)	-
(c) Leasehold land prepayment		3.32	3.33
(d) Prepaid Expenses		2,144.53	2,183.26
(d) Advances against salaries		19.18	24.92
(c) Stamp papers on hand		11.88	11.88
(e) Others		104.10	-
		11,824.05	15,937.63

17.1 Refer note. No. 20 and 23 of the financial statements in respect of charge on other current assets created against borrowings.

17.2 Movement of Impairment Allowances for doubtful balances:

Particulars	For the Year ended Mar 31, 2018	For the Year ended Mar 31, 2017
Balance at the beginning of the year	-	-
Recognised during the year	737.74	-
Reversal during the year	-	-
Balance at the end of the year	737.74	-

18 Equity Share Capital

Particulars	As at Mar 31, 2018	As at Mar 31, 2017
(a) Authorised:		
5,00,00,00,000 Equity Shares of Rs. 10/- each (March 31, 2017: 5,00,00,00,000 Equity Shares)	500,000.00	500,000.00
	500,000.00	500,000.00
(b) Issued, Subscribed and Fully Paid Up:		
240,92,35,023 Equity Shares of Rs. 10/- each (March 31, 2017: 2,40,92,35,023 Equity Shares)	240,923.50	240,923.50
	240,923.50	240,923.50

18.1 Reconciliation of the number of Equity Shares Outstanding:

Particulars	As at Mar 31, 2018	As at Mar 31, 2017
No. of shares as at the beginning	2,409,235,023	2,409,235,023
Additions during the Year	-	-
No. of shares as at the end	2,409,235,023	2,409,235,023

Notes forming part of the Financial Statements
as at and for the year ended March 31, 2018

18.2 Shareholders holding more than 5% Shares Equity Shares:

Name of Shareholder	As at 31st March 2018		As at 31st March 2017	
	Nos	% holding	Nos	% holding
Electrosteel Castings Limited	1,089,800,000	45.23%	1,089,800,000	45.23%
SCIIL STEEL CAST IRON INVESTMENTS (CYPRUS) LIMITED (Formerly Stemcor Cast Iron Investments Ltd.)	197,558,730	8.20%	400,909,646	16.64%

18.3 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 remaining assets of the Company, after distribution of all preferential amounts in proportion of their shareholding.

18.4 Also refer Note no. 42, the adjustments and disclosures in this respect are without giving effect to Hon'ble NCLT Order, the same being considered to be non-adjusting events, due to reasons stated in said note.

19 Other Equity

(₹ in lakhs)

Particulars	As at Mar 31, 2018	As at Mar 31, 2017
(a) Securities Premium Reserve	3,993.17	3,993.17
(b) Retained Earnings	(915,678.66)	(301,701.27)
	<u>(911,685.49)</u>	<u>(297,708.10)</u>

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

19.2 Securities Premium Reserve

Securities Premium Reserve 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.

19.3 Retained Earnings

Retained earnings generally represents the undistributed profit/ amount of accumulated earnings of the company. This includes ₹ 17,355.54 lakhs (March 31, 2017: ₹ 17,355.54 lakhs) represented by changes in carrying amount of Freehold Land being measured at fair value and considered as "deemed cost" as on the date of transition to Ind AS and Other Comprehensive Income of (₹ 223.35 lakhs) (March 31, 2017: (₹ 131.11 lakhs)) relating to remeasurement of defined benefit plans which cannot be reclassified to Statement of Profit and Loss.

20 Borrowings

Particulars	Refer Note No.	As at Mar 31, 2018	As at Mar 31, 2017
Secured Borrowings			
(a) From Banks:			
- Restructured Term Loan		596,704.97	603,910.68
- Additional Term Loan		122,687.44	122,687.44
- Funded Interest Term Loan (FITL)		137,888.23	137,888.23
Total (a)		857,280.64	864,486.35
(b) From Others:			
- Restructured Term Loan		75,511.91	78,860.05
- Funded Interest Term Loan (FITL)		15,843.78	15,843.78
Total (b)		91,355.69	94,703.83
		948,636.33	959,190.18
Less: Disclosed under Current Maturity of Long Term Debt-Secured	25.1	(948,636.33)	(267,211.05)
		-	691,979.13

Notes forming part of the Financial Statements as at and for the year ended March 31, 2018

20.1 Security

- (1) The entire borrowings from lenders banks amounting to Rs. 8,57,280.64 lakhs and Rs. 46,483.21 lakhs (included in from others i.e. HUDCO and Life Insurance Corporation of India) are secured by:
 - (a) first ranking pari passu charge by way of mortgage/hypothecation of all immovable and movable properties (including fixed assets, plant & machinery, tools & accessories etc.), current assets (including inventory and book debts), present and future and assignment over all of Company's bank accounts;
 - (b) pledge of 866,750,000 Equity Shares of the Company held by Electrosteel Castings Ltd (ECL);
 - (c) pledge of 517,000 Equity Shares of the Company held by Mr. Umang Kejriwal;
 - (d) pledge of 32,675,270 Equity Shares of ECL held by G.K. Investments Ltd. and Murari Investments & Trading Company Ltd. and
 - (e) personal guarantee of Mr. Umang Kejriwal and Ms. Radha Kinkari Kejriwal.
- (2) The loan of Rs. 42,976.77 lakhs of SREI Infrastructure Finance Ltd included from other is secured by:
 - (a) second pari passu charge by way of hypothecation of all movable assets (including receivables and intangibles), present and future;
 - (b) second charge on all rights, titles and interest in all assets of the Project, letter of credit/guarantee/ performance bond provided in respect of the Project and all Project documents, Contracts, Insurance Policies etc; and
 - (c) first charge by way of mortgage of land with factory building situated at Elavur owned by ECL.
- (3) The loan of Rs. 1,895.72 lakhs from IL&FS Financial Services Ltd included from other is secured by
 - (a) second ranking pari passu charge by way of mortgage/hypothecation of all assets mentioned in 20.1(1)(a) above;
 - (b) pledge of Shares as mentioned in 20.1(1)(b) to 20.1(1)(d) above ranking subservient to the pledge already created as above; and
 - (c) personal guarantees as mentioned in 20.1(1)(e) above.

20.2 The applicable rate of interest on the above term loans during the year as per the CDR are -

- (a) FITL from all lenders carries interest @ 10.75% p.a.
- (b) Additional Term Loan from all lenders carries interest @ 11.00% p.a.
- (c) Restructured term loan carries interest @ 10.75% p.a. upto 29th February 2016 and @ 11% p.a. effective from 1st March 2016.
- (d) The interest on the term loans due from a non-CDR lender(SREI) has been provided in line with the CDR terms as approved by the CDR-EG.

20.3 The Company was referred by the lenders to the Corporate Debt Restructuring (CDR) Cell in the financial year 2013-2014. The CDR Empowered Group (CDR EG) Cell vide its Letter of Approval dated 28 September 2013 had approved a package to restructure/reschedule the Company's Debt and provide additional facilities. The Master Restructuring Agreement had been executed between the Company and the concerned lenders on 20 January 2014. The borrowings from non-CDR lenders (viz. HUDCO, IL & FS and SREI, appearing under the head 'From Others') had also been restructured bilaterally in line with CDR guidelines subject to certain modifications. The terms and conditions in respect of borrowings including interest, security etc. are disclosed in accordance with approved CDR Package. As stated in Note no. 42, the company was in breach of covenants as agreed upon in terms of the loan agreement. Accordingly, State Bank of India, in its capacity as financial creditors filed a petition under IBC, therefore the entire borrowings have been disclosed under "Current maturities of long term debt-Secured". The adjustments and disclosures in this respect are without giving effect to Hon'ble NCLT Order, the same being considered as non-adjusting event, due to reasons stated in said note.

Notes forming part of the Financial Statements
as at and for the year ended March 31, 2018

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

Term Loans (Secured)	Principal		Interest	
	Mar 31, 2018	Mar 31, 2017	Mar 31, 2018	Mar 31, 2017
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Period of Default	December 2015 till March 31, 2018	December 2015 till March 31, 2017	December 2015 till March 31, 2018	December 2015 till March 31, 2017
From Banks				
(a) Restructured Term Loan	596,704.97	79,024.74	152,574.58	132,189.87
(b) Additional Term Loan	122,687.44	22,724.06	30,515.20	26,378.28
(c) Funded Interest Term Loan (FITL)	137,888.23	28,576.94	34,254.90	29,693.21
(d) Penal Interest on above	-	-	34,660.74	-
	857,280.64	130,325.74	252,005.42	188,261.36
From Others				
(a) Restructured Term Loan	75,511.91	30,045.12	21,297.72	16,928.85
(b) Funded Interest Term Loan (FITL)	15,843.78	4,468.44	2,137.40	3,296.43
(c) Penal Interest on above	-	-	5,577.66	-
	91,355.69	34,513.56	29,012.78	20,225.28
Total	948,636.33	164,839.30	281,018.20	208,486.64

21 Other Financial Liabilities

(₹ in lakhs)

Particulars	Refer Note No.	As at Mar 31, 2018	As at Mar 31, 2017
Security Deposits/ EMD from Vendors		-	35.40
		-	35.40

22 Provisions

Particulars	Refer Note No.	As at Mar 31, 2018	As at Mar 31, 2017
Provision for Employee Benefits	32.1	1,190.30	764.05
		1,190.30	764.05

23 Borrowings

Particulars	Refer Note No.	As at Mar 31, 2018	As at Mar 31, 2017
Loans Repayable on Demand (Secured):			
Working Capital Facility from banks		42,045.88	42,814.55
Buyers Credit		-	26,814.71
		42,045.88	69,629.26

23.1 Loan repayable on demand being working capital facilities from Banks (both fund based and non-fund based) and Buyers' Credit are secured as specified in Note No.20.1(1) above.

**Notes forming part of the Financial Statements
as at and for the year ended March 31, 2018**

(₹ in lakhs)

24 Trade Payables

	<u>Refer Note No.</u>	<u>As at Mar 31, 2018</u>	<u>As at Mar 31, 2017</u>
Payable for goods and services			
Due to Micro and Small Enterprises	24.2	727.76	-
Others	11.2	109,933.37	42,074.29
		<u>110,661.13</u>	<u>42,074.29</u>

24.1 Includes acceptances of ₹ 290,28.54 lakhs (March 31, 2017: ₹ 119,89.35 lakhs) and ₹ 576,85.92 lakhs (March 31, 2017: NIL) backed by LC's secured against fixed deposits (Refer Note No. 15.1)

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

Particulars	<u>As at Mar 31, 2018</u>	<u>As at Mar 31, 2017</u>
a) Principal & Interest amount remaining unpaid but not due as at year end	727.76	-
b) Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
c) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	-	-
d) Interest accrued and remaining unpaid as at year end	-	-
e) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	75.42	-

25 Other Financial Liabilities

	<u>Refer Note No.</u>	<u>As at Mar 31, 2018</u>	<u>As at Mar 31, 2017</u>
(a) Current maturities of long-term debts- Secured	25.1	948,636.33	267,211.05
(b) Interest accrued but not due on borrowings		589.53	355.45
(c) Interest accrued and due on borrowings	25.1	281,018.20	208,486.64
(d) Security Deposits from Customers		-	50.15
(e) Earnest Money Deposit against EOI	25.2	2,000.00	-
(f) Capital Vendors	11.2	33,892.11	42,497.16
(g) Derivative Instrument Liability at fair value through profit and loss (net)		-	1,192.87
(h) Temporary Overdraft in Current Account with Banks		-	452.35
(i) Others Payables		7.16	4,188.49
		<u>1,266,143.33</u>	<u>524,434.16</u>

25.1 Also Refer Note no. 20 for Securities, interest and other terms and conditions including defaults made in respect of borrowings

25.2 Earnest Money Deposit represents money received from one of the bidder under CIRP, which has since been refunded

**Notes forming part of the Financial Statements
as at and for the year ended March 31, 2018**

(₹ in lakhs)

26 Other Current Liabilities	Refer Note No.	As at Mar 31, 2018	As at Mar 31, 2017
(a) Advance from customers	11.2	22,684.88	26,684.93
(b) Statutory Dues Payables (includes Provident Fund, Excise Duty, Service Tax, Tax deducted at source etc.)		2,240.13	2,807.65
		24,925.01	29,492.58

27 Provisions	Refer Note No.	As at Mar 31, 2018	As at Mar 31, 2017
(a) Provision for Employee Benefits		246.26	332.06
(b) Provision for Claims admitted pursuant to CIRP	11.2 and 27.1	22,642.80	-
		22,889.06	332.06

27.1 Movement of Provision for Claims:

Particulars	Refer Note No.	For the Year ended Mar 31, 2018	For the Year ended Mar 31, 2017
Balance at the beginning of the year		-	-
Recognised during the year related to Operational Creditors	42	22,642.80	-
Reversal during the year		-	-
Balance at the end of the year		22,642.80	-

28 Revenue from Operations	Refer Note No.	For the Year ended Mar 31, 2018	For the Year ended Mar 31, 2017
(a) Sale of Products (including excise duty):			
Semi-Finished & Finised Goods:			
- Export Sales		18,200.38	20,578.96
- Domestic Sales		328,994.26	247,995.01
(b) Other Operating Revenue:			
- Scrap/ By-products & Others (including excise duty)		5,572.18	9,077.04
- Incentive on exports		516.58	167.19
Revenue from operations (Gross)		353,283.40	277,818.20

28.1 Goods and Service Tax ("GST") has been implemented with effect from July 01, 2017 and therefore Revenue from Operations for the period from July 01, 2017 to March 31, 2018 is net of GST. Revenue from operations and expenses for the year ended March 31, 2017 being inclusive of excise duty are not comparable with corresponding figures of previous year.

**Notes forming part of the Financial Statements
as at and for the year ended March 31, 2018**

(₹ in lakhs)

29 Other Income		For the Year ended Mar 31, 2018	For the Year ended Mar 31, 2017
Particulars	<u>Refer Note No.</u>	<u>Mar 31, 2018</u>	<u>Mar 31, 2017</u>
(a) Interest income on Fixed deposits, overdue debts etc.		1,527.77	758.26
(b) Interest income on financial assets measured at amortised cost		68.61	61.60
(c) Sundry credit balances written back	29.1	5,222.85	5,207.99
(d) Net gain/(loss) on Derivative Instruments on fair valuation through profit and loss		1,082.83	-
(e) Miscellaneous Income		941.00	3,739.93
		<u>8,843.06</u>	<u>9,767.78</u>

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

30 Cost of Materials Consumed		For the Year ended Mar 31, 2018	For the Year ended Mar 31, 2017
Particulars	<u>Refer Note No.</u>	<u>Mar 31, 2018</u>	<u>Mar 31, 2017</u>
(a) Raw material and other materials consumed			
Inventory at the beginning of the year		28,299.50	19,575.46
Add: Purchases		240,703.91	164,722.03
Less: Cost of goods sold		2,608.63	2,572.66
Less: Inventory at the end of the year		44,742.93	28,299.50
		<u>221,651.85</u>	<u>153,425.33</u>

30.1 During the year, physical verification of Inventories was carried out by an Independent Surveyour appointed in this respect. On reconciliation of the physical stock with book stock, the following amount has been adjusted to Cost of Material consumed/ Changes in inventories of finished goods, work-in-progress namely:

(₹ in lakhs)

Particulars	<u>Refer Note No.</u>	For the Year ended Mar 31, 2018	For the Year ended Mar 31, 2017
Increase in Stock of Raw Material		5,230.39	-
Decrease in Stock of Finished Goods		(489.91)	-
Decrease in Stock of Semi-Finished Goods		(250.81)	-
Decrease in Stock of Scrap/ By-products		(5,513.97)	-
		<u>(1,024.30)</u>	<u>-</u>

Notes forming part of the Financial Statements
 as at and for the year ended March 31, 2018

(₹ in lakhs)

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

Particulars	<u>Refer Note No.</u>	<u>For the Year ended Mar 31, 2018</u>	<u>For the Year ended Mar 31, 2017</u>
(i) Inventories at the end of the year			
(a) Finished Goods		5,482.46	9,001.72
(b) Stock-in-Trade		-	-
(c) Semi-Finished Goods		6,184.71	7,082.70
(d) Scrap / By-products		6,346.64	10,015.37
		<u>18,013.81</u>	<u>26,099.79</u>
(ii) Inventories at the beginning of the year			
(a) Finished Goods		9,001.72	15,561.48
(b) Stock-in-Trade		-	0.24
(c) Semi-Finished Goods		7,082.70	12,198.55
(d) Scrap / By-products		10,015.37	10,114.19
		<u>26,099.79</u>	<u>37,874.46</u>
Inventories transferred to/from Project and other adjustments	31.1	-	(65.20)
		<u>8,085.98</u>	<u>11,709.47</u>

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

31.2 Disclosures as required under Ind AS 2 "Inventories" during the year ended March 31, 2018 are:

- a) Reversal/ Write-down in value of Inventories: ₹ 214.74 lakhs
- b) Inventories recognised as expense: ₹ 3,12,678.29 lakhs

32 Employee Benefits Expense

(₹ in lakhs)

Particulars	<u>Refer Note No.</u>	<u>For the Year ended Mar 31, 2018</u>	<u>For the Year ended Mar 31, 2017</u>
(a) Salaries and wages		13,457.76	11,949.00
(b) Contribution to Provident and Other Funds		721.31	653.15
(c) Staff welfare expenses		581.35	515.48
		<u>14,760.42</u>	<u>13,117.63</u>

**Notes forming part of the Financial Statements
as at and for the year ended March 31, 2018**

(₹ in lakhs)

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, recognised for the year are as under:

Particulars	For the Year ended Mar 31, 2018	For the Year ended Mar 31, 2017
Employer's Contribution to Provident Fund	309.18	270.72
Employer's Contribution to Pension Scheme	234.66	215.96

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 recognises 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 Mar 31, 2018 Rs. in Lakhs	As at Mar 31, 2017 Rs. in Lakhs
Liability at the beginning of the year	739.80	603.28
Interest Cost	53.97	45.86
Current Service Cost	174.20	150.38
Benefits paid	(86.81)	(60.02)
Remeasurements - Due to Financial Assumptions	(16.23)	33.39
Remeasurements - Due to Experience Adjustments	99.90	(33.09)
Liability at the end of the year	964.83	739.80

(b) Changes in the Fair Value of Plan Asset

Fair value of Plan Assets at the beginning of the year	504.79	449.96
Expected return on Plan Assets	39.12	31.50
Contributions by the Company	86.81	59.89
Benefits paid	(86.81)	(60.02)
Remeasurements - Return on Assets (Excluding Interest Income)	(8.57)	23.46
Fair value of Plan Assets at the end of the year	535.34	504.79

**Notes forming part of the Financial Statements
as at and for the year ended March 31, 2018**
32 Employee Benefits Expense (Contd.)

(₹ in lakhs)

	Gratuity (funded)	
	As at Mar 31, 2018	As at Mar 31, 2017
(c) Amount Recognised in Balance Sheet		
Liability at the end of the year	964.83	739.80
Fair value of Plan Assets at the end of the year	535.34	504.79
Amount Recognised in the Balance Sheet	<u>429.49</u>	<u>235.01</u>
(d) Components of Defined Benefit Cost	For the Year ended Mar 31, 2018	For the Year ended Mar 31, 2017
Current Service Cost	174.20	150.38
Interest Cost	53.97	45.86
Expected return on plan assets	(39.12)	(31.50)
Total Defined benefit Recognised in Statement of Profit & Loss Account	<u>189.05</u>	<u>164.74</u>
(e) Re-measurements Recognised in Other Comprehensive Income		
Re-measurements - Due to Financial Assumptions	(16.23)	33.39
Re-measurements - Due to Experience Adjustments	99.90	(33.09)
Re-measurements- Return on Assets	8.57	(23.46)
Re-measurements Recognised in Other Comprehensive Income	<u>92.24</u>	<u>(23.16)</u>
(f) Balance Sheet Reconciliation	As at Mar 31, 2018	As at Mar 31, 2017
Opening Net Liability	235.01	153.32
Defined Benefit Cost included in Statement of Profit and Loss Account	189.05	164.74
Re-measurements recognised in OCI	92.24	(23.16)
Employers Contribution	(86.81)	(59.89)
Amount Recognised in Balance Sheet	<u>429.49</u>	<u>235.01</u>
(g) Percentage allocation of plan assets in respect of fund managed by insurer is as follows:		
Insurance Policies	100.00%	100.00%
(h) The Principal actuarial assumptions as at the Balance Sheet date are set out as below:		
Summary of Financial Assumptions		
Discount Rate	7.75%	7.50%
Salary Escalation- First Five Years	6.00%	6.00%
Salary Escalation- After Five Years	6.00%	6.00%
Expected Return on Plan Assets	7.75%	7.50%
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%	5%
Withdrawal Rate	1% to 8%	1% to 8%
Retirement Age	60 Years	60 Years
Average Future Service	23.85	24.61

Notes forming part of the Financial Statements
as at and for the year ended March 31, 2018
32 Employee Benefits Expense (Contd.) (₹ in lakhs)
Sensitivity Analysis

Particulars	<u>Change in Assumption</u>	<u>Gratuity as at March 31, 2018</u>	<u>Gratuity as at March 31, 2017</u>
Changes in Defined Benefit Obligations:			
Salary Escalation	+ 1%	96.89	80.22
Salary Escalation	- 1%	(84.18)	(69.09)
Withdrawal Rates	+ 1%	8.05	2.46
Withdrawal Rates	- 1%	(9.72)	(3.62)
Discount Rates	+ 1%	(79.51)	(64.18)
Discount Rates	- 1%	92.67	75.75

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	<u>As at Mar 31, 2018</u>	<u>As at Mar 31, 2017</u>
Year 1	43.65	29.25
Year 2	119.53	23.63
Year 3	81.50	27.81
Year 4	70.49	29.22
Year 5	109.75	30.26
Remaining Subsequent Years	392.30	143.04

Other Long Term Employee benefits
Compensated Absences

The obligation for compensated absences is recognised in the same manner as gratuity except re-measurement 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, 2018 is given below:

	<u>As at Mar 31, 2018</u>	<u>As at Mar 31, 2017</u>
Privileged Leave	862.97	796.45
Sick Leave	141.73	60.29
Average number of people employed	2,181	2,136

**Notes forming part of the Financial Statements
as at and for the year ended March 31, 2018**
33 Finance Costs

Particulars	Refer Note No.	(₹ in lakhs)	
		For the Year ended Mar 31, 2018	For the Year ended Mar 31, 2017
(a) Interest Expense	33.1	77,498.43	111,236.64
(b) Other Borrowing Cost		1,497.48	1,344.44
		78,995.91	112,581.08

33.1 As indicated in Note no. 42, the finance cost represent interest including additional and penal interest provided upto July 21, 2017 as admitted in terms of IBC i.e. date of initiation of CIRP.

34 Depreciation and Amortisation Expense

Particulars	Refer Note No.	For the	
		Year ended Mar 31, 2018	Year ended Mar 31, 2017
(a) Depreciation on Tangible Assets	5	53,346.88	47,760.82
(b) Amortisation of Intangible Assets	7	68.32	118.15
		53,415.20	47,878.97

35 Other Expenses

Particulars	Refer Note No.	For the	
		Year ended Mar 31, 2018	Year ended Mar 31, 2017
(a) Consumption of Stores and Spares		17,243.19	22,235.71
(b) Power and Fuel		10,409.71	6,592.17
(c) Freight and Forwarding Charges (net of realisation of ₹ 1,517.30 lakhs (March 31, 2017: ₹ 182.30 lakhs))		1,641.89	6,283.45
(d) Rent	39(i)	340.09	386.01
(e) Rates and taxes		410.63	111.33
(f) Insurance	35.2	2,936.99	1,005.60
(g) Repairs to Plant and Machinery		7,736.43	10,190.98
(h) Repairs to Building		830.74	904.05
(i) Repairs to Others		288.98	304.20
(j) Operation & Maintenance expenses		10,472.43	11,452.04
(k) Machine Hire Charges		1,244.32	1,096.00
(l) Material Handling Expenses		982.99	1,141.31
(m) Listing & Registrar Expenses		54.94	53.59
(n) Security Expenses		877.11	753.26
(o) Advertisement and Business Promotion Expenses	35.2	96.63	516.30
(p) Travelling & Conveyance	35.2	1,171.74	1,595.69
(q) Legal & Professional Fees	35.2	3,527.27	1,438.21
(r) Payment to Auditors	35.1	34.27	30.63
(s) Excise Duty on Closing Stock		(2,465.04)	(1,723.85)
(t) Net (gain)/loss on foreign exchange fluctuation		1,853.30	426.06
(u) Net (gain)/loss on Derivative Instruments on fair valuation through profit and loss		-	721.97
(v) Loss on Sale of Fixed Assets		0.37	-
(w) Selling & Distribution Expenses		3,201.87	5,204.47
(x) CSR Expenditure		74.75	31.00
(y) Impairment Allowance for Doubtful Debt and Deposits		1,592.06	-
(z) Provision for Doubtful Advance		737.74	-
(aa) Provision for Obsolete and Non-moving Stores and Spares		1,752.92	-
(aa) Sundry Balances written-off		517.84	56.98
(ac) Other Miscellaneous Expenses		1,075.54	1,109.39
		68,636.70	71,916.55

**Notes forming part of the Financial Statements
as at and for the year ended March 31, 2018**
35.1 Payment to Auditors (including payment to previous auditor) (₹ in lakhs)

Particulars	For the Year ended Mar 31, 2018	For the Year ended Mar 31, 2017
(a) Statutory Audit Fee	25.00	20.00
(b) Tax Audit Fee	3.00	6.00
(c) Other Services	5.35	4.14
(d) Out of Pocket Expenses	0.92	0.49
	34.27	30.63

35.1.1 Includes Payment to Previous Auditors

Particulars	For the Year ended Mar 31, 2018	For the Year ended Mar 31, 2017
(a) Statutory Audit Fee	-	20.00
(b) Tax Audit Fee	3.00	6.00
(c) Other Services	1.25	4.14
(d) Out of Pocket Expenses	0.92	0.49
	5.17	30.63

35.2 During the CIRP process, the Company has incurred the following expenses pertaining to payment made to Resolution Professional, Consultants and Advisors appointed pursuant to the same:

Particulars	Refer Note No.	For the Year ended Mar 31, 2018	For the Year ended Mar 31, 2017
(a) Legal and Professional Fees	35.2.1	2,006.90	-
(b) Advertisement and Business Promotion Expenses		8.85	-
(c) Travelling & Conveyance		64.64	-
(d) Insurance		19.18	-
		2,099.57	-

35.2.1 Legal and Professional fees includes Rs. 21.57 lakhs paid to Resolution Professional and Rs. 1,113.76 lakhs to a firm, in which he is a partner

36 Exceptional Items

Particulars	Refer Note No.	For the Year ended Mar 31, 2018	For the Year ended Mar 31, 2017
Insurance claim received	36.1(a)	(10,000.00)	-
Provision for Claims admitted pursuant to CIRP	36.1(b)	22,642.80	-
Impairment of Property, Plant and Equipment	36.1(c)	433,869.51	-
Impairment of Intangible Assets	36.1(c)	43.39	-
Impairment of Capital Work in Progress	36.1(c)	77,280.11	-
		523,835.81	-

36.1 Exceptional Item relates to:

- a) Interim payment received from Insurer's against "Loss of Profit" claim made by the company due to accident at the Oxygen Plant in May' 2016. The balance amount will be recognised on acceptance thereof by the Insurance Authorities.
- b) Provision for Claims admitted pursuant to CIRP recognised as stated in Note no. 42
- c) Impairment recognised as stated in Note no. 5.6

**Notes forming part of the Financial Statements
as at and for the year ended March 31, 2018**

37	Components of Other Comprehensive Income		(₹ in lakhs)
Particulars	Refer Note No.	Mar 31, 2018	Mar 31, 2017
Items that will not be reclassified to Statement of Profit and Loss			
Re-measurement of Defined benefit plans	32.1	(92.24)	24.91
		(92.24)	24.91

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
	Electrosteel Castings Limited	Promoter/Associate Company
B	Key Management personnel	Designation
	Rama Shankar Singh	Director (Ceased to be a Wholetime Director w.e.f February 05, 2017)
	Umang Kejriwal	Director
	Rajkumar Khanna	Director
	Jinendra Kumar Jain	Director
	Lalit Kumar Singhi	Director
	Naresh Pachisia	Director
	Sunil Vasant Diwakar	Director
	Jayantika Ganguly	Director (appointed w.e.f December 08, 2016)
	Devaprasad Mozumder	Director (appointed w.e.f December 08, 2016)
	Amarendra Prasad Verma	Director (resigned w.e.f October 18, 2016)
	Pradeep Kumar Misra	Director (Resigned w.e.f. July 5, 2017)
	Sunil Katial	Chief Executive Officer
	Ashutosh Agarwal	Chief Financial Officer
C	Entities where KMP or their close member have significant influence or 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	
D	Close member of key management personnel where transactions have taken place during the year	
	Key Management personnel	Relationship
	Pushpa Singh	Wife of Rama Shankar Singh
	Radha Kinkari Kejriwal Agarwal	Daughter of Umang Kejriwal
	Nityangi Kejriwal Jaiswal	Daughter of Umang Kejriwal
	Madhav Kejriwal	Son of Umang Kejriwal

**Notes forming part of the Financial Statements
as at and for the year ended March 31, 2018**
E Related party transaction:

(₹ in lakhs)

Nature of Transaction	Promoter/Associate Company	
	2017-18	2016-17
Sale of Goods (Inclusive of taxes)	5,734.17	850.19
Purchase of materials	6,118.53	1,996.33
Commission on Sales	210.21	981.63
Rent expenses	0.15	0.60
Reimbursement of Expenses	-	16.82
Closing balance as at March 31		
Trade Payables	3,370.74	694.90
Trade Receivables	2,498.12	-
Advance received against supplies/services	20,278.63	20,862.24

Nature of Transaction	Key Management Personnel		Close member of KMP		Entities where KMP or their close member have significant influence or control	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Rent expenses						
Tulsi Highrise Private Limited	-	-	-	-	19.89	21.88
Wilcox Merchants Private Limited	-	-	-	-	19.89	21.88
Electrosteel Castings Limited	-	-	-	-	-	-
Bose Estates Private Limited	-	-	-	-	35.32	25.95
Pushpa Singh	-	-	-	3.90	-	-
Maintenance charges						
Sree Khemisati Constructions Private Limited	-	-	-	-	143.93	133.31
Remuneration						
Rama Shankar Singh	-	139.69	-	-	-	-
Sunil Katial	177.37	106.34	-	-	-	-
Ashutosh Agarwal	115.15	93.29	-	-	-	-
Radha Kinkari Kejriwal Agarwal	-	-	46.23	87.75	-	-
Nityangi Kejriwal Jaiswal	-	-	28.98	24.98	-	-
Madhav Kejriwal	-	-	2.94	4.21	-	-
Electricity Charges						
Sree Khemisati Constructions Private Limited	-	-	-	-	29.91	21.27
Director sitting fees						
Pradeep Kumar Misra	0.05	0.15	-	-	-	-
Amarendra Prasad Verma	-	0.10	-	-	-	-
Devaprasad Mozumder	0.05	0.10	-	-	-	-
Jayantika Ganguly	0.05	0.15	-	-	-	-
Jinendra Kumar Jain	0.05	0.55	-	-	-	-
Lalit Kumar Singhi	0.05	0.50	-	-	-	-
Naresh Pachisia	0.10	0.75	-	-	-	-
Rajkumar Khanna	0.10	0.40	-	-	-	-
Umang Kejriwal	0.05	0.30	-	-	-	-
Closing balance as at March 31						
Remuneration Payable						
Rama Shankar Singh	-	2.87	-	-	-	-
Sunil Katial	4.42	3.63	-	-	-	-
Radha Kinkari Kejriwal	-	-	3.69	5.21	-	-
Nityangi Kejriwal	-	-	7.47	3.33	-	-
Madhav Kejriwal	-	-	0.50	-	-	-
Ashutosh Agarwal	1.67	4.97	-	-	-	-
Electricity Charges Payable						
Sree Khemisati Constructions Private Limited	-	-	-	-	5.78	3.53
Maintenance Charges Payable						
Sree Khemisati Constructions Private Limited	-	-	-	-	13.41	13.06

**Notes forming part of the Financial Statements
as at and for the year ended March 31, 2018**
F Compensation of Key management personnel (₹ in lakhs)

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

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Short-term employee benefits	279.08	321.48
Post-employment benefits	13.05	11.24
Other long-term benefits	5.18	(9.57)

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, 2018 and no amount has been written back or written off during the year in respect of debts due from/ to them.
3. Post-Employee benefits and other long term employee benefits have been disclosed based on retirement/resignation of services but does not include provision made on actuarial basis as the same pertains to all the employees together.
4. As stated in Note no. 42, pending completion of CIRP proceeding and on appointment of Resolution Professional, the Company's Board of Directors and significant influence etc. on the Company was suspended. The disclosure for related party as given herein above are based on the influence and control existing prior to initiation of CIRP proceedings.
5. Mr. Dhaivat Anjaria, was appointed as a Resolution Professional by the COC, as stated in Note no. 42, as an Independent Person appointed under Insolvency and Bankruptcy Code, 2016 and has substituted the Board during CIRP (Refer Note no. 35.2.1)
6. Re-appointment of Mr. Rama Shankar Singh, as a whole time director with effect from February 06, 2017 of the Company and the remuneration paid to him with effect from February 06, 2017 has not been approved by the Shareholders in the annual general meeting of the Company held on November 07, 2017 and accordingly the amount paid during the year has been recovered from him.

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, 2018	Year ended March 31, 2017
Payments recognised as an expense	3.32	3.33
Future Minimum lease payments		
Not later than one year	4.56	4.56
Later than one year and not more than five years	23.59	23.35
Later than five years	81.72	86.52

Further to above, the Company has certain operating lease arrangements for office accommodations, transit houses, railway siding etc. with tenure extending upto 9 years. Term of certain lease arrangements include escalation clause for rent on expiry of 12 and 36 months from the commencement date of such lease and deposit/refund of security deposit etc. Expenditure incurred on account of rental payments under such leases during the year and recognized in the Profit and Loss account amounts to ₹ 182.16 lakhs (March 31, 2017: ₹ 84.46 lakhs).

Notes forming part of the Financial Statements
as at and for the year ended March 31, 2018

39 COMMITMENTS AND CONTINGENCIES (Contd.)

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

A) Contingent Liabilities	As at Mar 31, 2018	As at Mar 31, 2017
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	3,734.09
- Customs Duty including Interest thereon in respect of EPCG	157,739.94	126,737.94
- Customs Duty (other than above)	5,974.73	5,974.73
- Sales Tax	25,704.83	15,788.19
- Entry Tax	29,380.05	25,348.70
- Income Tax	182.43	53.63
b) Guarantees given by banks on behalf of the Company	2,916.25	2,865.15
c) Right of Recompensation of Lenders as per CDR Guidelines (Refer Note. 2 below)	-	85,100.80
d) Penalty for non-compliance of listing agreement	100.00	100.00
e) Other pending claims & disputes (Net of provision of Rs. 737.74 lakhs (March 31, 2017: Nil))	-	737.74
f) Claims filed against the company by the vendors	5,569.80	19,384.16
	<u>231,275.57</u>	<u>285,825.13</u>

(g) There are several Civil and criminal proceedings pending against the Company, the financial liability thereof, if any, is unascertainable.

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), (d), (e), (f) and (g) is dependent upon the outcome of judgements/ decisions.
- 2) The Committee of Creditors in their meeting held on September 21, 2017 discussed in light of the relevant CDR and RBI circulars (CDR Master Circular dated 25th June 2015 and RBI Circular bearing no. DBOD.No.BP.BC.No.37 /21.04.132/2008-09 dated 27th August 2008 on Prudential Guidelines on Restructuring of Advances by Banks) and agreed that the Right of Recompensation cannot be claimed and thereby to undertake calculation of claim amounts on the basis of the principal and interest along with any amounts arising on account of penal interest.

**Notes forming part of the Financial Statements
as at and for the year ended March 31, 2018**
39 COMMITMENTS AND CONTINGENCIES (Contd.)
B) Capital and other commitments

	<u>As at Mar 31, 2018</u>	<u>As at Mar 31, 2017</u>
(a) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	0.95	168.27
(b) Export Obligation Commitments under EPCG Scheme (*)	500,677.83	516,995.32
	In Foreign Currency	
(c) Forward Contract Outstanding		
In USD	60,602,625.00	41,819,383.00
(d) Off-take agreement with Electrosteel Castings Limited for procurement of Iron ore at cost plus mark up during the currency of loan agreements with the lenders.		
(*) In terms of notification no. 70(RE-2013)/2009-2014, issued by the Ministry of Commerce and Industry, the company has applied for extension of Export obligation for 3 years from the date of approval of CDR package which has been rejected by the DGFT-Delhi and interim stay has been granted by Honourable Delhi High Court.		
C) Disclosure as given in A and B above are without giving effect to Hon'ble NCLT Order, the same being considered to be non-adjusting event, due to reasons stated in Note no. 42.		

40 Calculation of Earning Per Share is as follows:

Particulars	<u>As at Mar 31, 2018</u>	<u>As at Mar 31, 2017</u>
a) Net Loss for basic and diluted earnings per share as per Statement of Profit and Loss	(613,885.15)	(146,347.99)
Net Loss for Basic and Diluted earnings per share	(613,885.15)	(146,347.99)
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 31st March	2,409,235,023	2,409,235,023
Weighted average number of equity shares considered for calculation of basic and diluted earnings per share	2,409,235,023	2,409,235,023
c) Earnings per share (EPS) of Equity Share of Rs. 10/- each:		
Basic EPS (Rs.) (a/b)	(25.48)	(6.07)
Diluted EPS (Rs.) (a/b)	(25.48)	(6.07)

Note: Disclosure as given above are without giving effect of changes in Capital Structure in terms of Hon'ble NCLT Order, the same being considered to be non-adjusting event, due to reasons stated in Note no. 42.

- 41.** 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. Hon'ble High Court of Jharkhand has, on August 25, 2018, granted a stay on the order of denial of CTO by JSPCB and continued their interim order to allow the operations till next hearing. Hon'ble High Court has also directed Ministry of Environment, Forests and Climate Change (MOEF & CC) to take a decision on their show cause notice of June 06, 2012 within four weeks and place the decision before the High Court by filing supplementary affidavit. Hon'ble High Court has also allowed the Company to make an application for regularisation of any irregularity before MOEF & CC without prejudice to its rights and contentions. The matter is now posted for hearing on September 27, 2018.

Notes forming part of the Financial Statements as at and for the year ended March 31, 2018

42 The Company incurred significant amount of losses, its current liabilities became in excess of current assets and net worth got eroded. Interest and other terms and condition of repayment etc. as per the "Corporate Debt Restructuring package" (CDR) sanctioned on September 28, 2013 could not be complied with and lenders in terms of RBI Circular dated July 08, 2015 and September 24, 2015, invoked "Strategic Debt Restructuring" (SDR) in respect of the Company. Pending implementation of SDR, State Bank of India in its capacity as financial creditor filed a petition on June 27, 2017 under "Insolvency and Bankruptcy Code, 2016" (IBC) with Hon'ble National Company Law Tribunal, Kolkata Bench (NCLT). On July 21, 2017, the NCLT vide its order of even date admitted the said petition and Corporate Insolvency Resolution Process (CIRP) has been initiated in terms of IBC and related rules and regulation issued thereunder.

CIRP has been completed vide NCLT order dated April 17, 2018 (NCLT Order) and resolution plan submitted by one of the applicant Vedanta Limited (Vedanta) has been approved (ARP) by NCLT and thereby Board of Directors ('Board') of the Company has been reconstituted on June 4, 2018, with nominees of Vedanta being inducted as member of the Board. Subsequent to ARP, the appeal filed before NCLAT has been dismissed by NCLAT vide its order dated August 10, 2018 (NCLAT Order) and NCLT Order has been upheld.

Accordingly, keeping in view the NCLT Order confirmed by the NCLAT as above:

- The Company has restated its financial liabilities as per the claims admitted and thereby in respect of Financial Creditors reversed Interest pertaining to the period from July 22, 2017 to March 31, 2018 amounting to Rs. 74,340.29 lakhs provided earlier in accordance with the rates and terms and conditions stipulated originally as per CDR Package or otherwise stipulated/advised in this respect. Further, additional liability amounting to Rs. 40,238.39 lakhs relating to Interest as admitted has been recognised in these financial statements.
- In respect of Operational Creditors, the Company has provided for Rs.22,642.80 lakhs, representing the net differential with respect to the amount of claim admitted pursuant to CIRP process and those appearing in books of account. Pending final adjustments as given in (a) below, this has been recognised and disclosed as 'Provision for claims admitted pursuant to CIRP' under Note no. 27.1 of the financial statements and included under Exceptional Items.
- 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.
- 739,91,32,055 equity shares of Rs. 10 each were allotted on June 6, 2018 to financial creditors converting their balance amount of outstanding i.e. non-sustainable debt, to equity.
- 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 reconstituted board of directors in its meeting held on June 15, 2018 has approved allotment of 176,55,06,078 fully paid equity shares of Rs. 10 each to Vedanta Star Limited against the money deposited in Escrow Account as above, leaving the balance to be treated as loan bearing interest.
- Consequent to above allotment and consolidation of shares, equity share capital of the company as on June 15, 2018 stands at Rs. 19,61,67.34 lakh divided into 196,16,73,420 equity shares of Rs.10 each.
- a) NCLT Order dated April 17, 2018 approving ARP has been passed subsequent to the end of the reporting period. Accordingly, the adjustments arising out of ARP has been considered to be non-adjusting event and consequential adjustments have therefore not been given effect to in these financial statements.

**Notes forming part of the Financial Statements
as at and for the year ended March 31, 2018**
42 (Contd.)

As required in terms of Indian Accounting Standard 10, "Events after the Reporting Period", the disclosure for possible financial effect of these are as follows:

(₹ In Lakhs)

Particulars	Amount as on March 31, 2018	Impact [Increase/ (Decrease)] on Statement of Profit and Loss	Impact [Increase/ (Decrease)] on Other Equity	
			Retained Earnings	Capital Reserve
(i) Financial Creditors- (Conversion of Unsustainable Debt to Equity)	739,913.21	-	-	-
(ii) Reduction of Equity Share Capital (Existing before conversion of Debt as per (i) above)	240,923.50	-	-	236,105.03
(iii) Reduction of Equity Share Capital Issued on conversion of debt as per (i) above	-	-	-	725,114.95
(iv) Operational Creditors	85,961.16	85,961.16	85,961.16	-

Other than above,

- (I) Statutory liabilities and obligations, Contingent liabilities, obligations and claims against the Company including those relating to unfulfilled export obligations as shown in Note no.39 (ii)(A) and 39(ii)(B)(b) will be extinguished and accordingly no outflow of fund is expected in this respect; and
- (II) Impact with reference to Income Taxes since not recognised in the financial statements for reasons stated in Note no. 44, has not been considered for disclosure as above.
 - b) In view of Note no. 41 above and including the Order of the Hon'ble NCLT as upheld by Hon'ble NCLAT (Note no. 42), whereby the affairs of the company has been held to be viable and steps so far taken by Vedanta and to be taken as envisaged in terms of ARP, the financial statement has been prepared on a Going Concern basis.

**Notes forming part of the Financial Statements
as at and for the year ended March 31, 2018**

43 FINANCIAL INSTRUMENTS

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

(₹ in lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Carrying Amount	Fair Value(*)	Carrying Amount	Fair Value
Financial Assets (Current and Non-Current)				
Fair Value through Profit and Loss Account				
Derivative Assets at fair value through profit and loss	96.13	96.13	-	-
Financial Assets at amortised cost				
Trade receivables	18,251.97	18,251.97	12,720.47	12,720.47
Cash and cash equivalents	4,151.71	4,151.71	9,502.03	9,502.03
Fixed Deposits with bank	64,684.62	64,684.62	3,908.14	3,908.14
Loans	871.62	871.62	812.50	812.50
Other Financial Assets	886.09	886.09	141.68	141.68
Financial Liabilities (Current and Non-Current)				
Financial Liabilities at amortised cost				
Borrowings- Fixed Rate	990,682.21	990,682.21	1,028,819.44	1,028,819.44
Trade payables	110,661.13	110,661.13	42,074.29	42,074.29
Interest on Loans and Borrowings	281,607.73	281,607.73	208,842.09	208,842.09
Other financial liabilities	35,899.27	35,899.27	47,223.55	47,223.55
Fair Value through Profit and Loss Account				
Derivative- not designated as hedging instruments				
-Forward Contracts	-	-	1,192.87	1,192.87

- (*) As indicated in Note no. 42, the adjustments and disclosure above are without giving effect to Hon'ble NCLT Order, the same being considered to be non adjusting event, due to reasons stated in said note.

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/amortised cost in the financial statements approximate their fair values.
- A substantial portion of the Company's long-term debt has been contracted at fixed rates of interest. Fair value of variable interest rate borrowings approximates their carrying value subject to adjustments made for transaction cost. In respect of fixed interest rate borrowings, fair value is determined by using discount rates that reflects the present borrowing rate of the company. Borrowings as given above being current in nature carrying amount approximates its fair value.

**Notes forming part of the Financial Statements
as at and for the year ended March 31, 2018**
43 FINANCIAL INSTRUMENTS (Contd.)

- The fair value of derivative financial instruments is determined based on observable market inputs including currency spot and forward rates, yield curves, currency volatility etc. These derivatives are estimated by using the pricing models, where the inputs to those models are based on readily observable market parameters basis contractual terms, period to maturity, maturity parameters and foreign exchange rates. These models do not contain a high level of subjectivity as the valuation techniques used do not require significant judgement, and inputs thereto are readily observable from actively quoted market prices. The said valuation has been carried out by 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, 2018:

Particulars	As at March 31, 2018	As at March 31, 2017	Fair value measurements at reporting date using		
			Level 1	Level 2	Level 3
Financial Assets					
Derivative- not designated as hedging instruments					
● Forward Contracts	96.13	-	-	96.13	-
Liabilities					
Borrowings- Fixed Rate					
	990,682.21	1,028,819.44	-	990,682.21	-
			-	(1,028,819.44)	-
Derivative- not designated as hedging instruments					
● Forward Contracts	-	1,192.87	-	-	-
			-	(1,192.87)	-

(*) Figures in round brackets () indicate figures as at March 31, 2017

During the year ended March 31, 2018 and March 31, 2017, 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.
- Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace. The inputs used for forward contracts are Forward foreign currency exchange rates and Interest rates to discount future cash flow.

d) Derivatives assets and liabilities:

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

Notes forming part of the Financial Statements
as at and for the year ended March 31, 2018
43 FINANCIAL INSTRUMENTS (Contd.)

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

Category	Currency	As at 31st March 2018		As at 31st March 2017	
		No. of Deals	Amount in Foreign Currency	No. of Deals	Amount in Foreign Currency
Buy Forward	USD/INR	11	60,602,625	37	4,18,19,383

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

Nature	Currency	As at March 31, 2018	As at March 31, 2017
Trade Payables (Including acceptances)	USD	44,251,783	46,327,635
Trade Payables (Including acceptances)	RMB	51,160	-
Trade Receivable	USD	-	137,709

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

Particulars	As at March 31, 2018	As at March 31, 2017
Not later than one month	40.60	(213.92)
Later than one month and not later than three months	50.67	(366.53)
Later than three months and not later than one year	4.86	(612.42)
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 and fair value of servicing liability. In certain cases, transfer of financial assets may be with recourse. Under arrangements with recourse, the Company is obligated to repurchase the uncollected financial assets, subject to limits specified in the agreement with the banks. Accordingly, in such cases the amounts received are recorded as borrowings in the statement of financial position and cash flows from financing activities.

During the year ended March 31, 2018 and 2017, the Company transferred and recorded as sale of financial assets of Rs. 567,34.98 lakhs and Rs. 525,50.20 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 finance cost of Rs. 336.88 lakhs and Rs. 219.70 lakhs for the year ended March 31, 2018 and 2017 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.

**Notes forming part of the Financial Statements
as at and for the year ended March 31, 2018**
43 FINANCIAL INSTRUMENTS (Contd.)

However, as indicated in Note no. 42 entire borrowings has been restructured and has been settled for consideration and terms as stated in said note. In view of the above, the related risks have undergone significant variation leading to substantial improvement in financial position and will require reconsideration on giving effect to the above adjustments in the financial statements.

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, 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 foreign currency denominated borrowings and trade and other payables.

The Company has adopted a comprehensive risk management review system wherein it actively hedges its foreign currency exposure with defined parameters through use of hedging instrument such as forward contracts and options. 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:

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

Particulars	(Amount in Foreign Currency)	
	As at March 31, 2017	
	USD	RMB
Buyers Credit	(41,582,298)	-
Trade receivables	137,709	-
Trade and other Payables	(46,327,635)	-
Net assets/(liabilities)	(87,772,224)	-

Derivative financial assets and liabilities dealing with outstanding derivative contracts and unhedged foreign currency exposure has been detailed in earlier para. Unhedged foreign currency exposure is primarily on account of retention money of capital vendor for which hedge cover is taken as per the policy followed by the company depending upon the settlement of such claims.

**Notes forming part of the Financial Statements
as at and for the year ended March 31, 2018**

43 FINANCIAL INSTRUMENTS (Contd.)

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

Particulars	Effect on Profit/(Loss) before tax	
	For the year ended March 31, 2018	For the year ended March 31, 2017
RECEIVABLES (Weakening of INR by 5%)		
USD	-	(4.56)
PAYABLES (Weakening of INR by 5%)		
USD	(1,434.86)	(1,534.60)

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

Interest Rate Risk

The company exposure in market risk relating to change in interest rate primarily arises from floating rate borrowing with banks and financial institutions. All of the company borrowing fall under the fixed interest rates (approved under CDR schemes) hence interest rate risk due to fluctuation is neutralised.

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

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. Out of the trade receivables balance at the end of the year, there is one customer having outstanding of Rs 4,991.67 lakh (March 31, 2017: Rs 494.95 lakhs) which accounts for more than 10% of the accounts receivable and 10% of revenue as at March 31, 2018 and March 31, 2017.

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

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

Notes forming part of the Financial Statements
as at and for the year ended March 31, 2018

43 FINANCIAL INSTRUMENTS (Contd.)

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 amounts which are past due at the end of the reporting period, no credit losses there against are expected to arise.

LIQUIDITY RISK

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's objective is to maintain optimum level of liquidity to meet its cash and collateral requirements at all times. The company relies on internal accruals and borrowings to meet its fund requirement. Due to delay in project completion there has been liquidity crisis that has led to defaults in repayments and interest payments to the lenders. However, as stated in Note no. 42, Trade Payables and Borrowings will be settled in terms of ARP. The Company has current assets and surplus invested in cash and bank balances which should be sufficient to meet the obligation on account of liability stated herein below.

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, 2018		
	Floating rate borrowings	Fixed rate borrowings	Weighted average Interest Rate (%)
INR	-	990,682.21	10.96%
USD	-	-	-
Total	-	990,682.21	-

Particulars	As at March 31, 2017		
	Floating rate borrowings	Fixed rate borrowings	Weighted average Interest Rate (%)
INR	-	1,002,004.73	10.96%
USD	-	26,814.71	1.90%
Total	-	1,028,819.44	-

**Notes forming part of the Financial Statements
as at and for the year ended March 31, 2018**
43 FINANCIAL INSTRUMENTS (Contd.)
Maturity Analysis of Financial Liabilities
As at March 31, 2018

Particulars	Carrying Amount	On Demand	Less than 6 months	6 to 12 months	More than 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	146,560.40	-	-	-	146,560.40

As at March 31, 2017

Particulars	Carrying Amount	On Demand	Less than 6 months	6 to 12 months	More than 1 year	Total
Interest bearing borrowings (including current maturities)	1,028,819.44	207,653.85	28,121.30	1,306.59	791,737.70	1,028,819.44
Interest payable	208,842.09	208,486.64	355.45	-	-	208,842.09
Trade and other payables	89,297.84	89,297.84	-	-	-	89,297.84

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, 2018 and March 31, 2017 are as follows:

Particulars	As at March 31, 2018	As at March 31, 2017
Current loans and borrowings	990,682.21	336,840.31
Non-current loans and borrowings	-	691,979.13
Total loans and borrowings	990,682.21	1,028,819.44
Less: Cash and Cash Equivalents	4,151.71	9,502.03
Net Debt	986,530.50	1,019,317.41
Total equity attributable to the equity shareholders of the Company	(670,761.99)	(56,784.60)
Capital and Debt	315,768.51	962,532.81
Total capital (loans and borrowings and equity)	(1.47)	(17.95)

However, as indicated in Note no. 42, consequent to implementation of the Resolution Plan as approved by NCLT there will be significant variation in amount of Equity and liabilities ratios given herein above leading to substantial improvement thereof.

**Notes forming part of the Financial Statements
as at and for the year ended March 31, 2018****44 INCOME TAX**

In assessing the realisability of deferred tax assets, the Company considers the extent to which, it is probable that the deferred tax asset will be realised. The ultimate realisation 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.

Deferred tax asset in respect of unused tax losses and others (net of liabilities) amounting to Rs. 289,486.46 lakhs and Rs. 66,529.78 lakhs as of March 31, 2018 and March 31, 2017 respectively as a matter of prudence have not been recognised.

45 SEGMENT INFORMATION

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.

46 These financial statements have been approved by the Board of Directors of the Company on August 29, 2018 for issue to the shareholders for their adoption.

47 Previous Period's figure has been regrouped/rearranged wherever necessary to comply with current year presentation.

As per our Report of even date

For Lodha & Co,
Chartered Accountants

R.P. Singh
Partner

Place : Kolkata
Dated: August 29, 2018

For and on behalf of the Board

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

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

Jalaj Kumar Malpani *Chief Financial Officer*

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



ELECTROSTEEL STEELS LIMITED

Regd. Office: 801, Uma Shanti Apartments,
Kanke Road, Ranchi-834008, Jharkhand
Tel. & Fax No.: +91 0651 228 5636
Website: www.electrosteelsteels.com

ELECTROSTEEL STEELS LTD.

CIN : L27310JH2006PLC012663

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

Tel & Fax No. : (0651) 2285636

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

E-mail : esl.shares@vedanta.co.in, Website: www.electrosteelsteels.com

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 11th (Eleventh) Annual General Meeting (AGM) of the Members of the Company will be held on Saturday 29th September, 2018, at Capitol Hill Hotel, Mahatma Gandhi Marg, Main Road, Ranchi-834001 at 11:30 A.M. to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31st March, 2018 together with the Reports of the Board and Auditors thereon.

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Section 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with Schedule IV of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations), Mr. Prasun Kumar Mukherjee (DIN: 00015999), who has been appointed as an Additional Director (Independent) by the Board of Directors with effect from 4th June, 2018, in terms of Section 161 of the Act and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member, proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of three consecutive years, with effect from 4th June, 2018.

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

“RESOLVED THAT Mr. Naveen Kumar Singhal (DIN: 02642057), who has been appointed as an Additional Director (Non-Executive) by the Board of Directors with effect from 4th June, 2018, in terms of Section 161 of the Act and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member, proposing his candidature for the office of Director, be and is hereby appointed and continued as a Director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT Ms. Rashmi Mohanty (DIN: 07072541) who has been appointed as an Additional Director (Non-Executive) by the Board of Directors with effect from 4th June, 2018, in terms of Section 161 of the Act and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member, proposing his candidature for the office of Director, be and is hereby appointed and continued as a Director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Section 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with Schedule IV of the Act and the Companies (Appointment and

Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Mahendra Singh Mehta (DIN: 000195666), who has been appointed as an Additional Director (Independent) by the Board of Directors with effect from 21st June, 2018, in terms of Section 161 of the Act and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member, proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of three consecutive years, with effect from 21st June, 2018.

6. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Company hereby approves the remuneration of Rs. 60,000 (Rupees sixty thousand only) plus applicable taxes and reimbursement of out of pocket expenses payable to M/s. S G & Associates, Cost Accountants (Firm Registration No. 000138) who have been appointed by the Board of Directors as the Cost Auditors of the Company, to conduct the audit of the cost records maintained by the Company for the Financial Year 2018-19.

RESOLVED FURTHER THAT the Board of Directors (the ‘Board’ which term includes a duly constituted Committee of the Board of Directors) be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this resolution.”

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

“RESOLVED THAT pursuant to the provisions of Section 186 of the Companies Act, 2013 (the ‘Act’), and other applicable provisions, if any, of the Act as amended and the rules made thereunder, including any statutory modifications or re-enactments thereof for the time being in force, the consent of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any committee(s) constituted/ to be constituted by the Board or any person(s) authorized by the Board to exercise its powers including the powers conferred by this resolution) to (i) give any loan(s) and/or (ii) give any guarantee(s)/ provide any security(ies) in connection with loan(s) made to and / or (iii) make investments by way of subscription, purchase or otherwise of shares, debentures and/or any other securities, of any other body corporates(s), whether Indian or overseas, which the Board may, in their absolute discretion, deem beneficial and in the interest of the Company, in one or more tranches, provided that the aggregate amount of loans, guarantees, securities granted and investments made in securities by the Company shall not at any time exceed the limit of Rs. 7,000 crores (Rupees Seven Thousand Crores only).

RESOLVED FURTHER THAT to give effect to this resolution, the Board (the ‘Board’ which term includes a duly constituted Committee of the Board of Directors) be and is hereby authorized to negotiate and finalize the terms and conditions from time to time and to do and perform all such acts, deeds, matters and things, as may be necessary or expedient and to exercise all the rights and powers, as deem necessary, proper and desirable, including to settle any question, difficulty or doubt that may arise in respect of such loan(s), investment(s), guarantee(s) or security(ies) made or given by the Company (as the case may be)”.

By Order of Board of Directors of
Electrosteel Steels Ltd.

Binaya Kumar Dash
Company Secretary
ACS - 17982

Place: Kolkata
Date: August 29, 2018

NOTES:

- 1. THE RELATIVE EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 SETTING OUT MATERIAL FACTS CONCERNING THE BUSINESS UNDER ITEM NOS. 2 TO 7 OF THE NOTICE, IS ANNEXED HERETO.**
- 2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED HERewith AND, IF INTENDED TO BE USED, IT SHOULD BE RETURNED DULY COMPLETED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE COMMENCEMENT OF ANNUAL GENERAL MEETING.**
- 3. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY IN NUMBER AND HOLDING IN THE AGGREGATE NOT MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. HOWEVER, A MEMBER HOLDING MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR SHAREHOLDER. PROXIES SHALL BE MADE AVAILABLE FOR INSPECTION DURING TWENTY FOUR HOURS BEFORE THE TIME FIXED FOR THE COMMENCEMENT OF THE MEETING AND ENDING WITH THE CONCLUSION OF THE MEETING.**
- 4. Relevant details as required under Section 164(2) of The Companies Act, 2013 and Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard -2 on General Meetings issued by The Institute of Company Secretaries of India, of person seeking appointment/re-appointment as Director forms part of the notice.**
- 5. Members are requested to notify immediately changes of address, nominations, etc., if required:**
 - (i) to their Depository Participants (DPs) in respect of their shares held in Demat form and
 - (ii) to the Company or to its Registrar & Transfer Agent in respect of the shares held in physical form, if any.
- 6. All documents referred to in the notice and accompanying explanatory statement are open for inspection at the Registered Office and Corporate Office of the Company on all working days, except Saturday, Sunday and public holidays between 10:00 A.M. to 3:00 P.M., up to the date of the AGM. The notice is also available on the Company's website: www.electrosteelsteels.com**
- 7. Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 shall be open for inspection during business hours at the Registered Office of the Company and shall be kept open for inspection at the Annual General Meeting. The Register of Contracts and Arrangements in which Directors are interested under Section 189 of the Companies Act, 2013 shall be made available at the commencement of the meeting and shall remain open and accessible to the members during the continuance of the meeting.**
- 8. M/s. Lodha & Co., Chartered Accountants (Firm Registration No.: 301051E), has been appointed as the Statutory Auditors at the 10th Annual General Meeting of the Company for a period of five years up to the conclusion of 15th Annual General Meeting. As per Companies (Amendment) Act, 2017 (Section 139 of the Companies Act, 2013), notified on 07 May, 2018, the requirement of ratification of appointment of the Statutory Auditor at every Annual General Meeting has been done away with. As such, resolution for ratification of appointment of Auditor is no longer required to be passed at the Annual General Meeting.**
- 9. Members are requested to bring their attendance slips together with their copies of the Annual Report to the meeting.**
- 10. Members desiring any information on the Audited Annual Accounts 2017-18 and operations of the Company, are requested to write to the Company Secretary at the Registered Office at least 7 days before the meeting so as to enable the Management to keep the information ready at the Meeting.**
- 11. Members may note that Securities Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in Securities Market. Members holding shares in electronic form are, therefore requested to furnish the copy of the PAN to their respective Depository Participants. Members holding shares in physical form can submit their PAN details to the Company or it's Registrar & Transfer Agent.**

Further it is mandatory to furnish a copy of the PAN in the following cases:

- (i) Deletion of the name of the deceased shareholder(s), where the shares are held in the name of two or more shareholders.
 - (ii) Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares.
 - (iii) Transposition of shares - when there is change in the order of names in which physical shares are held jointly in the names of the two or more shareholders.
 - (iv) Transfer of Shares.
12. Pursuant to section 72 of the Companies Act 2013, members holding shares in physical form are advised to file nomination in prescribed Form SH-13 with the Company's Registrar Karvy Computershare Private Limited. In respect of shares held in Electronic/Demat form, members may please contact their respective Depository Participants.
 13. Electronic copy of this notice along with Attendance Slip, Proxy Form and the Annual Report for FY 2017-18 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies of this notice along with Attendance Slip, Proxy Form and the Annual Report for FY 2017-18 is being sent as per the permitted mode.
 14. The Board has appointed Mr. Arun Kumar Khandelia (FCS:3829), Partner of M/s K. Arun & Co., Company Secretaries, as Scrutinizer for conducting the voting and remote e-voting process, in a fair and transparent manner.
 15. Members who still hold share certificates in physical form are advised to dematerialize their shareholding to avail the benefits of dematerialization, which includes easy liquidity, electronic transfer, savings in stamp duty and elimination of any possibility of loss of documents and bad deliveries.
 16. Members may also note that the Notice of the 11th Annual General Meeting and the Annual Report for 2017-18 will also be available on the Company's website www.electrosteelsteels.com for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form by post, upon making a request for the same, free of cost. For any communication, the shareholders may send requests to the Company's investor email id: esl.shares@vedanta.co.in.
 17. In case of joint shareholders attending the meeting, joint holder whose name is higher in the order of names will be entitled to vote.
 18. **VOTING THROUGH ELECTRONIC MEANS:**
 - a) In compliance with provisions of Section 108 of the Companies Act, 2013, read with Rules made thereunder and Regulation 44 of LODR Regulations, the Company will provide facility for voting by electronic means for the businesses to be transacted at the AGM.
 - b) A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date, i.e. 22nd September, 2018 shall be entitled to avail the facility of voting through remote e-voting/Venue of the meeting. The shareholders shall have one vote per equity share held by them as on the cut-off date 22nd September, 2018. The facility of remote e-voting would be provided for every folio/client ID, irrespective of the number of joint holders. A person who is not a member as on the cut-off date should treat this notice for information purpose only.
 - c) **VOTING THROUGH REMOTE E-VOTING:**
 - (1) The Company has engaged the services of Karvy Computershare Private Limited (Karvy) to provide remote e-voting facilities to the members. The facility of casting votes by a member using an electronic voting system from a place other than the venue of the Annual General Meeting (remote e-voting) will be provided by Karvy and the items of businesses as detailed in the Notice may be transacted through remote e-voting.

- (2) The remote e-voting period commences on Wednesday, 26th September, 2018 (9:00 A.M.) and ends on Friday, 28th September, 2018 (5:00 P.M.). The remote e-voting module shall be forthwith blocked by Karvy.
- (3) A member who has cast his vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
- (4) The members who have not casted their vote through remote e-voting process can vote at venue of the AGM.
- (5) In case a Member receiving an email of the AGM Notice from Karvy [for Members whose e-mail IDs are registered with the Company/Depository Participant(s)]:
 - (i) Launch internet browser by typing the URL: <https://evoting.karvy.com>.
 - (ii) Enter the log in credentials (i.e., User ID and password). Event No. followed by Folio No./DPID/Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
 - (iii) After entering these details appropriately, click on "LOGIN".
 - (iv) You will now reach password change menu where in you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one uppercase (A-Z), one lowercase (a-z), one numeric value (0-9) and a special character (@,#,\$,etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
 - (v) You need to login again with the new credentials.
 - (vi) On successful login, the system will prompt you to select the "EVENT" i.e. Electrosteel Steels Limited.
 - (vii) On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially for "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as mentioned therein. You may also choose the option ABSTAIN. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
 - (viii) Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each folios/demat accounts.
 - (ix) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
 - (x) You may then cast your vote by selecting an appropriate option and click on "Submit".
 - (xi) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
 - (xii) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: karun@cskarun.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "Electrosteel Steels Limited 11th Annual General Meeting".

- (xiii) In case a person has become the Member of the Company after the dispatch of AGM Notice but on or before the cut-off date i.e. 22nd September, 2018, may write to the Karvy on the Email ID: evoting@karvy.com or to Ms. C Shobha Anand, Asst. General Manager, Contact No. 040-6716 2222, at [Unit: Electrosteel Steels Limited], Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500032, requesting for the User ID and Password. After receipt of the above credentials, please follow all the steps from Sr. No. (i) to (xii) as mentioned above, to cast the vote.
- (6) In case of Members receiving physical copy of the AGM Notice by Post / courier [for Members whose e-mail IDs are not registered with the Company/Depository Participant(s)]:
- (i) User ID and initial password as in the enclosed Attendance Slip.
- (ii) Please follow all steps from Sr. No. (i) to (xii) as mentioned in (18c) above, to cast your vote.
- (7) In case of any query pertaining to remote e-voting, please visit Help & FAQ's section of <https://evoting.karvy.com>. (Karvy's website).

19. VOTING AT AGM VENUE:

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

20. Corporate members/trusts/societies intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and/or vote (poll) on their behalf at the Meeting.
21. The Scrutinizer shall after the conclusion of voting at the Annual General Meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses, who are not in the employment of the Company and shall make, not later than 2 days of the conclusion of the Annual General Meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith. Subject to receipt of the requisite number of votes, the resolutions shall be deemed to be passed on the date of Annual General Meeting.
- The results declared along with the Scrutinizer's Report shall be placed on the website of the Company i.e. www.electrosteelsteels.com and on Karvy's website and displayed on the Notice board of the Company at its Registered Office as well as the Corporate Office within the stipulated time from the conclusion of the Annual General Meeting and would be communicated to the Stock Exchanges where the Company's shares are listed.
22. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting.
23. In keeping with the Ministry of Corporate Affairs "Green Initiative" measures and applicable provisions of Companies Act, 2013 read with the allied rules made thereunder, the Company hereby requests Members who have not registered their email addresses so far, to register their email addresses for receiving all communication including Annual Report, Notices, etc. from the Company electronically.
24. A route map showing directions to reach the venue of the 11th AGM is given at the end of this Notice as per the requirement of the revised Secretarial Standards-2 on "General Meetings".

By Order of Board of Directors of
Electrosteel Steels Ltd.

Binaya Kumar Dash
Company Secretary
ACS - 17982

Place: Kolkata
Date: August 29, 2018

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**Item No. 2**

The Board of Directors at its meeting held on 4th June, 2018 has appointed Mr. Prasun Kumar Mukherjee, as an Additional Director (Independent) of the Company w.e.f the said date to hold office up to the date of the ensuing Annual General Meeting of the Company under Section 161 of the Companies Act, 2013.

Mr. Mukherjee held the position of Executive Director of Sesa Goa and the Vedanta Group's Iron Ore business from 2006 to 2014. He joined Sesa Goa Limited in 1987. He has 37 years of experience in finance, accounts, costing, taxation, legal and general management. Mr. Mukherjee was ranked as one of India's Best Chief Financial Officers (CFOs) in the year 2005 by Business Today magazine and as India's most 'Valuable' CEO by the Business World magazine in 2009. He is currently a member of the Managing Committee of Goa Chamber of Commerce & Industries (GCCl) and also Chairman of its Mining & Mining Infrastructure Committee. He is presently also a member of the Strategy Board of Global Risk Management Institute (GRMI), Gurugram, Haryana, India.

Mr. Mukherjee has a bachelor's degree in Commerce from Calcutta University. He is an Associate Member of the Institute of Cost Accountants of India, and a fellow of the Institute of Chartered Accountants of India.

In the opinion of the Board, Mr. Prasun Kumar Mukherjee, fulfills the conditions specified in the Companies Act, 2013 and rules made there under for appointment as Independent Director of the Company and he is independent of the management. Accordingly, in compliance of Section 149,150,152, Schedule IV and any other applicable provisions of the Companies Act, 2013, Mr. Prasun Kumar Mukherjee is proposed to be appointed as an Independent Director of the Company to hold office for a term of 3 years with effect from 4th June, 2018. A notice pursuant to Section 160 of the Companies Act, 2013 has been received from a member proposing the candidature of Mr. Prasun Kumar Mukherjee for the office of Director.

A copy of the letter of appointment, setting out terms and conditions of his appointment, is available for inspection for the members at the Registered Office of the Company on all working days between 10:00 A.M. to 3.00 P.M. up to the date of Annual General Meeting.

Except Mr. Prasun Kumar Mukherjee and his relatives, none of the Directors, Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, in the resolution set out at item no. 2 of the notice.

The Board considers that the appointment of Mr. Prasun Kumar Mukherjee would be of immense benefit to the Company and thus recommends the Ordinary Resolution as set out at Item no. 2 for approval of members of the Company.

Other details in respect of appointment of Mr. Prasun Kumar Mukherjee, in terms of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Companies Act, 2013 and Secretarial Standards on General Meetings are annexed to this notice.

Item No. 3

The Board of Directors at its meeting held on 4th June, 2018 has appointed Mr. Naveen Kumar Singhal as an Additional Director (Non-Executive) of the Company w.e.f the said date and to hold office up to the date of the ensuing Annual General Meeting of the Company under Section 161 of the Companies Act, 2013.

Mr. Singhal is the Chief Executive Officer of Vedanta Group's Iron Ore business. He joined Vedanta in 2003 and has been instrumental in driving the growth projects in Hindustan Zinc from conceptualization to commissioning through best-in-class mining and smelting technologies, mechanization and automation alongside effective stakeholder management. Prior to joining Vedanta, he had served in leadership roles at Swaraj Mazda, Shri Ram & Dunkan Goenka Group and played pivotal role in the areas of supply chain management, assets acquisition, business turnaround strategy, general management and project management. Mr. Singhal has over three decades of experience, of which 22 years has been in the natural resources arena having handled various portfolios in metals & mining and cement industry.

Mr. Singhal has a Bachelor's degree in Mechanical and Industrial Engineering from IIT, Roorkee and has a Post Graduate Diploma in Industrial Engineering and Management from NITIE, Mumbai.

Mr. Naveen Kumar Singhal, fulfills the conditions specified in the Companies Act, 2013 and Rules made there under for appointment as Director of the Company.

Except Mr. Naveen Kumar Singhal, none of the Directors, Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, in the resolution set out at Item no. 3 of the notice.

The Board considers that the appointment of Mr. Naveen Kumar Singhal would be of immense benefit to the Company and thus recommends the Ordinary Resolution as set out at Item no. 3 for approval of members of the Company.

Other details in respect of appointment of Mr. Naveen Kumar Singhal, in terms of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Companies Act, 2013 and Secretarial Standards on General Meetings are annexed to this notice.

Item No. 4

The Board of Directors at its meeting held on 4th June, 2018 has appointed Ms. Rashmi Mohanty as an Additional Director (Non-Executive) of the Company w.e.f the said date and to hold office up to the date of the ensuing Annual General Meeting of the Company under Section 161 of the Companies Act, 2013.

Ms. Mohanty heads the Group Investor Relations function at Vedanta. She is finance professional with over 23 years of experience in treasury and investment banking functions across various companies and finance roles. She has worked with Deutsche Bank, GE Capital, Religare in the past and her areas of expertise include international and domestic fund raising, foreign exchange & derivatives market and treasury management. She joined Vedanta in 2015 as Head – Group Treasury and in January 2018 was appointed to head the Investor Relations function, along with continuing to manage the Treasury.

Ms. Mohanty has a bachelor's engineering (Computers) degree from Delhi University and is an MBA from IIM Bangalore.

Ms. Mohanty fulfills the conditions specified in the Companies Act, 2013 and rules made there under for appointment as Director of the Company.

Except Ms. Mohanty, none of the Directors, Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, in the resolution set out at Item no. 4 of the notice.

The Board considers that the appointment of Ms. Mohanty would be of immense benefit to the Company and thus recommends the Ordinary Resolution as set out at Item no. 4 for approval of members of the Company.

Other details in respect of appointment of Ms. Mohanty, in terms of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Companies Act, 2013 and Secretarial Standards on General Meetings are annexed to this notice.

Item No. 5

The Board of Directors at its meeting held on 21st June, 2018 has appointed Mr. Mahendra Singh Mehta, as an Additional Director (Independent) of the Company w.e.f. the said date to hold office up to the date of the ensuing Annual General Meeting of the Company under Section 161 of the Companies Act, 2013.

Mr. Mehta was Chief Executive Officer of Reliance Infrastructure between 2014 and 2015. He was Chief Executive Officer of the London listed Vedanta Resources Plc between 2008 and 2014. Prior to this he held key managerial and operating roles within the Vedanta Group, in particular, Chief Executive Officer of Hindustan Zinc between 2005 and 2008. Mr. Mehta has been instrumental in driving several transformational initiatives during his tenure at Vedanta Group which started in 2000. He has 36 years of experience in operations, strategy and business turnaround in sectors spanning across steel, non-ferrous metals, mining, power generation and distribution, infrastructure and cement.

Mr. Mehta has a Mechanical Engineering degree and an MBA from the Indian Institute of Management, Ahmedabad.

In the opinion of the Board, Mr. Mehta, fulfills the conditions specified in the Companies Act, 2013 and rules made there under for appointment as Independent Director of the Company and he is independent of the management. Accordingly, in compliance of Section 149,150,152, Schedule IV and any other applicable provisions of the Companies Act, 2013, Mr. Mehta is proposed to be appointed as an Independent Director of the Company to hold office for a term of 3 years with effect from 21st June, 2018. A notice pursuant to Section 160 of the Companies Act, 2013 has been received from a member proposing the candidature of Mr. Mehta for the office of Director.

A copy of the letter of appointment, setting out terms and conditions of his appointment, is available for inspection for the members at the registered office of the Company on all working days between 10:00 A.M. to 3.00 P.M. up to the date of Annual General Meeting.

Except Mr. Mehta and his relatives, none of the Directors, Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, in the resolution set out at Item no. 5 of the notice.

The Board considers that the appointment of Mr. Mehta would be of immense benefit to the Company and thus recommends the Ordinary Resolution as set out at Item no. 5 for approval of members of the Company.

Other details in respect of appointment of Mr. Mehta, in terms of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Companies Act, 2013 and Secretarial Standards on General Meetings are annexed to this notice.

Item No. 6

The Board of Directors of the Company at its meeting held on 29th August, 2018 appointed M/s. S G & Associates, Cost Accountants, (Firm Registration No: 000138) the Cost Auditors for the audit of the cost records to be maintained by the Company for the goods to be produced during the Financial Year 2017-18, at a remuneration of Rs. 60,000 plus applicable taxes, reimbursement of out of pocket expenses to be incurred in connection with cost audit of the accounts.

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

Accordingly, consent of the members is sought for passing the Ordinary Resolution as set out in the Notice for approval of the remuneration payable to the Cost Auditors for the audit of the cost records to be maintained by the Company for the goods to be produced during the Financial Year 2017-18.

The Board of Directors recommends the Ordinary Resolution at Item No. 6 as set out in the Notice for approval of the Members.

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

Item No. 7

Sec. 186 of the Companies Act, 2013 read with Rule 13 of the Companies (Meetings of Board and its Powers) Rules, 2014, pertaining to loan and investment by a Company, inter alia requires that no Company shall directly or indirectly (a) give any loan to any person or other body corporate (b) give any guarantee or provide any security in connection with a loan to any other body corporate person or (c) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate exceeding 60% of its paid up share capital, free reserves and securities premium account or 100% of its free reserves and securities premium, whichever is more, except with previous approval of members by a special resolution.

The Promoter of the Company has availed loan facilities from Standard Chartered Bank (“Finance Parties”). The said loan is secured with a corporate guarantee from Vedanta Limited, a charge on the assets of Vedanta Star Limited and the fixed assets of the Company. The charge on the fixed assets of the Company will be by way of execution of a deed of hypothecation and mortgage (“Finance Documents”) in favour of Vistra ITCL (India) Limited (acting as the security trustee for the lenders), which is subject to approval of shareholders and subject to such other consents, sanctions, approvals and permissions as may be necessary.

In order to secure the aforesaid loan facility in excess of limits specified under section 186 of Companies Act, 2013 and to support the business activities to achieve business objectives, the Company requires approval from the shareholders in a general meeting.

The Board recommends the Special Resolution at Item no. 7 of the Notice for approval of the Members.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested in the Resolution at Item no. 7 of the Notice

By Order of Board of Directors of
Electrosteel Steels Ltd.

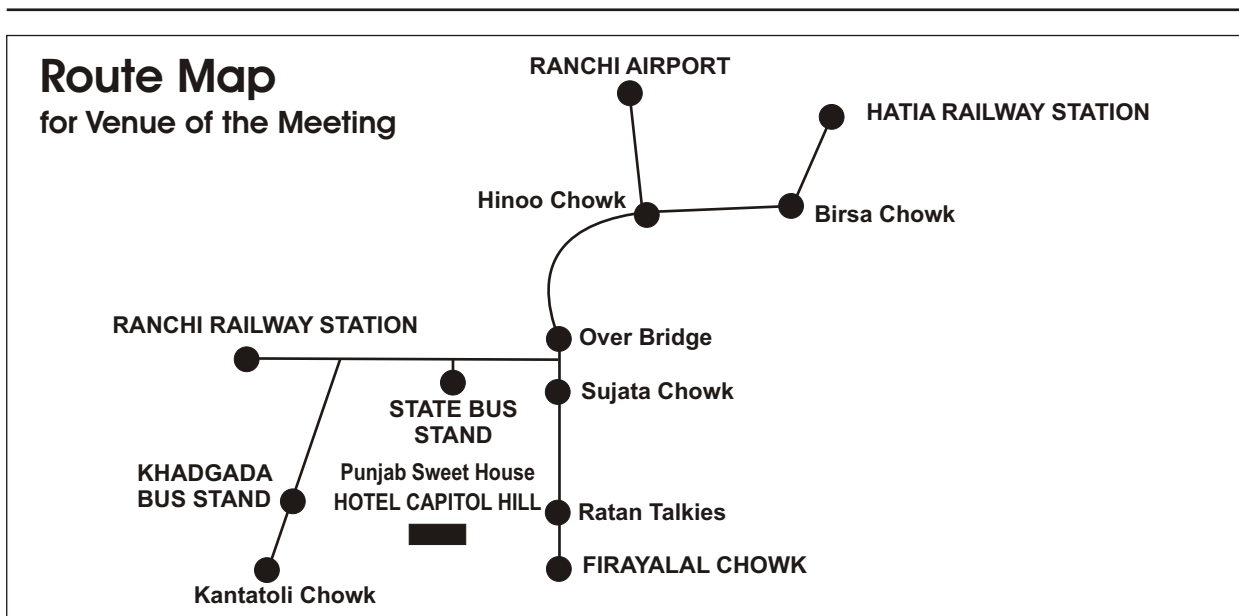
Binaya Kumar Dash
Company Secretary
ACS - 17982

Place: Kolkata
Date: August 29, 2018

Annexure to AGM Notice dated 29th August, 2018
**Details of Directors seeking appointment/re-appointment at the forthcoming 11th Annual General Meeting
(Pursuant to Regulation 36(3) of SEBI (Listing Obligation and
Disclosure Requirement) Regulations, 2015**

Name of the Director	Mr. Prasun Kumar Mukherjee (DIN: 00015999)	Mr. Naveen Kumar Singhal (DIN: 02642057)	Ms. Rashmi Mohanty (DIN: 07072541)	Mr. Mahendra Singh Mehta (DIN: 00019566)
Date of Birth/ Age	01.12.1955	24.10.1963	04.03.1972	09.12.1955
Date of Appointment on the Board	04.06.2018	04.06.2018	04.06.2018	21.06.2018
Brief Resume	Mr. Mukherjee has a bachelor's degree in Commerce from Calcutta University. He is an Associate Member of the Institute of Cost Accountants of India, and a fellow of the Institute of Chartered Accountants of India.	Mr. Singhal has a bachelor's degree in mechanical and industrial engineering from IIT, Roorkee and has a post graduate diploma in industrial engineering and management from NITIE, Mumbai.	Ms. Mohanty has a bachelor's engineering (Computers) degree from Delhi University and is an MBA from IIM Bangalore.	Mr. Mehta has a mechanical engineering degree and an MBA from the Indian Institute of Management, Ahmedabad.
Expertise	Mr. Mukherjee has 37 years of experience in finance, accounts, costing, taxation, legal and general management. Mr. Mukherjee was ranked as one of India's Best Chief Financial Officers (CFOs) in the year 2005 by Business Today magazine and as India's most 'Valuable' CEO by the Business World magazine in 2009. He is currently a member of the Managing Committee of Goa Chamber of Commerce & Industries (GCCCI) and also Chairman of its Mining & Mining Infrastructure Committee. He is presently also a member of the Strategy Board of Global Risk Management Institute (GRMI), Gurugram, Haryana, India.	Mr. Singhal is the Chief Executive Officer of Vedanta Group's Iron Ore business. He joined Vedanta in 2003 and has been instrumental in driving the growth projects in Hindustan Zinc from conceptualization to commissioning through best-in-class mining and smelting technologies, mechanization and automation alongside effective stakeholder management. Prior to joining Vedanta, he had served in leadership roles at Swaraj Mazda, Shri Ram & Dunkan Goenka Group and played pivotal role in the areas of supply chain management, assets acquisition, business turnaround strategy, general management and project management. Mr. Singhal has over three decades of experience, of which 22 years has been in the natural resources arena having handled various portfolios in metals & mining and cement industry.	Ms. Mohanty Heads the Group Investor Relations function at Vedanta. She is finance professional with over 23 years of experience in treasury and investment banking functions across various companies and finance roles. She has worked with Deutsche Bank, GE Capital, Religare in the past and her areas of expertise include international and domestic fund raising, foreign exchange & derivatives market and treasury management. She joined Vedanta in 2015 as Head Group Treasury and in Jan 2018 was appointed to head the Investor Relations function, along with continuing to manage the Treasury.	Mr. Mehta was Chief Executive Officer of Reliance Infrastructure between 2008 and 2015. He was Chief Executive Officer of the London listed Vedanta Resources Plc between 2008 and 2014. Prior to this he held key managerial and operating roles within the Vedanta Group, in particular, Chief Executive Officer of Hindustan Zinc between 2005 and 2008. Mr. Mehta has been instrumental in driving several transformational initiatives during his tenure at Vedanta Group which started in 2000. He has 36 years of experience in operations, strategy and business turnaround in sectors spanning across steel, non-ferrous metals, mining, power generation and distribution, infrastructure and cement.
Relationships between Directors inter-se	There is no inter-se relationship	There is no inter-se relationship	There is no inter-se relationship	There is no inter-se relationship
Terms and conditions of appointment	Appointed for a period of three years	N.A.	N.A.	Appointed for a period of three years
Details of remuneration sought to be paid.	NIL	NIL	NIL	NIL
Remuneration last drawn.	NIL	NIL	NIL	NIL
Number of Board meeting attended during the year	NIL	NIL	NIL	NIL
Disclosure of relationship with other directors/ KMP	Not related with any of the Directors/KMPs of the Company	Not related with any of the Directors/KMPs of the Company	Not related with any of the Directors/KMPs of the Company	Not related with any of the Directors/KMPs of the Company
Directorship held in other listed entities including this listed entity	1	1	1	1
Number of Memberships in Audit/Stakeholder Committee(s) including this listed entity	2	2	1	1

Name of the Director	Mr. Prasun Kumar Mukherjee (DIN: 00015999)	Mr. Naveen Kumar Singhal (DIN: 02642057)	Ms. Rashmi Mohanty (DIN: 07072541)	Mr. Mahendra Singh Mehta (DIN: 00019566)
Number of shares held in the Company as on 31.03.2018	Nil	Nil	Nil	Nil





ELECTROSTEEL STEELS LIMITED

11th Annual General Meeting

PROXY FORM

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

CIN: **L27310JH2006PLC012663**

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

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

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

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

1. Name:

Address:

E-mail Id:

Signature:,or failing him/her
2. Name:

Address:

E-mail Id:

Signature:,or failing him/her
3. Name:

Address:

E-mail Id:

Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 11th Annual General Meeting of the Company, to be held on Saturday, 29th September, 2018 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Particulars	Optional	
		For	Against
Ordinary Business			
1	Adoption of Annual Financial Statement for the year ended 31st March, 2018		
Special Business			
2	Appointment of Mr. Prasun Kumar Mukherjee (DIN: 00015999) as an Independent Director		
3	Appointment of Mr. Naveen Kumar Singhal (DIN: 02642057) as Director		
4	Appointment of Ms. Rashmi Mohanty (DIN: 07072541) as Director.		
5	Appointment of Mr. Mahendra Singh Mehta (DIN : 00019566) as an Independent Director.		
6	Ratification of remuneration payable to M/s. S G & Associates, Cost Accountants as Cost Auditors of the Company for the F.Y. 2018-19.		
7	To approve loan, investments and guarantee by Company		

Signed this day of 2018

Signature of Shareholder:

Signature of Proxy holder(s):

Affix a Revenue Stamp

Notes:

1. This form of Proxy in order to be effective should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes please refer to the Notice of the 11th Annual General Meeting dated 29th August, 2018.
3. It is optional to put a (v) in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.



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

**11th ANNUAL GENERAL MEETING
ATTENDANCE SLIP**

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

Name & Address of Shareholders	Sr. No. BAL No
	HOLDER HOLDER_ADD HOLDER_AD1 HOLDER_AD2 HOLDER_AD3 PIN: HOLDER_PIN
Joint Holder(s)	
Registered Folio No./DP ID/Client ID	DPID/HOLDER_FOI.
No. of shares held	TOTAL_SHARE

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

I hereby record my presence at the 11th Annual General Meeting of Electrosteel Steels Limited being held on Saturday, 29th September, 2018 at Capitol Hill Hotel, Mahatma Gandhi Marg, Main Road, Ranchi-834001, Jharkhand at 11:30 A.M.

Name of Shareholder _____
(in capital letter)

Name of the Proxy _____
(in capital letter)

(Signature)

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

E-VOTING

EVENT (E-Voting Even Number)	User Id	Password/PIN
4268		

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