

# ELECTROSTEEL CASTINGS LIMITED

H.O. : G.K. Tower, 19, Camac Street, Kolkata 700 017, India  
Regd. Office : Rathod Colony, Rajgangpur, Sundergarh, Odisha 770 017  
Tel : +91 33-2283 9900, 7103 4400  
CIN : L27310OR1955PLC000310  
Web : www.electrosteelcastings.com



8 September, 2020

## BSE Limited

Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai – 400 001

## National Stock Exchange of India Limited

Exchange Plaza, Bandra Kurla Complex,  
Bandra (E),  
Mumbai – 400 051

Scrip Code: 500128

Symbol: ELECTCAST

Dear Sir/Madam,

**Sub: Submission of Public Notice for Corrigendum to the Annual Report of the Company for the Financial Year 2019-20 and the updated version of the said Annual Report**

This is in furtherance to our letter dated 19 August, 2020, with respect to submission of the Annual Report of the Company for the Financial Year 2019-20, along with the Notice of the 65th Annual General Meeting ('AGM') of the Company and intimation of cut-off date for e-voting.

We hereby inform you that certain inadvertent, typographical printing errors were noticed in the Annual Report of the Company, for the Financial Year 2019-20, after the same was dispatched to the Members of the Company through e-mail on 19 August, 2020. The said Annual Report is due to be considered and adopted by the Members of the Company, at their ensuing AGM, scheduled to be held on Tuesday, 15 September, 2020, at 11:30 a.m., through video conferencing ('VC') or other audio-visual means ('OAVM').

Accordingly, a Corrigendum has been published, by way of advertisement, today, i.e., 8 September, 2020, in the newspapers, viz., Financial Express (all editions) and in Lokakatha (in Rajgangpur).

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read together with Part A of Schedule III thereto, please find enclosed herewith, a copy of the aforesaid newspaper publications.

Further, the updated version of the Annual Report 2019-20 has also been attached herewith.

We further inform you that the aforesaid corrections do not impact the Statement of Profit and Loss Account of the Company for the Financial Year ended 31 March, 2020.

The aforesaid Corrigendum and the updated version of the Annual Report 2019-20 shall also be uploaded on the website of the Company.

The same is for your information and records.

Thanking you.

Yours faithfully,  
**For Electrosteel Castings Limited**

**Indranil Mitra**  
Company Secretary

Encl.: As above

Follow the Electrosteel Group on





# ELECTROSTEEL CASTINGS LIMITED

CIN: L27310OR1955PLC000310

Registered Office: Rathod Colony, Rajgangpur, Sundergarh, Odisha 770 017, India

Tel. No.: +91 06624 220 332; Fax: +91 06624 220 332

Website: www.electrosteelcastings.com; E-mail: companysecretary@electrosteel.com

## CORRIGENDUM TO THE ANNUAL REPORT 2019-20 OF ELECTROSTEEL CASTINGS LIMITED

This corrigendum is being issued in connection to the Annual Report of Electrosteel Castings Limited ('the Company'), for the Financial Year 2019-20, to be considered and adopted by the Members of the Company, at the ensuing Annual General Meeting ('AGM') of the Company, scheduled to be held on Tuesday, 15 September, 2020, at 11:30 a.m., through video conferencing ('VC') or other audio-visual means ('OAVM'), to transact the businesses as mentioned in the Notice of the AGM dated 13 August, 2020. The said Annual Report, along with the said AGM Notice, were despatched to the Members of the Company through e-mail on 19 August, 2020.

The Members of the Company should take note of the following typographical corrections in the aforesaid Annual Report of the Company:

- (a) In the 'Management Discussion and Analysis Report', the table appearing under Para E(b) (i.e., **Company's Sales mix**), on Page No. 19 of the Annual Report, shall be read as:

(Rs. in Crores)

	Year ended 31 March, 2020	Year ended 31 March, 2019
Revenue from sale of Product		
D.I. Spun Pipes	1,746.59	1,622.91
D.I. Fittings	208.02	253.50
C.I. Spun Pipes	183.61	154.10
Others	296.27	313.25

- (b) In Note No. 21 of the 'Notes to Standalone Financial Statements' for the year ended March 31, 2020, appearing on Page No. 121 of the Annual Report, the last two column headings shall be read as 'As at March 31, 2020' and 'As at March 31, 2019', respectively.

- (c) In the 'Consolidated Statement of Cash Flow' for the year ended March 31, 2020, under Para A (CASH FLOW FROM OPERATING ACTIVITIES) appearing on Page No. 172 of the Annual Report, the entries between 'Operating Profit before Working Capital changes' and 'Cash generated from Operations', shall be read as:

(Amount Rs. in Lakhs)

	For the year ended March 31, 2020		For the year ended March 31, 2019	
Less: Increase/(decrease) in inventories	1,42,50.28		1,44,19.62	
Increase/(decrease) in trade receivables	(5,92.01)		1,34,71.56	
Increase/(decrease) in loans and advances, other financial and non-financial assets	(2,70.44)		532.67	
(Increase)/decrease in trade payables, other financial and non-financial liabilities and provisions	53,63.07	1,87,50.90	1,52,32.42	4,36,56.27

- (d) In the 'Notes to Consolidated Financial Statements' for the year ended March 31, 2020, the page heading, on the Page No. 234 of the Annual Report, shall be read as 'Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)'.

This corrigendum should be read in continuation to and in conjunction with the Annual Report of the Company, for the Financial Year 2019-20. This corrigendum to the Annual Report 2019-20 of the Company will be hosted on the website of the Company, viz., www.electrosteelcastings.com, besides being communicated to the Stock Exchanges, where the equity shares of the Company are listed.

We further inform you that the aforesaid corrections do not impact the Statement of Profit and Loss Account of the Company for the Financial Year ended 31 March, 2020. These corrections are carried out due to inadvertent typographical errors that happened at the time of art-working of the Annual Report. All the concerned shareholders, stock exchanges, depositories, registrar and share transfer agent, the agency appointed for e-voting, the scrutinizer and other authorities and all other concerned persons are requested to take note of the above.

All other contents of the aforesaid Annual Report of the Company shall remain unchanged.

For Electrosteel Castings Limited

Sd/-

Indranil Mitra

Company Secretary

ICSI: A20387

Place: Kolkata

Date: 7 September, 2020





**ELECTROSTEEL CASTINGS LIMITED**

CIN: L27310OR1955PLC000310

Registered Office: Rathod Colony, Rajgangpur, Sundergarh, Odisha 770 017, India

Tel. No.: +91 06624 220 332; Fax: +91 06624 220 332

Website: www.electrosteelcastings.com; E-mail: companyscretary@electrosteel.com

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OF ELECTROSTEEL CASTINGS LIMITED**

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All other contents of the aforesaid Annual Report of the Company shall remain unchanged.

For Electrosteel Castings Limited

Sd/-

Indranil Mitra

Company Secretary

ICSI: A20387

Place: Kolkata

Date: 7 September, 2020

65th ANNUAL REPORT 2019-2020



**ELECTROSTEEL**  
**CASTINGS LIMITED**



# Corporate Information

Chairman	Mr. Pradip Kumar Khaitan
Directors	Mr. Binod Kumar Khaitan Mr. Ram Krishna Agarwal (up to 8 June, 2020) Mr. Amrendra Prasad Verma Dr. Mohua Banerjee Mr. Rajkumar Khanna (w.e.f. 15 June, 2020) Mr. Shermadevi Yegnaswami Rajagopalan Mr. Vyas Mitre Ralli
Managing Director	Mr. Umang Kejriwal
Joint Managing Director	Mr. Mayank Kejriwal
Whole-time Directors	Mr. Uddhav Kejriwal Mr. Mahendra Kumar Jalan
Chief Executive Officer and Whole-time Director	Mr. Sunil Katial (Whole-time Director w.e.f. 1 April, 2020)
Executive Director (Group Finance) & CFO	Mr. Ashutosh Agarwal (w.e.f. 13 August, 2019)
Company Secretary	Mr. Indranil Mitra (w.e.f. 13 August, 2019)
Auditors	Singhi & Co., Chartered Accountants
Solicitors	Khaitan & Co. LLP, Kolkata
Bankers	Axis Bank Limited Bank of India DBS Bank India Limited Export-Import Bank of India HDFC Bank Limited ICICI Bank Limited IDBI Bank Limited IndusInd Bank Limited Punjab National Bank State Bank of India Yes Bank Limited
Works	Khardah, West Bengal Haldia, West Bengal Bansberia, West Bengal Elavur, Tamil Nadu
Corporate Office	G. K. Tower, 19 Camac Street, Kolkata 700 017 Tel.: 033 2283 9990 Fax: 033 2289 4339 E-mail Id: companysecretary@electrosteel.com Website : www.electrosteelcastings.com
Registered Office	Rathod Colony, Rajgangpur, Sundergarh, Odisha 770 017
Corporate Identification Number	L27310OR1955PLC000310

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# Report of the Directors

Dear Members,

Your Directors take pleasure in presenting the Sixty Fifth Annual Report together with Audited Annual Financial Statements (including Audited Consolidated Financial Statement) of the Company for the Financial Year ended 31 March, 2020.

## FINANCIAL RESULTS

(Rs. in Crore)

Particulars	Standalone		Consolidated	
	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
Revenue from Operations	<b>2,479.89</b>	2,390.61	<b>2,711.04</b>	2,699.44
Earnings Before Interest, Taxes, Depreciation, Amortisation and Exceptional Item	<b>396.18</b>	410.95	<b>399.22</b>	451.59
Less: Finance Costs	<b>219.90</b>	225.40	<b>227.58</b>	234.65
Less: Depreciation and Amortisation Expense	<b>52.74</b>	54.87	<b>57.15</b>	58.51
Profit Before Exceptional Item & Tax	<b>123.54</b>	130.68	<b>114.49</b>	158.43
Less: Exceptional Item	-	789.90	-	183.97
Profit / (Loss) Before Tax	<b>123.54</b>	(659.22)	<b>114.49</b>	(25.54)
Less: Tax Expense	<b>24.95</b>	(23.45)	<b>28.20</b>	(18.00)
Profit / (Loss) After Tax	<b>98.59</b>	(635.77)	<b>86.29</b>	(7.54)
Share of Profit/(Loss) in Associates and Joint Ventures	-	-	<b>75.19</b>	46.20
Profit / (Loss) After Tax including share of Associate and Joint Ventures	<b>98.59</b>	(635.77)	<b>161.48</b>	38.66
Attributable to:				
Owners of the Parent	-	-	<b>161.06</b>	38.17
Non-Controlling Interest	-	-	<b>0.42</b>	0.49
Other Comprehensive Income (Net of Tax)	<b>(0.09)</b>	(3.32)	<b>12.60</b>	(3.69)
Total Comprehensive Income	<b>98.50</b>	(639.09)	<b>174.09</b>	34.97
Attributable to:				
Owners of the Parent	-	-	<b>173.67</b>	34.48
Non-Controlling Interest	-	-	<b>70.42</b>	0.49
Opening balance in Retained Earnings	<b>517.07</b>	1,087.86	<b>739.59</b>	656.49
Closing Balance in Retained Earnings	<b>636.49</b>	517.07	<b>920.51</b>	739.59

**Note:** Previous year figures have been restated due to amalgamation of Mahadev Vyapaar Pvt. Ltd., wholly-owned subsidiary of the Company, with the Company, w.e.f. 1 April, 2018.

## DIVIDEND

The Directors are pleased to recommend a dividend of Rs. 0.30 per Equity Share of face value of Re. 1 each for the Financial Year ended 31 March, 2020. This dividend is subject to the approval of the Members of the Company, at their ensuing Annual General Meeting ('AGM'). If approved, the total outlay on account of dividend for the Financial Year 2019-20 would amount to Rs. 12.99 Crore. The Company had not declared any dividend for the Financial Year 2018-19.

## **INVESTOR EDUCATION AND PROTECTION FUND**

### **Transfer of Dividend to Investor Education and Protection Fund**

In terms of the provisions of Section 124 of the Companies Act, 2013 ('Act'), read together with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and amendments thereof ('IEPF Rules'), the Company has transferred Rs. 10,20,993 (Rupees Ten Lakh Twenty Thousand Nine Hundred and Ninety Three Only) to the IEPF, during the Financial Year 2019-20.

Pursuant to the provisions of the IEPF Rules, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 20 September, 2019 (date of last Annual General Meeting) on the website of the Company ([www.electrosteelcastings.com](http://www.electrosteelcastings.com)).

### **Transfer of Shares to the Demat Account of Investor Education and Protection Fund Authority**

In terms of the provisions of Section 124(6) of the Act read with the relevant Rules made thereunder, 79,053 Equity Shares of the Company, in respect of which dividend was unpaid or unclaimed for the Financial Year 2011-12 and onwards, has been transferred to the Demat Account of the IEPF Authority maintained with National Securities Depository Limited, during the Financial Year 2019-20.

Further, the voting rights in respect of shares transferred to the Demat Account of the IEPF Authority shall remain frozen, until the rightful owner claims the shares. Members may note that shares as well as unclaimed dividend transferred to the IEPF Authority can be claimed back. Concerned shareholders are advised to visit <http://www.iepf.gov.in/IEPF/refund.html> for lodging claim for refund of shares or dividend from the IEPF Authority.

Further, the Company has initiated necessary action for transfer of all shares in respect of which dividend declared for the Financial Year 2012-13 and onwards has not been paid or claimed by the Members for 7 (seven) consecutive years or more. Members are advised to visit the web-link <https://www.electrosteelcastings.com/investors/pdf/iepf-demat-account-2012-13.pdf>.

### **TRANSFER TO RESERVES**

The Company proposes to retain the entire amount of profit in the Profit & Loss Account.

### **OPERATIONS**

The Company's Revenue from Operations on standalone basis was reported at Rs. 2,479.89 Crores during the year under review as compared to Rs. 2,390.61 Crores reported in the previous year. There was a minor decrease of around 2.17% in Export Sales, from Rs. 1,046.82 Crores in 2018-19 to Rs. 1,024.06 Crores in 2019-20. The Company's Profit / (Loss) after Tax (PAT) for the Financial Year 2019-20 was reported at Rs. 98.59 Crores as against Rs. (635.77) Crores for Financial Year 2018-19.

The Revenue from Operations on consolidated basis, for the year ended 31 March, 2020, increased by 0.43% from Rs. 2,699.44 Crores in 2018-19 to Rs. 2,711.04 Crores in 2019-20. The consolidated PAT for the year ended 31 March, 2020 was Rs. 161.48 Crores as against PAT of Rs. 38.66 Crores for the previous Financial Year.

During the year under review, the production of Ductile Iron (DI) Pipes was 3,09,404 MT, as against 3,03,838 MT in the previous year. The production of Cast Iron (CI) Pipes at Elavur was 38,206 MT as against 31,930 MT in the previous year.

DI Fittings & Accessories produced 12,667 MT of DI Fittings in 2019-20 as against 12,085 MT in 2018-19. Overall performance like production, productivity, product variety & quality and despatch, etc., have been improved at both Haldia and Khardah Fittings Plant. Both Domestic and Export despatch of Fittings from Haldia and Khardah Plant has enhanced. Further initiatives have been taken for improvement in the current Financial Year, also taking care of products variety and quantity in both the markets. Production and dispatches were stopped from 24 March, 2020 due to imposition





## Report of the Directors ..... (Contd.)

of nationwide lockdown on account of the novel coronavirus pandemic (COVID-19) and resumed production from 6 June, 2020.

The COVID-19 outbreak has been declared as a pandemic and has impacted the economies all around the Globe. The outbreak has moved quickly across countries, thus, disrupting global production, supply chain, trade, etc. Our Company's business operations too have been impacted as the plants were under shutdown during the lockdown period.

As a continual improvement, the Company continues to provide special attention towards improvement in production of new range of products and productivity with higher efficiency of Energy and Human Resource. Further, to meet and improve upon the expectations of both International and Domestic customers, the Company has continued its activities towards development and to add a number of product variants to its existing product base.

### **MATERIAL CHANGES AND COMMITMENTS**

There has been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this Report other than as mentioned in the 'Operations' section of this Directors' Report.

Even while facing adverse situations, the Company is taking all adequate steps to honour all its commitments.

Further, there has been no change in the nature of the Company's business.

### **MANAGEMENT DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis Report forms an integral part of this Report and gives details of the industry structure, developments, opportunities, threats, performance and state of affairs of the Company's business, internal controls and their adequacy, risk management systems including a section on 'Risk Management' and other material developments during the Financial Year 2019-20, and is annexed as Annexure 1 forming part of this Report.

### **FUTURE PROSPECTS**

Water and sewerage infrastructure development in Indian urban and rural sector has been the key engine of growth acceleration for the DI Pipe Industry. With the growth of economy, India's urbanization trends have scope to significantly accelerate in coming years. Further, the country faces immense task of transporting drinking water with a limited treatment facility and inadequate transmission and distribution network. Rapidly growing urban centers also have limited infrastructure for waste water disposal. As a whole, the Indian water and waste water market is having a CAGR of about 10%.

To improve and sustain the water availability, the Jal Jeevan Mission, mainly aimed at rural and sub-urban water supply, could mean doubling of spending on water related infrastructure creation over the next 5 years as compared to Financial Years 2015-19.

For urban water supply Central Government as well as the respective State Governments have initiated a number of major urban development schemes to transform the urban scenario of the country, resulting in large investment in the Water Supply & Sewerage System. A major Initiative is AMRUT Yojna (Atal Mission for Rejuvenation and Urban Transformation). Under AMRUT, 500 Small Cities are undergoing infrastructure revamping.

A major part of the investment will be spent on Water Supply and Sewerage. Considerable fund is being allocated under the 'Namami Gange' Scheme, where cities on the bank of river Ganga and its tributaries will have modern Waste Water conveyance and treatment facilities to make the rivers clean.

At the same time, the Company continues to maintain its dominant position in the export market against competitors. The world economy is on the revival phase and a large portion of the production is being exported. The Company, after entrenching itself in the discerning European and gulf markets, is continuously expanding its business to new countries,

like, Tanzania, Zambia, Congo, Nigeria, Senegal, Morocco in Africa, Vietnam, Cambodia, Myanmar in South East Asia. The subsidiary in USA is also doing well.

### **SHARE CAPITAL**

During the year under review, the National Company Law Tribunal, Cuttack Bench, vide its order dated 2 September, 2019, has approved the Scheme of Amalgamation of Mahadev Vyapaar Pvt Ltd, wholly owned subsidiary, w.e.f. 1 April, 2014, with the Company. Subsequently, Mahadev Vyapaar Pvt Ltd has ceased to be a subsidiary of the Company. In accordance with the said Scheme, the Authorised Share Capital of the Company has been increased from Rs. 50,00,00,000 divided into 50,00,00,000 Equity Shares of Re. 1.00 each to Rs. 50,02,00,000 divided into 50,02,00,000 Equity Shares of Re. 1.00 each.

During the year under review, the Company had issued and allotted 2,74,72,526 Equity Shares of face value of Re. 1.00 each, fully paid-up, at a price of Rs. 18.20 per Equity Share (inclusive of a share premium of Rs. 17.20 per Equity Share), on preferential basis, to Promoter/Promoter Group and non-promoter, for an aggregate cash consideration of Rs. 50 Crores, approx. Pursuant to the above allotment, the Issued, Subscribed and Paid-up Share Capital of the Company has increased to Rs. 43,29,54,709/- comprising of 43,29,54,709 Equity Shares of Re. 1.00 each.

The Company has utilised the entire issue proceeds as per the objects of the issue stated in the Notice of AGM dated 21 August, 2019 for general corporate purpose, i.e., utilised for payment to vendors.

The Company has not issued shares with differential voting rights. It has neither issued employee stock options nor sweat equity shares and does not have any scheme to fund its employees to purchase the shares of the Company. As on 31 March, 2020, none of the Directors of the Company hold instruments convertible into Equity Shares of the Company.

### **CREDIT RATING**

During the year, India Ratings & Research Private Limited has re-affirmed a long term Issuer Rating of "IND A-" and for short term borrowings as "IND A2+". The outlook is Stable.

The Company has withdrawn the ratings assigned by CARE Ratings Limited ('CARE') for the long-term borrowings as "CARE BBB+" and for short-term borrowings as "CARE A2". The outlook is Stable.

### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS**

During the year under review, there were no significant or material order passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

However, in pursuance of the Order dated 24 September, 2014 issued by the Hon'ble Supreme Court of India ('the Order') followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated 21 October, 2014 (Ordinance) for implementing the Order, allotment of Parbatpur coal block (coal block/mines) to the Company, which was under advanced stage of implementation, had been cancelled w.e.f. 1 April, 2015. In terms of the Ordinance, the Company was allowed to continue the operations in the said block till 31 March, 2015. Accordingly, the said block had been handed over to Bharat Coking Coal Limited as per the direction from Coal India Ltd. with effect from 1 April, 2015 and the same has been subsequently allotted to Steel Authority of India Limited (SAIL).

Following a petition filed by the Company, the Hon'ble High Court at Delhi has pronounced its judgement on 9 March, 2017. Based on the said judgement, the Company has claimed Rs. 1,53,176.00 Lakh towards compensation against the said coal block, acceptance whereof is awaited. Aggrieved due to delay in acceptance of claim, on a petition filed by the Company before the Hon'ble High Court, the Hon'ble Court had directed the Nominated Authority under Ministry of Coal to expedite the matter. The Hon'ble Court had further directed the Nominated Authority to take decisions within a specific time frame. During the year, the Nominated Authority in its order has upheld its decision of the compensation paid earlier and the same has been contested by the Company before the Hon'ble High Court and the matter is pending.

Members' attention is also invited to Notes on Contingent Liabilities, in the Notes forming part of the Financial Statements.



## Report of the Directors ..... (Contd.)

### INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Internal Financial Controls with reference to the Financial Statements are considered to be commensurate with the size, scale and nature of the operations of the Company. The system encompasses the major processes to ensure reliability of financial reporting, compliance with policies, procedures, laws, and regulations, safeguarding of assets and economical and efficient use of resources. There are Standard Operating Procedures (SOPs) in all functional activities for which key manuals have been put in place. The manuals are updated and validated periodically. Approval of all transactions is ensured through a pre-approved Delegation of Authority (DOA) schedule which is in-built into the SAP system, wherever required. DOA is reviewed periodically by the management and compliance of DOA is regularly checked by the Auditors. The Company's books of accounts are maintained in SAP and transactions are executed through SAP (ERP) setups to ensure correctness/effectiveness of all transactions, integrity and reliability of reporting. There is adequate MIS (Management Information System) which is reviewed periodically by functional heads.

The Internal Auditor of the Company monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating system, accounting procedures and policies at all locations of the Company. The main thrust of internal audit is to test and review controls, appraisal of risks and business processes, besides benchmarking controls with best practices in the industry. Based on the Internal Audit Reports, process owners take corrective actions in their respective areas and thereby strengthen the controls. The Report is presented before the Audit Committee for review at regular intervals.

### DETAILS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Audited Annual Consolidated Financial Statements forming part of the Annual Report have been prepared in accordance with the Companies Act, 2013 ('the Act'), Indian Accounting Standards (Ind AS) 110 – 'Consolidated Financial Statements' and Indian Accounting Standards (Ind AS) 28 – 'Investments in Associates and Joint Ventures', notified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.

The Company had the following Subsidiaries, Associate Companies and Joint Ventures as on 31 March, 2020:

Sl. No.	Name of the Company	Status
1.	Electrosteel Algeria SPA	Subsidiary
2.	Electrosteel Castings (UK) Limited	Subsidiary
3.	Electrosteel Castings Gulf FZE	Subsidiary
4.	Electrosteel Doha for Trading LLC	Subsidiary
5.	Electrosteel Europe S.A.	Subsidiary
6.	Electrosteel Trading, S.A.	Subsidiary
7.	Electrosteel USA, LLC	Subsidiary
8.	Electrosteel Brasil Ltda. Tubos e Conexoes Duteis	Subsidiary
9.	Electrosteel Bahrain Holding S.P.C. Company	Subsidiary
10.	WaterFab LLC (subsidiary of Electrosteel USA, LLC)	Subsidiary
11.	Electrosteel Bahrain Trading W.L.L (subsidiary of Electrosteel Bahrain Holding S.P.C. Company)	Subsidiary
12.	Srikalahasthi Pipes Limited	Associate Company
13.	North Dhadhu Mining Company Private Limited	Joint Venture
14.	Domco Private Limited	Joint Venture

During the year under review, the National Company Law Tribunal, Cuttack Bench, vide its order dated 2 September, 2019 has approved the Scheme of Amalgamation of Mahadev Vyapaar Pvt Ltd, wholly owned subsidiary, w.e.f. 1 April, 2014, with the Company. Subsequently, Mahadev Vyapaar Pvt Ltd has ceased to be a Subsidiary Company of the Company.

During the year under review, Electrosteel Thermal Power Limited ceased to be an Associate Company of the Company, with effect from 1 August, 2019.

A Report on the highlights of the performance of each of the Company's subsidiaries, associates and joint ventures and their contribution to the overall performance of the Company for the Financial Year ended 31 March, 2020 pursuant to the provisions of Section 134(3) of the Act, read with Rule 8 of the Companies (Accounts) Rules, 2014 is given in Annexure 2 to this Report. The statement containing salient features of financial statement of subsidiaries, associate companies and joint ventures, for the Financial Year ended 31 March, 2020, pursuant to the said Section, read with Rule 5 of the said Rules, are given along with the Standalone Financial Statements.

In accordance with Section 136 of the Act, the Audited Financial Statements, including the Consolidated Financial Statements and related information of the Company, and Audited Accounts of each of its subsidiaries are available on the website of the Company, [www.electrosteelcastings.com](http://www.electrosteelcastings.com). Members who wish to inspect these documents can send an e-mail to [companysecretary@electrosteel.com](mailto:companysecretary@electrosteel.com).

#### **STATUS OF AMALGAMATION OF MAHADEV VYAPAAR PVT LTD**

The Board of Directors of the Company, at its meeting held on 11 August, 2014, had approved the Scheme of Amalgamation ('the Scheme') of its wholly owned subsidiary, Mahadev Vyapaar Pvt Ltd (MVPL) with the Company, with effect from 1 April, 2014 ("Appointed Date"). MVPL had filed an application before the Hon'ble High Court at Calcutta, which had sanctioned the said Scheme on 18 November, 2015 and the certified copy of the order sanctioning the Scheme was duly filed by MVPL with the Registrar of Companies, West Bengal.

The Company had filed an Application, before the Hon'ble High Court at Orrisa, seeking orders for dispensation from compliance of all formalities under the erstwhile Sections 391 and 394 of the Companies Act, 1956 (i.e., Sections 230 and 232 of the Companies Act, 2013) inasmuch as the entire paid-up share capital of MVPL was held by the Company and the Scheme did not envisage any arrangement between the Company and its members or creditors and there would be no issuance of shares by the Company under the Scheme. However, the said Application could not be taken up for hearing.

In the meanwhile, the Ministry of Corporate Affairs vide notification dated 7 December, 2016 enforced the Companies (Transfer of Pending Proceedings) Rules, 2016 with effect from 15 December, 2016, whereby all proceedings under the erstwhile Companies Act, 1956, including proceedings relating to arbitration, compromise, arrangements and reconstruction, other than proceedings relating to winding up on the date of coming into force of these rules, stood transferred to the Benches of the National Company Law Tribunal ('NCLT') exercising respective territorial jurisdiction. With the formation of NCLT, Cuttack Bench, the Hon'ble High Court at Orissa, by an order passed on 19 April, 2019, disposed of the aforesaid Application filed by the Company, directing transfer of the said petition to NCLT, Cuttack Bench.

The NCLT, Cuttack Bench, vide its Order dated 2 September, 2019, has disposed of the aforesaid Application of the Company, passing an Order that the Company is not required to file any application or petition under Sections 230 and 232 of the Companies Act, 2013 in relation to the aforesaid Scheme of Amalgamation of MVPL with the Company. Consequently, MVPL got amalgamated with the Company.

#### **REPORT ON CORPORATE GOVERNANCE**

Your Company believes in transparent and ethical corporate governance practices. The Company's approach to Corporate Governance cascades across its business operations and its stakeholders at large to create long term sustainable value.

The Company is committed in maintaining the highest standards of Corporate Governance and adheres to the stipulations prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').



## Report of the Directors ..... (Contd.)

A Report on Corporate Governance for the year under review, along with the Certificate from the Auditors confirming compliance with the conditions of Corporate Governance, is annexed as Annexure 3 forming part of this Report.

### MEETINGS OF THE BOARD

During the Financial Year 2019-20, 5 (five) Board Meetings were held, the details of which are given in the Corporate Governance Report forming part of this Report and annexed as Annexure 3.

### BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Members of the Company, at the 64th AGM of the Company held on 20 September, 2019, has approved the appointment of Dr. Mohua Banerjee (DIN: 08350348) as an Independent Director of the Company, for a period of five consecutive years, with effect from 8 February, 2019.

The Board has, based on the recommendation of Nomination and Remuneration Committee, appointed Mr. Sunil Katial (DIN: 07180348), Chief Executive Officer, as the Additional Director (Whole-time) on the Board of the Company, with effect from 1 April, 2020 for a term of 3 (three) consecutive years, subject to the approval of appointment and regularisation by the Members of the Company at the ensuing AGM of the Company. An affirmation has been received from Mr. Katial that he is not debarred or disqualified from being appointed as Director of companies/holding the office of director pursuant to any order of the SEBI, Ministry of Corporate Affairs or any such statutory authority. The Company has also received a notice under Section 160 of the Act from a Member proposing his appointment as the Whole-time Director of the Company and the same has been included in the Notice of the forthcoming AGM. Mr. Sunil Katial shall also continue to be the Chief Executive Officer of the Company.

Mr. Ram Krishna Agarwal (DIN: 00416964), Independent Director, has resigned from the Board of the Company, with effect from 8 June, 2020. The Board places on record its appreciation and gratitude for the valuable contributions made by him during his tenure as Director on the Board of the Company.

Further, the Board, based on the recommendation of Nomination and Remuneration Committee, has appointed Mr. Rajkumar Khanna (DIN: 05180042), as an Additional Director (Non-Executive and Independent) of the Company with effect from 15 June, 2020 for a term of 5 (five) consecutive years, subject to the approval of appointment and regularisation by the Members of the Company at the ensuing AGM of the Company. An affirmation has been received from Mr. Khanna that he is not debarred or disqualified from being appointed as Director of companies/holding the office of director pursuant to any order of the SEBI, Ministry of Corporate Affairs or any such statutory authority. The Company has also received a notice under Section 160 of the Act from a Member proposing his appointment as the Independent of the Company and the same has been included in the Notice of the forthcoming AGM.

Mr. Vyas Mitre Ralli (DIN: 02892446), retires by rotation at the forthcoming AGM and being eligible, has offered himself for re-appointment.

In compliance with Regulation 26(4) and 36(3) of the Listing Regulations and Secretarial Standard-2 on General Meetings, brief resume and other information of all the Directors proposed to be appointed and re-appointed are given in the Notice of the forthcoming AGM.

Mr. Brij Mohan Soni resigned and ceased to be the Chief Financial Officer of the Company with effect from 24 July, 2019. Mr. Ashutosh Agarwal has been appointed as the Executive Director (Group Finance) and CFO of the Company with effect from 13 August, 2019.

Ms. Subhra Giri Patnaik resigned and ceased to be the Company Secretary of the Company with effect from 13 August, 2019. Mr. Indranil Mitra has been appointed as the Company Secretary of the Company with effect from 13 August, 2019.

There were no other changes in the Board and the Key Managerial Personnel during the year.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the provisions of Section 134 of the Act, the Directors state that:

- a) in the preparation of annual accounts for the Financial Year ended 31 March, 2020, the applicable accounting standards have been followed and there were no material departures requiring any explanation;
- 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 and of the profit of the Company for that period;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting 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 such internal financial controls are adequate and are operating effectively; and
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## **INDEPENDENT DIRECTORS**

### **Declaration by Independent Directors**

Mr. Pradip Kumar Khaitan, Mr. Binod Kumar Khaitan, Mr. Amrendra Prasad Verma and Dr. Mohua Banerjee, Independent Directors, have given declarations that they meet the criteria of independence as laid down in the Act and the Listing Regulations.

The Independent Directors of the Company have undertaken requisite steps towards the inclusion of their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act, read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014, as amended.

Further, in terms of Rule 8(5)(iiia) of the Companies (Accounts) Rules, 2014, as amended, the Board of Directors state that in the opinion of the Board, Dr. Mohua Banerjee, whose appointment as an Independent Director of the Company has been approved by the Shareholders during the year, is a person of integrity and possesses relevant expertise and experience. Further, Dr. Banerjee has successfully qualified the online proficiency self-assessment test conducted by the Indian Institute of Corporate Affairs.

### **DETAILS OF BOARD COMMITTEES & ADOPTION OF POLICIES**

There are 6 Board Committees as on 31 March, 2020, viz., Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee, Banking and Authorisation Committee and Governance Committee.

The details of composition, terms of reference and meetings held and attended by the Committee members of Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee are provided in the Corporate Governance Report annexed as Annexure 3 to this Report.

The Banking and Authorisation Committee comprised of Mr. Binod Kumar Khaitan as the Chairman with Mr. Shermadevi Yegnaswami Rajagopalan, Mr. Mayank Kejriwal and Mr. Uddhav Kejriwal as its members as on 31 March, 2020. The terms of reference for the Committee include taking various decisions pertaining to the opening or closing of bank and demat accounts of the Company, change in authorised signatories for operation of different bank and demat accounts,



## Report of the Directors ..... (Contd.)

subscribing/purchasing/selling/dealing in securities of Companies other than related parties and availing broking services, making loans from time to time to subsidiary companies/Joint Ventures/Associates for its working capital requirement, giving guarantee or providing security to any bank in connection with fund based/non-fund based facilities including loan(s) made to Subsidiary Company/Joint Venture/Associate Company by such bank and any other work related to day-to-day operations of the Company.

The Governance Committee comprised of Mr. Binod Kumar Khaitan as the Chairman with Mr. Mahendra Kumar Jalan and Dr. Mohua Banerjee as its members as on 31 March, 2020. The terms of reference for the Committee, inter-alia, include formulating a governance policy and recommending it to the Board for approval, assisting the Board in its ongoing oversight of the quality of governance in the Company and its subsidiaries, monitoring the developments in governance practices of the Company and its subsidiaries and report appropriately to the Board, with recommendations, advising the Board or any committees of the Board of any corporate governance issues in the Company and its subsidiaries, which the Committee determines has a negative impact on the Company's ability to safeguard or improve shareholder value and carrying out any other function as is decided by the Board of Directors of the Company from time to time.

### **Vigil Mechanism**

The Company has adopted Whistle Blower Policy and established a Vigil Mechanism in compliance with provisions of the Act and the Listing Regulations for the Directors and employees to report genuine concerns and grievances and leak/suspected leak of Unpublished Price Sensitive Information. This mechanism provides adequate safeguards against victimisation of employees and Directors and also provides for direct access to the Chairperson of the Audit Committee. The Company oversees the vigil mechanism through the Audit Committee of the Company. The said Policy is available at the Company's website and can be accessed at <https://www.electrosteelcastings.com/investors/pdf/Vigil-Mechanism-Whistle-Blower-Policy.pdf>.

### **Nomination and Remuneration Policy**

The Board has adopted a Nomination and Remuneration Policy recommended by Nomination and Remuneration Committee in terms of the provisions of Section 178 of the Act and Regulation 19 read with Part D of Schedule II to the Listing Regulations. The Policy governs the criteria for determining qualifications, positive attributes and independence of a Director and lays down the remuneration principles for Directors, Key Managerial Personnel and other employees.

The Policy aims to enable the Company to attract, retain and motivate highly qualified members for the Board, Key Managerial Personnel (KMP) and other employees. It enables the Company to provide a well-balanced and performance-related compensation package, taking into account shareholder interests, industry standards and relevant Indian corporate regulations. The policy ensures that the interests of Board members, KMP & employees are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the Company and will be consistent with the "pay-for-performance" principle and the remuneration to directors, KMP and employees involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals. The policy lays down the procedure for the selection and appointment of Board Members and KMP and also the appointment of executives other than Board Members, compensation structure for Executive Directors, Non-Executive Directors, KMP and other employees.

The Nomination and Remuneration Policy is available at the Company's website and can be accessed at <https://www.electrosteelcastings.com/investors/pdf/nominationRemunerationPolicy.pdf>.

### **Corporate Social Responsibility Policy**

In accordance with the requirements of Section 135 of the Act, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has a Corporate Social Responsibility ('CSR') Committee in place. The CSR Committee

has developed and implemented the Corporate Social Responsibility Policy of the Company. The Annual Report on CSR activities/initiatives which includes the contents of the CSR Policy, composition of the Committee and other particulars as specified in Section 135 of the Act, read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, are disclosed in Annexure 4 to this Report.

### **Policy on Board Diversity and Succession Planning for the Board of Directors and Senior Management**

A Policy on Board Diversity and Succession Planning for the Board of Directors and Senior Management as devised by the Nomination and Remuneration Committee is in place, to ensure adequate diversity in the Board of Directors of the Company and for orderly succession for appointments on the Board of Directors and Senior Management.

### **FORMAL ANNUAL EVALUATION OF PERFORMANCE**

The Nomination and Remuneration Committee of the Board has formulated and laid down Criteria and Manner for Evaluation of Performance, specifying the criteria for performance evaluation of the Board, its Committees and individual Directors and manner for performance evaluation pursuant to provisions of Section 178 of the Act and Listing Regulations, and as per requirements of Section 134 of the Act. The manner in which formal annual evaluation has been made is disclosed below –

- A. The Board evaluated the roles, functions and duties performed by the Independent Directors (IDs) of the Company. Each ID was evaluated by all other Directors but not by the Director being evaluated. The Board also reviewed the manner in which IDs follow guidelines of professional conduct as specified in Schedule IV to the Act. The adherence to Section 149 of the Act, the aforesaid Schedule IV, the Listing Regulations and other applicable provisions of law by the IDs were also reviewed by the Board.
- B. Performance review of all the Non-Independent Directors of the Company was made on the basis of the activities undertaken by them, expectations of Board, level of participation, roles played by them, leadership qualities and their overall performance and contribution in the development and growth of the business and operations of the Company.
- C. The Board evaluated the performance of its Committees on the basis of the processes and procedures followed by them for discharging their functions & duties as per their respective terms of references and as assigned by the Board and laws applicable, their independence from the Board and on the effectiveness of the suggestions and recommendations made by them to the Board. The Board observed the size, structure and expertise of the Committees to be appropriate and in compliance with the Act and the Listing Regulations.
- D. The Board evaluated its own performance on the basis of its composition having the right mix of knowledge, skills and expertise required to drive organizational performance and conduct of its affairs effectively, monitoring of Company's performance along with the ability to understand and deal with factors having a significant bearing, developing suitable strategies and business plans at appropriate time and monitoring its effectiveness, implementation of policies and procedures for proper functioning of the Company, frequency of its meetings, efforts made by the Board Members to keep themselves updated with the latest developments in areas.

The evaluation of performance of Board, it's Committees and of individual Directors was found to be satisfactory.

Meeting of Independent Directors: The Independent Directors of the Company held a separate meeting without the attendance of Non-Independent Directors and members of the management for evaluation of the performance of Non-Independent Directors, the Board as a whole and Chairman of the Company and for consideration of such other matters as required under the provisions of the Act and the Listing Regulations.





## Report of the Directors ..... (Contd.)

### **DISCLOSURE RELATING TO REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL ('KMP') AND PARTICULARS OF EMPLOYEES**

The statement pertaining to particulars of employees including their remuneration as required to be reported under the provisions of Section 197(12) of the Act, read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof, for the time being in force] (the Rules) are provided in Annexure 5A to this Report. However, as per the provisions of Section 136 of the Act, the Reports and Accounts for the Financial Year 2019-20 are being sent to the Members and others entitled thereto, excluding this statement. If any Member is interested in obtaining a copy/inspect this statement, such Member can send an e-mail to [companysecretary@electrosteel.com](mailto:companysecretary@electrosteel.com).

The disclosures pertaining to the remuneration of Directors, KMP and employees as required under Section 197(12) of the Act, read with Rule 5(1) of the Rules are provided in Annexure 5B to this Report.

### **AUDITORS AND AUDITORS' REPORT**

M/s. Singhi & Co., Chartered Accountants (Firm Registration Number 302049E), were appointed as the Statutory Auditors of the Company to hold office from the conclusion of the 62nd Annual General Meeting ('AGM') till the conclusion of the 67th AGM of the Company.

The para wise responses of the management to the opinion/remarks/observations made in the Independent Auditors' Report on the financial statements of the Company for the year ended 31 March, 2020 are given below:

1. As regards the Qualified Opinion expressed by the Auditors in their Report under para (a) under the head 'basis of qualified opinion' and its consequential references made in para nos. 2 (d), (e), (g) and (j)(i) under the head 'Report on Other Legal and Regulatory Requirements' of their Report and para (I)(b) and (II)(a) of the Annexure A to the Auditors' Report of even date, attention is drawn to Note no. 47 of the Standalone Financial Statement, which are self-explanatory;
2. With respect to the Qualified Opinion expressed by the Auditors in their Report under para (b) under the head 'basis of qualified opinion', attention is drawn to Note no. 8A.2 of the Standalone Financial Statement, which are self-explanatory;
3. With respect to the Qualified Opinion expressed by the Auditors in their report under para (c) under the head 'basis of qualified opinion', attention is drawn to Note no. 48(b) of the Standalone Financial Statement, which are self-explanatory.
4. On the Auditors' observation made in para (I)(a) of the Annexure A to the Auditors' Report of even date, your Directors wish to inform that all necessary steps are being taken to regularise the maintenance of proper records for furniture and fixtures.

During the year under review, the Auditors had not reported any matter under Section 143(12) of the Act, therefore, no detail is required to be disclosed under Section 134(3)(ca) of the Act.

### **MAINTENANCE OF COST RECORDS AND AUDIT THEREOF**

The Company is required to maintain cost records for Pig Iron, DI Pipe, DI Fittings, CI Pipe, Coke, Sponge Iron, Power Generating units and Ferro Alloy Product – Si. Mn for every Financial Year, as specified by the Central Government under Section 148(1) of the Act, and accordingly, such accounts and records are made and maintained in the prescribed manner. Further, pursuant to Section 148 of the Act read together with the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, the Company is required to carry out audit of the cost accounting records of the Company. M/s. S G & Associates (Firm Registration Number 000138), Cost Accountants, Kolkata, were appointed as the Cost Auditors of the Company for Financial Year 2019-20.

The Cost Audit Report and a Compliance Report for the Financial Year 2018-19 were filed on 6 September, 2019.

M/s. S G & Associates, Cost Accountants, Kolkata, has been re-appointed as Cost Auditors for Financial Year 2020-21 for all the applicable units and products of the Company. The remuneration proposed to be paid to them for the Financial Year 2020-21 requires ratification of the shareholders of the Company. In view of this, the ratification for payment of remuneration to the Cost Auditors is being sought at the ensuing AGM.

#### **SECRETARIAL AUDITOR**

In terms of Section 204 of the Act and Rules framed thereunder, M/s. K. Arun & Co., Company Secretaries, were appointed to conduct the Secretarial Audit of the Company for the Financial Year 2019-20. The report of the Secretarial Auditor is annexed as Annexure 6 to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

#### **INTERNAL AUDITOR**

In terms of the provisions of Section 138 of the Act, M/s. Ernst & Young LLP were appointed as the Internal Auditor of the Company for the Financial Year 2019-20. The Audit Committee, in consultation with the Internal Auditor, formulates the scope, functioning, periodicity and methodology for conducting the Internal Audit. The Audit Committee, inter-alia, reviews Internal Audit Reports.

The Board has re-appointed M/s. Ernst & Young LLP, as the Internal Auditor of the Company, for the Financial Year 2020-21, under the provisions of Section 138 of the Act.

#### **PUBLIC DEPOSITS**

During the Financial Year 2019-20, the Company has not accepted any deposit within the meaning of Sections 73 and 76 of the Act, read together with the Companies (Acceptance of Deposits) Rules, 2014.

#### **LOANS, INVESTMENTS, GUARANTEES & SECURITIES**

The particulars of loans, guarantees and investments covered under the provisions of Section 186 of the Act are given in Note no. 54.3 to the Standalone Financial Statements of the Company.

#### **EXTRACT OF ANNUAL RETURN**

Pursuant to Section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return as on the Financial Year ended 31 March, 2020, in Form MGT 9, is annexed as Annexure 7 to this Report.

The extract of the Annual Return of the Company can also be accessed on the website of the Company at <https://www.electrosteelcastings.com/investors/pdf/Extract-Annual-Return-MGT-9-20.pdf>.

#### **BUSINESS RESPONSIBILITY REPORT**

The Business Responsibility Report as per Regulation 34 of the Listing Regulations, detailing the various initiatives taken by the Company on the environmental, social and governance front is annexed as Annexure 8 to this Report.

Mr. Mahendra Kumar Jalan, Whole-time Director of the Company, has been authorized by the Board of Directors of the Company to oversee the implementation of the Business Responsibility Policy. Mr. Ashutosh Agarwal, Executive Director (Group Finance) and CFO, is designated as the Business Responsibility Head.

#### **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013**

The Company has in place a Policy in line with requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. In compliance with the provisions of the said Act, an Internal Complaints Committee



## Report of the Directors ..... (Contd.)

is in place to redress complaints received regarding sexual harassment. The Company has not received any complaint of sexual harassment during the Financial Year 2019-20.

### RELATED PARTY TRANSACTIONS

The Company has entered into contracts/arrangements with the related parties during the Financial Year 2019-20, which were in the ordinary course of business and on arm's length basis. Thus, provisions of Section 188(1) of the Act were not applicable on the Company and the disclosure in Form AOC-2 is not required. However, your attention is drawn to the Related Party disclosure in Note no. 54 of the Standalone Financial Statements.

The Board has approved a policy for Related Party Transactions which has been hosted on the website of the Company. The web-link for the same is <https://www.electrosteelcastings.com/investors/pdf/Related-Party-Transaction-Policy.pdf>. The Related Party Transactions, wherever necessary, are carried out by the Company as per this Policy.

There were no materially significant related party transactions entered into by the Company during the year, which may have a potential conflict with the interest of the Company at large. There were no pecuniary relationship or transactions entered into by any Independent Director with the Company during the year under review.

### RISK MANAGEMENT POLICY

The Company has a well-established Risk Management Policy to identify and evaluate business risks. This framework seeks to create transparency, minimise adverse effect on the business objectives and enhance Company's competitive advantage. The key business risks identified by the Company are economic risk, competitor risk, industry risk, environment risk, operational risk, foreign exchange risk, etc., and it has proper mitigation process for the same. The Audit Committee evaluates the risk management systems of the Company, periodically. A statement indicating development and implementation of Risk Management Policy for the Company including identification of elements of risk, if any, is provided as a part of Management Discussions & Analysis Report at Annexure 1 which forms a part of this Report.

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

The prescribed particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo required to be disclosed under Section 134 of the Act, read with Rule 8 of the Companies (Accounts) Rules, 2014, is annexed as Annexure 9 and forms a part of this Report.

### DISCLOSURE ON THE COMPLIANCE OF SECRETARIAL STANDARDS

The Company is in compliance with the Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2).

### ACKNOWLEDGEMENT

Your Directors record their sincere appreciation for the assistance and co-operation received from the banks, financial institutions, government authorities, and other business associates and stakeholders. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and workers.

For and on behalf of the Board of Directors

Place: Kolkata  
Date: 15 June, 2020

Pradip Kumar Khaitan  
Chairman  
DIN: 00004821

## Annexure – 1

# Management Discussion and Analysis Report

## A. INDUSTRY STRUCTURE AND DEVELOPMENT

### « Overview

The Company is engaged in the business of manufacturing Ductile Iron (DI) Pipes, Ductile Iron Fittings (DIF) and Cast Iron (CI) Pipes. The Company is the first to set up a Ductile Iron Pipe Plant in India. Today, it is India's leading pipeline solution provider. It has a strong brand presence around the Globe. Since 1994, the Company has maintained its edge over its competitors. Owing to the high reliability and durability of its products, the Company has always remained the distinct choice for water engineers and domain experts in Ductile Iron Pipes and Fittings.

### « Industry Outlook

India is the home to nearly a fifth of the world's population, has only 2.5 percent of the world's land area and 4 percent of the world's water resources. In India, water is now getting very high attention from policy makers, media, and increasingly so from the markets given the rising concern on future availability of fresh water as well as the deterioration in drinking water quality. The Government of India has already initiated a massive programme termed as "Nal Se Jal" and access to drinking water for all is a priority. The Jal Shakti Ministry has set a target of "Har Ghar Nal se Jal" by 2024 under the Jal Jeevan Mission. The Jal Jeevan Mission will be implemented by the Jal Shakti Ministry, into which the Ministries of Drinking Water and Sanitation and Ministry of Water Resources, River Development and Ganga Rejuvenation were recently merged.

The government is planning an aggressive target of providing piped water to all households by 2024, up from 18% at present. This indeed is a massive challenge given the sheer numbers involved – 150mn households across 0.5mn+ villages need to be brought under the scheme over the next five years.

### « The Drinking Water and Sewerage Sector

It is known fact that after the economic liberalization in the Nineties, the Indian economy is one of the fastest growing economy in the world. With economic upliftment, rapid urbanization is taking place all over India, where villages are being transformed to towns, towns into cities and cities into megacities. As a result, the demand for water has been increasing rapidly in the past few decades. There is no doubt that the "Har Ghar Nal se Jal" programme under the Jal Jeevan Mission will greatly augment the Government spending on water supply, particularly, piped supply of surface water in usable form.

At the same time, disposal need of used water is growing simultaneously, warranting more investment in the sewerage and waste water sector. DI Pipes are one of the most preferred pipe material used for both Drinking Water supply and Sewerage line.

### « Irrigation Sector

Being a vast country, India witnesses a non-uniform pattern of rainfall across country. It is highly seasonal in nature and India has comparatively lower storage capacity to store the runoff. Vast areas of the country is dependent on irrigation for sustain farming activity and food production. Until recent past, irrigation in India was mainly canal based. To minimize transmission loss due to percolation and evaporation under Canal based Irrigation, Government is now stressing more and more on piped irrigation, stimulating huge scope for DI pipes. A number of states have already started implementing piped irrigation projects and there will be more stress on piped irrigation in near future.



## Management Discussion ..... (Contd.)

### « Industrial Water

India's economic growth is largely fuelled by diverse industrial activities. As Industry needs large quantity of water to run, the pipe demand for industrial water supply is also growing with more industrialization. In most of the cases, water is to be brought from a distance which needs long pipelines to carry bulk water.

As a result the Indian pipe business for water and waste water is growing rapidly and the demand for DI Pipes, in particular, is on a rise due to its high dependability and high durability. DI Pipes, in view of its inherent features like high mechanical strength, better pressure bearing ability, higher corrosion and abrasion resistance, easy laying and long service life, is the preferred choice over other types of pipes for water and sewerage transportation.

### « Demand drivers for DI Pipes

The following factors will continue to drive the demand for DI Pipes:

1. Declared resolve of the Government to provide drinking water and sanitation to 100% of the population by 2024 and making funds available to achieve it under the "Jal Jeevan Mission" and "Swachh Bharat Mission".
2. The 500 numbers of AMRUT schemes and 100 smart city project launched by the Government are under various stages of implementation.
3. More Governmental emphasis on piped irrigation projects.
4. Rising demand for industrial water.
5. Low cost rural housing is picking up in a big way under the "Pradhan Mantri Abas Vikas Yojna".
6. More utilities are focussing on life cycle cost rather than initial cost to have a more durable water supply solution.
7. Due to superior quality followed by dependable after sales service, the Company continues to maintain its dominant position in the market against competitors.

### « FY 2019-20 vs. FY 2018-19

The Company's Revenue from Operations was reported at Rs. 2,479.89 Crore during the year under review as compared to Rs. 2,390.61 Crore reported in the previous year. There was a minor decrease of around 2.17% in Export Sales from Rs. 1,046.82 Crore in 2018-19 to Rs. 1,024.06 Crore in 2019-20. The Company incurred profit/loss of Rs. 98.59 Crore for the Financial Year 2019-20 as against loss of Rs. 635.77 Crore for Financial Year 2018-19.

## B. PRODUCT WISE PERFORMANCE

### « Ductile Iron (DI) Pipes

The Ductile Iron Pipe Plant, with a total capacity of 2,80,000 TPA produced 3,09,404 MT of DI Pipes during the year 2019-20 compared to 3,03,838 MT in 2018-19. Initiatives continue by the Company to sustain improving productivity and product quality and variety.

The main raw materials used in the production of DI Pipes are Iron Ore and Coke. Iron Ore is mainly procured from Odisha and Jharkhand and Coke is captively produced at Haldia. The DI Pipes produced by the Company are sold in India and globally. The sale of DI Pipes contributed to 70% of the total revenues of the Company during the year amounting to Rs. 1,746.59 Crore.

### « Cast Iron (CI) Pipes

The Cast Iron Pipe Plant, with a total capacity of 90,000 TPA produced 38,206 MT of CI Pipe in 2019-20 compared to 31,930 MT in 2018-19. The capacity utilisation was much lower even after improvement in production in 2019-20 compared to previous year, as the demand for Cast Iron Pipes remained low.

The main raw material used in the production of CI Pipe is Pig Iron, which is obtained from domestic sources. The CI Pipe produced by the Company is sold mainly to the states in Southern India. The sale of CI Pipe contributed Rs. 183.61 Crore to the total revenues of the Company during the year.

#### « DI Fittings & Accessories

The Company produced 12,667 MT of DI Fittings in 2019-20 as against 12,085 MT in 2018-19. The Company has taken initiatives for higher productivity and utilization of capacity at its Haldia and Khardah Works and improving the performance of these divisions. Initiative continued to improve productivity. The sale of DI Fittings and Accessories contributed to Rs. 208.02 Crore in the total revenues of the Company during the year.

#### « Power Plant

The Company has installed new 5 MW capacity Turbo generator at its Haldia Works using the potentials of generation of steam from the waste gases of Coke Oven Plant. This has also enabled the Company to provide captive & cheaper power support to newly installed Ferro Alloys Plant at Haldia as well as overall environment & energy conservation improvement. In 2019-20, the new power plant has generated 3.23 million units. New Power plant started generation in fourth quarter of 2019-20. Ferro Alloy Plant was commissioned in July, 2019.

With new Power Plant, Haldia has generated 89.28 million units of power, out of which 28.15 million units were transmitted to SEB grid in 2019-20 as against generation of 80.80 million units and transmission of 49.70 million units in 2018-19. Higher captive power consumption mainly due to addition of a Ferro Alloy unit reduced sale to grid.

#### « Captive Coke Oven Plant

The Coke Oven Plant, with a total capacity of 2,25,000 TPA at Haldia, produced 1,65,413 MT of Metallurgical Coke in 2019-20 against 1,80,646 MT in 2018-19, mainly for captive consumption in Blast Furnace at Khardah Works. The production was restricted to the captive requirement level mainly because of poor market demand and lower market price of surplus coke, which was better in 2018-19. The primary raw material for producing Coke that is Coking Coal was imported mainly from Australia.

#### « Ferro Alloy Plant

The Company has installed a Ferro Alloy Plant at Haldia Works. The project was planned for production of Ferro Alloys which will have the flexibility to either serve captive Ferro-Silicon consumption of materials of Pipe plant and steel plant or selling alternatively products in the market. The plant commissioned in July 2019-20 with Si.Mn Product and produced 6,277 MT in 2019-20.

#### « Raw Materials Management

The Company's manufacturing facilities are spread across four locations in India. Presently, the business model consists of integrated production facilities which include Sinter Plant, Coke Oven Plant, Blast Furnace, Pig Iron Plant, Sponge Iron Plant, Fittings Plant and Captive Power Plant. The Company has also commissioned Ferro Alloys Manufacturing facility at Haldia. The integrated manufacturing facility helps the Company to minimise the production cost as the Company strongly believes that cost competitiveness is a key component of success. The Company continuously endeavors to improve the cost competitiveness by adopting various innovative and cost saving measures in the operations.

The Ministry of Mines, Government of India accorded the approval under Section 5(1) of the Mines and Minerals (Development and Regulation) Act, 1957 for grant of mining lease over an area of 192.50 ha in Village - Dirsumburu of Kodolibad forest in District - West Singhbhum, Jharkhand in the year 2006. The Company had received 1st stage forest clearance and 2nd stage forest clearance is pending with Ministry of Environment, Forest & Climate Change (MOEFCC) since September, 2014 for want of "Carrying Capacity Study of Saranda by the MOEFCC". As per amended MMDR Act, 2015, the sunset date of lease execution was 11 January, 2017. The Company filed a writ petition before the Hon'ble High Court of Jharkhand on 10 January, 2017, praying, inter-alia, for direction for grant of said lease in favour of the Company. The Hon'ble High Court in its order while observed, being not averse in granting relief with respect to cut off date, admitted the said petition and matter is pending before the Court.



## Management Discussion ..... (Contd.)

### « Exports

The year gone by has had a number of challenges in export like anti-subsidy review in Europe, protectionism in most markets, economic downturn continuing in most world markets and so on. The Company has kept up with the challenge and is making deeper inroads into existing markets and venturing into new markets selling in 50+ countries in the world across five continents.

Towards the end of the Financial Year 2019-20, the world is facing an unprecedented economic crisis due to the novel coronavirus. This has led to many unfavourable situations for export like lockdowns in Europe, Middle East & Gulf, USA, Singapore, Hong Kong and also in India. Oil prices have fallen to very low levels reducing the capability of the Gulf nations to invest in infrastructure in the coming year. However, our products are mainly used for transportation of drinking water that is categorized as essential service in most countries. As such, activity in our products is still continuing, although at a slow pace. As such, we expect to improve faster than most businesses once the problem is controlled.

### « Quality and Approvals

The Company has become one of the global leaders in Ductile Iron Pipes and Fittings by its commitment towards quality. Company is dedicated to uphold the brand value of its Pipes and Fittings, which is achieved in last 25 years.

To increase the faith of the customers, in addition to retaining the approval of DVGW of Germany, OVGW of Austria, BSI (UK), IGH (Croatia), UL (USA), FM (USA), NSF, etc., the Company has also taken approval of Bureau Veritas, Italy, who has the accreditation from ACCREDIA.

All these certificates help the Company to increase the confidence of customers. The Company is going on increasing its market share by penetrating newer markets.

A Quality product cannot be assured without proper system and for that Company maintains ISO 9001 (Quality Management System), ISO 14001 (Environment Management System) and SA 8000 (Social Accountability).

The Company takes care of the environment and proper utilisation of power is a focus and is certified ISO 50001 by BSI.

The Company has received the ISO 45001 (Occupational Health and Safety) certificate also from BSI.

## C. OPPORTUNITIES AND THREATS

### « Opportunities

The demand for DI pipe is expected to grow with the Government's continued focus on water, sanitation and irrigation schemes across India and with the development of smart cities. Recently in May 2019, Government of India has set up a new Ministry of Jal Shakti. The formation of this ministry reflects India's seriousness towards the resolving water challenges in the Country and providing drinking water to every household in the Country. The Government of India is continuing considerable investments in Smart City and AMRUT projects which is pushing the demand for pipe upwards. Urban sewerage system is being revamped in most cities which will require more pipes. ECL has always remained the distinct choice for water engineers and domain experts in Ductile Iron Pipes and Fittings.

### « Threats

Despite the launching of Jal Jeevan Mission, the water sector may face a financing gap as more consistent funding and persistent monitoring is required to achieve the goal of "Har Ghar Nal Se Jal". Greater allocations of budgetary resources, more efficient use of those resources, and greater contributions from water users have to be ensured.

Fluctuating cost of raw materials is at times a real concern as the market prices are mainly market driven. Higher input and overhead cost, increasingly expensive pipe transportation/shipping logistics, coupled with increasingly competitive market with entry of new manufacturers, have created pressure on margins. The export market continues to be very challenging due to slow down of world economy. Anti-dumping/Anti-subsidy duties imposed on Indian DI Pipes by European Commission in EU countries has put us in a difficult spot. On the other side, a number of new DI

pipe manufacturers had emerged in recent years making the market more complex with a negative effect on the price structure and profitability.

However, the Company is confident of achieving sustained growth, with focus towards backward integration, cost reduction, exploring alternative markets, overcoming logistic constraints and long term planning for raw materials.

#### D. RISKS AND CONCERNS

This has been dealt with separately in the section on "Risk Management".

#### E. FINANCIAL PERFORMANCE

The highlight of the operations for the year ended 31 March, 2020 and 31 March, 2019 are as under:

##### a) Financials

(Rs. in Crore)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Gross Sales & Income from Operations	2,479.89	2,390.61
Profit before Interest, Depreciation & Exceptional Items	396.18	410.78
- Finance Expenses	219.90	225.40
- Depreciation	52.74	54.87
Profit before Exceptional Items & Tax	123.54	130.68
Exceptional Items	-	(789.90)
Profit before Tax	123.54	(659.22)
Tax Expenses	24.95	(23.45)
Profit after Tax	98.59	(635.77)

##### b) Company's Sales mix

(Rs. in Crore)

	Year ended 31 March, 2020	Year ended 31 March, 2019
Revenue from sale of Product		
D.I. Spun Pipes	1,746.59	1,622.91
D.I. Fittings	208.02	253.50
C.I. Spun Pipes	183.61	154.10
Others	296.27	313.25

#### Other Financial Matters

During the year :

1. Net Worth of the Company increased to Rs. 2,548.55 Crore as at 31 March, 2020 from Rs. 2,379.24 Crore as at 31 March, 2019.
2. Gross Fixed Assets including Work in Progress & Capital Advances as at 31 March, 2020 increased to Rs. 3,073.95 Crore from Rs. 3,021.67 Crore as at 31 March, 2019.





## Management Discussion ..... (Contd.)

### F. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of operations. It ensures the efficiency of the operations, financial reporting and statutory compliances. These systems are reviewed through risk control matrix, various MIS wherever considered necessary. Apart from the internal control system, an Independent Internal Auditor also reviews all activities in a systematic and structured manner. The Audit Committee regularly reviews scope, observations and suggestions of the Internal Auditors and takes the necessary corrective actions.

### G. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company strongly believes that to achieve continual success, a dedicated and devoted workforce is very much required to get high performance and improved productivity. This has been endlessly encouraged by evolving human resource management systems and processes of the Company. The Company has left no stones unturned for enhancing the capabilities of employees across all levels of Organisation through engagement and continuous learning & development programmes. Further, the Company is strongly focused towards utilisation of its manpower to the optimum level. The total number of employees in the Company, including those inducted as trainees in the Company, as on 31 March, 2020 was 1,547.

The positive approach and cordial relationship between the Management and Unions has resulted in smooth industrial relations during the year under review. The relationship have developed over the years and has played a significant role in smooth running of the Company. Any issues/grievances are peacefully addressed to and amicably settled through different processes like discussion across the table, counseling, workers' participation and collective bargaining on mutually acceptable terms. The Company sincerely strives to enhance and value knowledge capital by improving the competence of its employee and their prospective and optimum usage.

The Company has been accredited with Social Accountability (SA) 8000 certification from British Standard Institute (BSI). The SA 8000:2014 audit was conducted successfully by BSI for the Financial Year 2019-20 & recommended for continuation of the Certificate. The Company is taking initiatives to maintain TPM excellence on a continuous basis.

#### « Safety & Health

Safety and Health management is the foremost priority of the Company. This management system is in practice through leadership commitment across the organization towards an established Occupational Health and Safety Policy.

The Company has taken different initiatives towards achievement of "Zero Accident" & "Zero Health Impairment". The process of upgradation of initiatives and additional initiatives are also continuing.

The Company :

- implemented and maintained an ongoing process to assess Work Hazards through established process of HIRA. All routine and non-routine activities are covered and probable risk level has been identified. Safe Operating Procedures (SOPs) have been prepared and linked with HIRA.
- have many safety committees which are performing their activities through active participation of staff and workman representatives to identify the work place hazards and its corrective action with proper time frame.
- OH&S management cell is monitoring the key characteristics of safety and health related activities on daily basis. Work zone monitoring is carried out through in-house facilities as well as external agencies duly certified by concerned regulatory authority at certain intervals.
- has conducted required health check-up for all level of employees at regular interval to prevent health impairment.
- has conducted plant inspection on a regular basis by senior officials to determine any deviation of standard safety practices.

- also carried out external safety audit through competent authority in every alternate year to assess the safety status and for its further improvement.
- is imparting various trainings to all levels of employees to improve their safety skills and increase awareness. Training feedback system is also in practice to evaluate efficacy of the trainings.
- celebrates National Safety Day/Week/Month in every year through various activities to renew awareness and to enhance safety attitudes among the employees.
- has first time distributed 140 saplings to primary school children of nearby village during celebration of World environmental day-2019.
- has installed automatic fire detection system in COP substation.

Being an ISO 45001:2018 and SA 8000:2014 certified company, we are following all the requirements and criteria of the said management system and trying to develop further to achieve our goals.

#### ◀◀ **Environment**

With the objective to sustain clean and green environment in and around the factory and improve it with time, the Company is committed to provide cleaner and greener environment through sustainable development. The Company has taken various measures to achieve the target.

- The Company is using Cement bag to collect the Induction furnace bag filter dust.
- Operational control procedures have been prepared and maintained in operation that reduces risk level for creating a safe & environment friendly working atmosphere inside the plant. Life-cycle prospective are also analysed for each process starting from procurement of raw materials to the end use of the product.
- Eco-friendly advanced techniques have been adapted to the extent possible for reduction of natural resource consumption as well as minimizing energy conservation. This process is a continuing process for upgrading the technology for better environment and reduced pollution load.
- Ambient air monitoring stations have been installed at suitable locations to assess the ambient air quality in and around the factory premises.
- Discharge effluent quality is also monitored to comply with the prescribed standard of regulatory authority.
- Noise monitoring is also carried out on regular interval mainly to the high-noise prone areas and at boundaries of plant.
- Factory premises are having good greenery coverage with plantation being done on a regular basis from long back. Plantation programme is being still carried out throughout the year in and around the factory premises to increase the area of greenery and to provide a healthier and greener environment.
- Environmental awareness programmes have been conducted as per schedule to increase the environmental awareness level. Specific training also imparted to the concerned persons to run environmental management practices in effective ways.
- Celebration of World Environment Day is being done every year through Quiz-competition and Poster-competition, etc., to boost existing attitude towards the environment.
- TPM initiatives are also implemented to improve the environment condition through kaizens and good housekeeping practices.
- The Company has established a management information system to assess the effectiveness of existing Environmental Management System and also try to enhance the existing level.
- The Company is having an established review system of Environment Management activities through Audits of ISO 14001 and Monthly Review of Top Management.



## Management Discussion ..... (Contd.)

### « Waste Minimization

The Company's waste management cell is taking initiatives for handling of waste in environmentally safe manner following all the guidelines of regulatory authority.

Some of the important initiatives are:

- Some of the process waste has been re-utilized in another process as raw materials without compromising the quality of the product. These helped to reduce the consumption of raw materials or sometimes fuel.
- Storing, handling and disposal of hazardous and other waste is carried out by established operational control procedures or as per regulatory guidelines. Different types of waste are stored only in designated bins or earmark places inside the plant.
- Reuse of packing waste which reduces wood consumption.
- Minimizing the generation of hazardous waste (discarded Asbestos) by replacing asbestos sheet of CB platform of Sponge iron unit by corrugated colour coated sheet.

The Company, being an ISO: 14001 certified Company, complies with all the criteria mentioned in the management system and is also committed to the society to provide a cleaner and greener environment.

### « Corporate Social Responsibility ('CSR')

CSR activity for the Company is a setup of planned activities, taking into consideration the capabilities of the Company with a target on significant impact to inspire and excite its local community and near vicinities. The initiative of the Company is to strengthen its operating foundation and being engaged in ongoing efforts to contribute to the Society during enhancing corporate values.

The Company takes into account issues related to external stakeholders and also various range of programs that aim at social & environmental topics. The Company's code of conduct anchors its ethics and compliance affairs. It also creates and implements community based initiatives to solve issues in areas like education for children, environmental conservation & external cooperation keeping in mind the local culture and society.

#### Electrosteel Initiatives

- ❖ Setting of drinking water kiosks in local area during the summer season.
- ❖ Providing assistance to promote local culture and festivals.
- ❖ Carrying out development work in local schools and sports clubs to promote education & sports activities.
- ❖ Providing medical help through Charitable Medical Centers.
- ❖ Motivating local poor but bright students and distribution of educational kits amongst school children.
- ❖ Arranging regular Blood Donation and Medical Camps through agencies and helping local people with Blood Cards as and when required.
- ❖ Distribution of clothes/blankets to downtrodden people of local area.
- ❖ Providing financial help to people against their appeals.

The Company conducts the CSR activities based on the feedback from its stakeholders, customers and the local community.

### « Information Technology

The Company has migrated to SAP HANA which has provided a suite of benefits including an in-memory column-based database that improves flexibility, memory, performance, and speed, improved reporting, and real-time analytics. It has embraced the database which is the future roadmap for ERP application.

The Company has also implemented SAP FIORI user interface application on mobile. Fiori's mobility and adaptive design will help us adapt to this new mobile model, allowing users to access essential self-service and other work apps from anywhere, using any device.

The Company has set up disaster recovery site for SAP ERP as a part of its business continuity plan. This will ensure the organization is ready to handle any future disasters in organized way while reducing the implications of such disaster.

The Company has also implemented secure Virtual Private Network so that employees and end users can access SAP and other data remotely and work from home.

#### **H. DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS**

- i. Operating Profit Margin (%) witnessed a decrease from 15% in the Financial Year 2018-19 to 14% in the Financial Year 2019-20 and Net Profit Margin (%) from 7% to 4%.
- ii. There is a positive return on Net Worth at 4% in the Financial Year 2019-20 as against negative return on Net Worth at 27% in the Financial Year 2018-19.
- iii. Further, due to increase in Net Worth and decrease in Debt, the Debt Equity Ratio improved to 0.60 in the Financial Year 2019-20 from 0.68 in the Financial Year 2018-19.

#### **I. OUTLOOK**

Electrosteel Castings is the pioneer in bringing the first manufacturing technology of Ductile Iron Pipes and Fittings in India, in 1994. The group has the maximum capacity to produce DI Pipes, DI Fittings and Cast Iron Pipes in India. Electrosteel is also known for innovation and for adding diversity in its product lines. The Company was instrumental in developing various classes of pipes and various types of protective coatings and huge range of fittings. On the strength of quality, comparable to any other prime international manufactures, Electrosteel Castings DI Pipes and Fittings were accepted in Europe, Africa, Middle East, Far East and in USA. With this outlook, the Company is hopeful of having comfortable order position in domestic and export market in 2020-21.

#### **CAUTIONARY STATEMENT**

*Statements in the Management Discussion and Analysis Report describing the Company's estimates, predictions, expectations may be "forward-looking" within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed or implied in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of finished goods in which the Company operates, input availability and prices, changes in government regulations, tax laws and other statutes, economic developments within the country and the countries within which the Company conducts business and other factors such as litigation and industrial relations. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of subsequent developments, information or events.*



## Management Discussion ..... (Contd.)

# Risk Management

The Company has proper Risk Management and Control System to ensure that the risks of the Company are identified and managed effectively. The risk and mitigation measures are weaved into strategic plans and are reviewed periodically. Values and Business Principles are important elements of the internal environment for risk management. The main objective of Risk Management is proper compliances with applicable laws and regulations and to ensure that the systems protect the safety and health of the employees, customers and consumers.

The Company has already undertaken an extensive Risk Management effort that includes introducing Risk Management Manual, compiling a comprehensive profile of the key risks to the Company, identifying key gaps in managing those risks and developing preliminary action plans to address those risks. The worldwide activities of the Company are exposed to varying degrees of risk and uncertainty. The Company has identified and categorised the risks associated with its business into Economic Risk, Competitor Risk, Industrial Risk, Environmental Risk, Foreign Exchange Risk and Payment Risk.

### « Economic Risk

Economic risk can be described as the likelihood that the output of the project will not produce adequate revenues for covering operating costs and repaying the debt obligations. The causes can be many, for instance, the hike in the price for raw materials, failure to accomplish deadlines, disruptions in a production process, the change of a political regime, change of Industrial/Government policies, court orders, ordinance or natural disasters, etc.

To counter this, the Company has taken various steps including backward integration which comprises brownfield expansions, e.g., Sinter Plant, Sponge Iron Plant, Coke Oven Plant, Power Plant from waste heat recovery, Ferro Silicon Plant, upgrading and expanding manufacturing capacities, exploring alternate source for procurement of critical raw material in case of delay in mining planned earlier, managing resources to meet financial obligation, and increasing efforts on research and development. In addition, cost control measures are an ongoing process.

To avoid price volatility for critical items, the Company enters into contracts for bulk quantity as well as keeps on exploring alternate sources of supply.

### « Competitor Risk

As the market is highly competitive with the elimination of physical barriers, the Company is exposed to the competitor risk. Ductile Iron (DI) Pipe Industry is a technology intensive industry. Staying in tune with customers' need is vital to the sustainability of any company; the same can be safely said about the competition. With the entry of new players and the inevitable competition from other alternative industries, the Company constantly analyses the competitors from both marketing and strategic point through the assessment of strength, weakness of each competitor which helps to identify the opportunities and threats.

The Company continues to focus on increasing its market share and taking marketing initiatives that help customers in taking informed decisions. The quality improvement, global presence through its subsidiaries, and product enhancement efforts have established the brand image of the product as the most preferred brand with the customers. With the thrust given by Government of India on water and water related projects and due to the anticipated growth in water requirement in India, the demand of DI Pipes is expected to grow substantially in the next few years and the Company is confident of retaining its market share.

#### « Industrial Risk

The Company ardently believes in recognising its people's talent & their potential as one of the major source required for achieving success in this competitive market. As a measure to achieve, the Company continues to pay sincere attention on people development by evolving a continuously learning human resource base to help them in improving their potential and fulfilling their aspiration. It is essential to have employees engagement in various spheres to create a congenial, conducive and healthy work culture. In the process, the Company gives utmost priority to community services, sports, education and medical services to the employees as well as the locality.

The Company undertakes development program to enhance the competence of employees by imparting training in skill development and multiskilling, which increases the job security and scope for alternative redeployment.

The crucial factors in the smooth operation of the plant includes good public relations and liaising with statutory bodies, union leaders and community. The Company through its experienced team of management has been successful in maintaining an excellent labour relation over the years. As a consequence of such harmonious relations, there has not been a single man day loss over a decade. Recently, the Company has settled the Charter of Demands of the unions and arrived at a long term settlement for a period of four years from 1 September, 2019 to 31 August, 2023 and that too without any disturbance and or agitation. Virtually, the Company has bought peace for a period of four years.

The Company is optimistic that due to a loyal, devoted and dedicated workforce, the labour relation will continue to strengthen further and play an important role in the success of the Company.

#### « Environmental Risk

Environmental risks are defined as those potential adverse situations which may come from any regulatory and environmental non-compliances arising out of the operation of the Company's plant activities as well as other risks due to any future stipulations and local conditions, etc. This may impact the Company's image and also generate financial liabilities. This can be combination of different situations together also.

Reduction of environmental risk is the main focus of the Environmental Management System of the Company as this makes a deep impact on Company's image towards the interested parties of our Company.

Sustainability is also associated with environmental risk. Sustainability will be there if we can take proactive actions for mitigating any environmental risk.

The Company's strong & effective Environmental Management System is always looking after the sustainable use of natural resources, continual improvement of process by adopting new technology and also to increase environmental awareness at all levels through training. Existing process improvement is also carried out for optimizing use of natural resources like water, fuel, etc.

The Company has installed an appropriate pollution control system to control the key characteristics of the environmental parameters in respect of air, water, noise, etc. The Company has also implemented the 4R techniques (Reduce, Reuse, Recycle, Reprocess) in waste management system that helps in utilization of waste, handling of waste in environmental safe manner and to obey the legal directives from time to time.

The Environmental Management System of the Company is always vigilant for monitoring activities of environmental performance, from time to time and analyzing the outcome of the results for further improvement. Being an ISO 14001 certified, the Company has to comply with each and every criteria of the said management system. Aspects of every activity related to environment is justified by related impacts and its associated risk. Control measures are also identified to reduce the risk level or eliminating the risk factors.

Environment Management Cell along with the support of engineering department is regularly assessing the designs of Pollution Control System and doing needful for up-gradation. It is also working for mitigation plan of any probable stringent stipulations which are going to come in near future. Environment objectives and targets are also set considering



## Management Discussion ..... (Contd.)

the present and probable future risks. All above are focused to identify the risks, evaluated and mitigated within a given time frame on a regular basis.

Management Review is being done on regular basis at different layers for checking the adequacy and effectiveness of the established Environmental Management System and keep risk mitigation plan effective.

### «« Foreign Exchange Risk

Foreign Exchange Risk (also known as exchange rate risk or currency risk) is a financial risk posed by an exposure to unanticipated changes in the exchange rate between two currencies. Multinational businesses exporting or importing goods and services are faced with an exchange rate risk which can have severe financial consequences if not managed appropriately. Considering the large exports and imports of raw material, the Company is exposed to the risk of fluctuation in the exchange rates.

The Company has adopted a comprehensive risk management review system wherein it actively hedges its foreign exchange exposures within defined parameters, through use of hedging instruments such as forward contracts, options and swaps. The Company periodically reviews its risk management initiatives and also takes expert advice on regular basis on hedging strategy.

### «« Payment Risk

Payment Risk refers to the possibility of loss on account of non-receipt or delayed or part receipt of payments. For example, in case of incorrect or delayed payments, there are costs arising from transferring funds back, interest charges, replacement costs and other types of charges. In case of not receiving or receiving partial payments, there will be a principal loss.

Since major water infrastructure projects are Government funded or foreign aided, the risk involved in payment default is minimum. Further, evaluating the credit worthiness of the customers has minimised the risk of default by other segment customers. Besides, the risk of export receivables other than subsidiaries is covered under Credit Insurance.

For and on behalf of the Board of Directors

Place: Kolkata  
Date: 15 June, 2020

Pradip Kumar Khaitan  
Chairman  
DIN: 00004821

## Annexure – 2

# Report on Performance and Financial Position of the Subsidiaries, Associates and Joint Ventures of the Company for the year ended 31 March, 2020

There are 11 Subsidiaries, 1 Associate and 2 Joint Venture (JV) companies of the Company as on 31 March, 2020. The performance and financial position of these Subsidiaries, Associates and JVs of the Company and their contribution to the overall performance of the Company for the Financial Year ended 31 March, 2020 are summarised below:

## A. SUBSIDIARIES

### 1. Electrosteel Algeria SPA, Algeria

Electrosteel Algeria SPA is a wholly owned subsidiary engaged in marketing and selling the products of the Company in Algeria and other African countries. This subsidiary has made a profit of DZD 41.33 million on a total income of DZD 75.79 million during the year under review as compared to a profit of DZD 71.98 million on a total income of DZD 109.46 million during the previous year. The Financial Year 2020-21 is expected to remain challenging due to COVID-19.

### 2. Electrosteel Castings (UK) Ltd., United Kingdom

Electrosteel Castings (UK) Ltd. is a wholly owned subsidiary engaged in marketing and selling the products of the Company in United Kingdom. This subsidiary has earned a profit of GBP 202,942 on a turnover of GBP 14.68 million during the year under review as compared to a profit of GBP 865,412 on a turnover of GBP 20.25 million during the previous year. The Financial Year 2020-21 is expected to remain challenging due to COVID-19.

### 3. Electrosteel Castings Gulf FZE, UAE

Electrosteel Castings Gulf FZE is a wholly owned subsidiary engaged in marketing and selling the products of the Company in United Arab Emirates and other Middle-East countries. This subsidiary has earned a profit of AED 2,680,068 on a total income of AED 19.99 million during the year under review as compared to a profit of AED 473,886 on a total income of AED 9.50 million during the previous year. The outlook of the Company for the next Financial Year 2020-21 appears positive.

### 4. Electrosteel Doha for Trading LLC, Qatar

Electrosteel Doha for Trading LLC is a subsidiary engaged in marketing and selling the products of the Company in Qatar. The Company holds 49% stake and controlling interest in this subsidiary. This subsidiary has made a profit of QAR 7,190,103 on a total income of QAR 77.99 million during the year under review as compared to a profit of QAR 8,142,007 on a total income of QAR 50.76 million earned in the previous year. The outlook of the Company for the next Financial Year 2020-21 appears positive.

### 5. Electrosteel Europe SA, France

Electrosteel Europe SA is a wholly owned subsidiary engaged in marketing and selling the products of the Company in France, Spain, Italy, Portugal, Poland and other countries located in Mainland Europe. This subsidiary has earned a profit of Euro 529,658 on a total income of Euro 67.60 million during the year under review as compared to a profit





## Subsidiaries, Associates ..... (Contd.)

of Euro 450,445 on a total income of Euro 62.80 million during the previous year. The Financial Year 2020-21 will remain challenging due to the COVID-19 pandemic in Europe and other parts of the world.

### 6. Electrosteel Trading, S.A., Spain

Electrosteel Trading S.A. is a wholly owned subsidiary engaged in marketing and selling the products of the Company in Spain. This subsidiary has earned a profit of Euro 12,681 on a turnover of Euro 2.57 million during the year under review as compared to a profit of Euro 8,169 on a turnover of Euro 2.13 million during the previous year. The outlook for the Financial Year 2020-21 in respect of profitability is expected to be breakeven.

### 7. Electrosteel USA, LLC, USA and its wholly owned subsidiary, WaterFab LLC, USA

Electrosteel USA, LLC is a wholly owned subsidiary and this entity along with its wholly owned subsidiary, i.e., WaterFab LLC is engaged in marketing and selling the products of the Company in USA. This subsidiary has made a consolidated profit of USD 107,171 on a consolidated total income of USD 6.14 million during the year under review as compared to a consolidated profit of USD 1,273,357 on a consolidated total income of USD 7.93 million during the previous year. The outlook for the Financial Year 2020-21 in respect of volume and profitability is expected to be positive.

### 8. Electrosteel Brasil LTDA Tubos e Conexoes Duteis, Brazil

Electrosteel Brasil LTDA Tubos e Conexoes Duteis is a wholly owned subsidiary engaged in marketing and selling the products of the Company in Brazil and other South American markets. There has been no activity through this subsidiary during the Financial Year 2019-20.

### 9. Electrosteel Bahrain Holding SPC Company, Bahrain and its wholly owned subsidiary Electrosteel Bahrain Trading W.L.L

Electrosteel Bahrain Holding SPC Company was incorporated as a wholly owned subsidiary to act as the holding company. Electrosteel Bahrain Holding SPC Company incorporated a subsidiary, Electrosteel Bahrain Trading W.L.L (i.e., step down subsidiary of the Company). This subsidiary mainly caters to the Saudi Arabia and Bahrain market. This subsidiary has made a consolidated profit of BHD 162,033 on a turnover of BHD 5.34 million as compared to profit of BHD 186,935 on a turnover of BHD 3.13 million during the previous year. The outlook for the next Financial Year 2020-21 appears positive.

## B. ASSOCIATE

### 1. Srikalahasthi Pipes Limited, India

Srikalahasthi Pipes Limited ('SPL'), an associate of the Company, is a leader in the manufacture of Ductile Iron Pipes in South India. SPL has reported a gross operating revenue of Rs. 1,662.90 Crores during the Financial Year 2019-20 as against Rs. 1,558.80 Crores achieved in the previous year. The Company reported earnings before interest, tax, depreciation and amortization of Rs. 323.89 Crores and profit after tax of Rs. 187.68 Crores during the Financial Year 2019-20.

The expansion plans as envisaged during the Financial Year 2019-20 to install new MBF, additional Hot Blast Stoves, Raw material handling system, creating additional balancing facilities to increase production capacity of DI Pipes have been started by SPL. Commissioning of Facilities like Cement Lining Machine VI, Sand Blasting System, Gasket Storage system and 15 MT Cranes in connection with projects relating to capacity addition of DI Pipes have been completed. Further, SPL has successfully commenced commercial operations of Ferro Alloys Plant in the fourth quarter of the financial year under review, which marks completion of both the phases of Ferro Alloys project.

SPL is having comfortable order book for supply of Ductile Iron pipes. During this COVID-19 situation, safe and hygienic water supply is most important for the Government. Ductile Iron pipe is the safest and most suitable pipe for transportation of water not only in urban cities but also in rural India. The Company is hopeful that Central and State Governments will continue to give priority and remain committed in respect of ongoing and future water supply, sewerage and irrigation projects in the country.

SPL is presently listed with both BSE Limited and the National Stock Exchange of India Limited.

### **C. JOINT VENTURES**

#### **1. Domco Private Limited, India**

The status of Domco Private Limited, a JV entity, has been covered under Note no. 8.2 of the Notes on Consolidated Financial Statements for the year ended 31 March, 2020.

#### **2. North Dhadhu Mining Company Private Limited, India**

The status of North Dhadhu Mining Company Private Limited, a JV entity, has been covered under Note no. 8.3 of the Notes on Consolidated Financial Statements for the year ended 31 March, 2020.

For and on behalf of the Board of Directors

Place: Kolkata  
Date: 15 June, 2020

Pradip Kumar Khaitan  
Chairman  
DIN: 00004821



# Report on Corporate Governance of the Company

for the year ended 31 March, 2020

[as required under Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

## 1. Company's philosophy on Corporate Governance in brief

The Company's philosophy on Corporate Governance is based on the foundation of ethical and transparent business operations. The Company strongly believes that establishing good corporate governance practices in each and every function of the organization leads to increased operational efficiencies and sustained long term value creation for all the stakeholders. The Company is committed to the highest standards of corporate governance, and setting industry-leading benchmarks. Our goal is to promote and protect the long-term interest of all stakeholders while maintaining due compliance with all legal and regulatory requirements. The Company's philosophy on Corporate Governance extends across its business operations to meet the varied needs of all stakeholders and the society at large to create long term sustainable value.

Company has a proven track record of transparent and ethical corporate governance practices. The Company continues to maintain high standards of transparency and effective leadership coupled with ethical business practices. As a Company which believes in implementing corporate governance practices in letter and in spirit, the Company has adopted practices mandated by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and the Companies Act, 2013 ('the Act') and has established procedures and systems to comply with it. Some of the important codes, policies and programs adopted in this regard are -

- Code of Conduct for the Board of Directors and Senior Management Executives;
- Code of Conduct for regulating, monitoring and reporting trading by Designated Persons and their Immediate Relatives;
- Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information;
- Policy and Procedure for Inquiry in Case of Leak/Suspected Leak of Unpublished Price Sensitive Information;
- Vigil Mechanism/Whistle Blower Policy;
- Related Party Transaction Policy;
- Nomination and Remuneration Policy;
- Corporate Social Responsibility Policy;
- Policy for determining Material Subsidiaries;
- Policy on Board Diversity and Succession Planning for the Board of Director and Senior Management;
- Policy for determination of Materiality of Events/Information for disclosures;
- Familiarization Program for the Independent Directors.

## 2. Board of Directors

### 2.1 Composition and Category of Directors and number of other Directorship and Committee Positions and the names of the listed entities in which the Director is a Director and the category of such Directorship held as on 31 March, 2020

The Board of Directors of the Company consisted of 11 (eleven) members as on 31 March, 2020, which comprised of:

- Five Independent, Non-Executive Directors including one Independent Woman Director;
- Three Promoter Executive Directors;
- Two Non-Independent, Non-Executive Directors; and
- One Non-Promoter Executive Director.

The Chairman of the Company is an Independent, Non-Executive Director.

The composition of the Board as on 31 March, 2020 was in accordance with the provisions of the Act and the Regulation 17 of the Listing Regulations. The details of each member of the Board as on 31 March, 2020 are provided herein below:

Name of the Director	Number of Directorship(s) in other public limited companies <sup>1</sup>	No. of committee positions in other public limited companies <sup>2</sup>		Directorship in other listed entities (Category of Directorship)
		Chairperson	Member	
<b>Independent, Non-Executive Directors</b>				
Mr. Pradip Kumar Khaitan DIN: 00004821	7	2	6	Dalmia Bharat Limited (Independent, Non-Executive) India Glycols Limited (Independent, Non-Executive) Graphite India Limited (Independent, Non-Executive) Emami Limited (Independent, Non-Executive) CESC Limited (Non-Independent, Non-Executive) Firstsource Solutions Limited (Non-Independent, Non-Executive)
Mr. Binod Kumar Khaitan DIN: 00128502	1	1	1	The Phosphate Co. Ltd. (Non-Independent, Non-Executive)
Mr. Ram Krishna Agarwal <sup>5</sup> DIN: 00416964	5	3	6	Srei Infrastructure Finance Limited (Independent, Non-Executive) Cigniti Technologies Limited (Independent, Non-Executive)
Mr. Amrendra Prasad Verma DIN: 00236108	4	2	3	Solar Industries India Limited (Independent, Non-Executive) Security and Intelligence Services (India) Limited (Independent, Non-Executive)

**Corporate Governance** ..... (Contd.)

Name of the Director	Number of Directorship(s) in other public limited companies <sup>1</sup>	No. of committee positions in other public limited companies <sup>2</sup>		Directorship in other listed entities (Category of Directorship)
		Chairperson	Member	
Dr. Mohua Banerjee (Woman Director) DIN: 08350348	–	–	–	–
<b>Non-Independent, Executive Directors (Managing Directors &amp; Whole-time Directors)</b>				
Mr. Umang Kejriwal DIN: 00065173	2	–	–	–
Mr. Mayank Kejriwal DIN: 00065980	7	–	–	Srikalahasthi Pipes Limited (Executive)
Mr. Uddhav Kejriwal DIN: 00066077	3	–	–	–
Mr. Mahendra Kumar Jalan DIN: 00311883	–	–	–	–
<b>Non-Independent, Non-Executive Directors</b>				
Mr. Shermadevi Yegnaswami Rajagopalan DIN: 00067000	–	–	–	–
Mr. Vyas Mitre Ralli DIN: 02892446	–	–	–	–

**Notes :**

1. Excludes Directorships/Chairpersonships in Associations, Private Limited Companies, Foreign Companies, Government Bodies, Companies registered under Section 8 of the Act and Alternate Directorships.
2. Only Audit Committee and Stakeholders' Relationship Committee of Indian Public Companies have been considered for committee positions.
3. None of the Directors on the Board hold directorships in more than ten public companies. Further, none of them is a member of more than ten committees or Chairman of more than five committees across all the public companies in which he/she is a Director. Necessary disclosures regarding Committee positions in other public companies as on 31 March, 2020 have been made by the Directors.
4. Mr. Umang Kejriwal and Mr. Mayank Kejriwal are brothers. Mr. Mayank Kejriwal is the father of Mr. Uddhav Kejriwal. Apart from this, none of the other Directors are in any way related to any other Director.
5. Mr. Ram Krishna Agarwal (DIN: 00416964) has ceased to be a Director of the Company, with effect from 8 June, 2020.
6. Mr. Sunil Katial (DIN: 07180348), has been appointed as an Additional (Whole-time) Director of the Company, with effect from 1 April, 2020, subject to approval of the shareholders at their ensuing Annual General Meeting.
7. Mr. Rajkumar Khanna (DIN: 05180042) has been appointed as an Additional (Independent) Director of the Company, with effect from 15 June, 2020, subject to approval of the shareholders at their ensuing Annual General Meeting.

## 2.2 Attendance of Directors at the Board Meetings during the Financial Year ended 31 March, 2020 and at the last Annual General Meeting

During the Financial Year ended 31 March, 2020, 5 (five) Board Meetings were held and the gap between any two consecutive meetings held during the year did not exceed 120 days. The attendance details of each Director at the Board Meetings and at the last Annual General Meeting ('AGM') is given below:

Name of the Director	No. of Board Meetings Held	No. of Board Meetings Attended	Attendance at the last AGM held on 20 September, 2019
Mr. Pradip Kumar Khaitan	5	3	No
Mr. Binod Kumar Khaitan	5	5	Yes
Mr. Ram Krishna Agarwal <sup>1</sup>	5	5	No
Mr. Amrendra Prasad Verma	5	4	No
Dr. Mohua Banerjee	5	4	No
Mr. Umang Kejriwal	5	4	No
Mr. Mayank Kejriwal	5	3	No
Mr. Uddhav Kejriwal	5	5	No
Mr. Mahendra Kumar Jalan	5	4	No
Mr. Shermadevi Yegnaswami Rajagopalan	5	5	No
Mr. Vyas Mitre Ralli	5	3	No

### Note :

1. Mr. Ram Krishna Agarwal (DIN: 00416964) has ceased to be a Director of the Company, with effect from 8 June, 2020.

## 2.3 Information placed before the Board

The notice and detailed agenda along with the relevant notes and other material information are sent in advance separately to each Director and in exceptional cases tabled at the Meeting with the approval of the Board. This ensures timely and informed decisions by the Board.

During the Financial Year 2019-20, information as mentioned in Schedule II (Part A) to the Listing Regulations has been placed before the Board for its consideration, to the extent it is applicable and relevant.

The Board periodically reviews the compliance reports of all laws applicable to the Company, prepared by the Company.

## 2.4 Details of Meeting-wise attendance of Board Members

Date of the Board Meeting	Board Strength	No. of Directors Present
15 May, 2019	11	9
13 August, 2019	11	10
21 August, 2019	11	7
12 November, 2019	11	8
13 February, 2020	11	11



## Corporate Governance ..... (Contd.)

### 2.5 Details of shares/convertible instruments held by the Non-Executive or Independent Directors of the Company as on 31 March, 2020 are as follows:

Name of the Director	No. of shares held
Mr. Pradip Kumar Khaitan	Nil
Mr. Binod Kumar Khaitan	2,000
Mr. Ram Krishna Agarwal <sup>2</sup>	1,000
Mr. Amrendra Prasad Verma	Nil
Dr. Mohua Banerjee	Nil
Mr. Shermadevi Yegnaswami Rajagopalan	10,100
Mr. Vyas Mitre Ralli	5,000

#### Notes:

- None of the Non-Executive or Independent Directors hold any convertible instruments and/or Stock Options of the Company as on 31 March, 2020.
- Mr. Ram Krishna Agarwal (DIN: 00416964) has ceased to be a Director of the Company, with effect from 8 June, 2020.

### 2.6 Details of familiarization programmes imparted to the Independent Directors

The details of familiarization programme imparted to the Independent Directors is hosted on the website of the Company at the web-link <https://www.electrosteelcastings.com/investors/pdf/familiarisation-programme-for-id.pdf>. Further, at the time of appointment/re-appointment of an Independent Director, the Company issues a formal letter of appointment outlining his roles, functions and responsibilities, etc. The terms and conditions of appointment of the Independent Directors are also disclosed on the website of the Company.

### 2.7 A chart or a matrix setting out the skills/expertise/competence of the Board of Directors

The list of core skills/expertise/competencies identified by the Board of Directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the board are:

Name of the Director	Core Skills/Expertise/Competencies
Mr. Pradip Kumar Khaitan	a) Industry / Sector related knowledge b) Strategy Development, Planning and Implementation c) Compliance and Legal / Regulatory Experience d) Corporate Governance and Ethics
Mr. Binod Kumar Khaitan	a) Industry / Sector related knowledge b) Corporate Governance and Ethics
Mr. Ram Krishna Agarwal <sup>1</sup>	a) Finance and Accounting b) Corporate Governance and Ethics c) Compliance and Legal / Regulatory Experience d) Risk Management
Mr. Amrendra Prasad Verma	a) Finance and Accounting b) Corporate Governance and Ethics c) Risk Management
Dr. Mohua Banerjee	a) Sales and Marketing

Name of the Director	Core Skills/Expertise/Competencies
Mr. Umang Kejriwal	a) Industry / Sector related knowledge b) Finance and Accounting c) Operations and Management Experience d) Corporate Governance and Ethics e) Strategy Development, Planning and Implementation f) Human Resources Management g) Risk Management
Mr. Mayank Kejriwal	a) Industry / Sector related knowledge b) Finance and Accounting c) Operations and Management Experience d) Corporate Governance and Ethics e) Strategy Development, Planning and Implementation f) Human Resources Management
Mr. Uddhav Kejriwal	a) Industry / Sector related knowledge b) Finance and Accounting c) Operations and Management Experience d) Corporate Governance and Ethics e) Strategy Development, Planning and Implementation f) Human Resources Management
Mr. Mahendra Kumar Jalan	a) Industry / Sector related knowledge b) Operations and Management Experience c) Sales and Marketing
Mr. Shermadevi Yegnaswami Rajagopalan	a) Operations and Management Experience b) Finance and Accounting c) Corporate Governance and Ethics d) Compliance and Legal / Regulatory Experience
Mr. Vyas Mitre Ralli	a) Industry / Sector related knowledge b) Operations and Management Experience c) Corporate Governance and Ethics

**Note:**

1. Mr. Ram Krishna Agarwal (DIN: 00416964) has ceased to be a Director of the Company, with effect from 8 June, 2020.

**2.8 Confirmation as regards independence of Independent Directors**

The Independent Directors of the Company have confirmed that:

- a) they meet the criteria of Independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations, and
- b) in terms of Regulation 25(8) of the Listing Regulations, they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

Further, in the opinion of the Board, the Independent Directors fulfil the conditions prescribed under the Listing Regulations and are independent of the management of the Company.





## Corporate Governance ..... (Contd.)

### 3. Audit Committee

The composition, quorum and terms of reference of the Audit Committee are in accordance with the provisions of Section 177 of the Act and Regulation 18 read with Schedule II (Part C) to the Listing Regulations.

The Committee comprised of the following Directors as its members, as on 31 March, 2020:

Mr. Binod Kumar Khaitan, Chairman - Independent Director

Mr. Pradip Kumar Khaitan - Independent Director

Mr. Ram Krishna Agarwal - Independent Director

Mr. Amrendra Prasad Verma - Independent Director

Mr. Mahendra Kumar Jalan - Whole-time Director

Mr. Ram Krishna Agarwal (DIN: 00416964) has ceased to be a Director of the Company, with effect from 8 June, 2020.

The representatives of Statutory Auditors, Internal Auditors as well as the Executives heading the Finance, Accounts and other Departments of the Company are invited to attend meetings as and when required by the Committee. All members of the Audit Committee are financially literate and have accounting and related financial management expertise. Mr. Binod Kumar Khaitan, the Chairperson of the Committee was present at the 64th Annual General Meeting of the Company held on 20 September, 2019 to answer queries raised by the shareholders. The Company Secretary acts as the Secretary to the Audit Committee. During the year under review, the Board had accepted all the recommendations of Audit Committee.

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

- i. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii. Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- iii. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- iv. Reviewing, with the management, the annual financial statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions;
  - g. Modified opinion(s) in the draft audit report;
- v. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- vi. Monitoring and reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

- vii. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- viii. Approval or any subsequent modification of transactions of the Company with related parties;
- ix. Scrutiny of inter-corporate loans and investments;
- x. Valuation of undertakings or assets of the Company, wherever it is necessary;
- xi. Evaluation of internal financial controls and risk management systems;
- xii. Reviewing, with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems;
- xiii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- xiv. Discussion with Internal Auditors of any significant findings and follow up there on;
- xv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- xvi. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xvii. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- xviii. To review the functioning of the whistle blower mechanism;
- xix. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- xx. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;
- xxi. Reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding rupees 100 Crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;
- xxii. To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable;
- xxiii. To perform such other functions as may be necessary or appropriate for the performance of its duties;
- xxiv. Review the following information:
  - a) Management Discussion and Analysis of financial condition and results of operations;
  - b) Statement of significant Related Party Transactions (as defined by the Audit Committee), submitted by the management;
  - c) Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
  - d) Internal Audit Reports relating to internal control weaknesses;
  - e) The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.



## Corporate Governance ..... (Contd.)

- f) The statement of deviations:
- quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations.
  - annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(7) of the Listing Regulations.

During the Financial Year 2019-20, 4 (four) Audit Committee meetings were held on 15 May, 2019, 13 August, 2019, 12 November, 2019 and 13 February, 2020. The gap between any two consecutive meetings did not exceed 120 days. Attendance at the said meetings is given below:

Name of the Director	No. of meetings	
	Held	Attended
Mr. Binod Kumar Khaitan	4	4
Mr. Pradip Kumar Khaitan	4	3
Mr. Ram Krishna Agarwal <sup>1</sup>	4	4
Mr. Amrendra Prasad Verma	4	4
Mr. Mahendra Kumar Jalan	4	3

**Note:**

- Mr. Ram Krishna Agarwal (DIN: 00416964) has ceased to be a Director of the Company, with effect from 8 June, 2020.

#### 4. Nomination & Remuneration Committee

There is a Nomination and Remuneration Committee ('NRC') in place with roles, powers and duties to be determined by the Board from time to time. Its terms of reference is in accordance with the provisions of Section 178 of the Act and Regulation 19(4) read with Schedule II (Part D) of the Listing Regulations.

The Committee comprised of the following Directors as its members, as on 31 March, 2020:

Mr. Binod Kumar Khaitan, Chairman – Independent Director

Mr. Pradip Kumar Khaitan – Independent Director

Mr. Ram Krishna Agarwal – Independent Director

Mr. Shermadevi Yegnaswami Rajagopalan – Non Independent, Non-Executive Director

Mr. Ram Krishna Agarwal (DIN: 00416964) has ceased to be a Director of the Company, with effect from 8 June, 2020.

All members of the NRC are Non-Executive Directors. Mr. Binod Kumar Khaitan, Independent Director, acts as the Chairperson of the Committee and was present at the 64th Annual General Meeting of the Company held on 20 September, 2019 to answer shareholder queries.

The terms of reference of the NRC, inter-alia, includes the following:

- formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of directors a policy relating to the remuneration of the Directors, Key Managerial Personnel (KMP) and other employees;
- formulation of criteria for evaluation of performance of independent directors and the board of directors;
- devising a policy on diversity of board of directors;

- iv. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
- v. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- vi. recommend to the board, all remuneration, in whatever form, payable to senior management;
- vii. to carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable;
- viii. to perform such other functions as may be necessary or appropriate for the performance of its duties.

The Board has adopted a Nomination and Remuneration Policy recommended by NRC. Nomination and Remuneration Policy governs the criteria for determining qualifications, positive attributes and independence of a Director and lays down the remuneration principles for Directors, Key Managerial Personnel and other employees. The Committee had also formulated the Policy on Board Diversity and Succession Planning for the Board of Directors and Senior Management.

During the Financial Year 2019-20, 4 (four) NRC meetings were held on 15 May, 2019, 13 August, 2019, 12 November, 2019 and 13 February, 2020. Attendance at the said meetings is given below:

Name of the Director	No. of meetings	
	Held	Attended
Mr. Binod Kumar Khaitan	4	4
Mr. Pradip Kumar Khaitan	4	3
Mr. Ram Krishna Agarwal <sup>1</sup>	4	4
Mr. Shermadevi Yegnaswami Rajagopalan	4	4

**Note:**

1. Mr. Ram Krishna Agarwal (DIN: 00416964) has ceased to be a Director of the Company, with effect from 8 June, 2020.

The NRC has laid down the criteria for performance evaluation of Independent Directors of the Company as:

**Evaluation of Non-Executive Directors**

The broad parameters for reviewing the performance of Non-Executive Directors are:

- Participation at the Board/Committee meetings;
- Commitment (including guidance provided to senior management outside of Board/Committee meetings);
- Effective deployment of knowledge and expertise;
- Effective management of relationship with stakeholders;
- Integrity and maintaining of confidentiality;
- Independence of behaviour and judgment; and
- Impact and influence.



## Corporate Governance ..... (Contd.)

### Evaluation of Independent Directors

In addition to the parameters laid down for Non-Executive Directors, an Independent Director shall also be evaluated on the following parameters:

- Exercise of objective independent judgment in the best interest of Company;
- Ability to contribute to and monitor Corporate Governance practice; and
- Adherence to the Code of Conduct for Independent Directors.

### 5. Stakeholders' Relationship Committee

The composition and terms of reference of the Stakeholders' Relationship Committee are in accordance with the provisions of Section 178 of the Act and Regulation 20 read with Schedule II (Part D) of the Listing Regulations.

The Stakeholders' Relationship Committee comprised of the following Directors as its members, as on 31 March, 2020:

Mr. Binod Kumar Khaitan, Chairman – Independent Director

Mr. Mayank Kejriwal – Joint Managing Director

Mr. Vyas Mitre Ralli – Non-Independent, Non-Executive Director

Mr. Mahendra Kumar Jalan – Whole-time Director

Mr. Binod Kumar Khaitan, Independent, Non-Executive Director is the Chairperson of the Committee. Mr. Khaitan was present at the 64th Annual General Meeting of the Company held on 20 September, 2019 to answer shareholder queries. Mr. Indranil Mitra, Company Secretary and Compliance Officer, acts as the Secretary to Stakeholders' Relationship Committee.

The terms of reference of the Stakeholders' Relationship Committee, inter-alia, includes the following:

- i. Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, issue of fresh/duplicate debenture certificate, general meetings, etc.
- ii. Review of measures taken for effective exercise of voting rights by shareholders.
- iii. To oversee the performance of the Registrar & Share Transfer Agent of the Company.
- iv. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- v. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.
- vi. To review and monitor implementation and compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Securities and Exchange Board of India (Substantial Acquisition Of Shares and Takeover) Regulations, 2011 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
- vii. To recommend measures for the overall improvement of the quality of investor services and related matter.
- viii. To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- ix. To perform such other functions as may be necessary or appropriate for the performance of its duties.

During the Financial Year 2019-20, 4 (four) Stakeholders' Relationship Committee meetings were held on 15 May, 2019, 13 August, 2019, 12 November, 2019 and 13 February, 2020. Attendance at the said meetings are given below:

Name of the Director	No. of meetings	
	Held	Attended
Mr. Binod Kumar Khaitan	4	4
Mr. Mayank Kejriwal	4	2
Mr. Vyas Mitre Ralli	4	3
Mr. Mahendra Kumar Jalan	4	3

At the beginning of the year under review, there was no complaint remaining unresolved. During the period under review, 6 (six) investor complaints were received by the Registrar & Share Transfer Agent of the Company, which were duly resolved to the satisfaction of the shareholders.

There was no pending complaint at the end of the year.

## 6. Corporate Social Responsibility Committee

The composition and terms of reference of the Corporate Social Responsibility ('CSR') Committee are in accordance with the provisions of Section 135 of the Act. As on 31 March, 2020, the CSR Committee of the Company was headed by Mr. Shermadevi Yegnaswami Rajagopalan, Non-Executive Director, as the Chairman, with Mr. Pradip Kumar Khaitan, Independent Director and Mr. Umang Kejriwal, Managing Director as other members of the Committee.

The terms of reference of the CSR Committee, inter alia, includes the following

- i. Formulate and recommend to the Board, a CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII to the Act.
- ii. Recommend the amount of expenditure to be incurred on the CSR activities.
- iii. Monitor the CSR Policy of the Company from time to time.

The Board has adopted the CSR Policy as formulated and recommended by the CSR Committee. The same is displayed on the website of the Company. The Annual Report on CSR activities for the Financial Year 2019-20 forms a part of the Report of the Directors.

During the Financial Year 2019-20, 2 (two) CSR Committee meetings were held on 15 May, 2019 and 13 August, 2019. Attendance at the said meetings is given below:

Name of the Director	No. of meetings	
	Held	Attended
Mr. Shermadevi Yegnaswami Rajagopalan	2	2
Mr. Pradip Kumar Khaitan	2	2
Mr. Umang Kejriwal	2	2

## 7. Remuneration of Directors

The Non-Executive Directors did not have any pecuniary relationship or transactions (except receipt of sitting fees as Directors) with the Company during the year under review.

Further, the Board of Directors of the Company at its meeting held on 15 June, 2020, has approved the payment of commission to the Non-Executive Directors, including Independent Directors, as mentioned hereinunder.

The criteria for making payments to Non-Executive Directors is laid down in the Nomination and Remuneration Policy of the Company and can be accessed at the web-link, <https://www.electrosteelcastings.com/investors/pdf/nominationRemunerationPolicy.pdf>.



## Corporate Governance ..... (Contd.)

### Details of remuneration paid to Directors during the Financial Year 2019-20

#### i. Remuneration paid to Independent & Non-Executive Directors:

(In Rupees)

Name of the Director	Sitting Fees <sup>1</sup>	Commission paid/payable <sup>2</sup>	Total
Mr. Pradip Kumar Khaitan	4,30,000	12,00,000	16,30,000
Mr. Binod Kumar Khaitan	7,80,000	12,00,000	19,80,000
Mr. Ram Krishna Agarwal <sup>3</sup>	5,80,000	12,00,000	17,80,000
Mr. Amrendra Prasad Verma	4,50,000	12,00,000	16,50,000
Dr. Mohua Banerjee	2,50,000	12,00,000	14,50,000
Mr. Shermadevi Yegnaswami Rajagopalan	4,70,000	12,00,000	16,70,000
Mr. Vyas Mitre Ralli	2,10,000	12,00,000	14,10,000
<b>Total</b>	<b>31,70,000</b>	<b>84,00,000</b>	<b>1,15,70,000</b>

#### Notes :

- The amount of sitting fees for attending Board and Audit Committee meeting was Rs. 50,000 per meeting and for the meeting of Independent Directors of the Company, the sitting fees was fixed at Rs. 50,000 per meeting. The fees for attending any other meeting was fixed at Rs. 20,000 per meeting. The Directors are also entitled to reimbursement of expenses for participation in Board and other meetings.
- The Members at the 63rd AGM of the Company held on 14 September, 2018 had approved payment and distribution of Commission amongst Directors (other than Executive Directors) for a period of 5 years commencing from 1 April, 2019, in such amounts or proportions and in such manner as may be decided by the Board, within the ceiling of 1% per annum of the net profits of the Company computed in the manner referred to in Section 198 of the Act.
- Mr. Ram Krishna Agarwal (DIN: 00416964) has ceased to be a Director of the Company, with effect from 8 June, 2020.

#### ii. Remuneration paid to Executive Directors :

(In Rupees)

Name of the Director & Designation	Salary	Perquisites	Commission paid/payable	Total	Service Contract, etc.
Mr. Umang Kejriwal, Managing Director	1,80,00,000	1,27,82,692	1,20,00,000	4,27,82,692	Tenure of 5 years w.e.f. 1 April, 2017
Mr. Mayank Kejriwal, Joint Managing Director	3,00,000	8,13,416	-	11,13,416	Tenure of 5 years w.e.f. 1 April, 2017
Mr. Uddhav Kejriwal, Whole-time Director	94,75,000	1,04,75,394	85,00,000	2,84,50,394	Tenure of 5 years w.e.f. 16 June, 2018
Mr. Mahendra Kumar Jalan, Whole-time Director	52,18,065	1,17,51,101	-	1,69,69,166	Tenure of 5 years w.e.f. 22 January, 2015 and thereafter, of 5 years w.e.f. 22 January, 2020
<b>Total</b>	<b>3,29,93,065</b>	<b>3,58,22,603</b>	<b>2,05,00,000</b>	<b>8,93,15,667</b>	

#### Notes:

- The appointments of Mr. Umang Kejriwal, Mr. Mayank Kejriwal, Mr. Uddhav Kejriwal and Mr. Mahendra Kumar Jalan can be terminated by either party by giving 1 (one) months' notice in writing. There is no separate provision for payment of severance fees.
- Mr. Mahendra Kumar Jalan has been re-appointed as a Whole-time Director for a period of 5 (five) years with effect from 22 January, 2020.
- No Stock Options have been granted to any Executive Directors of the Company.

## 8. Subsidiary Companies

The Audit Committee reviews the financial statements, in particular the investments made by the Company's unlisted subsidiary companies. The minutes of the board meetings of the unlisted subsidiary companies are periodically placed before the Board of Directors of the Company.

The Company does not have any material unlisted subsidiary companies as on 31 March, 2020.

## 9. General Body Meetings

a. Location and time, where last three Annual General Meetings (AGM) were held:

Year	Location	Date	Time	Whether special resolutions passed
2018-19	Rathod Colony, Rajgangpur Sundergarh, Odisha - 770 017	20 September, 2019*	11.30 A.M.	Yes, 4 (Four)
2017-18	Rathod Colony, Rajgangpur Sundergarh, Odisha - 770 017	14 September, 2018	11.30 A.M.	Yes, 9 (Nine)
2016-17	Rathod Colony, Rajgangpur Sundergarh, Odisha - 770 017	15 September, 2017	11.30 A.M.	No

\*M/s. Bihani Rashmi & Co., Chartered Accountants, was appointed as the Scrutinizer for scrutinizing the voting process (through remote e-voting and Ballot Paper) for and at the AGM held on 20 September, 2019 and submitting Report thereon.

b. During the Financial Year 2019-20, a Postal Ballot Process was conducted by the Company vide Notice dated 12 November, 2019 to propose the Ordinary Resolution passed by the members of Electrosteel Castings Limited on 16 February, 2020. Ms. Rashmi Bihani (Membership No.: FCA 064298) of M/s. Bihani Rashmi & Co., Chartered Accountants, 5, Clive Row, (4th floor), Room No. 92A, Kolkata – 700 001, was appointed by the Board of Directors as the Scrutinizer, after receiving her consent for the same, for conducting the Postal Ballot voting process (including e-voting) in a fair and transparent manner. The following was the Result of the Postal Ballot as per the Scrutiniser's Report:

Item of Business	Votes in favour of the Resolution	% of Votes in favour	Votes against the Resolution	% of Votes against
Approval for appointment of Mrs. Nityangi Kejriwal Jaiswal, related party, as Executive Director (not being on the Board of Directors) in the Company and payment of remuneration thereof - Ordinary Resolution	4,34,06,964	95.93	18,40,756	4.07

**Note :** % has been rounded off to two decimal figures.

c. Procedure of Postal Ballot:

The Company had, on Friday, 17 January, 2020, completed despatch as well as sending of e-mail of the Postal Ballot Notice dated 12 November, 2019, along with the Explanatory Statement thereto and the Postal Ballot Form and a postage-prepaid self-addressed Business Reply Envelope, to the Members of the Company, whose names appeared in the Register of Members / list of Beneficial Owners as received from the Depositories as on Friday, 6 December, 2019 ('Cut-off Date'), for obtaining the consent of the Members to the aforesaid item of business, via Ordinary Resolution, by means of Postal Ballot, including voting by electronic means.





## Corporate Governance ..... (Contd.)

In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Company had offered the facility to vote through electronic means in addition to voting by Postal Ballot Forms on the Resolution proposed in aforesaid Postal Ballot Notice. The Company had engaged the services of National Securities Depository Limited ('NSDL'), as the agency for facilitating e-voting, to provide the Members with an option to cast their votes electronically.

In case of voting through Postal Ballot Form, the Members were requested to read the instructions carefully in the accompanied Postal Ballot Form, vote either 'FOR' (Assent) or 'AGAINST' (Dissent) the Resolution and return the said Form, in original, duly completed in all respects and signed, in the attached self-addressed postage pre-paid Business Reply Envelope, so as to reach the Scrutinizer before 5:00 P.M. (IST) on Sunday, 16 February, 2020.

The e-voting period commenced on Saturday, 18 January, 2020 [9:00 A.M. (IST)] and ended on Sunday, 16 February, 2020 [5:00 P.M. (IST)].

The Scrutinizer, upon completion of the scrutiny of votes cast by Postal Ballot and votes cast through electronic means, submitted her Report, dated 18 February, 2020, to Mr. Indranil Mitra, Company Secretary of the Company, duly authorised by the Chairman of the Company, who countersigned the same, and the Result of the Postal Ballot was declared on Tuesday, 18 February, 2020 at the Corporate Office of the Company, at 4:00 p.m. (IST). The Result of the Postal Ballot, along with the Scrutinizer's Report, was posted under the 'Investors' section on the Company's website, [www.electrosteelcastings.com](http://www.electrosteelcastings.com) and was also displayed on the Notice Boards of the Company at its Registered Office and at its Corporate Office. The Result of the Postal Ballot was simultaneously communicated to all the Stock Exchanges where the equity shares of the Company were listed and to NSDL.

- d. As on date, no special resolution is proposed to be conducted through Postal Ballot.

### 10. Means of Communication

The Company's quarterly/half-yearly/yearly financial results are published in national English newspaper(s) as well as newspaper(s) published in vernacular language of the region where the Registered Office of the Company is situated, such as Financial Express (all editions) and Lokakatha. The Company also submits its releases and financial results to the Stock Exchanges on which the securities of the Company are listed, i.e., National Stock Exchange of India Limited and BSE Limited. The Company's results and official news releases, presentations made to institutional investors or to the analysts, if any, are also displayed on the Company's website, [www.electrosteelcastings.com](http://www.electrosteelcastings.com).

### 11. General Shareholder Information

a) Date, time and venue of the next Annual General Meeting	15 September, 2020, at 11.30 A.M., at Rathod Colony, Rajgangpur, Sundergarh, Odisha 770 017, India
b) Financial Year	1 April, 2019 to 31 March, 2020
c) Dividend payment date	Dividend for the Financial Year ended 31 March, 2020, if any, declared by the shareholders at the ensuing AGM will be paid to the shareholders on or after 15 September, 2020.

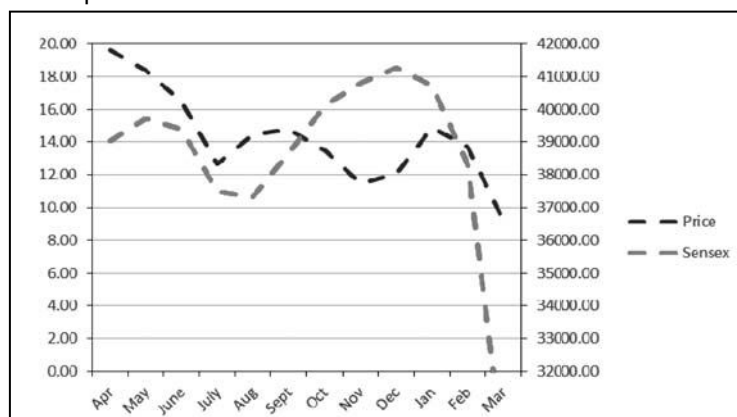
d) Listing at Stock Exchanges Equity Shares & its Stock Codes at Stock Exchanges	<p>a) BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 (Scrip Code – 500128)</p> <p>b) National Stock Exchange of India Limited (NSE) Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051 (Symbol – ELECTCAST) ISIN for Equity Shares - INE086A01029</p>
e) Listing Fee to Stock Exchanges	Annual Listing Fees paid to BSE and NSE within timelines.

f) Market Price data for the Scrip of the Company during the Financial Year 2019-20:

Month	BSE Limited (BSE)			National Stock Exchange of India Limited (NSE)		
	High Price (Rs.)	Low Price (Rs.)	Volume (No.)	High Price (Rs.)	Low Price (Rs.)	Volume (No.)
Apr-19	21.50	19.50	3,40,529	21.50	19.40	18,11,514
May-19	19.90	17.30	3,57,747	20.00	17.25	22,64,760
Jun-19	19.00	16.00	3,28,271	18.90	15.70	15,09,842
Jul-19	17.80	12.25	6,33,280	17.80	12.15	21,17,489
Aug-19	15.52	12.20	5,88,150	15.90	12.20	17,89,913
Sep-19	17.10	14.19	2,05,650	17.25	14.25	13,26,120
Oct-19	15.32	12.05	2,65,993	15.15	12.00	22,86,596
Nov-19	13.59	10.40	78,61,581	13.70	10.30	45,86,247
Dec-19	12.38	11.00	35,47,999	12.35	11.00	55,13,003
Jan-20	18.95	12.35	11,60,619	19.00	12.10	1,19,32,256
Feb-20	17.30	13.51	10,26,533	17.40	13.40	76,34,911
Mar-20	14.25	8.10	4,68,089	14.40	8.00	69,45,970

g) Share price performance in comparison to broad based indices - BSE Sensex and NSE Nifty for the Financial Year 2019-20:

i) In comparison with BSE Sensex #

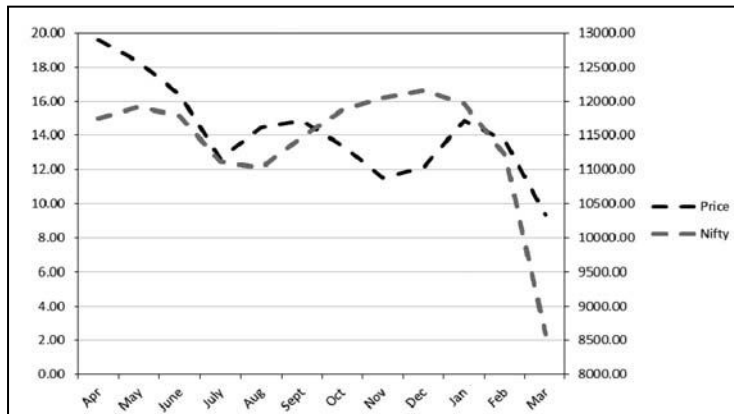


# Monthly Closing prices of the Scrip and monthly Closing indices have been taken from BSE Limited website.



## Corporate Governance ..... (Contd.)

ii) In comparison with NSE Nifty #



# Monthly Closing prices of the Scrip and monthly Closing indices have been taken from National Stock Exchange of India Limited website.

h)	In case the securities are suspended from trading, the directors report shall explain the reason thereof	Not applicable as none of the securities of the Company are suspended from trading.
i)	Registrar and Share Transfer Agent	Maheshwari Datamatics Pvt. Ltd., Registered Office: 23 R. N. Mukherjee Road, 5th Floor, Kolkata 700 001 Telephone No.: 033 2248 2248/2243 5029 Fax No.: 033 2248 4787 E-mail ID: mdpldc@yahoo.com
j)	Share transfer system	Effective 1 April 2019, SEBI has amended Regulation 40 of the Listing Regulations, which deals with transfer or transmission or transposition of securities. According to this amendment, the requests for effecting the transfer of listed securities shall not be processed unless the securities are held in dematerialised form with a Depository. Therefore, for effecting any transfer, the securities shall mandatorily be required to be in demat form. The Company had sent necessary intimations to its shareholders regarding the restriction on transfer of securities in the physical form.

## k) Distribution of shareholding as on 31 March, 2020 :

Equity Shares held	No. of Shareholders	% of Total Shareholders	No. of Shares held	% of Shares held
Upto 500	32,396	65.83	63,42,976	1.46
501 to 1,000	7,012	14.25	61,42,487	1.42
1,001 to 2,000	4,262	8.66	70,26,039	1.62
2,001 to 3,000	1,505	3.06	39,29,173	0.91
3,001 to 4,000	865	1.76	31,80,207	0.73
4,001 to 5,000	751	1.53	35,90,389	0.83
5,001 to 10,000	1,184	2.41	89,18,583	2.06
10,001 and Above	1,239	2.52	39,38,24,855	90.96
<b>Total</b>	<b>49,214</b>	<b>100.00</b>	<b>43,29,54,709</b>	<b>100.00</b>

**Note:** % figures have been rounded off to nearest two decimal points.

l) Dematerialization of shares and liquidity	As per directives of SEBI, the Company's shares are tradable compulsorily in electronic form. The Company's shares are available for dematerialization at National Securities Depository Ltd. ('NSDL') and Central Depository Services (India) Ltd. ('CDSL'). The International Securities Identification Number (ISIN) of the Company, as allotted by NSDL and CDSL, is INE086A01029. As on 31 March, 2020, 99.59% of the shares of the Company stand dematerialized.
m) Outstanding American Depository Receipts (ADRs) / Global Depository Receipts (GDRs) / warrants or any convertible instruments, conversion date and likely impact on equity	There are no outstanding ADR/GDR/warrants or any convertible instruments as on 31 March, 2020.
n) Commodity price risk or foreign exchange risk and hedging activities	<p>The Company is exposed to foreign exchange risk on account of import and export transactions entered. Also, it is a sizable user of various commodities, including base metals &amp; others, which exposes it to the price risk on account of procurement of commodities.</p> <p>The Company is proactively mitigating these risks by entering into commensurate hedging transactions with banks as per applicable guidelines, risk management plan/policies and prevailing market scenario. This is periodically reviewed by senior management team.</p> <p>The Board monitors the foreign exchange exposures on a quarterly basis and the steps taken by management to limit the risks of adverse exchange rate movement. Similarly, the management monitors commodities/raw materials whose prices are volatile and procurement is contracted considering volatility and plant requirements to minimize risk on the same.</p>



## Corporate Governance ..... (Contd.)

o) Plant locations:	<p>Unit 1 : 30, 48 &amp; 49 B.T. Road, P. O. Sukchar, P.S. Khardah, Dist.: 24-Parganas (North), Kolkata - 700 115 (West Bengal)</p> <p>Unit 2 : Gummidipoondi Taluk, P.O. Elavur, District Tiruvallur, Tamil Nadu 601 201</p> <p>Unit 3 : Vill: Kashberia, P.O. Shibramnagar, Haldia, Purba Medinipur, West Bengal 721 635</p> <p>Unit 4 : Works: Chak Bansberia, Saptagram Gram Panchayat, P.O. Adconagar, Hooghly 712 121 West Bengal</p>
p) Address for Correspondence:	<p>Mr. Indranil Mitra Company Secretary Electrosteel Castings Limited G. K. Tower, 19 Camac Street, Kolkata 700 017 Phone: (033) 2283 9990 E-mail ID: companysecretary@electrosteel.com</p>

### p) List of Credit Ratings

During the year, India Ratings & Research Private Limited has re-affirmed a long term Issuer Rating of "IND A-" and for short term borrowings as "IND A2+". The outlook is Stable.

The Company has withdrawn the ratings assigned by CARE Ratings Limited ('CARE') for the long-term borrowings as "CARE BBB+" and for short-term borrowings as "CARE A2". The outlook is Stable.

## 12. Other Disclosures

### A. Materially significant related party transactions having potential conflict with the interest of the Company at large

There were no materially significant related party transactions which may have potential conflict with the interest of the Company at large. Details of related party transactions are presented in the Notes to the Financial Statements.

### B. Details of Non-Compliance, Penalties/Strictures imposed by Stock Exchanges/SEBI or any Statutory Authority, on any matter related to Capital Markets during last 3 years

An adjudication order dated 31 March, 2016 has been passed by the Securities and Exchange Board of India ('SEBI') imposing a penalty of Rs. 50 Lakh under Section 23A(a) and Rs. 50 Lakh under Section 23E of the Securities Contract (Regulation) Act, 1956 on the Company for violation of Clause 36 of the erstwhile Listing Agreement, read with Section 21 of Securities Contract (Regulation) Act, 1956. The Company had filed an appeal before the Securities Appellate Tribunal ('SAT') against the said order. However, during the year under review, SAT, Mumbai, vide its order, has, inter alia,

dismissed the said appeal filed by the Company and had directed the Company to deposit the penalty of Rs. 1 Crore with SEBI within 30 days thereof. Thereafter, the Company has filed a second appeal before the Hon'ble Supreme Court of India. However, in the meantime, as a bona fide gesture, the Company has deposited the aforesaid penal amount of Rs. 1 crore, under protest and without prejudice to its rights under applicable laws. As on the date of this Report, the matter is pending with the Hon'ble Supreme Court of India.

Except the above, no penalties/strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets during the last three years.

### **C. Vigil Mechanism**

The Company has a Whistle Blower Policy towards Vigil Mechanism and the same is hosted on the website of the Company at web-link - <https://www.electrosteelcastings.com/investors/pdf/Vigil-Mechanism-Whistle-Blower-Policy.pdf>. No personnel were denied access to the Audit Committee.

### **D. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements**

The Company has complied with all mandatory requirements as stipulated in the Listing Regulations.

The Company had adopted the following discretionary requirements as stated in Part E of Schedule II to the Listing Regulations:

#### **i) Modified opinion(s) in audit report**

The Company endeavors to move towards a regime of financial statements with unmodified audit opinion. However, the modified opinion in the Independent Audit Reports on Standalone and Consolidated Financial Statements for the year under review forms an integral part of this Annual Report.

#### **ii) Separate posts of Chairperson and Chief Executive Officer**

The position of the Chairman and Chief Executive Officer are separate. Mr. Pradip Kumar Khaitan, Independent Director, is the Chairman and Mr. Sunil Katial is the Chief Executive Officer of the Company.

#### **iii) Reporting of Internal Auditor**

The Internal Auditor reports directly to the Audit Committee.

### **E. Web link where policy for determining material subsidiaries is disclosed**

The Company has formulated a policy on determining material subsidiaries of the Company, which has been uploaded on its website at the web-link: <https://www.electrosteelcastings.com/investors/pdf/Policy-for-determining-Material-Subsidiaries.pdf>.

### **F. Web link where policy on dealing with related party transactions is disclosed**

The Board has approved a policy for Related Party Transactions which has been hosted on the website of the Company. The web-link for the same is <https://www.electrosteelcastings.com/investors/pdf/Related-Party-Transaction-Policy.pdf>.

### **G. Disclosure of commodity price risks and commodity hedging activities**

The same has been already disclosed in this Report, at point no. 11(n), above.

### **H. Details of utilization of funds raised through preferential allotment**

During the Financial Year 2019-20, the Company had made a preferential issue of 2,74,72,526 Equity Shares of face value of Re.1/- each, fully paid-up, at a price of Rs. 18.20 per Equity Share (i.e., inclusive of a share premium of Rs. 17.20



## Corporate Governance ..... (Contd.)

per Equity Share), as approved by the Shareholders of the Company, at their Annual General Meeting ('AGM') held on 20 September, 2019, to Promoter/Promoter Group and others, for a cash consideration aggregating up to Rs. 50 Crore (Rupees Fifty Crore Only).

The Company has utilised the entire issue proceeds as per the objects of the issue stated in the Notice of AGM dated 21 August, 2019 for general corporate purpose, i.e., utilised for payment to vendors.

### **I. Certificate from the Practicing Company Secretary**

The Company has received a certificate from M/s. K Arun & Co, Company Secretaries, certifying that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India/Ministry of Corporate Affairs or any such statutory authority.

### **J. Recommendations of Committees of the Board**

There were no instances during the Financial Year 2019-20, wherein the Board had not accepted recommendations made by any Committee of the Board which was mandatorily required.

### **K. Total fees for all services paid by Company and its subsidiaries, on a consolidated basis, to the Statutory Auditor and all entities in the network firm/network entity of which the statutory auditor is a part.**

The total fees paid by the Company for all services to the Statutory Auditor for the Financial Year 2019-20 was Rs. 74,09,025.72. No fee was paid by the Company for the Financial Year 2019-20 to the network firm/entity of which the Statutory Auditor was a part. Further, Electrosteel Doha for Trading LLC, a subsidiary of the Company, has paid a fees of around Rs. 7,97,684/- to an entity in the network firm/network entity of which the statutory auditor is a part.

Hence, the total fees for all services paid by Company and its subsidiaries, on a consolidated basis, to the Statutory Auditor and all entities in the network firm/network entity of which the statutory auditor is a part, stood at Rs. 82,06,709.72, for the Financial Year 2019-20.

### **L. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

- a) number of complaints filed during the Financial Year 2019-20 - NIL
- b) number of complaints disposed of during the Financial Year 2019-20 - NIL
- c) number of complaints pending as on end of the Financial Year 2019-20 - NIL

**13.** The Company has complied with all the requirements as stated in Para C(2) to Para C(10) of Schedule V to the Listing Regulations.

**14.** The extent to which the discretionary requirements as specified in Part E of Schedule II to the Listing Regulations have been adopted has already been disclosed in this Report, at point no. 12(D), above.

**15.** The Company is in compliance with the applicable Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

### **16. Code of Conduct**

A Code of Conduct has been laid down for all Board Members and Senior Management of the Company, which suitably incorporates the duties of Independent Directors as laid down in the Act. The Board Members and Senior Management of the Company have affirmed compliance with the Code of Conduct of the Company. A declaration signed by the Chief

Executive Officer to this effect is annexed hereto. The Code of Conduct is available on the Company's website, viz., [www.electrosteelcastings.com](http://www.electrosteelcastings.com).

**17. Disclosure with respect to demat suspense account/unclaimed suspense account**

As on 31 March, 2020, there were no shares lying in the demat suspense account/unclaimed suspense account.

For and on behalf of the Board of Directors

Place: Kolkata  
Date: 15 June, 2020

Pradip Kumar Khaitan  
Chairman  
DIN: 00004821

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## **Declaration for Compliance of Code of Conduct**

To  
The Members of  
**Electrosteel Castings Limited**

I hereby declare that the Company has obtained affirmation from all the members of Board of Directors and Senior Management Personnel of the Company that they have complied with the 'Code of Conduct of the Company for Board of Directors and Senior Management Personnel' in respect of Financial Year 2019-20.

Place: Kolkata  
Date: 15 June, 2020

Sunil Katial  
Chief Executive Officer and Whole-time Director





# Independent Auditors' Certificate

## on Corporate Governance

To  
The Members of  
**Electrosteel Castings Limited**

This Certificate is issued in accordance with the terms of our engagement with **Electrosteel Castings Limited** ('the Company').

We have examined the compliance of conditions of Corporate Governance by the Company, for the year ended 31<sup>st</sup> March, 2020 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

### **Managements' Responsibility**

The compliance of conditions of Corporate Governance is the responsibility of the management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

### **Auditor's Responsibility**

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

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), to the extent relevant, the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### **Opinion**

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management and considering the relaxations granted by Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations during the year ended 31<sup>st</sup> March, 2020.

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.

**Restriction on use**

The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose.

For Singhi & Co.  
Chartered Accountants  
Firm Registration No. 302049E

(Gopal Jain)  
Partner  
Membership No. 59147  
UDIN: 20059147AAAAAZ7133

Place: Kolkata  
Dated: 15<sup>th</sup> June, 2020



# Annual Report on Corporate Social Responsibility (CSR) Activities for the Financial Year 2019-20

1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

Electrosteel Castings Limited ("ECL/the Company") as a responsible corporate citizen recognises that the growth of the nation lies in improving the quality of life of the rural populace and the long term future of the Company is best served by addressing the interests of the surrounding communities. The Company has formulated its Corporate Social Responsibility (CSR) Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the website at the web-link <https://www.electrosteelcastings.com/investors/pdf/CSR-policy.pdf>. The CSR Policy lays down the activities to be undertaken by the Company as a part of its CSR activities.

- a) Corporate Social Responsibility (CSR) is embedded in the Company's long-term strategy. The Company's community initiative helps elevate the quality of life of thousands, especially the disadvantaged sections of the society. The brief outline of the contents of CSR Policy are as follows:
  - i) **Area of Operations** – The focus areas would be in the surrounding of the Company's Corporate Office at Kolkata and Plants at Khardah, Bansberia & Haldia in West Bengal, Elavur in Tamil Nadu. However, for a wider impact, the Company may extend its outreach to the district or state levels and also to other geographies in the country as may be approved by the CSR Committee/Board from time to time.
  - ii) **CSR Interventions** – CSR thrust shall be in the field of Healthcare and Sanitation, Drinking water, Education, Livelihood enhancement, Environmental Sustainability & Rural development projects. It will also undertake programs to promote rural sports and culture, conservation of natural resources, skill development, entrepreneurship building and other community need based infrastructure projects/activities as stated in Schedule VII to the Companies Act, 2013.
  - iii) **Approach** – The Company shall follow the process of community need identification and selection of the projects through partnership and for leveraging the Company's CSR initiative and affirmative action for targeted intervention for scheduled castes and tribes, etc.
  - iv) **Delivery mechanism responsibilities** – The planning, implementation, execution, monitoring and reporting will be done through the CSR Committee with the help of other departments and/or any registered trust/society.
- b) With this firm conviction & commitment, the Company has been undertaking rural development projects with focus on social and environmental care to bring economic and social upliftment in the lives of the people in the surrounding areas where the Company operates. The Company had contributed to various trusts and society(ies) for upliftment of society via construction of speciality clinics and school building and medical support to the poor.

2. The Composition of the CSR Committee is:  
Mr. Shermadevi Yegnaswami Rajagopalan, Chairman  
Mr. Pradip Kumar Khaitan, Member  
Mr. Umang Kejriwal, Member
3. Average Net Profit of the Company for last three Financial Years: Rs. 277.98 Lakh.
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): Rs. 5.56 Lakh (approx.)
5. Details of CSR spent during the Financial Year:
  - (a) Total amount to be spent for the Financial Year: Rs. 5.56 Lakh
  - (b) Amount unspent, if any: NIL
  - (c) Manner in which the amount spent during the financial year is detailed below:

Sl. No.	CSR Project or activity identified	Sector in which the Project is covered (Clause no. of Schedule VII to the Companies Act, 2013, as amended)	Projects or Programs 1) Local Area or other 2) Specify the State and District where projects or programs was undertaken	Amount Outlay (budget) projects or programs-wise (in Rs.)	Amount spent on Projects or Programs Sub-heads (in Rs.)		Cumulative expenditure upto the Reporting Period (as on 31.03.2020) (in Rs.)	Amount Spent (Direct or through Implementing Agency)
					1) Direct expenditure on Projects or programs	2) Overheads		
1.	Project Name: "Grass & Cattle Feed" - activities related to welfare of indigenous breed of cows	Clause no. (iv): Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga	Different regions of India	5,75,000	5,75,000	–	5,75,000	Implementing Agency: Sri Gopal Govardhan Gaushala, Rajasthan India
<b>Total</b>				<b>5,75,000</b>	<b>5,75,000</b>	<b>–</b>	<b>5,75,000</b>	

6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report - Not Applicable.
7. CSR Committee Responsibility Statement:  
The implementation and monitoring of CSR Policy is in compliance of CSR objectives and Policy of the Company.

Place : Kolkata  
Date : 15 June, 2020

Umang Kejriwal  
Managing Director  
DIN: 00065173

Shermadevi Yegnaswami Rajagopalan  
Chairman of CSR Committee  
DIN: 00067000



**Disclosure pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

- (i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2019-20 is as under:

<b>Name of the Director</b>	<b>Ratio of remuneration of each Director to Median remuneration</b>
Pradip Kumar Khaitan, Chairman, Independent Director	3.79
Binod Kumar Khaitan, Independent Director	4.60
Ram Krishna Agarwal, Independent Director	4.14
Amrendra Prasad Verma, Independent Director	3.84
Mohua Banerjee, Independent Director	3.37
Shermadevi Yegnaswami Rajagopalan, Non-Executive, Non-Independent Director	3.88
Vyas Mitre Ralli, Non-Executive, Non-Independent Director	3.28
Umang Kejriwal, Managing Director	99.49
Mayank Kejriwal, Joint Managing Director	2.59
Uddhav Kejriwal, Whole-time Director	66.16
Mahendra Kumar Jalan, Whole-time Director	39.46

- (ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the Financial Year 2019-20 is as under:

<b>Name</b>	<b>% increase in Remuneration during the Financial Year 2019-20</b>
Pradip Kumar Khaitan, Chairman, Independent Director	139.71
Binod Kumar Khaitan, Independent Director	98.00
Ram Krishna Agarwal, Independent Director	106.98
Amrendra Prasad Verma, Independent Director	175.00
Mohua Banerjee, Independent Director	1350.00
Shermadevi Yegnaswami Rajagopalan, Non-Executive, Non-Independent Director	187.93
Vyas Mitre Ralli, Non-Executive, Non-Independent Director	243.90
Umang Kejriwal, Managing Director	43.30
Mayank Kejriwal, Joint Managing Director	(14.96)
Uddhav Kejriwal, Whole-time Director	119.04
Mahendra Kumar Jalan, Whole-time Director	3.84
Sunil Katial, Chief Executive Officer	532.60

Name	% increase in Remuneration during the Financial Year 2019-20
Brij Mohan Soni, Chief Financial Officer (up to 24 July, 2019)	(68.33)
Ashutosh Agarwal, Executive Director (Group Finance) and CFO (w.e.f. 13 August, 2019)	–
Subhra Giri Patnaik, Company Secretary (up to 13 August, 2019)	(68.19)
Indranil Mitra, Company Secretary (w.e.f. 13 August, 2019)	–

**Notes :**

1. Dr. Mohua Banerjee was appointed as an Independent Director of the Company, with effect from 29 January, 2019.
2. Mr. Sunil Katial was appointed as the Chief Executive Officer of the Company, with effect from 29 January, 2019.
3. Mr. Brij Mohan Soni ceased to be the Chief Financial Officer of the Company, with effect from 24 July, 2019.
4. Mr. Ashutosh Agarwal has been appointed as the Executive Director (Group Finance) and CFO of the Company, with effect from 13 August, 2019.
5. Ms. Subhra Giri Patnaik ceased to be the Company Secretary of the Company, with effect from 13 August, 2019.
6. Mr. Indranil Mitra has been appointed as the Company Secretary of the Company, with effect from 13 August, 2019.

(iii) The percentage increase in the median remuneration of employees in the Financial Year 2019-20: 19.11%.

(iv) The number of permanent employees on the rolls of Company: 1,547 as on 31 March, 2020.

(v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average % increase in salaries (median remuneration) of employees, other than managerial personnel in the last Financial Year, i.e., 2019-20 was around 19.34% and the percentage increase in managerial remuneration for the said Financial Year was 47.64%. This was due to annual increments, promotions and event based pay revisions of the employees. The remuneration of managerial personnel is linked to profit as per the provisions of the Companies Act, 2013.

(vi) Affirmation that the remuneration is as per the remuneration policy of the Company:

The remuneration paid is as per the Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

For and on behalf of the Board of Directors

Place: Kolkata  
Date: 15 June, 2020

Pradip Kumar Khaitan  
Chairman  
DIN: 00004821

**SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> DAY OF MARCH, 2020

[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 CASTINGS LIMITED**

We have conducted the **Secretarial Audit** of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Electrosteel Castings 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 **31<sup>st</sup> March, 2020**, complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended **31<sup>st</sup> March, 2020** according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the extent applicable to the Company;
- V. 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, 2018;
  - (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;
- VI. 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 except that of the followings:

- i. The Factories Act, 1948 and Rules
- ii. The Explosives Act, 1884
- iii. The Petroleum Act, 1934
- iv. The West Bengal Fire Services Act, 1950

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

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

**We further report that:**

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

Adequate notice is given to all directors to schedule the Board Meetings, Committees Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

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

**We further report that:**

**During the year under review**, the National Company Law Tribunal, Cuttack Branch, vide its order dated 2 September, 2019, approved the Scheme of Amalgamation of Mahadev Vyapaar Pvt Ltd, wholly owned subsidiary, with the Company, w.e.f. 1 April, 2014. Subsequently, Mahadev Vyapaar Pvt Ltd has ceased to be a Subsidiary Company of the Company.

**Further**, the Company has issued and allotted 2,74,72,526 Equity Shares of Re. 1/- each, fully paid-up, for cash, at a premium of Rs. 17.20 per share, on preferential basis, to Promoter/Promoter Group and others, on 11<sup>th</sup> day of October, 2019.

**Further, during the period under review**, Mr. Ashutosh Agarwal and Mr. Indranil Mitra have been appointed as the Executive Director (Group Finance) and CFO and Company Secretary of the Company, respectively, on and from 13<sup>th</sup> day of August, 2019.

For K. Arun & Co  
Company Secretaries

Arun Kumar Khandelia  
Partner  
FCS: 3829

C.P. No.: 2270

UDIN:F003829B000340396

Place: Kolkata

Date: 13.06.2020



**Form No. MGT-9****EXTRACT OF ANNUAL RETURN****As on the Financial Year ended on 31 March, 2020**

[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 : L27310OR1955PLC000310
- ii) Registration Date : 26 November 1955
- iii) Name of the Company : Electrosteel Castings Limited
- iv) Category / Sub-Category of the Company : Public Company - Limited by Shares
- v) Address of the Registered Office and contact details : Rathod Colony, Rajgangpur,  
Sundergarh,  
Odisha 770 017  
Telephone No.: 06624 220 332  
Fax No.: 06624 220 332  
E-mail Id: companysecretary@electrosteel.com
- vi) Whether listed company Yes / No : Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : Maheshwari Datamatics Pvt Ltd  
Registered Office: 23 R. N. Mukherjee Road,  
5th Floor, Kolkata 700 001  
Telephone No.: 033 2248 2248  
Fax No.: 033 2248 4787  
E-mail ID: mdpldc@yahoo.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated :

Sl. No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1.	Ductile Iron Pipes & Cast Iron Pipes	24311	77.83%
2.	Ductile Iron Fittings	24311	8.26%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

<b>Sl. No.</b>	<b>Name and Address of the Company</b>	<b>CIN/GLN</b>	<b>Holding/ Subsidiary/Associate</b>	<b>% of shares held</b>	<b>Applicable Section</b>
1.	Electrosteel Europe S.A. Zone Industrielle Nord, 9, Rue Galilee F13200, Arles, France	RCS TARASCON 44029044300058	Subsidiary	100%	Section 2(87) of the Companies Act, 2013
2.	Electrosteel Algeria Spa Rua Alioua Fodil Villa No. 130, Cheraga, 16002 Algiers, Algeria	04B96523400/16	Subsidiary	100%	Section 2(87) of the Companies Act, 2013
3.	Electrosteel Castings (UK) Limited Ambrose House, Broombank Road, Trading Estate, Broombank Road, Off Carrwood Road, Chesterfield, Derbyshire, S41 9QJ, UK	04057880	Subsidiary	100%	Section 2(87) of the Companies Act, 2013
4.	Electrosteel USA, LLC 1101, Louisville Road, Savannah, GA 31415, USA	42-1762327	Subsidiary	100%	Section 2(87) of the Companies Act, 2013
5.	Waterfab LLC 270 Doug Baker Blvd, Suite 700-291, Birmingham, 35242, USA	27-1116056	Wholly owned subsidiary of Electrosteel USA, LLC, referred to in Sl. No. 4	100%	Section 2(87) of the Companies Act, 2013
6.	Electrosteel Trading, S.A. C/Velazquez, 19-28001, Madrid	A86354305	Subsidiary	100%	Section 2(87) of the Companies Act, 2013
7.	Electrosteel Doha for Trading LLC P. O. Box 80368, Building No. 17, Office No 35, Barwa Village, Wakra, Doha, Qatar	CR NO. 57450	Subsidiary	49%	Section 2(87) of the Companies Act, 2013
8.	Electrosteel Castings Gulf FZE P O Box 261462 Jebel Ali Dubai, UAE	Regn. no. 153890	Subsidiary	100%	Section 2(87) of the Companies Act, 2013
9.	Electrosteel Brasil Ltda Tubos e Conexoes Duteis Rua Dona Maria Paula, 78, cj 01 sala 4, Bela Vista Sao Paulo, SP CEP 0139-000	17.581.655/0001-01	Subsidiary	100%	Section 2(87) of the Companies Act, 2013

**Extract of Annual Return** .... (Contd.)

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/Associate	% of shares held	Applicable Section
10.	Electrosteel Bahrain Holding S.P.C. Company Flat 1, Building No. 966, Road 5217, Block 952, Area Ras Zuwayed Kingdom of Bahrain	CR No 92991-1	Subsidiary	100%	Section 2(87) of the Companies Act, 2013
11.	Electrosteel Bahrain Trading W.L.L. Flat 1, Building No. 966, Road 5217, Block 952, Area Ras Zuwayed Kingdom of Bahrain	CR No 95221-1	Subsidiary of Electrosteel Bahrain Holding S.P.C. Company, referred to in Sl. No. 10	100% <sup>#</sup>	Section 2(87) of the Companies Act, 2013
12.	Srikalahasthi Pipes Limited Rachgunneri Village, Srikalahasthi Mandal, Chittoor District, Andhra Pradesh 517 641, India	L74999AP1991PLC013391	Associate	41.33%	Section 2(6) of the Companies Act, 2013
13.	North Dhadhu Mining Company Private Limited Sandhya Sukriti Apartment, Flat No. 6C, 6th Floor, Opposite Tagore Hill, Morabadi, Ranchi, Jharkhand 834 008, India	U10100JH2008PTC013349	Joint Venture	48.98%	Section 2(6) of the Companies Act, 2013
14.	Domco Private Limited 403 Commerce House, Sarda Babu Street, Ranchi, Jharkhand 834 001, India	U23101JH1988PTC002875	Joint Venture	50%	Section 2(6) of the Companies Act, 2013

<sup>#</sup>49% of the shares are held directly and 51% of the shares are held in trust by a sponsor on behalf of Electrosteel Bahrain Holding S.P.C. Company.

**Note:** During the year, Mahadev Vyapaar Pvt Ltd (CIN: U51109WB2005PTC106882) and Electrosteel Thermal Power Limited (CIN: U45207JH2006PLC012662) ceased to be a Subsidiary and Associate Company, respectively, of the Company.

#### IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

##### (i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01-04-2019)				No. of Shares held at the end of the year (as on 31-03-2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	4,09,90,703	0	4,09,90,703	10.11	4,31,88,505	0	4,31,88,505	9.98	(0.13)
b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s).	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	16,42,65,981	0	16,42,65,981	40.51	18,37,08,441	0	18,37,08,441	42.43	1.92
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A)(1)</b>	<b>20,52,56,684</b>	<b>0</b>	<b>20,52,56,684</b>	<b>50.62</b>	<b>22,68,96,946</b>	<b>0</b>	<b>22,68,96,946</b>	<b>52.41</b>	<b>1.79</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>20,52,56,684</b>	<b>0</b>	<b>20,52,56,684</b>	<b>50.62</b>	<b>22,68,96,946</b>	<b>0</b>	<b>22,68,96,946</b>	<b>52.41</b>	<b>1.79</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0	200	200	0.00	0	0	0	0.00	0.00
b) Banks / FI	25,63,877	9,580	25,73,457	0.63	5,42,098	8,500	5,50,598	0.13	(0.50)
c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s).	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	1,86,49,039	0	1,86,49,039	4.60	2,04,31,031	0	2,04,31,031	4.72	0.12
g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others - Foreign Portfolio Investors	2,72,71,127	0	2,72,71,127	6.73	4,77,79,059	0	4,77,79,059	11.04	4.31
<b>Sub-total (B)(1)</b>	<b>4,84,84,043</b>	<b>9,780</b>	<b>4,84,93,823</b>	<b>11.96</b>	<b>6,87,52,188</b>	<b>8,500</b>	<b>6,87,60,688</b>	<b>15.88</b>	<b>3.92</b>



## Extract of Annual Return ..... (Contd.)

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01-04-2019)				No. of Shares held at the end of the year (as on 31-03-2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	2,96,65,615	70,100	2,97,35,715	7.33	2,80,61,654	68,380	2,81,30,034	6.50	(0.83)
ii) Overseas	2,63,61,360	0	2,63,61,360	6.50	82,36,578	0	82,36,578	1.90	(4.60)
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	6,03,27,236	18,38,825	6,21,66,061	15.33	6,08,60,093	16,51,405	6,25,11,498	14.44	(0.89)
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	3,00,09,445	0	3,00,09,445	7.40	3,48,91,675	0	3,48,91,675	8.06	0.66
c) Others (specify)									
i) Trusts	59,390	120	59,510	0.01	5,300	120	5,420	0.00	(0.01)
ii) Clearing Member	6,72,135	0	6,72,135	0.17	5,01,409	0	5,01,409	0.12	(0.05)
iii) NRI	18,96,709	34,800	19,31,509	0.48	21,35,850	34,800	21,70,650	0.50	0.02
iv) NBFCs registered with RBI	6,433	0	6,433	0.00	2,250	0	2,250	0.00	0.00
v) Investor Education and Protection Fund Authority Ministry of Corporate Affairs	7,89,508	0	7,89,508	0.19	8,47,561	0	8,47,561	0.20	0.01
<b>Sub-total (B)(2)</b>	14,97,87,831	19,43,845	15,17,31,676	37.42	13,55,42,370	17,54,705	13,72,97,075	31.71	(5.71)
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	19,82,71,874	19,53,625	20,02,25,499	49.38	20,42,94,558	17,63,205	20,60,57,763	47.59	(1.79)
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0.00	0	0	0	0.00	0.00
<b>Grand Total (A+B+C)</b>	<b>40,35,28,558</b>	<b>19,53,625</b>	<b>40,54,82,183</b>	<b>100</b>	<b>43,11,91,504</b>	<b>17,63,205</b>	<b>43,29,54,709</b>	<b>100</b>	<b>0.00</b>

### ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01-04-2019)			Shareholding at the end of the year (as on 31-03-2020)			% change in share holding 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.	G. K. & Sons Private Ltd.	4,46,78,936	11.02	5.00	4,49,84,593	10.39	8.72	(0.63)
2.	Umang Kejriwal - Trustee of Sreeji Family Benefit Trust / Mayank Kejriwal - Trustee of Sreeji Family Benefit Trust	3,50,27,053	8.64	0.00	3,50,27,053	8.09	8.09	(0.55)
3.	Electrocast Sales India Limited	3,38,93,710	8.36	5.00	3,73,45,158	8.63	7.03	0.27

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01-04-2019)			Shareholding at the end of the year (as on 31-03-2020)			% change in share holding 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	
4.	Murari Investment & Trading Company Ltd	3,04,27,656	7.50	4.03	3,10,27,297	7.17	7.03	(0.33)
5.	Uttam Commercial Company Ltd.	2,21,81,774	5.47	0.00	2,21,81,774	5.12	4.32	(0.35)
6.	G. K. Investments Limited	2,18,14,560	5.38	4.03	2,18,14,560	5.04	5.04	(0.34)
7.	Malay Commercial Enterprises Limited	37,48,190	0.92	0.00	45,48,190	1.05	0.87	0.13
8.	Sri Gopal Investments Ventures Ltd.	37,42,885	0.92	0.00	37,42,885	0.86	0.86	(0.06)
9.	Uddhav Kejriwal	32,39,540	0.80	0.00	32,39,540	0.75	0.75	(0.05)
10.	Cubbon Marketing Pvt. Limited	25,00,000	0.62	0.00	25,00,000	0.58	0.58	(0.04)
11.	Uddhav Kejriwal HUF	15,54,550	0.38	0.00	15,54,550	0.36	0.36	(0.02)
12.	Shashwat Kejriwal	7,73,010	0.19	0.00	7,73,010	0.18	0.18	(0.01)
13.	Quinline Dealcomm Private Limited	3,19,962	0.08	0.00	3,19,962	0.07	0.07	(0.01)
14.	Escal Finance Services Ltd.	2,50,000	0.06	0.00	2,50,000	0.06	0.06	0
15.	Ellenbarrie Developers Pvt. Ltd.	2,13,308	0.05	0.00	2,13,308	0.05	0.05	0
16.	Global Exports Ltd.	2,00,000	0.05	0.00	12,98,901	0.30	0.05	0.25
17.	Pallavi Kejriwal	1,87,950	0.05	0.00	1,87,950	0.04	0.04	(0.01)
18.	Greenchip Trexim Pvt. Limited	1,65,000	0.04	0.00	1,65,000	0.04	0.04	0
19.	Samriddhi Kejriwal	1,57,100	0.04	0.00	1,57,100	0.04	0.04	0
20.	Calcutta Diagnostics Centre (P) Ltd	1,30,000	0.03	0.00	1,30,000	0.03	0.03	0
21.	Mayank Kejriwal, Aarti Kejriwal - Trustee of Priya Manjari Trust	27,000	0.01	0.00	27,000	0.01	0.01	0
22.	Uddhav Kejriwal, Pallavi Kejriwal - Trustee of Samriddhi Trust	24,500	0.01	0.00	24,500	0.01	0.01	0
23.	Sree Khemisati Constructions Pvt. Ltd	0	0.00	0.00	1,31,86,813	3.05	0.00	3.05
24.	Mayank Kejriwal	0	0.00	0.00	10,98,901	0.25	0.00	0.25
25.	Asha Kejriwal	0	0.00	0.00	10,98,901	0.25	0.00	0.25
	<b>Total</b>	<b>20,52,56,684</b>	<b>50.62</b>	<b>18.06</b>	<b>22,68,96,946</b>	<b>52.41</b>	<b>44.20</b>	<b>1.79</b>

**Note:**

- The shares held by the Promoters and Promoter Group have been clubbed on the basis of their PAN.

**Extract of Annual Return** .... (Contd.)**iii) Change in Promoters' Shareholding (please specify, if there is no change)**

Sl. No.	Particulars	Shareholding at the beginning of the year and changes during the year		Cumulative Shareholding during the year and at the end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year (01.04.2019)	20,52,56,684	50.62		
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity, etc.) :				
1.	11.10.2019 Sree Khemisati Constructions Pvt Ltd - Allotment under Preferential Issue	1,31,86,813	3.05	21,84,43,497	50.45
	Global Exports Ltd - Allotment under Preferential Issue	10,98,901	0.25	21,95,42,398	50.71
	Mayank Kejriwal - Allotment under Preferential Issue	10,98,901	0.25	22,06,41,299	50.96
	Asha Kejriwal - Allotment under Preferential Issue	10,98,901	0.25	22,17,40,200	51.22
2.	29.11.2019 Electrocast Sales India Limited – Transfer	4,65,747	0.11	22,22,05,947	51.32
3.	06.12.2019 Electrocast Sales India Limited – Transfer	9,50,000	0.22	22,31,55,947	51.54
	Malay Commercial Enterprises Ltd. – Transfer	8,00,000	0.18	22,39,55,947	51.73
4.	13.12.2019 Electrocast Sales India Limited – Transfer	5,05,040	0.12	22,44,60,987	51.84
5.	20.12.2019 Electrocast Sales India Limited – Transfer	6,43,738	0.15	22,51,04,725	51.99
6.	27.12.2019 Electrocast Sales India Limited – Transfer	7,80,923	0.18	22,58,85,648	52.17
7.	31.12.2019 Electrocast Sales India Limited – Transfer	1,06,000	0.02	22,59,91,648	52.20
	G. K. & Sons Private Ltd. – Transfer	1,00,000	0.02	22,60,91,648	52.22
8.	03.01.2020 G. K. & Sons Private Ltd. – Transfer	2,05,658	0.05	22,62,97,306	52.27
9.	28.02.2020 G. K. & Sons Private Ltd. – Transfer	3,49,999	0.08	22,66,47,305	52.35
	Murari Investment & Trading Company Ltd – Transfer	6,09,641	0.14	22,72,56,946	52.49
10.	06.03.2020 G. K. & Sons Private Ltd. – Transfer	(3,50,000)	(0.08)	22,69,06,946	52.41
	Murari Investment & Trading Company Ltd – Transfer	(10,000)	0.00	22,68,96,946	52.41
	At the end of the year (31.03.2020)			22,68,96,946	52.41

**Note:**

1. Date of increase/decrease has been considered as the date on which beneficiary position was provided by the Depositories to the Company.

**iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding during the year			Cumulative Shareholding during the year and Shareholding at the end of the year		
		No. of shares	% of total shares of the Company	Date <sup>1</sup>	Increase / Decrease	Reason	No. of shares	% of total shares of the Company	
1.	India Opportunities Growth Fund Ltd - Pinewood Strategy	2,39,91,781	5.92	01.04.2019					
				24.01.2020	(80,000)	Transfer	2,39,11,781	5.52	
				31.01.2020	(93,294)	Transfer	2,38,18,487	5.50	
				07.02.2020	(26,706)	Transfer	2,37,91,781	5.50	
				20.03.2020	15,85,889	Transfer	2,53,77,670	5.86	
				27.03.2020	6,91,337	Transfer	2,60,69,007	6.02	
				31.03.2020	3,03,042	Transfer	2,63,72,049	6.09	
				31.03.2020		Transfer	2,63,72,049	6.09	
				2.	SML Steel Metals (Cyprus) Limited <sup>2</sup>	1,81,24,782	4.47	01.04.2019	
12.04.2019	(2,272)	Transfer	1,81,22,510					4.47	
19.04.2019	(3,043)	Transfer	1,81,19,467					4.47	
20.09.2019	(1,47,350)	Transfer	1,79,72,117					4.43	
27.09.2019	(60,988)	Transfer	1,79,11,129					4.42	
30.09.2019	(25,885)	Transfer	1,78,85,244					4.41	
04.10.2019	(19,825)	Transfer	1,78,65,419					4.41	
18.10.2019	(1,15,981)	Transfer	1,77,49,438					4.10	
25.10.2019	(526)	Transfer	1,77,48,912					4.10	
01.11.2019	(5,94,704)	Transfer	1,71,54,208					3.96	
08.11.2019	(1,18,631)	Transfer	1,70,35,577					3.93	
15.11.2019	(3,74,845)	Transfer	1,66,60,732					3.85	
29.11.2019	(70,93,801)	Transfer	95,66,931					2.21	
06.12.2019	(11,01,707)	Transfer	84,65,224					1.96	
13.12.2019	(6,70,435)	Transfer	77,94,789					1.80	
20.12.2019	(34,45,083)	Transfer	43,49,706					1.00	
27.12.2019	(4,97,537)	Transfer	38,52,169					0.89	
31.12.2019	(4,00,000)	Transfer	34,52,169					0.80	
03.01.2020	(1,38,779)	Transfer	33,13,390					0.77	
07.02.2020	(25,333)	Transfer	32,88,057					0.76	
14.02.2020	(11,83,319)	Transfer	21,04,738	0.49					
21.02.2020	(8,68,849)	Transfer	12,35,889	0.29					
20.03.2020	(12,35,889)	Transfer	0	0.00					
31.03.2020			0	0.00					
3.	Avis Tie-Up Private Limited	1,21,31,715	2.99	01.04.2019					
				31.03.2020	No change during the year		1,21,31,715	2.80	
4.	PGS Invest Corp	82,36,578	2.03	01.04.2019					
				31.03.2020	No change during the year		82,36,578	1.90	
5.	General Insurance Corporation of India	78,71,084	1.94	01.04.2019					
				31.03.2020	No change during the year		78,71,084	1.82	





## Extract of Annual Return .... (Contd.)

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding during the year			Cumulative Shareholding during the year and Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	Date <sup>1</sup>	Increase / Decrease	Reason	No. of shares	% of total shares of the Company
6.	United India Insurance Company Limited	65,79,481	1.62	01.04.2019 31.03.2020	No change during the year		65,79,481	1.52
7.	S. Shyam	44,30,337	1.09	01.04.2019 19.07.2019 26.07.2019 02.08.2019 09.08.2019 23.08.2019 20.09.2019 31.03.2020	 (6,62,549) (10,00,000) 10,00,000 (15,00,000) 21,62,549 (6,62,000)	 Transfer Transfer Transfer Transfer Transfer Transfer	 37,67,788 27,67,788 37,67,788 22,67,788 44,30,337 37,68,337 37,68,337	 0.93 0.68 0.93 0.56 1.09 0.93 0.87
8.	Life Insurance Corporation of India	37,93,318	0.94	01.04.2019 31.03.2020	No change during the year		37,93,318	0.88
9.	Shivasaran Enterprises & Advisory LLP <sup>2</sup>	25,57,283	0.63	01.04.2019 26.04.2019 03.05.2019 10.05.2019 17.05.2019 20.03.2020 31.03.2020	 26,295 2,000 35,616 45,100 (49,294)	 Transfer Transfer Transfer Transfer Transfer	 25,83,578 25,85,578 26,21,194 26,66,294 26,17,000 26,17,000	 0.64 0.64 0.65 0.66 0.60 0.60
10.	Vinithra Sekhar <sup>2</sup>	24,49,977	0.60	01.04.2019 23.08.2019 31.03.2020	 16,915	 Transfer	 24,66,892 24,66,892	 0.61 0.57
11.	Koushik Sekhar <sup>3</sup>	23,98,703	0.59	01.04.2019 19.04.2019 26.04.2019 03.05.2019 10.05.2019 21.06.2019 19.07.2019 02.08.2019 06.09.2019 13.09.2019 11.10.2019 18.10.2019 20.12.2019 03.01.2020 17.01.2020 20.03.2020 31.03.2020	 65,446 40,000 38,489 10,000 21,512 18,000 23,544 21,927 73 15,000 28,365 1,80,000 25,000 5,000 (15,000) (24,000)	 Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer	 24,64,149 25,04,149 25,42,638 25,52,638 25,74,150 25,92,150 26,15,694 26,37,621 26,37,694 26,52,694 26,81,059 28,61,059 28,86,059 28,91,059 28,76,059 28,52,059	 0.61 0.62 0.63 0.63 0.63 0.64 0.65 0.65 0.65 0.61 0.62 0.66 0.67 0.67 0.66 0.66

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding during the year			Cumulative Shareholding during the year and Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	Date <sup>1</sup>	Increase / Decrease	Reason	No. of shares	% of total shares of the Company
				31.03.2020			28,52,059	0.66
12.	Vijaya S <sup>3</sup>	22,90,223	0.56	01.04.2019				
				17.05.2019	70,418	Transfer	23,60,641	0.58
				24.05.2019	40,000	Transfer	24,00,641	0.59
				28.06.2019	1,43,471	Transfer	25,44,112	0.63
				05.07.2019	55,145	Transfer	25,99,257	0.64
				12.07.2019	63,948	Transfer	26,63,205	0.66
				19.07.2019	1,65,184	Transfer	28,28,389	0.70
				02.08.2019	1,17,408	Transfer	29,45,797	0.73
				04.10.2019	13,700	Transfer	29,59,497	0.73
				11.10.2019	14,000	Transfer	29,73,497	0.69
				21.02.2020	5,500	Transfer	29,78,997	0.69
				31.03.2020			29,78,997	0.69
13.	Belgrave Investment Fund <sup>3</sup>	0	0.00	01.04.2019				
				26.07.2019	1,00,000	Transfer	1,00,000	0.02
				02.08.2019	5,39,100	Transfer	6,39,100	0.16
				09.08.2019	7,53,900	Transfer	13,93,000	0.34
				11.10.2019	1,09,89,010	Transfer	1,23,82,010	2.86
				22.11.2019	1,13,64,010	Transfer	2,37,46,020	5.16
				29.11.2019	(59,89,010)	Transfer	1,77,57,010	4.10
				06.12.2019	11,50,000	Transfer	1,89,07,010	4.37
				20.12.2019	25,00,000	Transfer	2,14,07,010	4.94
				31.03.2020			2,14,07,010	4.94

**Notes:**

1. The Company is listed and 99.59% shareholding was in demat form as on 31 March, 2020. Date of increase/decrease has been considered as the date on which beneficiary position was provided by the Depositories to the Company.
2. Ceased to be in the list of top 10 shareholders as on 31.03.2020. The details are provided above as the shareholder was appearing in the list of top 10 shareholders as on 01.04.2019.
3. Not in the list of top 10 shareholders as on 01.04.2019. The details are provided above as the shareholder was one of the top 10 shareholders as on 31.03.2020.

**Extract of Annual Return** .... (Contd.)**v) Shareholding of Directors and Key Managerial Personnel**

Sl. No.	Name of the Director / KMP For each of the Directors and KMP	Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding during the year			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	Date	Increase / Decrease	Reason	No. of shares	% of total shares of the Company <sup>1</sup>
1.	Pradip Kumar Khaitan, Chairman - Independent Director	0	0.00	01.04.2019 31.03.2020	No change during the year		0	0.00
2.	Umang Kejriwal, Managing Director	0	0.00	01.04.2019 31.03.2020	No change during the year		0	0.00
3.	Mayank Kejriwal, Joint Managing Director	0	0.00	01.04.2019 11.10.2019  31.03.2020	10,98,901	Allotment under Preferential Issue	10,98,901  10,98,901	0.25  0.25
4.	Uddhav Kejriwal, Whole-time Director	32,39,540	0.80	01.04.2019 31.03.2020	No change during the year		32,39,540	0.80
5.	Binod Kumar Khaitan, Independent Director	2,000	0.00	01.04.2019 31.03.2020	No change during the year		2,000	0.00
6.	Amrendra Prasad Verma, Independent Director	0	0.00	01.04.2019 31.03.2020	No change during the year		0	0.00
7.	Ram Krishna Agarwal, Independent Director <sup>2</sup>	1,000	0.00	01.04.2019 31.03.2020	No change during the year		1,000	0.00
8.	Mohua Banerjee, Independent Director	0	0.00	01.04.2019 31.03.2020	No change during the year		0	0.00
9.	Shermadevi Yegnaswami Rajagopalan, Non-Executive Director	5,100	0.00	01.04.2019 31.01.2020 31.03.2020	5,000	Transfer	10,100 10,100	0.00 0.00
10.	Mahendra Kumar Jalan, Whole-time Director	1,750	0.00	01.04.2019 31.03.2020	No change during the year		1,750	0.00
11.	Vyas Mitre Ralli, Non-Executive Director	5,000	0.00	01.04.2019 31.03.2020	No change during the year		5,000	0.00
12.	Sunil Katial, Chief Executive Officer <sup>3</sup>	0	0.00	01.04.2019 31.03.2020	No change during the year		0	0.00
13.	Brij Mohan Soni, Chief Financial Officer <sup>4</sup>	1,000	0.00	01.04.2019 24.07.2019	No change during the year		1,000	0.00
14.	Ashutosh Agarwal, Executive Director (Group Finance) and CFO <sup>5</sup>	31,700	0.00	13.08.2019 15.11.2019 09.03.2020 31.03.2020	30,000 50,000	Transfer Transfer	61,700 1,11,700 1,11,700	0.01 0.03 0.03
15.	Subhra Giri Patnaik, Company Secretary <sup>6</sup>	0	0.00	01.04.2019 13.08.2019	No change during the year		0	0.00
16.	Indranil Mitra, Company Secretary <sup>7</sup>	0	0.00	13.08.2019 31.03.2020	No change during the year		0	0.00

**Notes:**

1. The Company receives shareholdings from the depositories for weekend positions only and therefore, weekend date and net quantity increase / decrease during the week could only be provided.
2. Mr. Ram Krishna Agarwal (DIN: 00416964) has ceased to be a Director of the Company, with effect from 8 June, 2020.
3. Mr. Sunil Katial (DIN: 07180348) has also been appointed as a Whole-time Director of the Company, with effect from 1 April, 2020, subject to approval of the shareholders at their ensuing Annual General Meeting ('AGM').

4. Mr. Brij Mohan Soni ceased to be the Chief Financial Officer of the Company, with effect from 24 July, 2019.
5. Mr. Ashutosh Agarwal was appointed as the Executive Director (Group Finance) and CFO of the Company, with effect from 13 August, 2019.
6. Ms. Subhra Giri Patnaik ceased to be the Company Secretary of the Company, with effect from 13 August, 2019
7. Mr. Indranil Mitra was appointed as the Company Secretary of the Company, with effect from 13 August, 2019.
8. Mr. Rajkumar Khanna (DIN: 05180042) has been appointed as an Independent Director of the Company, with effect from 15 June, 2020, subject to approval of the shareholders at their ensuing AGM.

## V. INDEBTEDNESS

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

Amount (Rs. in Lakh)

	Secured Loan excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year (01.04.2019)</b>				
i) Principal Amount	1,45,714.11	16,143.98	–	1,61,858.09
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	620.58	–	–	620.58
<b>Total (i+ii+iii)</b>	<b>1,46,334.69</b>	<b>16,143.98</b>	–	<b>1,62,478.67</b>
<b>Change in Indebtedness during the financial year</b>				
Additions	58,323.65	9,142.77	–	67,466.42
Reduction	66,328.43	9,298.00	–	75,626.43
<b>Net Change</b>	<b>(8,004.78)</b>	<b>(155.23)</b>	–	<b>(8,160.01)</b>
<b>Indebtedness at the end of the financial year (31.03.2020)</b>				
i) Principal Amount	1,37,367.22	15,846.48	–	1,53,213.70
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	962.69	142.27	–	1,104.96
<b>Total (i+ii+iii)</b>	<b>1,38,329.91</b>	<b>15,988.75</b>	–	<b>1,54,318.66</b>



## Extract of Annual Return ..... (Contd.)

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### A. Remuneration to Managing Director, Whole time director and/or Manager

Amount in Rs.

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/Manager				Total Amount
		Umang Kejriwal	Mayank Kejriwal	Uddhav Kejriwal	Mahendra Kumar Jalan	
		Managing Director	Joint Managing Director	Whole-time Director	Whole-time Director	
1.	Gross salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	2,71,76,135	5,16,439	1,74,97,673	1,57,75,091	6,09,65,338
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	6,20,357	5,86,147	8,99,573	3,56,518	24,62,595
	(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	1,20,00,000	-	85,00,000	-	2,05,00,000
	- others (specify)	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-
	Total (A)	3,97,96,492	11,02,586	2,68,97,246	1,61,31,609	8,39,27,933
	Ceiling as per the Act (as per Schedule V)	1,294.31 Lakh (10% of the net profits calculated as per Section 198 of the Companies Act, 2013)				

#### B. Remuneration to other directors

Amount in Rs.

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount	
		Pradip Kumar Khaitan	Binod Kumar Khaitan	Ram Krishna Agarwal	Amrendra Prasad Verma	Mohua Banerjee	Shermadevi Yegnaswami Rajagopalan		Vyas Mitre Ralli
		Independent Directors				Non-Executive, Non-Independent Director			
1.	Independent Directors								
	(a) Fee for attending board/ committee/ other meetings	4,30,000	7,80,000	5,80,000	4,50,000	2,50,000	--	--	24,90,000
	(b) Commission	12,00,000	12,00,000	12,00,000	12,00,000	12,00,000	--	--	60,00,000
	(c) Others, please specify	--	--	--	--	--	--	--	--
	Total (1)	16,30,000	19,80,000	17,80,000	16,50,000	14,50,000	--	--	84,90,000
2.	Other Non-Executive Directors								
	(a) Fee for attending board/ committee meetings						4,70,000	2,10,000	6,80,000
	(b) Commission	--	--	--	--	--	12,00,000	12,00,000	24,00,000
	(c) Others, please specify	--	--	--	--	--	--	--	--
	Total (2)	--	--	--	--	--	16,70,000	14,10,000	30,80,000
	Total (B)=(1+2)	16,30,000	19,80,000	17,80,000	16,50,000	14,50,000	16,70,000	14,10,000	1,15,70,000
	Total Managerial Remuneration * (A+B)								9,54,97,933
	Overall Ceiling as per the Act	1,423.74 Lakh (11% of the net profits calculated as per Section 198 of the Companies Act, 2013)							

\* Total remuneration to Managing Directors, Whole-time Directors and other Directors (being the total of A and B).

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD** Amount in Rs.

Sl. No.	Particulars of Remuneration	Key Managerial Personnel					Total
		Chief Executive Officer	Chief Financial Officer	Executive Director (Group Finance) and CFO	Company Secretary		
		Sunil Katial	Brij Mohan Soni*	Ashutosh Agarwal**	Subhra Giri Patnaik***	Indranil Mitra****	
1.	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	1,91,29,538	22,15,541	88,66,200	11,49,275	17,22,404	3,30,82,958
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	10,98,800	10,800	21,600	13,500	21,600	11,66,300
	(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 (specify)	-	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-	-
	Total	2,02,28,338	22,26,341	88,87,800	11,62,775	17,44,004	3,42,49,258

\* Mr. Brij Mohan Soni ceased to be the Chief Financial Officer of the Company, with effect from 24 July, 2019.

\*\* Mr. Ashutosh Agarwal was appointed as the Executive Director (Group Finance) and CFO of the Company, with effect from 13 August, 2019.

\*\*\* Ms. Subhra Giri Patnaik ceased to be the Company Secretary of the Company, with effect from 13 August, 2019.

\*\*\*\* Mr. Indranil Mitra was appointed as the Company Secretary of the Company, with effect from 13 August, 2019

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/ Court)	Appeal made if any (give details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board of Directors

Pradip Kumar Khaitan  
Chairman  
DIN: 00004821

Place: Kolkata  
Date: 15 June, 2020

**BUSINESS RESPONSIBILITY REPORT****for the Financial Year ended March 31, 2020**

[Pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

**Section A: General Information about the Company**

1.	Corporate Identity Number (CIN) of the Company	L27310OR1955PLC000310
2.	Name of the Company	Electrosteel Castings Limited
3.	Registered address	Rathod Colony, Rajgangpur, Sundergarh, Odisha 770 017
4.	Website	www.electrosteelcastings.com
5.	E-mail ID	companysecretary@electrosteel.com
6.	Financial Year reported	2019-20
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	NIC Code: 24311; Ductile Iron Pipes & Cast Iron Pipes NIC Code: 24311; Ductile Iron Fittings
8.	Key products/services that the Company manufactures/ provides	Company is engaged in manufacturing following key products: 1) Ductile Iron Pipes 2) Ductile Iron Pipe Fittings 3) Cast Iron Pipes
9.	Total number of locations where business activity is undertaken by the Company a) Number of International Locations b) Number of National Locations	NIL 4 (manufacturing activity). The details are given in the Corporate Governance Report, forming part of this Annual Report.
10.	Markets served by the Company	The Company's products have national as well as global presence.

**Section B: Financial Details of the Company**

1.	Paid-up Capital (INR)	Rs. 4,329.55 Lakh
2.	Total Turnover (INR)	Rs. 2,47,988.93 Lakh
3.	Total Profit after Taxes (INR)	Rs. 9,858.78 Lakh
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after taxes	Rs. 5.75 Lakh, i.e., 0.06%
5.	List of activities in which expenditure in 4 above has been incurred	The same has been detailed out in the Annual Report on CSR Activities, annexed to the Board's Report, marked as Annexure 4 thereto, forming part of this Annual Report

**Section C: Other Details**

1.	Does the Company have any Subsidiary Company/Companies?	Yes, the Company has 11 (eleven) Subsidiaries.
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company?	No, the Subsidiary Companies do not participate in the BR initiatives of the Company.
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company?	Other entity/entities (e.g., suppliers, distributors, etc.) that the Company does business with, do not participate in the BR initiatives of the Company.

**Section D: BR (Business Responsibility) Information**

Mr. Mahendra Kumar Jalan, Whole-time Director of the Company, has been authorized by the Board of Directors of the Company to oversee the implementation of the Business Responsibility Policy. Mr. Ashutosh Agarwal, Executive Director (Group Finance) and CFO, is designated as the Business Responsibility Head.

**1. Details of Director/Directors responsible for BR****a) Details of the Director/Directors responsible for implementation of the BR policy/policies**

1.	DIN	00311883
2.	Name	Mr. Mahendra Kumar Jalan
3.	Designation	Whole-time Director

**b) Details of the BR head**

No.	Particulars	Details
1.	DIN (if applicable)	Not Applicable
2.	Name	Mr. Ashutosh Agarwal
3.	Designation	Executive Director (Group Finance) and CFO
4.	Telephone Number	+91-33-22839990/ 71034400
5.	E-mail ID	ashutosh@electrosteel.com

**2. Principle-wise (as per NVGs) BR Policy/policies**

The BR Policy of the Company is based on the National Voluntary Guidelines on Social, Environment and Economic Responsibilities of Business (NVGs) issued by the Ministry of Corporate Affairs, Government of India.

The NVGs provide the following 9 (nine) principles:

Principle 1: Ethics, Transparency and Accountability [P1]	Principle 6: Environment [P6]
Principle 2: Products Lifecycle Sustainability [P2]	Principle 7: Policy Advocacy [P7]
Principle 3: Employees' Well-being [P3]	Principle 8: Inclusive Growth [P8]
Principle 4: Stakeholder Engagement [P4]	Principle 9: Customer Value [P9]
Principle 5: Human Rights [P5]	



**Business Responsibility Report** ..... (Contd.)**a) Details of Compliance (Reply in Y/N)**

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national/ international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Policies formulated by the Company conform to applicable national laws and standards. The policies are based on and are in compliance with the applicable regulatory international standards and requirements.								
4.	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The BR Policy has been signed by the Chairman of the Company.								
5.	Does the Company have a specified Committee of the Board/ Director/ Official to oversee the implementation of the policy?	Mr. Mahendra Kumar Jalan, Whole-time Director of the Company, has been authorized by the Board of Directors of the Company to oversee the implementation of the Business Responsibility Policy. Mr. Ashutosh Agarwal, Executive Director (Group Finance) and CFO, is designated as the Business Responsibility Head.								
6.	Indicate the link for the policy to be viewed online?	The BR Policy can be viewed at: <a href="https://www.electrosteelcastings.com/investors/pdf/business-responsibility-policy.pdf">https://www.electrosteelcastings.com/investors/pdf/business-responsibility-policy.pdf</a> For further reference on various policies, the same can be viewed in link, as mentioned in the following notes:								
		6a		6b	6c	6d			6e	
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		Evaluation has been carried out internally by the Company.								

**Notes to the Clause 2(a)(6):**

6(a) - Code of Conduct of the Company: <https://www.electrosteelcastings.com/investors/pdf/code-of-conduct-49.pdf>

Vigil Mechanism/Whistle Blower Policy: <https://www.electrosteelcastings.com/investors/pdf/Vigil-Mechanism-Whistle-Blower-Policy.pdf>

6(b) - Vigil Mechanism/Whistle Blower Policy: <https://www.electrosteelcastings.com/investors/pdf/Vigil-Mechanism-Whistle-Blower-Policy.pdf>

6(c) – Corporate Social Responsibility ('CSR') Policy: <https://www.electrosteelcastings.com/investors/pdf/CSR-policy.pdf>  
 Vigil Mechanism/Whistle Blower Policy: <https://www.electrosteelcastings.com/investors/pdf/Vigil-Mechanism-Whistle-Blower-Policy.pdf>

6(d) - Vigil Mechanism/Whistle Blower Policy: <https://www.electrosteelcastings.com/investors/pdf/Vigil-Mechanism-Whistle-Blower-Policy.pdf>

6(e) - CSR Policy: <https://www.electrosteelcastings.com/investors/pdf/CSR-policy.pdf>

**b) If answer to the question at serial number 1 against any principle, is 'No', please explain why:** Not applicable.

### 3. Governance related to BR

a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year:** The Board of Directors of the Company, annually assess the BR Performance of the Company.

b) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?** – The Company has published its first Business Responsibility Report, which forms part of the Annual Report for the Financial Year 2019-20. The same is available on the Company's website, [www.electrosteelcastings.com](http://www.electrosteelcastings.com).

## Section E: Principle-wise Performance

### Principle 1

1) **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?** – Yes, the Policy relating to ethics, bribery and corruption covers only the Company. This Policy does not extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others. However, the Company encourages them to participate in the BR initiatives of the Company.

The Company strives to maintain the highest standards of ethics in all spheres of its business activities. Apart from BR Policy, the Company has following policies dealing with ethics, transparency and accountability:

*Code of Conduct:* Code of Conduct is formulated to ensure that all Directors and senior management personnel act within limits of authority conferred upon them and they function in the best interest of the Company and all stakeholders. This Code is applicable to each member of the Board of Directors of the Company, as well as employees in the grade of General Managers and above of the Company, or such members of the 'Senior Management' of the Company or such other employees of the Company as may be designated as member of the Senior Management for the purpose of this Code by the Managing Director of the Company, from time to time.

*Vigil Mechanism/Whistle Blower Policy:* Vigil Mechanism Policy covers malpractices and events which have taken place / suspected to have taken place, misappropriation of monies, manipulations, negligence causing danger to public health and safety, misuse or abuse of authority, fraud or suspected fraud, leak/suspected leak of UPSI, violation of Company rules, and other matters or activity by which the Company's interest is affected and formally reported by whistle blowers. This policy provides a channel to the Directors and employees to report to the management concerns about unethical behavior, actual or suspected fraud and/or any instances of leak/suspected leak of UPSI and / or violation of the Code of Conduct or Policy. The mechanism also provides for adequate safeguards against victimization of employees to avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases.



## Business Responsibility Report ..... (Contd.)

- 2) **How many stakeholder complaints have been received in the Financial Year under review and what percentage was satisfactorily resolved by the management?** – During the Financial Year, 6 (six) shareholder complaints were received and resolved by the Company. No complaints were pending as on 31 March, 2020. All complaints received, were solved, by the Company, to the satisfaction of the shareholders.

### Principle 2

- 1) **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities –**
- (a) The Company produces Sewage Pipe of Ductile Iron, which has the CE compliance (System 4). This product ensures zero contamination of soil and surrounding while conveying the sewage from one point to other.
  - (b) “Safe Drinking water for All” - The materials used in Ductile Iron Pipes for conveying potable water has the highest standard and certified by ‘All Leading Laboratories’ of the world, including ACS (France), Hygiene Institute (Germany) and WRAS (UK). Most importantly, most of these ingredients are ‘designed and manufactured’ by the Company.
  - (c) The Company designs and manufactures different restraining system which help the customer to avoid huge concrete block saving the resource (land) of the country.
- 2) **Does the Company have procedures in place for sustainable sourcing (including transportation)?** – For sustainable sourcing, the Company has taken various steps including backward integration, which comprises greenfield and brownfield expansions, e.g., Sinter Plant, Sponge Iron Plant, Coke Oven Plant, Power Plant from waste heat recovery, Ferro Alloy and DI Fittings & Accessories, upgrading and expanding manufacturing capacities, exploring alternate source for procurement of critical raw material and increasing efforts on R&D. In addition, cost control measures are ongoing process. The Company enters into contracts for bulk quantity preferably with direct sources or authorized distributors as well as keeps on exploring alternate sources of supply. Transporter with fleet dedicated for ECL is engaged for moving from Haldia key inputs required at Khardah plant, viz., Coke and PCI coal for MBF, Low VM Coal for sinter, Sponge Iron, Ferro Alloy, by-products, like, coke fines, etc.
- (a) **If yes, what percentage of your inputs was sourced sustainably?**  
90.97% of inputs were sourced sustainably during the financial year 2019-20.
- 3) **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?** – The Company sources its goods at competitive prices in this world market as global village but preference is given to local suppliers, if possible, without compromising on business interest. Over the period, the Company has developed many suppliers to produce goods of required standards in self and national interest. Besides goods suppliers, the Company has enlisted number of local people as contractors and service providers for various job works and labour contracts, thereby, supporting communities surrounding the place of its work.
- 4) **Does the Company have a mechanism to recycle products and waste?** Yes, the Company has a mechanism to recycle products and waste.
- (a) The product declared “Reject” at the factory are cut to small pieces and are re-melted in the Furnace. 100% of the rejected products are recycled.
  - (b) The slag generated in the blast furnace is used in making Slag Cement.
  - (c) Almost 95% of the water used in the plant is recycled through our Effluent Treatment Plant.

**Principle 3**

- 1) **Total number of permanent employees** – 1,547, as on 31 March, 2020
- 2) **Total number of employees hired on temporary/contractual/casual basis** – Nil, as on 31 March, 2020
- 3) **Number of permanent women employees** – 15, as on 31 March, 2020
- 4) **Number of permanent employees with disabilities** – 1, as on 31 March, 2020
- 5) **Do you have an employee association that is recognized by management** – No
- 6) **Percentage of permanent employees who are members of this recognized employee association** – Not Applicable
- 7) **Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last Financial Year and pending, as on the end of the Financial Year –**

No.	Category	No of complaints filed during the Financial Year	No of complaints pending as on end of the Financial Year
1.	Child labour/forced labour/ involuntary labour	Nil	Not Applicable
2.	Sexual harassment	Nil	Not Applicable
3.	Discriminatory employment	Nil	Not Applicable

- 8) **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year? –**
  - (a) **Permanent Employees** : 86%
  - (b) **Permanent Women Employees** : 87%
  - (c) **Casual/Temporary/Contractual Employees** : Not Applicable
  - (d) **Employees with Disabilities** : 100%

**Principle 4**

- 1) **Has the Company mapped its internal and external stakeholders? Yes/No** – Yes, the Company has mapped its internal and external stakeholders. The Company recognises employees, business associates (network of suppliers, stockists and dealers, etc.), customers, shareholders/investors, communities surrounding our operations and regulatory authorities as its key stakeholders.
- 2) **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?–**  
The Company understands that all its stakeholders are not equal and some of its stakeholders are disadvantaged, vulnerable and marginalized.
- 3) **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? –** The Company proactively engages with and responds to safeguard the interest of those stakeholders that are disadvantaged, vulnerable and marginalized. The Company, through its Corporate Social Responsibility ('CSR') initiatives and other regular programmes/initiatives, works towards the benefit of its disadvantaged, vulnerable and marginalized stakeholders. The CSR initiatives taken by the Company have been detailed out in the Annual Report on CSR activities, which has been annexed to the Board's Report, marked as Annexure – 4, forming part of this Annual Report.



## Business Responsibility Report ..... (Contd.)

### Principle 5

- 1) **Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?** – Apart from the Company's BR Policy, the Company, under its Code of Conduct, advises all its Directors and Senior Management Executives to practice a Code of giving highest respect for humans and human values and promote the same, in general. Though the said Policy and Code covers only the Company and its employees, the Company continuously strives to promote human rights as mentioned in the Constitution of India in the provisions of Fundamental Rights and Directive Principles of State Policy and also the guidelines of the International Bill of Human Rights. The Company strictly prohibits any unfair/unjust treatment to any human and violation of human rights.
- 2) **How many stakeholder complaints have been received in the past Financial Year and what percent was satisfactorily resolved by the management?** – No complaint was received pertaining to human rights violation during the past Financial Year. Details of complaints received from shareholders have been dealt in clause 2 of Principle 1.

### Principle 6

- 1) **Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?** – The Policy related to Principle 6 cover only the Company. However, the Company encourages that the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others should follow the underlying standard stated under this principle.
- 2) **Does the Company has strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage, etc.** – With the objective to sustain clean and green environment in and around the factory and improve it with time, the Company has a strong and very effective Environment Management System that looks after all the environmental issues. Company's strategies/initiatives addressing global environmental issues have been given in various sections of the Annual Reports of the Company. Annual Reports of the Company are available at <https://www.electrosteelcastings.com/investors/annual-report.asp>.
- 3) **Does the Company identify and assess potential environmental risks? Y/N** – Yes, the Company identifies and assesses potential environmental risks. Environmental risks are defined as those potential adverse situations which may come from any regulatory and environmental non-compliances arising out of the operation of the Company's plant activities. This may impact the Company's image and also generate financial liabilities. This can be combination of different situations together also.
- 4) **Does the Company has any project related to Clean Development Mechanism?** – The Company has developed a 12 MW Waste Heat Recovery based Power Plant at Haldia as a CDM Project. It is reducing around 78000 T of CO<sub>2</sub> emission annually. It has been registered with UNFCCC (United Nations Framework Convention for Climate Change). Carbon Trading was done for emission reduction from this project with a UK based company.
- 5) **Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.?** – The Company has undertaken a number of other initiatives on clean technology and energy efficiency. One major initiative is usage of Blast Furnace Gas (a process by-product) to replace fuel oil in heat treatment furnaces, which is being implemented step by step over the last few years. Last major improvement in this regard was carried out in 2019-20. The Company has also taken initiatives on generation and usage of renewable energy. One major initiative was installation of a Rooftop Solar Power generating facility on canteen building roof of the Company's units at Khardah.
- 6) **Are the emissions/waste generated by the Company within the permissible limits given by CPCB/SPCB for the Financial Year being reported?** – During the Financial Year 2019-20, emissions/waste generated were within the limits given by CPCB/SPCB.

- 7) **Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e., not resolved to satisfaction) as on the end of Financial Year**– No show cause/legal notice was pending as on the end of the Financial Year 2019-20.

### Principle 7

- 1) **Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with –**
- Confederation of Indian Industry
  - Engineering Export Promotion Council
  - Indian Chamber of Commerce, Kolkata
- 2) **Have you advocated/lobbied through above associations for the advancement or improvement of public good?** Yes, during the Financial Year 2019-20, the Company advocated for the Indian Government's "Nal Se Jal" (water from tap) mission rolled out by the Government during June, 2019. With more than 80% rural households yet to get piped water supply, the Government announced this mission for each house in villages in the next 5 years. This Mission is to cover 14 crore households. There will be a deficit of 43% between water availability and requirement in the coming years. The Company advocated the policy, on how the project needs to be undertaken.

Under the Jal Jeevan Mission, both ground and surface water will be used to meet the requirement. In villages, where the quality of water available is good, piped water would be sourced and supplied at the village level. In other areas, where the quality of water is poor, there could be a trunk water supply system for a cluster of villages and piped water could be sourced from other villages or locality. The communities, such as, village Panchayat would manage the operation and maintenance of the facilities wherever feasible. There can be 3rd party verification and funds could be released by the government. The focus of the scheme would be to recharge groundwater through point recharge source, basic treatment and re-use of grey-water for agriculture, de-silting minor irrigation tanks and rejuvenation of water bodies. There needs to be a huge focus on the campaign for creating awareness and behaviour change for the conservation of water. The Company feels that conservation of water has to become a people's movement since demand for water is going to grow.

### Principle 8

- 1) **Does the Company has specified programmes/initiatives/projects in pursuit of the policy related to Principle 8?** – The Company supports the principles of inclusive growth and equitable development through not just its Corporate Social Responsibility initiatives but through its core business and various other events/initiatives.
- 2) **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?** – The Company undertakes programmes/ projects directly through in-house team as well as through other external bodies/associations.
- 3) **Have you done any impact assessment of your initiative?** – Yes, the Company internally performs an impact assessment of its initiatives, from time to time and takes necessary actions, accordingly.
- 4) **Company's direct/indirect contribution to community development projects and the details of the projects undertaken** – The Company's contribution to the community development projects undertaken during the Financial Year through its CSR activities is Rs. 5,75,000/-. The details of the projects have been given out in the Annual Report on CSR Activities, annexed to the Board's Report, marked as Annexure 4 thereto, forming part of this Annual Report. Apart from this, the Company also contributes, directly or indirectly, towards development projects for the community benefit.



## Business Responsibility Report ..... (Contd.)

- 5) **Have you taken steps to ensure that this community development initiative is successfully adopted by the community?** – Yes, the Company monitors its initiatives, from time to time, for their successful implementation.

### Principle 9

- 1) **What percentage of customer complaints/consumer cases are pending as on the end of Financial Year?** – No customer complaint/consumer cases were pending as on the end of Financial Year.
- 2) **Does the Company display product information on the product label, over and above what is mandated as per local laws?** No
- 3) **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of Financial Year** – No case has been filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on the end of Financial Year.
- 4) **Did your Company carry out any consumer survey/consumer satisfaction trends?** – Yes, the Company carried out consumer survey/consumer satisfaction trends by taking customer feedback.

For and on behalf of the Board of Directors

Pradip Kumar Khaitan  
Chairman  
DIN: 00004821

Place: Kolkata  
Date: 15 June, 2020

**Annexure – 9****PARTICULARS ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO**

[Information under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of Companies (Accounts) Rules, 2014]

**A) CONSERVATION OF ENERGY**

i) The steps taken or impact on conservation of energy:

- LDO has been replaced totally with Blast Furnace Gas (a process byproduct) as fuel in soaking zone of Main Annealing Furnace of Khardah Works, resulting in reduction of LDO consumption by 3,100 litre/day (avg.).
- VVVF drives have been installed in Khardah Boiler ID fan, Coating line Pollution Control Device ID fan, Combustion air blowers for Main Annealing Furnace & ID fans of Pollution Control Device for Fittings Casting Plant (Khardah & Haldia) to reduce energy consumption of these equipments by approx. 30%.
- Installation of energy efficient LED lights replacing conventional lamps in Khardah & Bansberia Works have resulted in reduction of energy consumption by approx. 40% for these lighting systems.
- Entire lighting system for extension of Fittings Plant in Haldia has been made of energy efficient LED lights.
- All the new equipments (continuous duty) installed during the year in Khardah, Bansberia & Haldia Works have been equipped with energy efficient (IE3 class) motors.

ii) The steps taken by the Company for utilising alternate sources of energy:

- In 2019-20, 13855 kWh solar energy was utilized at Khardah, Bansberia & Haldia Works taken together.
- Six solar street lighting poles have been installed in Haldia Ferro Alloy Plant.
- Action has been initiated to increase roof-top solar power generating capacity by further 6 kWp at Khardah Works canteen building roof. Project commissioning is scheduled in 2020-21.
- Action has been initiated to increase Blast Furnace Gas (a process byproduct) as fuel in Khardah Works Main Annealing Furnace heating zone, replacing fuel oil completely. Project commissioning is scheduled in 2020-21.

iii) The capital investment on energy conservation equipments:

The Company has made a total capital investment amounting to Rs. 130 lakh during the Financial Year 2019-20 on energy conservation equipments.

**B) TECHNOLOGY ABSORPTION**

i) The efforts made towards technology absorption:

The Company continues to develop high end paints for Ductile Iron Pipes and Fittings in their manufacturing facility and the quality is approved by different European laboratories.

ii) The benefits derived like product improvement, cost reduction, product development or import substitution:

A number of imported paints are substituted by the paint developed by the Company in-house. The Company is also developing expensive spares with help from local manufacturers. All these have helped the Company to improve its bottom-line.





## Conservation of Energy ..... (Contd.)

- iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –
- a) The details of technology imported – Nil
  - b) The year of import – Not Applicable
  - c) Whether the technology is fully absorbed – Not Applicable
  - d) If not fully absorbed, areas where absorption has not taken place, and the reason thereof – Not Applicable
- iv) The expenditure incurred on Research and Development:  
The expenditure incurred by the Company towards Research and Development during the Financial Year 2019-20 amounted to Rs. 121.75 Lakh.

### C) FOREIGN EXCHANGE EARNINGS & OUTGO

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflow is given below:

Foreign Exchange Earned:	Rs. 1,020.90 Crore
Foreign Exchange Outgo:	Rs. 566.79 Crore

For and on behalf of the Board of Directors

Pradip Kumar Khaitan  
Chairman  
DIN: 00004821

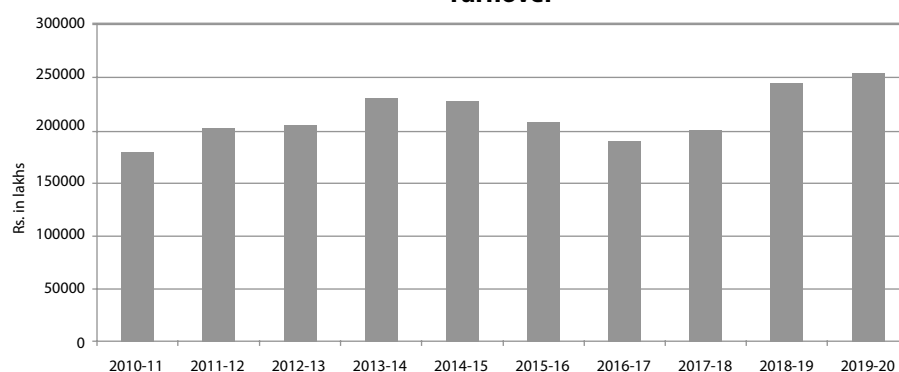
Place: Kolkata  
Date: 15 June, 2020

# Ten Years Financial Summary

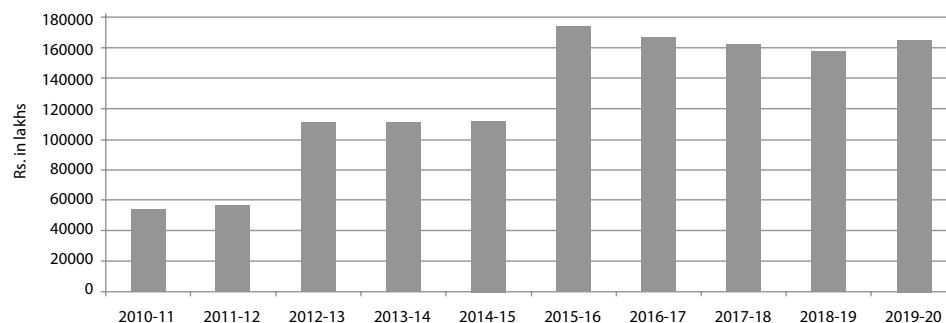
Rs. in Lakhs

Year	Revenue from Operation	Earnings before Depreciation, Finance cost and Tax Expense (EBDIT)	Depreciation	Tax	Profit after Tax	Gross Block	Net Block	Capital Employed
2010-11	174967.18	31698.08	5441.26	6025.00	15463.74	91435.90	53084.79	320054.39
2011-12	195671.85	17749.38	5426.03	-1979.72	4238.28	99166.78	55547.65	351714.07
2012-13	198231.53	28530.93	5308.68	2375.36	9722.71	158917.71	109450.41	465227.91
2013-14	223509.05	32475.39	5296.71	3540.88	10055.84	164668.04	109462.80	487165.21
2014-15	220328.82	30908.27	6743.00	2366.49	7267.16	174316.05	110880.11	499985.06
2015-16	201615.28	30595.05	6488.50	1611.74	5587.02	177804.26	171425.17	517183.25
2016-17	183207.85	37323.04	6368.85	3120.73	7728.30	176281.82	163991.26	508003.98
2017-18	194366.44	30512.54	5921.85	-339.78	4698.64	177964.68	160261.49	470686.16
2018-19	239060.75	-37911.95	5481.79	-2348.16	-63585.80	178392.85	155917.87	424563.46
2019-20	247988.93	39617.60	5274.32	2494.75	9858.78	190609.79	163284.82	432325.18

## Turnover



## Net Block





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# STANDALONE FINANCIAL STATEMENTS

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# Independent Auditors' Report

## To The Members of Electrosteel Castings Limited

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

#### Qualified Opinion

We have audited the accompanying standalone financial statements of Electrosteel Castings Limited ("the Company"), which comprise the Balance sheet as at March 31, 2020, the statement of profit and loss (including other comprehensive income), the statement of cash flow and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. (hereinafter referred to as the "standalone financial statement")

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standard ) Rules 2015 , as amended ( Ind As) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Qualified Opinion

Attention is drawn to the following notes to the accompanying standalone financial statement:

- a) Note no. 47 in respect to cancellation of coal block allotted to the company in earlier years and non-recognition of the claims receipt thereof and non-carrying of any adjustment in the books of accounts for the reasons stated in the note. Pending finalisation of the matter and as the matter is sub judice, disclosures as per Indian Accounting standard will be given effect on final settlement of the matter and the balances appearing in the books of accounts in respect to such coal block have been carried forward at their carrying cost and disclosed as capital work in progress, property plant & equipment, inventories and other heads of account. The impact and consequential adjustment thereof are not presently ascertainable.
- b) Note No. 8A.2 in respect to Company's investment amounting to Rs. 1653.76 lakhs in Electrosteel Steels Limited (ESL), the pledge of which was invoked by the lenders of ESL and the same has been

set aside by the Hon'ble High Court at Calcutta. The plea of the company to release the pledge is pending before the Hon'ble High Court at Calcutta. Further certain fixed assets of Elavur plant of the Company which are mortgaged in favour of a Lender of ESL, who has assigned their rights to another entity and the symbolic possession has been taken during the year, has been disputed by the company as enumerated in the note. Above exposures have been carried forward at their existing carrying value & no impairment has been provided in respect to above and the impact of which is not presently ascertainable.

- c) Note No 48(b) in respect to carry forward of claim recoverable amounting to Rs. 1778.11 Lakhs towards the compensation claimed from the Railway Authorities as mentioned in the note. The recovery of the same is dependent on the outcome of the arbitration process and is not presently ascertainable.

Impacts with respect to (a) (b) & (c) above are presently not ascertainable and as such cannot be commented upon by us.

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the basis for qualified opinion section, we have determined the matters described below as Key audit matters and for each matter, our description of how our audit addressed the matter is provided in that context.



# Independent Auditors' Report *(Contd.)*

Key audit matters	How our audit addressed the key audit matter
<b>Taxation, litigations and disclosures of contingent liabilities</b>	
<p>The Company is exposed to different laws, regulations and interpretations thereof. The company is also subject to number of significant claims and litigations. The assessment of the likelihood and quantum of any liability in respect of these matters can be judgmental due to the uncertainty inherent in their nature.</p> <p>At March 31, 2020, the Company has carried forward non-current income tax liabilities of Rs. 5157.78 Lakhs [Refer Note 27 to the financial statements]. Further, the Company has disclosed significant pending legal cases with respect to Kodilabad mines [Refer Note 48a to the financial statements] and other material contingent liabilities [Refer Note 53 to the financial statements].</p> <p>We considered this to be a key audit matter, since the accounting and disclosure of claims and litigations is complex and judgmental, and the amounts involved are, or can be, material to the financial statements.</p>	<p>Our audit procedures included among others:</p> <ol style="list-style-type: none"> <li>I. Understanding and assessing the internal control environment relating to the identification, recognition and measurement of provisions for disputes, potential claims and litigation, and contingent liabilities;</li> <li>II. Analyzed significant changes/update from previous periods and obtained a detailed understanding of such items. Assessed recent judgments passed by the court authorities affecting such change;</li> <li>III. Discussed the status of significant known actual and potential litigations with the management &amp; noted that information placed before the board for such cases and</li> <li>IV. Assessment of the management's assumptions and estimates related to the recognized provisions for disputes and disclosures of contingent liabilities in the financial statements.</li> </ol>
<b>Recoverability of Government Grant</b>	
<p>The company has been entitled for various sales tax incentives under Industrial promotion scheme issued by the State Government. The company had complied with the conditions of such scheme and incentives were accounted for in the books in earlier years. A sum of Rs. 4680.58 Lakhs (grouped under other financial assets in note no. 18) is outstanding against said incentive as on 31st March 2020.</p> <p>We determined this to be a matter of significance to our audit due to the quantum of the government grant outstanding, compliance requirement of the scheme and also because of recovery pattern of the same.</p>	<ol style="list-style-type: none"> <li>I. Evaluating eligibility requirements of schemes and compliances by the company.</li> <li>II. Understanding and testing the design and operating effectiveness of controls as established by the management in recognition and assessment of the recoverability of the grant.</li> <li>III. Considering the relevant notifications to ascertain the basis for determination, completion of performance obligation and assessing the appropriateness of the management estimates for accounting of government grant and timing of recognition &amp; past receipt of the grants.</li> </ol>

Key audit matters	How our audit addressed the key audit matter
<b>Inventory measurement</b>	
<p>The company deals with various types of bulk material &amp; Finished goods such as ductile &amp; Iron pipes, pipe fittings, coal, coke &amp; Iron Ore etc. The total inventory of such materials amounts to Rs.54774.82 lakhs as on March 31, 2020. (refer note no. 12).</p> <p>The measurement of these inventories involved certain estimations/assumption and also involved volumetric measurements. Measurement of some of these inventories also involved consideration of handling loss, moisture loss/gain, spillage etc. and thus required assistance of technical expertise.</p> <p>We determined this to be a matter of significance to our audit due to quantum of the amount &amp; estimation involved.</p>	<ol style="list-style-type: none"> <li>I. Obtained the understanding of the management with regards to internal financial controls relating of Inventory management.</li> <li>II. The company has deployed an independent agency for verification of bulk Materials in which our team were also present to oversee the process of entire materials being verified. We have also reviewed the internal verification process followed by the management for certain inventory items.</li> <li>III. We have also reviewed the report submitted by external agency and obtained reasons/explanation for such differences and also confirmed the adjustment made by the company in accordance with the policy confirmed by the board of directors.</li> </ol>

### Information other than the Standalone Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, for example Board's Report, Report on Corporate Governance, Management Discussion & Analysis Report etc., but does not include the standalone financial statements and our auditors' report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and those charged with governance for the standalone financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance

## Independent Auditors' Report *(Contd.)*

with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditors' Responsibility for the Audit of the standalone financial statements**

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013,

we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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



## Independent Auditors' Report *(Contd.)*

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
  2. Further to our comments in the annexure referred to in the paragraph above, as required by Section 143(3) of the Act, we report that:
    - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
    - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
    - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account;
    - d) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
    - e) The matters described in the Basis for Qualified opinion paragraph above, in the event of being decided unfavorably, in our opinion, may have an adverse effect on the functioning of the Company;
    - f) On the basis of the written representations received from the directors as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of section 164 (2) of the Act;
    - g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above
    - h) 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;
- i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of the section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanation given to us, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
  - j) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. Except for the matters dealt with in the Basis of Qualified Opinion paragraph impact whereof are presently not ascertainable, impacts of pending litigations (Other than those already recognised in the accounts) on the financial position of the Company have been disclosed in the standalone financial statement as required in terms of the Ind AS and provisions of the Companies Act, 2013 - Refer Note No. 53 to the standalone financial statements.
    - ii. The Company has made provision, as required under the applicable law or Indian accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note no. 45 to the standalone financial statements; and
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Singhi & Co.  
Chartered Accountants  
Firm Registration No. : 302049E

(Gopal Jain)  
Partner

Place : Kolkata  
Date : 15th June, 2020

Membership No. : 059147  
UDIN: 20059147AAAAABA3397

**ANNEXURE “A” TO THE AUDITORS’ REPORT OF EVEN DATE****(Referred to in paragraph 1 under “Report on Other Legal and Regulatory Requirements’ of our report of even date)**

- I. a. The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets except in case of furniture and fixture.
- b. During the year, fixed assets have been physically verified by the management according to a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets except in respect of fixed assets located at Parbatpur Coal Block for reasons stated in Note No. 47(a). As informed, no material discrepancies were noticed on such verification.
- c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except as detailed below: (Refer Note no. 5.3 & 5.4 of the standalone financial statements)

(Amount Rs. In Lakhs)

Nature of Immovable Properties	Gross Block	Net Block
Freehold Land	335.81	335.81
Freehold Land	1889.04	1889.04

- II. a. As informed, the inventories of the Company except for materials in transit, finished goods lying with third parties and inventories lying at Parbatpur Coal Block for reasons stated in Note no. 47(a), have been physically verified by the management at the reasonable intervals. In our opinion and according to the information and explanations given to us, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained and in respect of goods-in-transit, subsequent goods receipts have been verified or confirmations have been obtained from the parties. The discrepancies noticed on verification between the physical stocks and the book records were wherever material and have been properly dealt with in the books.
- b. 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. Considering the above, in our opinion, the procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- III. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- IV. In our opinion and according to the information and explanations provided to us, the Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect of investments made or loans or guarantee or security provided to the parties covered under Section 186 of the Act.
- V. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable 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, Employees’ State Insurance, Income Tax, Sales Tax, Service tax, duty of Custom, duty of Excise, Value Added Tax, Goods & Service Tax, Cess and other material statutory dues as applicable to it. No dues were in arrears as on 31st March 2020 for a period of more than six months from the date they became payable except non payment of employer contribution of provident fund amounting to Rs. 69.30 Lakhs
- b. According to the information and explanations given to us, the details of disputed dues of sales tax, income tax, customs duty, goods & service tax, excise duty, service tax, and Cess, if any, as at 31st March, 2020, 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
Sales Tax Act	Sales Tax/ VAT	63.97	2010-12	Commercial taxes Tribunal, Ranchi
		5732.35	2006-09, 2010-11	West Bengal Appellate & Revisional Board
		469.59	2013-16	Additional Commissioner, Commercial taxes, West Bengal
		58.06	2004-05, 2014-16	Joint Commissioner (Appeal) Sales Tax, Dhanbad Circle, Dhanbad
		13.24	2009-10	Hon’ble Jharkhand High Court



**ANNEXURE “A” TO THE AUDITORS' REPORT OF EVEN DATE** (Contd.)

Name of the Statute	Nature of Dues	Amount (Rs. in lakhs)	Period to which the Amount relates	Forum where dispute is pending
		787.37	2012-14	Deputy Commissioner, Sales Tax, Bokaro Circle, Bokaro
Central Excise Act	Excise Duty	11.86	2005-06	Customs, Excise and Service Tax Appellate Tribunal, Kolkata
		10.77	2008-2009	Additional Director General, Director of Revenue Intelligence, New Delhi
		1910.34	2002-2003 to 2004-2005, 2005-2007	Commissioner of Goods & Service Tax & Central Excise
Central Excise Act	Service Tax	20.29	2004-05 to 2007-08	Hon'ble Madras High Court
		470.84	2007-2008 to 2011-2016	Customs, Excise and Service Tax Appellate Tribunal, Kolkata
		149.7	2006-2012	Commissioner of Central Excise, Chennai II Commissionerate
		377.76	2002-2003 to 2006-2007	CGST & CX Khardha Division Kolkata North Commissionerate
		1246.85	2016-17	Director General of G.S.T. Intelligence, Zonal Unit, Patna.
The Income Tax Act, 1961	Income Tax	812.51	2015-16	CIT (Appeals)

- VIII. In our opinion and according to the information and explanations provided by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution and banks during the year. The company has not borrowed any funds from the government or through debentures during the year.
- 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), however term loans raised during the year have been utilized for the purposes for which they were raised.
- X. During the course of our examination of books of account carried out in accordance with generally accepted auditing practices in

India, we have neither come across any incidence of fraud on or by the Company nor have we been informed of any such cases by the management.

- XI. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- XII. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- XIII. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable Indian accounting standards.
- XIV. According to the information and explanations given to us and based on our examination of the records of the Company, preferential allotment of equity shares made during the year is in compliance with section 42 of the Act and the amount raised by such allotment have been used for the purposes for which the amounts were raised.
- 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 Singhi & Co.  
Chartered Accountants  
Firm Registration No. : 302049E

(Gopal Jain)  
Partner

Place : Kolkata  
Date : 15th June, 2020

Membership No. : 059147  
UDIN: 20059147AAAAABA3397

## **ANNEXURE “B” TO THE INDEPENDENT AUDITORS' REPORT**

**Referred to in paragraph (h) 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 Castings Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated 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 standalone 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 standalone 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, 2020, 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 Singhi & Co.  
Chartered Accountants  
Firm Registration No. : 302049E

(Gopal Jain)

Partner

Place : Kolkata  
Date : 15th June, 2020

Membership No. : 059147  
UDIN: 20059147AAAAABA3397

**Standalone Balance Sheet** as at March 31, 2020

(Amount Rs. in lakhs)

	Note No.	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, Plant and Equipment	5	16,07,89.28	15,77,65.20
(b) Capital work-in-progress	49 and 50	11,65,41.67	12,36,56.40
(c) Other Intangible assets	6	1,36.76	96.57
(d) Right-of-use assets	7	23,58.78	-
(e) Investments in subsidiaries, associates and joint ventures	8	5,18,97.69	5,19,44.24
(f) Financial Assets			
(i) Investments	8A	21,20.41	21,34.88
(ii) Loans	9	13,16.50	13,86.56
(iii) Other financial assets	10	55,50.00	35,00.00
(g) Other non-current assets	11	5,54.09	2,62.74
		<b>34,12,65.18</b>	<b>34,07,46.59</b>
<b>Current assets</b>			
(a) Inventories	12	6,13,55.11	5,63,11.21
(b) Financial Assets			
(i) Investments	13	0.52	75.81
(ii) Trade receivables	14	6,37,78.18	6,01,16.38
(iii) Cash and cash equivalents	15	22,23.55	56,47.38
(iv) Bank balances other than (iii) above	16	40,42.40	75,04.61
(v) Loans	17	13,17.27	21,30.06
(vi) Other financial assets	18	1,88,84.01	1,92,94.95
(c) Other current assets	19	56,26.04	54,99.92
		<b>15,72,27.08</b>	<b>15,65,80.32</b>
<b>Total Assets</b>		<b>49,84,92.26</b>	<b>49,73,26.91</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	20	43,29.55	40,54.82
(b) Other Equity	21	25,05,25.16	23,38,69.77
		<b>25,48,54.71</b>	<b>23,79,24.59</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	22	7,01,30.07	8,34,84.15
(ii) Lease liabilities	23	4,67.87	-
(b) Provisions	24	20,95.26	19,13.52
(c) Deferred tax liabilities (Net)	25	2,42,56.77	2,51,76.52
(d) Other non-current liabilities	26	53,43.12	1,59,77.84
(e) Non-current tax liabilities (Net)	27	51,57.78	42,43.37
		<b>10,74,50.87</b>	<b>13,07,95.40</b>
<b>Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	28	6,03,91.31	6,33,61.52
(ii) Lease liabilities	23	1,22.29	-
(iii) Trade payables	29		
(a) Total Outstanding dues of Micro enterprises and small enterprises: and		1,61.85	38.24
(b) Total Outstanding of creditor other than Micro enterprises and small enterprises		3,30,77.98	2,75,98.81
(iv) Other financial liabilities	30	2,59,08.08	1,77,72.89
(b) Other current liabilities	31	1,45,09.94	1,79,87.28
(c) Provisions	32	20,15.23	18,48.18
(d) Current Tax Liabilities (Net)		-	-
		<b>13,61,86.68</b>	<b>12,86,06.92</b>
<b>Total Equity and Liabilities</b>		<b>49,84,92.26</b>	<b>49,73,26.91</b>

Significant accounting policies and other accompanying notes (1 to 59) form an integral part of the financial statements.

As per our report of even date

**For Singhi & Co.**Chartered Accountants  
(Firm Registration No. 302049E)Gopal Jain  
Partner  
(Membership No. 059147)Kolkata  
June 15, 2020Indranil Mitra  
Company Secretary**For and on behalf of the Board of Directors**Umang Kejriwal  
Managing Director  
(DIN : 00065173)Ashutosh Agarwal  
Executive Director  
(Group Finance) and CFOMahendra Kumar Jalan  
Wholetime Director  
(DIN : 00311883)Sunil Katial  
Chief Executive Officer &  
Wholetime Director  
(DIN :07180348)

## Standalone Statement of Profit and Loss for the year ended March 31, 2020

(Amount Rs. in lakhs)

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue From Operations	33	24,79,88.93	23,90,60.75
Other Income	34	41,81.89	64,13.50
<b>Total income</b>		<b>25,21,70.82</b>	<b>24,54,74.25</b>
<b>EXPENSES</b>			
Cost of materials consumed	35	11,18,41.99	11,05,88.28
Purchases of stock-in-trade	36	31,66.87	56,41.66
Changes in inventories of finished goods, stock-in-trade and work-in-progress	37	(5,57.40)	(62,68.58)
Employee benefits expense	38	1,71,93.30	1,51,85.11
Finance costs	39	2,19,89.75	2,25,40.22
Depreciation and amortisation expense	40	52,74.32	54,87.27
Other expenses	41	8,09,08.46	7,92,32.46
<b>Total expenses</b>		<b>23,98,17.29</b>	<b>23,24,06.42</b>
<b>Profit / (Loss) before exceptional items and tax</b>		<b>1,23,53.53</b>	<b>1,30,67.83</b>
Exceptional Items	42	-	(7,89,90.08)
<b>Profit / (Loss) before tax</b>		<b>1,23,53.53</b>	<b>(6,59,22.25)</b>
Tax expense :	43		
Current tax		13,51.26	2.96
Deferred tax		11,59.68	(23,48.31)
Related to earlier year		(16.19)	-
<b>Profit / (Loss) for the year</b>		<b>98,58.78</b>	<b>(6,35,76.90)</b>
<b>Other Comprehensive Income</b>	44		
A (i) Items that will not be reclassified to profit or loss			
a) Remeasurements of the defined benefit plans		3.39	1,88.18
b) Equity instruments through other comprehensive income		(14.46)	(6,23.72)
(ii) Income tax relating to items that will not be reclassified to profit or loss	43.2	2.46	(70.75)
B (i) Items that will be reclassified to profit or loss			
a) Effective portion of Cash flow hedge reserve		-	2,67.44
(ii) Income tax relating to items that will be reclassified to profit or loss	43.2	-	(93.46)
<b>Other Comprehensive Income for the year (net of tax)</b>		<b>(8.61)</b>	<b>(3,32.31)</b>
<b>Total Comprehensive Income for the year</b>		<b>98,50.17</b>	<b>(6,39,09.21)</b>
<b>Earnings per equity share of par value of Re. 1 each.</b>	51		
(1) Basic (Rs.)		2.36	(16.44)
(2) Diluted (Rs.)		2.36	(16.44)

Significant accounting policies and other accompanying notes (1 to 59) form an integral part of the financial statements.

As per our report of even date

**For Singhi & Co.**

Chartered Accountants  
(Firm Registration No. 302049E)

Gopal Jain  
Partner  
(Membership No. 059147)

Kolkata  
June 15, 2020

Indranil Mitra  
Company Secretary

**For and on behalf of the Board of Directors**

Umang Kejriwal  
Managing Director  
(DIN : 00065173)

Ashutosh Agarwal  
Executive Director  
(Group Finance) and CFO

Mahendra Kumar Jalan  
Wholetime Director  
(DIN : 00311883)

Sunil Katial  
Chief Executive Officer &  
Wholetime Director  
(DIN :07180348)

**Standalone Statement of changes in Equity** for the year ended March 31, 2020

<b>A. Equity Share Capital</b>	<b>Amount (Rs. in lakhs)</b>
Balance as at April 1, 2018	35,69.55
Changes during the year	4,85.27
Balance as at March 31, 2019	40,54.82
Changes during the year	2,74.73
<b>Balance as at March 31, 2020</b>	<b>43,29.55</b>

Note : During the year, the company had issued 27472526 (previous year 48526861) numbers of equity shares of Re. 1 each at a premium of Rs. 17.20 each (previous year Rs.27.85 each) (full figure) on preferential basis. The equity shares issued during the year 2019-20 were allotted on October 11, 2019.

**B. Other Equity****As at March 31, 2020**

(Amount Rs. in lakhs)

Particulars	Reserve & Surplus				Items of Other Comprehensive Income		Total
	Capital Reserve	Capital Reserve on Amalgamation	Securities Premium	General Reserve	Equity Instrument through Other Comprehensive Income		
Balance as at April 01, 2019	41,48.28	(14,86.46)	7,91,04.99	10,10,07.51	5,17,07.50	(6,12.05)	23,38,69.77
Total Comprehensive Income for the year	-	-	-	-	98,58.78	(11.15)	98,47.63
Re-measurement of defined benefit plans	-	-	-	-	2.54	-	2.54
Remeasurement impact of opening Deferred Tax Liability on adoption of New Tax Regime. (refer note no. 27.2)	-	-	-	-	20,79.95	-	20,79.95
On issuance of 27472526 equity shares during the year	-	-	47,25.27	-	-	-	47,25.27
<b>Balance at March 31, 2020</b>	<b>41,48.28</b>	<b>(14,86.46)</b>	<b>8,38,30.26</b>	<b>10,10,07.51</b>	<b>6,36,48.77</b>	<b>(6,23.20)</b>	<b>25,05,25.16</b>

## Standalone Statement of changes in Equity for the year ended March 31, 2020 (Contd.)

B. Other Equity (Contd.) As at March 31, 2019		(Amount Rs. in lakhs)							
		Reserve & Surplus				Items of Other Comprehensive Income			
Particulars	Capital Reserve	Capital Reserve	Securities Premium Reserve	General Reserve	Debtenture Redemption Reserve	Retained Earnings	Equity Instrument through Other Comprehensive Income	Effective portion of Cash Flow hedges	Total
Balance as at April 1, 2018	41,48.28	-	6,55,90.26	10,10,07.51	62,50.00	10,87,86.28	16.66	(1,73.98)	28,56,25.01
Total Comprehensive Income for the year	-	-	-	-	-	(6,35,76.90)	(6,28.71)	1,73.98	(6,40,31.63)
Re-measurement of defined benefit plans	-	-	-	-	-	1,22.42	-	-	1,22.42
Dividends including dividend distribution tax	-	-	-	-	-	(14,66.49)	-	-	(14,66.49)
Transfer to Retained Earnings from Debtenture Redemption Reserve	-	-	-	-	(62,50.00)	62,50.00	-	-	-
On issuance of 48526861 equity shares during the year	-	-	1,35,14.73	-	-	-	-	-	1,35,14.73
Due to merger of Mahadev Vyapaar Pvt. Ltd. (reder note no. 57)	-	(14,86.46)	-	-	-	15,92.19	-	-	1,05.73
Balance as at March 31, 2019	41,48.28	(14,86.46)	7,91,04.99	10,10,07.51	-	5,17,07.50	(6,12.05)	-	23,38,69.77

Refer Note no. 21 for nature and purpose of reserves.

Significant accounting policies and other accompanying notes (1 to 59) form an integral part of the financial statements.

As per our report of even date

**For Singhi & Co.**  
Chartered Accountants  
(Firm Registration No. 302049E)

Gopal Jain  
Partner  
(Membership No. 059147)

Kolkata  
June 15, 2020

### For and on behalf of the Board of Directors

Umang Kejriwal  
Managing Director  
(DIN : 00065173)

Mahendra Kumar Jalan  
Wholetime Director  
(DIN : 00311883)

Sunil Katial  
Chief Executive Officer &  
Wholetime Director  
(DIN :07180348)

Ashutosh Agarwal  
Executive Director  
(Group Finance) and CFO

Indranil Mitra  
Company Secretary

**Standalone Statement of Cash Flow** for the year ended March 31, 2020

(Amount Rs. in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit/(Loss) before Tax</b>	<b>1,23,53.53</b>	(6,59,22.25)
Add : Depreciation and amortisation expenses	52,74.32	54,87.27
Sundry balances /Assets / Advances written off	2,820.71	6,90.33
Bad Debts	47.93	-
Credit loss allowances on trade receivables/advances	41.23	1,96.02
Advance/trade receivables written off	-	2,11,21.70
Impairment in valuation of investments	45.05	8,22.81
Loss on sale of Current Investment	14.94	-
Net gain /(loss) on Fair valuation of Investments	0.15	5,78,76.71
Fair Valuation of derivative instruments through Profit & Loss A/c	6,65.97	-
Profit/(Loss) on sale / discard of Fixed Assets (net)	2,14.85	2,80.47
Finance cost	2,19,89.75	2,25,40.22
	<b>3,11,14.90</b>	10,90,15.53
	<b>4,34,68.43</b>	4,30,93.28
Less : Interest income	11,49.29	16,20.94
Bad Debts realised	89.58	1,37.00
Dividend income from investments	11,58.79	11,60.77
Gain on redemption of financial liability at amortised cost	-	8,03.25
Net gain/(loss) on derecognition of financial assets at amortised cost	29.71	56.39
Fair Valuation of derivative instruments through Profit & Loss A/c	-	3,39.54
Unrealised foreign exchange fluctuation and translation	13,15.23	26,81.10
Provisions / Liabilities no longer required written back	63.46	8,74.38
	<b>38,06.06</b>	76,73.37
<b>Operating Profit before Working Capital changes</b>	<b>3,96,62.37</b>	3,54,19.91
Movements in working capital		
Less : Increase/(Decrease) in Inventories	50,12.63	1,54,78.37
Increase/(Decrease) in Trade Receivables	10,93.23	92,48.29
Increase/(Decrease) in Loans & Advances, other financial and non-financial assets	1,62.42	17,52.84
(Increase)/Decrease in Trade Payables, other financial and non financial liabilities and provisions	91,39.49	1,18,06.97
	<b>1,54,07.77</b>	3,82,86.47
<b>Cash generated from Operations</b>	<b>2,42,54.60</b>	(28,66.56)
Less : Direct Taxes paid (Net)	4,70.82	14,82.67
<b>Net cash flow from Operating Activities (A)</b>	<b>2,37,83.78</b>	(43,49.23)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and Equipment, Intangible Assets and movements in Capital work in progress	(54,67.46)	(53,91.28)
Realisation of Property, Plant and Equipment, Intangible Assets	22.46	1,26.84
Sale of Investment in Associate	1.50	-
Sale of Current Investment	60.20	-
Interest received	11,83.48	15,92.67
Dividend received	11,58.79	11,60.77
Movement in Bank balances other than cash and cash equivalents	14,12.21	61,97.91
	<b>(16,28.82)</b>	36,86.91
<b>Net Cash flow from Investing Activities (B)</b>	<b>(16,28.82)</b>	36,86.91

## Standalone Statement of Cash Flow for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from preferential issue of Equity Shares	50,00.00	1,40,00.00
Proceeds/(Repayment) from short term borrowings (net)	(41,81.26)	2,00,23.58
Repayment of Long term borrowings	(1,16,44.33)	(6,51,12.41)
Proceeds from Long term borrowings	60,00.00	6,00,00.00
Interest and other borrowing cost paid	(2,06,81.64)	(2,79,27.34)
Interest paid on Lease Liability	(73.22)	-
Dividend paid	-	(12,32.31)
Tax on dividend	-	(2,50.04)
<b>Net cash flow from Financing Activities (C)</b>	<b>(2,55,80.45)</b>	<b>(4,98.52)</b>
<b>D. Net increase / (Decrease) in Cash and Cash equivalents (A+B+C)</b>	<b>(34,25.49)</b>	<b>(11,60.84)</b>
<b>E. Cash and Cash equivalents at the beginning of the year</b>	<b>56,47.38</b>	<b>67,95.77</b>
<b>F. Add/(Less): Unrealised exchange gain/(loss) on bank balances</b>	<b>1.66</b>	<b>12.45</b>
<b>G. Cash and Cash equivalents at the end of the year</b>	<b>22,23.55</b>	<b>56,47.38</b>

**Note :**

- (a) The above Statement of Cash Flows has been prepared under the "Indirect Method" as set out in Ind AS 7, 'Statement of Cash Flows' as noted under Companies Act, 2013.
- (b) Ind AS 7 Cash flow statements requires the entities to provide disclosure that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet of liabilities arising from financing activities, to meet the disclosure requirements.

Particulars	As at 31.03.2019	Cash Flows	Non Cash Changes		As at 31.03.2020
			Foreign Exchange movement, Amortised cost & Other Adjustments	Current/Non-current classification	
Borrowings-Non Current	8,34,84.15	60,00.00	33,38.24	(2,26,92.32)	7,01,30.07
Other Financial Liabilities	1,50,12.42	(1,16,44.33)	(33,68.09)	2,26,92.32	2,26,92.32
Borrowings-Current	6,33,61.52	(41,81.26)	12,11.05	-	6,03,91.31

Significant accounting policies and other accompanying notes (1 to 59) form an integral part of the financial statements.

As per our report of even date

**For Singhi & Co.**

Chartered Accountants  
(Firm Registration No. 302049E)

Gopal Jain  
Partner  
(Membership No. 059147)

Kolkata  
June 15, 2020

Indranil Mitra  
Company Secretary

**For and on behalf of the Board of Directors**

Umang Kejriwal  
Managing Director  
(DIN : 00065173)

Ashutosh Agarwal  
Executive Director  
(Group Finance) and CFO

Mahendra Kumar Jalan  
Wholetime Director  
(DIN : 00311883)

Sunil Katial  
Chief Executive Officer &  
Wholetime Director  
(DIN :07180348)





## Notes to Standalone Financial Statements for the year ended March 31, 2020

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### 1 Corporate Information

Electrosteel Castings Limited ('the Company') is a public limited company in India having its corporate office in Kolkata in the State of West Bengal and registered office at Rajgangpur, District: Sundergarh in the State of Odisha and is engaged in the manufacture and supply of Ductile Iron (DI) Pipes, Ductile Iron Fittings (DIF) and Cast iron (CI) Pipes as its core business and produces and supplies Pig Iron, in the process. It also produces Metallurgic Coke, Sinter and Power for captive consumption. The company caters to the needs of Water Infrastructure Development. The Company's shares are listed on National Stock Exchange of India Limited and BSE Limited. The Board of Directors have approved the financial statements for the year ended March 31, 2020 and authorised for issue on June 15, 2020.

### 1A Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19)

The spread of COVID-19 pandemic has severely impacted businesses around the globe, including India. The regular business operations of the company has been impacted post lock-down declared by Government of India (GOI) on March 24, 2020, which includes suspension of significant portion of production facilities, disruptions in supply chain and adopting work from home policies of employees across the locations. Due to above, the volumes for the month of March 2020 have been impacted. The Company is monitoring the situation closely and operations are being resumed/ramped up in a phased manner from June 2020 considering various directives from GOI. The management has considered various internal and external sources of information up to the date of approval of the standalone financial statements by the Board of Directors in determining the impact of pandemic on the various elements of standalone financial statements. The management has also evaluated its liquidity position for the next year and used the principles of prudence in applying judgments, estimates & assumptions and based on the current estimates, it expects to fully recover the carrying amount of various non current & current assets. However considering the uncertainties involved, the eventual outcome of impact of the pandemic may be different from those estimated as on the date of approval of these standalone financial statements. The Company will continue to closely monitor any material changes in future economic conditions.

### 2A Application of New Accounting Pronouncements effective from April 01, 2019

**2A.1** The Company has applied the following Indian Accounting Standards and its amendments for the first time for the annual reporting period commencing April 01, 2019.

Ind AS 116 - Leases

Amendment to Ind AS 12 - Income Taxes and Ind AS 12 Appendix 'C' - Uncertainty over Income Tax Treatments

Amendment to Ind AS 19 - Plan amendment, curtailment or settlement

Amendment to Ind AS 23 - Borrowing Cost

Amendment to Ind AS 103 - Business combination and Ind AS-111- Joint Arrangement

Amendment to Ind AS 109 - Prepayment features with negative compensation

Except for adoption of Ind AS-116, most of the above amendments did not have any impact on the current and previous financial period.

### 2B Recent Accounting Developments

#### Standards issued but not yet effective

**2B.1** Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2020.

### 3. Statement of compliance and Significant Accounting Policies

#### 3.1 Statement of Compliance

These financial statements, excepting as stated in note no 47, have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

#### Basis of Preparation

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

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

## Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

As the operating cycle cannot be identified in normal course, the same has been assumed to have duration of 12 months. All Assets and Liabilities have been classified as current or non-current as per the operating cycle and other criteria set out in Ind AS 1 'Presentation of Financial Statements' and Schedule III to the Companies Act, 2013.

The Standalone Financial Statements are presented in Indian Rupees and all values are rounded off to the nearest two decimal lakhs except otherwise stated.

### Fair Value Measurement

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

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

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable either directly or indirectly for the asset or liability.

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

The company has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements who regularly review significant unobservable inputs, valuation adjustments and fair value hierarchy under which the valuation should be classified.

### 3.2 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 include deemed cost on the date of transition and comprises purchase price of assets or its construction cost including duties and taxes (net of recoverable taxes), inward freight and other expenses incidental to acquisition or installation and adjustment for exchange differences wherever applicable and any cost directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended for its use. For major projects, interest and other costs incurred on / related to borrowings to finance such projects or fixed assets during construction period and related pre-operative expenses are capitalized. Expenditure on Blast Furnace/Coke Oven Battery Relining is capitalized.

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

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Statement of Profit and Loss when incurred.

Capital Work-in-progress includes preoperative and development expenses, equipments to be installed, construction and erection materials, advances etc. Such items are classified to the appropriate categories of PPE when completed and ready for intended use.

The Company had opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules 2009 relating to Accounting Standard-11 notified by Government of India on 31st March, 2009 (as amended on 29th December 2011), which will be continued in accordance with Ind-AS 101 for all pre-existing long term foreign currency monetary items as at 31st March 2016. Accordingly, exchange differences relating to long term monetary items, arising during the year, in so far as they relate to the acquisition of fixed assets, are adjusted in the carrying amount of such assets.

### Depreciation and Amortization

Depreciation on PPE except as stated below, is provided as per Schedule II of the Companies Act, 2013 on straight line method in respect of Plant and Equipments and Office Equipments at all location of the Company except Elavur Plant of the Company and on written down value method on all other assets including Plant and Equipments and Office Equipments at Elavur Plant. Certain Plant and Equipment's have been considered Continuous Process Plant on the basis of technical assessment. Depreciation on upgradation of Property, Plant and Equipment is provided over the remaining useful life of the mother plant / fixed assets.

Leasehold Land held under finance lease including leasehold land are depreciated over their expected lease terms. No depreciation is charged on Freehold land. Assets costing rupees five thousand or less are being depreciated fully in the year of addition/acquisition.

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 *(Contd.)*

In case the cost of part of tangible asset is significant to the total cost of the assets and useful life of that part is different from the remaining useful life of the asset, depreciation has been provided on straight line method based on internal assessment and independent technical evaluation carried out by external valuers, which the management believes that the useful lives of the component best represent the period over which it expects to use those components. Pipe Moulds of specified sizes are depreciated over a period of 3 years.

Railway siding constructed on Government land is amortised over the period of 10 years in terms of agreement.

Depreciation on Property, Plant and Equipments commences when the assets are ready for their intended use. Based on above, the useful lives as estimated for other assets considered for depreciation are as follows:

Category	Useful life
<b>Buildings</b>	
Non-Factory Building (RCC Frame Structure)	60 Years
Factory Building	30 Years
<b>Roads</b>	
Carpeted Roads-RCC	10 Years
Carpeted Roads-other than RCC	5 Years
Non-Carpeted Roads	3 Years
<b>Plant and machinery</b>	
Other than Continuous Process Plant	15 Years
Sinter Plant, Blast Furnace, Coke Oven	20 Years
Coke Oven Battery Relining	5 Years
Blast Furnace Relining	2 Years
Power Plant	40 Years
<b>Computer equipment</b>	
Servers and networks	6 Years
Others	3 Years
Furniture and fixtures, Electrical Installation and Laboratory Equipment's	10 Years
Office equipment	5 Years
<b>Vehicles</b>	
Motor cycles, scooters and other mopeds	10 Years
Others	8 Years

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

**3.3 Intangible Assets**

Intangible assets are stated at cost comprising of purchase price inclusive of duties and taxes (net of recoverable taxes) less accumulated amount of amortization and impairment losses. Such assets, are amortised over the useful life using straight line method and assessed for impairment whenever there is an indication of the same.

Accordingly, right to use wagons acquired under "Wagon Investment Scheme", cost of computer software packages (ERP and others) and mining rights are allocated / amortized over a period of 10 years, 5 years and available period of mining lease respectively.

Research cost are not capitalized and the related expenditure is recognized in the statement of profit and loss in the period in which the expenditure is incurred.

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

**3.4 Derecognition of Tangible and Intangible assets**

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

**3.5 Leases****(i) Company as a lessee**

The Company has adopted Ind AS 116-Leases effective 1st April, 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognised on the date of initial application (1st April, 2019). Accordingly, previous period information has not been restated.

## Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

The Company's lease asset classes primarily consist of leases for Land and Buildings. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

1. the contract involves the use of an identified asset
2. the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
3. the Company has the right to direct the use of the asset.

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

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

### (ii) Company as a lessor

#### 1. Finance Lease

Leases which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item are classified and accounted for as finance lease. Lease rental receipts are apportioned between the finance income and capital repayment based on the implicit rate of return. Contingent rents are recognized as revenue in the period in which they are earned.

#### 2. Operating Lease

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease except where scheduled increase in rent compensates the Company with expected inflationary costs.

### 3.6 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 of 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.



## Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

### 3.7 Financial Assets and Financial Liabilities

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

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

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

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

#### (i) Cash and cash equivalents

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

#### (ii) Financial Assets and Financial Liabilities measured at amortised cost

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

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

The effective interest rate is the rate that discounts estimated future cash payments or receipts (including all fees 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

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

#### (vi) Equity Instruments measured at FVTOCI and FVTPL

Equity instruments which are, held for trading are classified as at FVTPL are measured at Fair Value as per Ind AS 109. For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the

## Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

fair value. The company makes such election on an instrument-by instrument basis. The classification is made on initial recognition and is irrevocable. In case the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Profit and Loss, even on sale of investment.

### (vii) Investment in Subsidiaries, Associates and Joint Ventures

Investments in subsidiaries, associates and joint ventures are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries or the loss of significant influence over associates, the difference between net disposal proceeds and the carrying amounts are recognized in the statement of profit and loss.

### (viii) Derivative and Hedge Accounting

The company enters into derivative financial instruments such as foreign exchange forward, swap 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 as per Ind AS 109 "Financial Instruments", is categorized as a financial asset, at fair value through profit or loss. Transaction costs attributable are also recognized in Statement of profit and loss. Changes in the fair value of the derivative hedging instrument designated as a fair value hedge are recognized in the Statement of profit and loss.

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

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

### (ix) 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 asset 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.

### (x) Derecognition of financial instruments

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

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

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

Financial liabilities are derecognized if the Company's obligations specified in the contract expire or are discharged or cancelled. The



## Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

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difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in Statement of Profit and Loss.

### (xi) Financial Guarantee Contracts

Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirement of Ind AS 109 and the amount recognized less cumulative amortization.

### 3.8 Inventories

Inventories are valued at lower of 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 related finished products 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.

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

Cost in respect of work-in-progress represents cost of materials remaining uncertified / incomplete under the Turnkey Contracts undertaken by the Company.

Net Realizable Value is the estimated selling price in the ordinary course of business less estimated cost of completion and the estimated cost necessary to make the sale.

### 3.9 Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the spot rates of exchanges at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchanges at the reporting date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities are generally recognized in profit or loss in the year in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those qualifying assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings, the balance is presented in the Statement of Profit and Loss within finance costs.

Non monetary items which are carried in terms of historical cost denominated in foreign currency, are reported using the exchange rate as at the date of transaction.

The Company had opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules 2009 relating to Accounting Standard-11 notified by Government of India on 31st March, 2009 (as amended on 29th December 2011), which will be continued in accordance with Ind-AS 101 for all pre-existing long term foreign currency monetary items as at 31st March 2016. Accordingly, exchange differences relating to long term monetary items, arising during the year, in so far as they relate to the acquisition of fixed assets, are adjusted in the carrying amount of such assets.

### 3.10 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.

### 3.11 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

## Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

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 recognized and are 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 recognised but disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

### 3.12 Employee Benefits

#### Short Term Benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided. Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period.

#### Other Long Term Employee Benefits

The liabilities for leave encashment that are not expected to be settled wholly within twelve months are measured as the present value of the expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the government securities (G-Sec) at the end of the reporting period that have terms approximating to the terms of related obligation. Remeasurements as the result of experience adjustment and changes in actuarial assumptions are recognized in statement of profit and loss.

#### Post Employment Benefits

The Company operates the following post employment schemes:

##### — Defined Benefit Plans

The liability or asset recognized in the Balance Sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods. The defined benefit obligation is calculated annually by Actuaries using the projected unit credit method.

The liability recognized for defined benefit plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The benefits are discounted using the government securities (G-Sec) at the end of the reporting period that have terms approximating to the terms of related obligation.

Remeasurements of the net defined benefit obligation, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling, are recognized in other comprehensive income. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to the statement of profit and loss.

##### — Defined Contribution Plan

Defined contribution plans such as provident fund etc are charged to the statement of profit and loss as and when incurred. Contribution to Superannuation fund, a defined contribution plan is made in accordance with the company's policy and is recognised in the Statement of profit and loss.

### 3.13 Revenue

Revenue from contract with customers is recognized when the Company satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations are satisfied at a point of time or over a period of time. Performance obligations satisfied over a period of time are recognized as per the terms of relevant contractual agreements/ arrangements. Performance obligations are said to be satisfied at a point of time when the customer obtains controls of the asset.





## Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

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Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and value added tax. Transaction price is recognized based on the price specified in the contract, net of the estimated sales incentives/ discounts. Accumulated experience is used to estimate and provide for the discounts/ right of return, using the expected value method.

A refund liability is recognized for expected returns in relation to sales made corresponding assets are recognized for the products expected to be returned.

The Company recognises as an asset, the incremental costs of obtaining a contract with a customer, if the Company expects to recover those costs. The said asset is amortised on a systematic basis consistent with the transfer of goods or services to the customer.

### 3.14 Borrowing Costs

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.

### 3.15 Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of the carrying amount and the fair value less cost to sell.

An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the non-current asset (or disposal group) is recognized at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Non-current assets (or disposal group) classified as held for sale are presented separately in the balance sheet. Any profit or loss arising from the sale or remeasurement of discontinued operations is presented as part of a single line item in statement of profit and loss.

### 3.16 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.

### 3.17 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 Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

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

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

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

## Notes to Standalone Financial Statements for the year ended March 31, 2020 *(Contd.)*

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 benefit can be measured reliably and it is probable that the future economic benefit associated with same 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.

### 3.18 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.

### 3.19 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker of the Company is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the chief operating decision maker.

The Company has identified one reportable segment "Pipes and all other activities revolve around the main business" based on the information reviewed by the CODM.

### 3.20 Business Combination

Common control business combination where the Company is transferee, is accounted using the pooling of interest method. Assets and liabilities of the combining entities are reflected at their carrying amounts and no new asset or liability is recognised other than those adjustments that are made are to harmonise accounting policies. Identity of reserves of the transferor company is preserved by reflecting them in the same form in the Company's financial statements in which they appeared in the financial statement of the transferor company. The excess between the amounts of consideration paid over the share capital of the transferor company is recognised and disclosed as capital reserve on business combination.

The financial information in the financial statements in respect of prior periods is restated from the beginning of the preceding period in the financial statements if the business combination date is prior to that date. However, if business combination date is after that date, the financial information in the financial statements is restated from the date of business combination.

## 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:

### 4.1 Depreciation / amortization and impairment on property, plant and equipment / intangible assets.

Property, plant and equipment and intangible assets are depreciated/ amortized on straight-line /written down value 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.



## Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

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The company reviews its carrying value of its Tangible and Intangible Assets whenever there is objective evidence that the assets are impaired. In such situation Assets' recoverable amount is estimated which is higher an 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. The Company reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation / amortization and amount of impairment expense to be recorded during any reporting period. This reassessment may result in change estimated in future periods.

### 4.2 Impairment on Investments in Subsidiaries, Associates and Joint Ventures

Investments in Subsidiaries, Associates and Joint Ventures are being carried at cost or deemed cost. The company has tested for impairment at year end based on the market value where the shares are quoted, P/E ratio of similar sector company along with premium/discount for nature of holding and Net Asset Value computed with reference to the book value/ projected discounted cash flow of such company in respect of unquoted investments.

### 4.3 Right-of-use assets and lease liability

The Company has exercised judgement in determining the lease term as the noncancellable term of the lease, together with the impact of options to extend or terminate the lease if it is reasonably certain to be exercised.

Where the rate implicit in the lease is not readily available, an incremental borrowing rate is applied. This incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar nature and value to the right-of-use asset in a similar economic environment. Determination of the incremental borrowing rate requires estimation.

### 4.4 Claims and Compensation

Claims including insurance claims are accounted for on determination of certainty of realisation thereof. Compensation receivable against acquisition of coal mine (Refer Note No. 47) pending final acceptance or settlement thereof even though has not been given effect to, as amount expected to be realised in this respect has been considered to be covering the carrying amount of the relevant assets and other recoverables.

### 4.5 Impairment allowances for on trade receivables

The Company evaluates whether there is any objective evidence that trade receivables are impaired and determines the amount of impairment allowance as a result of the inability of the customers 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.

### 4.6 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.

### 4.7 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.

### 4.8 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 for contingencies are reviewed regularly and revised to take account of changing facts and circumstances.

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 (Contd.)**5. Property, Plant and Equipment :**

(Amount Rs. in lakhs)

Particulars	Freehold land	Buildings	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipment	Railway Siding	Live stock	Total
<b>Gross Block</b>									
<b>As at April 1, 2019</b>	<b>11,99,63.35</b>	<b>1,18,78.19</b>	<b>4,04,16.80</b>	<b>2,28.26</b>	<b>10,32.62</b>	<b>3,90.73</b>	<b>33,63.20</b>	<b>1.11</b>	<b>17,72,74.26</b>
Additions	-	15,05.63	85,56.87	10.70	64.57	49.11	-	-	1,01,86.88
Disposal	-	(1.07)	(6,68.87)	(0.18)	(49.03)	(3.53)	-	-	(7,22.68)
<b>As at March 31, 2020</b>	<b>11,99,63.35</b>	<b>1,33,82.75</b>	<b>4,83,04.80</b>	<b>2,38.78</b>	<b>10,48.16</b>	<b>4,36.31</b>	<b>33,63.20</b>	<b>1.11</b>	<b>18,67,38.46</b>
<b>Accumulated Depreciation</b>									
<b>As at April 1, 2019</b>	-	<b>46,32.67</b>	<b>1,38,56.97</b>	<b>1,21.28</b>	<b>5,94.83</b>	<b>1,64.75</b>	<b>19,47.18</b>	-	<b>2,13,17.68</b>
Charge for the period	-	8,39.30	35,50.81	23.61	1,44.19	46.59	4,81.10	-	50,85.60
Disposal	-	-	(4,15.88)	(0.16)	(37.05)	(1.01)	-	-	(4,54.10)
<b>As at March 31, 2020</b>	-	<b>54,71.97</b>	<b>1,69,91.90</b>	<b>1,44.73</b>	<b>7,01.97</b>	<b>2,10.33</b>	<b>24,28.28</b>	-	<b>2,59,49.18</b>
<b>Net carrying amount</b>									
<b>As at March 31, 2020</b>	<b>11,99,63.35</b>	<b>79,10.78</b>	<b>3,13,12.90</b>	<b>94.05</b>	<b>3,46.19</b>	<b>2,25.98</b>	<b>9,34.92</b>	<b>1.11</b>	<b>16,07,89.28</b>

Particulars	Freehold land	Leasehold land	Buildings	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipment	Railway Siding	Live stock	Total
<b>Gross Block</b>										
<b>As at April 1, 2018</b>	<b>11,81,42.86</b>	<b>19,24.39</b>	<b>1,17,54.37</b>	<b>4,02,34.30</b>	<b>2,09.49</b>	<b>8,26.15</b>	<b>3,59.41</b>	<b>33,63.20</b>	<b>1.11</b>	<b>17,68,15.28</b>
Additions	-	-	39.19	12,08.74	18.78	2,23.52	36.78	-	-	15,27.01
Addition on account of amalgamation of MVPL (refer note no. 57)	18,89.04	-	84.63	-	-	-	-	-	-	19,73.67
Disposal	(68.55)	-	-	(10,26.24)	(0.01)	(17.05)	(5.46)	-	-	(11,17.31)
<b>As at March 31, 2019</b>	<b>11,99,63.35</b>	<b>19,24.39</b>	<b>1,18,78.19</b>	<b>4,04,16.80</b>	<b>2,28.26</b>	<b>10,32.62</b>	<b>3,90.73</b>	<b>33,63.20</b>	<b>1.11</b>	<b>17,91,98.65</b>
<b>Accumulated Depreciation</b>										
<b>As at April 1, 2018</b>	-	<b>86.34</b>	<b>37,04.44</b>	<b>1,08,33.83</b>	<b>94.57</b>	<b>4,65.64</b>	<b>1,24.79</b>	<b>14,64.35</b>	-	<b>1,67,73.95</b>
Charge for the period	-	29.44	8,98.45	37,20.53	26.72	1,41.41	40.34	4,82.83	-	53,39.72
Addition on account of amalgamation of MVPL (refer note no. 57)	-	-	29.78	-	-	-	-	-	-	29.78
Disposal	-	-	-	(6,97.39)	(0.01)	(12.22)	(0.38)	-	-	(7,10.00)
<b>As at March 31, 2019</b>	-	<b>1,15.78</b>	<b>46,32.67</b>	<b>1,38,56.97</b>	<b>1,21.28</b>	<b>5,94.83</b>	<b>1,64.75</b>	<b>19,47.18</b>	-	<b>2,14,33.45</b>
<b>Net carrying amount</b>										
<b>As at March 31, 2019</b>	<b>11,99,63.35</b>	<b>18,08.61</b>	<b>72,45.52</b>	<b>2,65,59.83</b>	<b>1,06.98</b>	<b>4,37.79</b>	<b>2,25.98</b>	<b>14,16.02</b>	<b>1.11</b>	<b>15,77,65.20</b>

**Notes :**

- 5.1 Plant and Equipments of Rs. 4,09.23 lakhs (previous year Rs.4,09.73 lakhs) being contribution for laying the Power line, the ownership of which does not vest with the Company.
- 5.2 Railway Siding represents the cost of construction of the assets for company's use over the specified period as per the terms of the agreement.
- 5.3 Freehold land includes Rs. 3,35.81 lakhs (previous year Rs.3,35.81 lakhs) in respect of which the execution of conveyance deeds is pending. Freehold land also includes Rs. 2,75.27 lakhs (previous year Rs. 2,75.27 lakhs) towards contribution in relation of Joint Venture Company "North Dhadhu Mining Company Private Limited".
- 5.4 Addition to freehold land amounting to Rs. 18,89.04 lakhs during the year 2018-19 is on account of merger with Mahadev Vyapaar Private Limited (MVPL) and transfer of the same in the name of the Company is in the process. (Also refer note no. 57)
- 5.5 Other adjustments includes Rs. 2,33.64 lakhs (previous year nil) being interest capitalized during the year.

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 *(Contd.)*

- 5.6 Land with factory buildings of Rs.2,95,54.62 lakhs (previous year Rs.2,95,71.05 lakhs) at Elavur plant of the Company are mortgaged in the favour of lender to Electrosteel Steel Limited, an erstwhile associate of the Company. (Also refer note no.8A.2)
- 5.7 Refer note no 22 to financial statements in respect of charge created against borrowings.
- 5.8 Refer note 47 dealing with coal mine assets and note no 48 (a) in respect of Iron-ore and manganese Ore mine.

**6. Other Intangible Assets**

(Amount Rs. in lakhs)

Particulars	Computer Softwares	Mining Rights	Right to Use under wagon investment scheme	Total
<b>Gross Block</b>				
<b>As at April 1, 2019</b>	2,94.59	8.13	8,65.14	11,67.86
Additions	62.01	-	-	62.01
Disposal	-	-	-	-
Other Adjustments	-	-	-	-
<b>As at March 31, 2020</b>	<b>3,56.60</b>	<b>8.13</b>	<b>8,65.14</b>	<b>12,29.87</b>
<b>Accumulated Depreciation</b>				
<b>As at April 1, 2019</b>	2,00.03	6.12	8,65.14	10,71.29
Charge for the year	20.28	1.54	-	21.82
Disposal	-	-	-	-
Other Adjustments	-	-	-	-
<b>As at March 31, 2020</b>	<b>2,20.31</b>	<b>7.66</b>	<b>8,65.14</b>	<b>10,93.11</b>
<b>Net carrying amount</b>				
<b>As at March 31, 2020</b>	<b>1,36.29</b>	<b>0.47</b>	<b>-</b>	<b>1,36.76</b>

Particulars	Computer Softwares	Mining Rights	Right to Use under wagon investment scheme	Total
<b>Gross Block</b>				
<b>As at April 1, 2018</b>	2,76.13	8.13	8,65.14	11,49.40
Additions	18.46	-	-	18.46
Disposal	-	-	-	-
Other Adjustments	-	-	-	-
<b>As at March 31, 2019</b>	<b>2,94.59</b>	<b>8.13</b>	<b>8,65.14</b>	<b>11,67.86</b>
<b>Accumulated Depreciation</b>				
<b>As at April 1, 2018</b>	1,64.95	4.59	7,59.68	9,29.22
Charge for the year	35.08	1.53	1,05.46	1,42.07
Disposal	-	-	-	-
Other Adjustments	-	-	-	-
<b>As at March 31, 2019</b>	<b>2,00.03</b>	<b>6.12</b>	<b>8,65.14</b>	<b>10,71.29</b>
<b>Net carrying amount</b>				
<b>As at March 31, 2019</b>	<b>94.56</b>	<b>2.01</b>	<b>-</b>	<b>96.57</b>

**Notes :**

- 6.1 Right to use Wagon represents cost incurred in connection with wagon procured under "Wagon investment Scheme" and handed over to railway authorities for their normal operations against priority over availability of the wagons for transportation as and when required.
- 6.2 Refer note no 22 to financial statements in respect of charge created against borrowings.
- 6.3 Refer note 47 dealing with coal mine assets.

## Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

### 7. Right of Use

(Amount Rs. in lakhs)

Particulars	Land	Building	Total
<b>Gross Carrying Amount</b>			
<b>As at April 1, 2019</b>	–	–	–
Transfer from PPE on of adoption of Ind AS 116	19,24.39	–	19,24.39
Additions	26.01	6,91.06	7,17.07
Disposal	–	–	–
<b>As at March 31, 2020</b>	<b>19,50.40</b>	<b>6,91.06</b>	<b>26,41.46</b>
<b>Accumulated Depreciation</b>			
<b>As at April 1, 2019</b>	–	–	–
Transfer from PPE on of adoption of Ind AS 116	1,15.78	–	1,15.78
Charge for the period	28.69	1,38.21	1,66.90
Disposal	–	–	–
<b>As at March 31, 2020</b>	<b>144.47</b>	<b>138.21</b>	<b>2,82.68</b>
<b>Net carrying amount</b>			
<b>As at March 31, 2020</b>	<b>18,05.93</b>	<b>5,52.85</b>	<b>23,58.78</b>

#### Note :

- 7.1 The Company has adopted Ind AS 116 'Leases' effective April 01, 2019 and applied the Standard to its leases, pursuant to which it has reclassified its leased asset as Right-of-Use Assets. The impact on the profit for the year is not material.
- 7.2 The Company has taken land on leases for lease period ranging from 5 to 90 years. Lease term includes non-cancellable period and expected lease period.
- 7.3 Refer note no 22 to financial statements in respect of charge created against borrowings.

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 (Contd.)**8. Investment in Subsidiaries, Associates and Joint Ventures**

(Fully paid up except otherwise stated)

(Amount Rs. in lakhs)

Particulars	As at Mar 31, 2020		As at Mar 31, 2019	
	Holding (Nos.)	Amount	Holding (Nos.)	Amount
<b>Investments in Equity Instruments</b>				
<b>Investment measured at Cost/Deemed Cost</b>				
<b>Quoted</b>				
<b>Associates</b>				
Srikalahasthi Pipes Limited (Face value of Rs.10/- each) (Refer note no. 8.1)	19301218	4,55,29.64	19301218	4,55,29.64
		4,55,29.64		4,55,29.64
<b>Unquoted</b>				
<b>Associates</b>				
Electrosteel Thermal Power Ltd. (Face value of Rs.10/- each)	-	-	15000	1.50
<b>Subsidiaries</b>				
Electrosteel Europe SA (Face value of Euro 10 each)	380000	23,23.41	380000	23,23.41
Electrosteel Algeria SPA (Face value of 3550 Algerian Dinar each)	82500	9,14.41	82500	9,14.41
Electrosteel Castings (UK) Ltd. (Face value of GBP 1 each)	1100000	10,59.26	1100000	10,59.26
Electrosteel USA, LLC	#	14,45.60	#	14,45.60
Electrosteel Trading S.A.Spain (Face Value of Euro 10 each)	6500	45.10	6500	45.10
Electrosteel Castings Gulf FZE (Face Value of UAE Dhiram 1000000 each)	1	1,50.60	1	1,50.60
Electrosteel Brasil LTDA Tubos E Conexoes Duteis (Face Value of BRL 1 each)	150000	45.05	150000	45.05
Electrosteel Doha for Trading LLC (Face Value of QAR 1000 each)	98	14.84	98	14.84
Electrosteel Baharain Holding S.P.C.Company ( Face value of BHD 100 each)	2500	4,14.83	2500	4,14.83
<b>Joint Venture</b>				
Domco Private Limited (Face value of Rs 100/- each) (Refer note no. 8.2)	30000	30.00	30000	30.00
North Dhadhu Mining Company Pvt Ltd (Face value of Rs.10/- each) (Refer note no. 8.3)	8228053	8,22.81	8228053	8,22.81
Less: Impairment in value of Investments		(8,97.86)		(8,52.81)
		63,68.05		64,14.60
<b>Total investment in Subsidiaries, Associate and Joint Venture</b>		5,18,97.69		5,19,44.24
#Towards 100% Capital Contribution				
<b>Aggregate amount of Quoted Investments</b>		4,55,29.64		4,55,29.64
<b>Aggregate amount of Market value of Quoted Investments</b>		2,13,37.50		4,41,22.58
<b>Aggregate amount of Unquoted Investments</b>		63,68.05		64,14.60
<b>Aggregate amount of Impairment in value of Investments</b>		8,97.86		8,52.81

8.1 7004903 Equity shares (previous year 7004903) of Rs. 10/- each fully paid up equity shares of Srikalahasthi Pipes Limited have been pledged in favour of Yes Bank Limited for securing term loan given to the Company. (Refer note no.22)

8.2 The Company has investment of Rs.30.00 lakhs (previous year Rs.30.00 lakhs) in equity shares and given advance of Rs.7,00.00 lakhs (previous year Rs.7,00.00 lakhs) against equity to Domco Private Limited (DPL), a Company incorporated in India, and has joint control (proportion of ownership interest of the Company being 50%) over DPL along with other venturers (the Venturers) in terms of the Shareholder's Agreement dated March 27, 2004. The Venturers had filed a petition before the Company Law Board, Principal Bench, New Delhi (CLB) against the Company against operation and mismanagement of the company inter alia on various matters including for forfeiture of the Company's investment in equity shares of the DPL. The matter was later transferred to the Company Law Board, Kolkata Bench and is now being taken up by the National Company Law Tribunal, Kolkata Bench. The Company had also inter alia filed an arbitration proceeding under Arbitration & Conciliation Act, 1996 against recovery of the said amount against which the ventures also filed their counter claims on the company. The matter is sub judice before the NCLT.

## Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

Pending final outcome of the above matter, the amounts in equity shares and advance have been fully provided for in the financial statements in the earlier years. The other venturers since not providing the financial statements of DPL, and thereby necessary disclosures could not be provided in these financial statements.

- 8.3 (a) The North Dhadhu Coal Block located in the state of Jharkhand was allocated to the Company, Adhunik Alloys & Power Limited (AAP), Jharkhand Ispat Pvt. Ltd. (JPL) and Pawanjay Steel & Power Limited (PSPL) (collectively referred to as venturers) for working through North Dhadhu Mining Company Private Limited (NDMCPL), a joint venture company. The Company has joint control (proportion of ownership interest of the Company being 48.98 %) along with other venturers represented by investment of Rs. 8,22.81 lakhs in equity shares of NDMCPL.
- (b) In pursuance of the Order dated September 24, 2014 issued by the Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated October 21, 2014 (Ordinance) for implementing the Order, The Ministry of Coal, Government of India had issued an order for de-allocation of North Dhadhu Coal Block and deduction of Bank Guarantee of Rs.56,03.00 lakhs issued for the same. The Company's share in the Bank Guarantee is Rs.27,45.00 lakhs. On a writ petition filed by the Company for quashing the order, stay in the matter together with encashment of bank guarantee has been granted by the Hon'ble High Court of Jharkhand. The Company has also submitted its claim for compensation which is awaiting acceptance. In the view of the management the compensation to be received in terms of ordinance is expected to cover the cost incurred by the Joint venture company. However as an abundant precaution, impairment in the value of the investment amounting to Rs. 822.81 lakhs in Joint venture has been provided in the previous year. In view of stay order by High Court, no provision in the share of bank guarantee has been considered necessary.
- 8.4 Particulars of investments as required in terms of section 186(4) of the Companies Act, 2013 have been disclosed under note 8, 8A & 13.

### 8.5 Details of Subsidiaries, Associates and Joint Ventures in accordance with Ind AS 112 "Disclosure of interests in other entities":

Name of the Company	Country of Incorporation	Proportion of ownership interest/ voting rights held by the Company	
		At at March 31, 2020	At at March 31, 2019
<b>Subsidiary</b>			
Electrosteel Europe SA	France	100.00%	100.00%
Electrosteel Algeria SPA	Algeria	100.00%	100.00%
Electrosteel Castings (UK) Limited	United Kingdom	100.00%	100.00%
Electrosteel USA LLC	United States of America	100.00%	100.00%
Mahadev Vyapaar Private Limited*	India	-	100.00%
Electrosteel Trading S.A, Spain	Spain	100.00%	100.00%
Electrosteel Castings Gulf FZE	United Arab Emirates	100.00%	100.00%
Electrosteel Doha for Trading (LLC)	Qatar	98.00%	98.00%
Electrosteel Brasil LTDA. Tubos e Conexoes Duteis	Brazil	100.00%	100.00%
Electrosteel Bahrain Holding SPC Company	Bahrain	100.00%	100.00%
<b>Associate</b>			
Srikalahasthi Pipes Limited	India	41.33%	41.33%
Electrosteel Thermal Power Limited **	India	-	30.00%
<b>Joint Ventures</b>			
North Dhadhu Mining Company Private Limited	India	48.98%	48.98%
Domco Private Limited	India	50.00%	50.00%

\* amalgamated with the Company (refer note no. 57)

\*\* sold during the year



**Notes to Standalone Financial Statements** for the year ended March 31, 2020 *(Contd.)*

(Amount Rs. in lakhs)

**8A. Non Current Investment**

(Fully paid up except otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Holding (Nos.)	Amount	Holding (Nos.)	Amount
<b>Investment designated at Fair Value through Other Comprehensive Income</b>				
<b>Quoted</b>				
R.G. Ispat Limited (Face value of Rs.10/- each)*	50	0.00	50	0.00
MSTC Limited (Face value of Rs. 10/- each)	16000	12.68	16000	25.58
		12.68		25.58
<b>Unquoted</b>				
Rainbow Steels Limited(Face value of Rs.10/- each)	100	0.01	100	0.01
Singardo International Pte Ltd. (Face value of SGD 1 each)	25000	19.69	25000	19.69
N Marshall Hi-tech Engineers Pvt. Ltd. (Face value of Rs.10/- each)	50000	8.69	50000	10.26
Electrosteel Steels Ltd. (Face value Rs. 10/-each) (Refer note no. 8A.1 and 8A.2)	21796000	20,79.34	21796000	20,79.34
		21,07.73		21,09.30
		21,20.41		21,34.88
<b>Investments in Preference Shares</b>				
Mukand Limited (0.01% Cumulative Redeemable Preference Shares face value of Rs. 10/-each)*	16	0.00	16	0.00
		-		-
<b>Total - Non Current Investments</b>		21,20.41		21,34.88
<b>Aggregate amount of Quoted Investments</b>		12.68		25.58
<b>Aggregate amount of Market value of Quoted Investments</b>		12.68		25.58
<b>Aggregate amount of Unquoted Investments</b>		21,07.73		21,09.30
<b>Aggregate amount of Impairment in value of Investments</b>		-		-

\* figures below rounding off limit

8A.1 17334999 Equity shares (Previous year 17334999) of Rs 10/- each fully paid up of Electrosteel Steels Limited (ESL) have been pledged in favour of lenders of Electrosteel Steels Limited for securing financial assistance to ESL.

8A.2 Due to delisting of Electrosteel Steels Limited (ESL) and in absence of other available ways of valuation, the Company has continued to consider the exit price, which was open till December 20, 2019, as the basis of valuation of investment in ESL. Further the notices issued by the consortium of lenders of ESL for invocation of pledge of company's investment of 17334999 equity shares of Rs. 10 each in ESL amounting to Rs. 1653.76 lakhs was set aside by the Hon'ble High Court at Calcutta. The plea of the Company for release of the pledge is pending before the Hon'ble Court.

Furthermore during the previous period the party, in whose favour rights of mortgage of certain Land & Building amounting to Rs. 2,95,54.62 lakhs of the Company situated at Elavur, Tamilnadu, were assigned by a lender of the ESL, has taken the symbolic possession of said mortgaged property and the same was contested by the Company before Hon'ble Madras High Court. On disposal of Company's application by the Hon'ble High Court, the Company has preferred an appeal before Commercial Appellate, Hon'ble High Court at Madras and the matter is subjudice. Pending finalization of the matter, these assets have been carried forward at their carrying book value.

8A.3 The Company has made an irrevocable decision to consider investment in equity instruments, other than in Subsidiaries, Associates and Joint ventures not held for trading to be recognized at FVTOCI.

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

**Non Current Assets****9. Loans**

Particulars	Ref. note no.	As at March 31, 2020	As at March 31, 2019
<b>Unsecured, Considered Good</b>			
Security Deposits	9.1, 28.1, 54	<b>13,16.50</b>	13,86.56
		<b>13,16.50</b>	13,86.56

9.1 Security deposits include Rs. 5,57.50 lakhs (previous year Rs. 5,57.50 lakhs) with private limited companies in which directors are interested as a member / director, Rs 2,02.23 lakhs (previous year Rs. 2,00.18 lakhs) with related parties. Also include Rs. 3,71.91 lakhs (previous year Rs.1,95.85 lakhs) lying with customer in terms of agreement/order towards supplies of goods.

**10. Other Financial Assets**

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed Deposit with Banks (having maturity of more than 1 year from Balance Sheet date)	<b>55,50.00</b>	35,00.00
	<b>55,50.00</b>	35,00.00

10.1 Fixed Deposits with banks include Rs. 24,80.00 lakhs (previous year nil) which have been pledged with banks against guarantees issued by them.

**11. Other Non-Current Assets**

Particulars	Ref. note no.	As at March 31, 2020	As at March 31, 2019
Capital Advances		<b>2,43.55</b>	1,17.81
Prepaid expenses		<b>3,02.13</b>	1,43.96
Others	11.1	<b>8.41</b>	0.97
		<b>5,54.09</b>	2,62.74

11.1 Represents loans and advance to employees amounting to Rs. 8.41 lakhs (previous year Rs. 0.97 lakhs).

**12. Inventories (At lower of cost or Net Realisable Value)**

Particulars	As at March 31, 2020	As at March 31, 2019
Raw materials	<b>3,07,52.37</b>	1,69,05.86
Raw materials in transit	<b>91.84</b>	1,07,41.33
Process stock	<b>70,67.25</b>	51,63.52
Finished goods [including in transit Rs. 15,01.37 lakhs (previous year Rs. 8,28.67 lakhs)]	<b>1,68,63.36</b>	1,78,63.24
Stock-in-trade (in respect of goods acquired for trading)	<b>29.95</b>	29.95
Stores and spares	<b>65,09.93</b>	55,93.63
Stores and spares in transit	<b>40.41</b>	13.68
	<b>6,13,55.11</b>	5,63,11.21

12.1. Refer note no. 28.1 to Financial Statements in respect of charge created against borrowings.

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

**13. Current Investment**

(Fully paid up except otherwise stated )

Particulars	As at March 31, 2020		As at March 31, 2019	
	Holding (Nos.)	Amount	Holding (Nos.)	Amount
<b>Investment measured at fair value through Profit and Loss</b>				
<b>Investment in Equity Instruments</b>				
<b>Equity Shares (Quoted)</b>				
MOIL Limited ( Face value of Rs 10/- each)	-	-	7588	12.04
Reliance Industries Ltd ( Face value of Rs 10/- each)	-	-	1000	13.63
Andhra Bank (Face value of Rs 10/- each)	-	-	5000	1.40
3I Infotech Ltd. (Face value of Rs 10/- each)	-	-	60000	2.31
BGR Energy Systems Ltd. (Face value of Rs 10/- each)	-	-	1500	0.94
Bharat Heavy Electricals Ltd. (Face value of Rs 2/- each)	-	-	18750	14.05
GTL Infrastructure Ltd. (Face value of Rs 10/- each)	60000	0.45	60000	0.57
Garden Silk Mills Ltd. (Face value of Rs 10/- each)	-	-	1000	0.20
Jyoti Structures Ltd. (Face value of Rs 2/- each)	5000	0.07	5000	0.10
National Aluminium Company Ltd. (Face value of Rs 5/- each)	-	-	2500	1.39
Punjab National Bank (Face value of Rs 2/- each)	-	-	10000	9.55
Pilani Investment and Industries Corporation Ltd. (Face value of Rs 10/- each)	-	-	700	15.08
Vedanta Ltd. (Face value of Rs 1/- each)	-	-	2000	3.69
Tata Teleservices (Maharashtra) Ltd. (Face value of Rs 10/- each)	-	-	28333	0.86
<b>Total</b>		<b>0.52</b>		<b>75.81</b>
<b>Aggregate amount of Quoted Investments</b>				
- In Equity Shares		<b>0.52</b>		<b>75.81</b>
		<b>0.52</b>		<b>75.81</b>
<b>Aggregate amount of Market value of Quoted Investments</b>				
- In Equity Shares		<b>0.52</b>		<b>75.81</b>
		<b>0.52</b>		<b>75.81</b>

**14. Trade Receivables**

Particulars	Ref. note no.	As at March 31, 2020	As at March 31, 2019
Trade Receivables considered good - Secured		<b>1,82,37.15</b>	1,74,33.98
Trade Receivables considered good -Unsecured		<b>4,55,41.03</b>	4,26,82.40
Trade Receivables which have significant increase in Credit Risk		-	-
Trade Receivables - credit impaired		<b>74.00</b>	4,02.78
Less: Credit loss allowances on Trade Receivable	14.2	<b>(74.00)</b>	(4,02.78)
		<b>6,37,78.18</b>	6,01,16.38

## 14.1 Ageing of Trade Receivable:

Particulars	As at March 31, 2020	As at March 31, 2019
Within the credit period	<b>5,52,86.10</b>	5,32,34.23
1-180 days past due	<b>78,81.26</b>	39,37.53
More than 180 days past due	<b>6,84.82</b>	33,47.40
Less: Credit loss allowances on Trade Receivable	<b>(74.00)</b>	(4,02.78)
<b>Total</b>	<b>6,37,78.18</b>	6,01,16.38
Current Trade Receivable	<b>6,37,78.18</b>	6,01,16.38

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

## 14.2 Movement of Impairment allowances for doubtful debts

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	4,02.78	3,12.78
Recognised during the year	53.00	90.00
Reversal during the year	(381.78)	-
Balance at the end of the year	74.00	4,02.78

14.3 Balances of Trade Receivables including for Turnkey Contracts and retention money are subject to confirmation/reconciliation and adjustments in this respect are carried out as and when amounts thereof, if any are ascertained.

14.4 Refer note no. 28.1 to Financial Statements in respect of charge created against borrowings.

14.5 Refer note no. 54 for balances with related parties.

**15. Cash and Cash Equivalents**

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks		
In current and cash credit accounts	22,17.29	56,40.25
Cash on hand	6.26	7.13
	22,23.55	56,47.38

15.1 Refer note no. 28.1 to Financial Statements in respect of charge created against borrowings.

**16. Bank Balances Other than Cash and Cash Equivalents**

Particulars	Ref. note no.	As at March 31, 2020	As at March 31, 2019
Other balance with banks			
In Fixed Deposit Escrow account	24.1	5,36.93	5,36.93
In dividend accounts		70.66	82.54
Fixed deposits with Banks (having original maturity of more than 3 months and less than 12 months)	16.1	34,34.81	68,85.14
		40,42.40	75,04.61

16.1 Fixed Deposits with banks include Fixed Deposit of Rs. 33,03.97 lakhs (previous year Rs.58,42.96 lakhs) which have been pledged with banks against guarantee issued by them. Further fixed deposit includes Rs. 1,30.84 lakhs (previous year Rs. 2,82.19 lakhs) lying with customer against deposit for supplies of materials.

16.2 Refer note no. 28.1 to Financial Statements in respect of charge created against borrowings.

**17. Loans**

Particulars	Ref. note no.	As at March 31, 2020	As at March 31, 2019
<b>Loan Receivables Considered Good- Secured</b>		-	-
<b>Loan Receivables Considered Good- Unsecured</b>			
Security Deposits	17.1	13,17.27	21,30.06
		13,17.27	21,30.06
<b>Loan Receivables- Credit impaired</b>			
Loans and Advances to related party	54	7,00.00	7,00.00
Others		10.62	10.62
		7,10.62	7,10.62
Less: Impairment Allowances for doubtful advances	8.2 and 17.2	7,10.62	7,10.62
		-	-
		13,17.27	21,30.06

17.1 Include Rs. 12,70.85 lakhs (previous year Rs.20,82.01 lakhs) lying with customer as security deposit in terms of agreement/order towards supplies of goods.

17.2 Movement of Allowances for doubtful advances.

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	<b>7,10.62</b>	7,10.62
Recognised during the year	-	-
Reversal during the year	-	-
Balance at the end of the year	<b>7,10.62</b>	7,10.62

17.3 Refer note no.28.1 to Financial Statements in respect of charge created against borrowings.

**18. Other Financial Assets**

Particulars	Ref. note no.	As at March 31, 2020	As at March 31, 2019
Interest receivable		<b>36.56</b>	70.75
Claim receivable against coal block	47	<b>93,16.85</b>	93,16.85
Claim receivable against railway siding	48 (b)	<b>17,78.11</b>	-
Derivative Assets at fair value through profit or loss		-	6,33.20
Export incentive receivable		<b>21,07.80</b>	30,48.84
Incentive/Subsidy/Cess receivable		<b>55,87.42</b>	61,59.26
Others	18.1	<b>57.27</b>	66.05
		<b>1,88,84.01</b>	1,92,94.95

18.1 Includes nil (previous year Rs.31.11 lakhs) receivable from Directors of the company towards recovery of excess remuneration paid for the previous financial year.

18.2 Refer note no.28.1 to Financial Statements in respect of charge created against borrowings.

**19. Other Current Assets**

Particulars	Ref. note no.	As at March 31, 2020	As at March 31, 2019
Loans and Advances to related party	54	-	1.00
<b>Advances for supply of goods and rendering of services</b>			
- Considered Good		<b>26,12.86</b>	12,12.34
- Considered Doubtful	9.1	<b>47.03</b>	1,06.02
- Less: Impairment Allowances for doubtful advances		<b>(47.03)</b>	(1,06.02)
Loans and advances to employees		<b>37.79</b>	34.21
Balance with Government authorities		<b>24,82.67</b>	33,48.00
Prepaid expenses		<b>4,92.72</b>	9,04.37
		<b>56,26.04</b>	54,99.92

19.1 Movement of Allowances for doubtful advances

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	<b>1,06.02</b>	-
Recognised during the year	<b>16.96</b>	1,06.02
Reversal during the year	<b>(75.95)</b>	-
Balance at the end of the year	<b>47.03</b>	106.02

19.2 Refer note no. 28.1 to Financial Statements in respect of charge created against borrowings.

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

**20. Equity Share Capital**

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised Equity shares, Re. 1/- par value 500200000 (previous year 500000000) equity shares*	<b>50,02.00</b>	50,00.00
Issued, Subscribed and Paid-up Equity shares, Re. 1/- par value 432954709 (previous year 405482183) equity shares fully paid up	<b>43,29.55</b>	40,54.82
	<b>43,29.55</b>	40,54.82

\* addition on account of amalgamation of Mahadev Vyapaar Private Limited.

20.1 The Company has only one class of shares referred to as equity shares having a par value of Re. 1/-. Each holder of equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company, after distribution of all preferential amounts, in proportion of their shareholding.

20.2 During the year, the Company had issued 27472526 (previous year 48526861) numbers of equity shares of Re. 1 each at a premium of Rs. 17.20 each (previous year Rs. 27.85 each) (full figure) on preferential basis. The equity shares issued during the year 2019-20 were allotted on October 11, 2019.

20.3 Reconciliation of the number of equity shares outstandings :

Particulars	As at March 31, 2020	As at March 31, 2019
Number of shares at the beginning	<b>405482183</b>	356955322
Add: Addition during the year	<b>27472526</b>	48526861
Number of shares at the end	<b>432954709</b>	405482183

20.4 Shareholders holding more than 5% equity shares

(No. of Shares)

Name of shareholders	As at March 31, 2020	As at March 31, 2019
G. K. & Sons Private Ltd	<b>44984593</b>	44678936
Umang Kejriwal-Trustee of Sreeji Family Benefit Trust/Mayank Kejriwal -Trustee of Sreeji Family Benefit Trust	<b>35027053</b>	35027053
Electrocast Sales India Ltd.	<b>37345158</b>	33893710
Murari Investment & Trading Company Ltd.	<b>31027297</b>	30427656
India Opportunities Growth Fund Ltd. - Pinewood Strategy	<b>26372049</b>	23991781
Uttam Commercial Company Ltd.	<b>22181774</b>	22181774
G. K. Investments Ltd.	<b>21814560</b>	21814560

# Holding less than 5% as at March 31, 2019.

**21. Other Equity**

Particulars	As at March 31, 2020	As at March 31, 2019
Capital Reserve	<b>41,48.28</b>	41,48.28
Capital Reserve on Amalgamation	<b>(14,86.46)</b>	(14,86.46)
Securities Premium	<b>8,38,30.26</b>	7,91,04.99
General Reserve	<b>10,10,07.51</b>	10,10,07.51
Retained Earnings	<b>6,36,48.77</b>	5,17,07.50
Other Comprehensive Income		
Equity instrument through other comprehensive income	<b>(6,23.20)</b>	(6,12.05)
	<b>25,05,25.16</b>	23,38,69.77

21.1 Refer Statement of changes in Equity for movement in balances of reserves.

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 *(Contd.)***21.2 Capital Reserve**

The reserve was created mainly on account of forfeiture of warrants convertible into equity shares.

**21.3 Capital Reserve on Amalgamation**

The reserve was created on account of merger of Mahadev Vyapaar Private Limited. (Refer note no. 57)

**21.4 Securities Premium**

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

**21.5 General Reserve**

The reserve arises on transfer of portion of the net profit pursuant to the provisions of Companies Act.

**21.6 Retained Earnings**

Retained earnings generally represents the undistributed profit/ amount of accumulated earnings of the company. This includes Rs. 8,10,43.78 lakhs (previous year Rs. 7,75,67.92 lakhs) which is not available for distribution as these are represented by changes in carrying amount of Property, Plant and Equipments and Investment in associates being measured at fair value as on the date of transition as deemed cost.

**21.7 Other Comprehensive Income**

Other Comprehensive Income (OCI) represent the balance in equity for items to be accounted under OCI and comprises of the following:

- i) Items that will not be reclassified to Profit and Loss
  - a. The company has elected to recognise changes in the fair value of non-current investments (other than in subsidiaries, associates and joint ventures) in OCI. This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value. The company transfers amounts from this reserve to retained earnings when the relevant equity securities are disposed.
  - b. The actuarial gains and losses arising on defined benefit obligations have been recognised in OCI.
- ii) Items that will be reclassified to profit and loss.
  - a. This Reserve represents the cumulative effective portion of changes in fair value of currency swap that are designated as cash flow hedge are recognised in OCI. This is reclassified to statement of Profit and Loss.

21.8 The Board of Directors at its meeting held on June 15, 2020 recommended a final dividend of Re. 0.30 per equity share of face value of Re. 1 each for the financial year ended March 31, 2020. The same amounts to Rs.12,98.86 lakhs. The above is subject to approval at the ensuing Annual General Meeting of the Company and hence not recognised as a liability.

**22. Borrowings**

(Amount Rs. in lakhs)

Particulars	Ref. note no.	As at March 31, 2020		As at March 31, 2019	
		Non Current	Current	Non Current	Current
<b>SECURED BORROWINGS</b>					
<b>Term loan from banks</b>					
External Commercial Borrowing	22.1.1	-	1,65,05.65	1,51,07.42	75,53.71
Rupee Loan	22.1.2, 22.1.3, 22.1.4, 22.1.5, 22.1.6, 22.1.7	6,34,78.18	41,20.00	6,01,56.17	48,32.88
<b>Term loan from a financial institutions</b>	22.2	14,55.41	4,16.67	18,69.08	8,33.33
		<b>6,49,33.59</b>	<b>2,10,42.32</b>	7,71,32.67	1,32,19.92
<b>UNSECURED BORROWINGS</b>					
<b>Term loan from financial institutions</b>	22.3.1, 22.3.2, 22.3.3	51,96.48	16,50.00	63,51.48	17,92.50
		<b>51,96.48</b>	<b>16,50.00</b>	63,51.48	17,92.50
		<b>7,01,30.07</b>	<b>2,26,92.32</b>	8,34,84.15	1,50,12.42

## Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

- 22.1.1 External Commercial Borrowings of USD 1,39.00 million is repayable in 12 semi annual instalments from August 29, 2015. The outstanding as on March 31, 2020 is Rs 1,65,05.65 lakhs (previous year Rs.2,26,61.13 lakhs). The interest rate ranges from 6M Libor + 400 to 500 basis points. External Commercial Borrowings is secured by way of first pari-passu charge on all immovable and movable Property, Plant and Equipment and other intangible assets, both present and future of the Company other than the assets located at Elavur.
- 22.1.2 Rupee Term Loan of Rs 50,00.00 lakhs from bank is secured by way of first pari-passu charge on all immovable and movable Property, Plant and Equipment and other intangible assets, both present and future of the Company other than the assets located at Elavur and Vadgaon (Pune). The outstanding as on March 31, 2020 is Rs 26,39.43 lakhs (previous year Rs 33,41.52 lakhs). The balance loan is repayable in 14 equal quarterly instalments starting from October 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 9.50% p.a to 10.50% p.a.
- 22.1.3 FCNR loan of Rs 1,10,00.00 lakhs from bank (converted into Rupee Term Loan in December 2018) is secured by way of first pari-passu charge on both movable and immovable fixed assets of the company, both present and future other than assets located at Elavur and Vadgaon (Pune). The outstanding as on March 31, 2020 is Rs 50,53.14 lakhs (previous year Rs. 62,04.36 lakhs).The balance loan is repayable in 12 equal quarterly instalments starting from September 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR. NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 9.50% p.a to 10.50% p.a.
- 22.1.4 Rupee Term Loan of Rs 1,50,00.00 lakhs from bank is secured by way of first pari-passu charge on both movable and immovable fixed assets of the company, both present and future other than assets located at Elavur and Vadgaon (Pune). The outstanding as on March 31, 2020 is Rs 1,28,07.35 lakhs (previous year 1,30,48.35 lakhs).The balance loan is repayable in 22 structured quarterly instalments starting from September 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 9.50% p.a to 10.50% p.a.
- 22.1.5 Rupee Term Loan of Rs 50,00.00 lakhs from bank is secured by way of first pari-passu charge on both movable and immovable fixed assets of the company, both present and future other than assets located at Elavur and Vadgaon (Pune). The outstanding as on March 31, 2020 is Rs 45,72.29 lakhs (previous year 45,63.08 lakhs). The balance loan is repayable in 24 structured quarterly instalments starting from October 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 9.50% p.a to 10.50% p.a.
- 22.1.6 Rupee Term Loan of Rs 4,00,00.00 lakhs from bank is secured by way of first pari-passu charge on all immovable and movable Property, Plant and Equipment both present and future of the Company other than assets located at Elavur and Vadgaon (Pune). The loan is further secured by way of pledge of investment in Srikalahasthi Pipes Limited (SPL) to the extent of 15% with non disposal undertaking over remaining shares held by the company in SPL.The loan is further secured by pledge of 10% equity shares of the company held by promoter/promoter entities with non disposal undertaking over remaining shares held by them in the company. The outstanding as on March 31, 2020 is Rs 3,69,73.17 lakhs (previous year 3,73,33.86 lakhs). The balance loan is repayable in 45 structured quarterly instalments starting from September 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 12.00% p.a to 13.00% p.a.
- 22.1.7 Rupee Term Loan of Rs 60,00.00 lakhs from bank is secured by way of first pari-passu charge on all immovable and movable Property, Plant and Equipment both present and future of the Company other than assets located at Elavur and Vadgaon (Pune). The outstanding as on March 31, 2020 is Rs 55,52.79 lakhs (previous year nil). The balance loan is repayable in 72 structured monthly instalments starting from November 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 10.00% p.a to 10.50% p.a.
- 22.2 Term Loan of Rs 50,00.00 lakhs from a financial institution is secured by way of first pari-passu charge on all immovable and movable Property, Plant and Equipment and other intangible assets, both present and future of the Company other than assets located at Elavur. The outstanding as on March 31, 2020 is Rs 18,72.07 lakhs (previous year Rs 27,02.41 lakhs). The balance loan is repayable in 9 equal quarterly instalments starting from October 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 11.00% p.a to 12.00% p.a.
- 22.3.1 Term Loan of Rs. 41,00.00 lakhs is from a financial institution. The outstanding as on March 31, 2020 is Rs. 30,75.00 lakhs (previous year Rs 36,90.00 lakhs). The balance loan is repayable in 9 structured quarterly instalments starting from September 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020.The interest rate ranges from 11.50% p.a to 12.00% p.a.
- 22.3.2 Term Loan of Rs. 33,00.00 lakhs is from a financial institution. The outstanding as on March 31, 2020 is Rs. 15,21.48 lakhs (previous year Rs 20,16.48 lakhs). The balance loan is repayable in 6 structured quarterly instalments starting from September 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020.The interest rate ranges from 11.50% p.a to 12.00% p.a.



**Notes to Standalone Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

22.3.3 Term Loan of Rs. 25,00.00 lakhs is from a financial institution. The outstanding as on March 31, 2020 is Rs. 22,50.00 lakhs (previous year Rs 24,37.50 lakhs). The balance loan is repayable in 12 structured quarterly instalments starting from September 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 11.50% p.a to 12.00% p.a.

22.4 The outstanding balances disclosed in note 22.1 to 22.3 are based on the amortised cost in accordance with Ind AS 109 "Financial Instruments".

**23. Lease Liabilities**

Particulars	Ref. note no.	As at March 31, 2020	As at March 31, 2019
Non-Current	7, 23.1 & 41.4	<b>4,67.87</b>	-
Current	41.4 & 23.1, 7	<b>1,22.29</b>	-
		<b>5,90.16</b>	-

23.1 Lease liability represents present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

**24. Provisions**

Particulars	Ref. note no.	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits	46	<b>15,35.28</b>	13,53.54
Provision for mine closure and restoration charges	24.1	<b>5,59.98</b>	5,59.98
		<b>20,95.26</b>	19,13.52

24.1 Provision for Mines closure and restoration charges are made in terms of statutory obligations specified for the purpose and deposited in the Escrow account in terms of the stipulation made by Ministry of Coal, for Mines closure Plan. In view of cancellation of allotment of coal mines, no further provision has been considered necessary. (Refer note no. 16 and 47)

24.2 Movement in Mine closure and Restoration Obligation provision are provided below:

Particulars	(Amount Rs. in lakhs)
<b>As at March 31, 2018</b>	<b>5,59.98</b>
Provision during the year	-
<b>As at April 1, 2019</b>	<b>5,59.98</b>
Provision during the year	-
<b>As at March 31, 2020</b>	<b>5,59.98</b>

Particulars	As at March 31, 2020	As at March 31, 2019
Current	-	-
Non current	<b>5,59.98</b>	5,59.98

**25. Deferred Tax Liabilities**

The following is the analysis of deferred tax (assets)/liabilities presented in the Balance Sheet:

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax Assets	<b>(36,35.24)</b>	(75,12.37)
Deferred tax Liabilities	<b>2,78,92.01</b>	3,26,88.89
<b>Net Deferred Tax (Assets)/Liabilities</b>	<b>2,42,56.77</b>	2,51,76.52

## Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

### Components of Deferred tax (Assets)/ Liabilities as at March 31, 2020 are given below:

Particulars	As at April 1, 2019	Charge/ (Credit) recognised due to adoption of New Tax Regime with effect from 01.04.2019 in the		Charge/ (Credit) recognised in Profit or Loss	Charge/ (Credit) recognised in other comprehensive income	As at March 31, 2020
		Transferred to Equity	Profit & Loss			
<b>Deferred Tax Assets:</b>						
Fair valuation of Financial Assets	(5,35.20)	-	1,48.86	(73.71)	-	<b>(4,60.05)</b>
Provision for Other Items u/s 43B of Income Tax Act, 1961	(28,92.95)	-	8,09.34	(3,35.31)	-	<b>(24,18.92)</b>
Provision for Employee benefits u/s 43B of Income Tax Act, 1961	(7,21.64)	-	2,01.88	(30.15)	-	<b>(5,49.91)</b>
Carried forward unabsorbed Long Term Capital Loss under Income Tax Act, 1961	(5,88.99)	-	10.52	3,42.08	-	<b>(2,36.39)</b>
Unabsorbed Depreciation under Income Tax Act, 1961	(12,13.93)	-	3,96.36	8,17.57	-	-
Unabsorbed Business Loss under Income Tax Act, 1961	(15,07.47)	-	4,21.73	10,85.74	-	-
Derivative instruments designated at fair value through P&L A/c	(14.34)	-	4.03	66.75	-	<b>56.44</b>
Remeasurement of defined benefit obligations through OCI	(37.85)	-	10.59	-	0.85	<b>(26.41)</b>
<b>Total Deferred Tax Assets</b>	<b>(75,12.37)</b>		<b>20,03.31</b>	<b>18,72.97</b>	<b>0.85</b>	<b>(36,35.24)</b>
<b>Deferred Tax Liabilities:</b>						
Fair valuation of Financial Liabilities	20,83.42	-	(5,82.86)	(1,14.30)	-	<b>13,86.26</b>
Temporary difference with respect to Property, Plant & Equipment	3,03,97.40	(2,079.95)	(16,48.12)	(1,69.70)	-	<b>2,64,99.63</b>
Fair valuation of Derivative instruments designated through P&L A/c	1,98.03	-	(55.40)	(143.06)	-	<b>(0.43)</b>
Investments designated at fair value through OCI	10.04	-	(0.18)	-	(3.31)	<b>6.55</b>
<b>Total Deferred Tax Liabilities</b>	<b>3,26,88.89</b>	<b>(20,79.95)</b>	<b>(22,86.56)</b>	<b>(4,27.06)</b>	<b>(3.31)</b>	<b>2,78,92.01</b>
<b>NET DEFERRED TAX (ASSETS)/ LIABILITIES</b>	<b>2,51,76.52</b>	<b>(20,79.95)</b>	<b>(2,83.25)</b>	<b>14,45.91</b>	<b>(2.46)</b>	<b>2,42,56.77</b>

Note: Current year charge / credit includes Rs. 2.98 lakhs representing written off / set off during the year and clubbed in adjustment related to earlier years.

### Components of Deferred tax (Assets)/ Liabilities as at March 31, 2019 are given below:

Particulars	As at April 1, 2018	Charge/ (Credit) recognised in profit or loss	Charge/ (Credit) recognised in other comprehensive income	Charge/ (Credit) recognised due to Amalgamation of Mahadev Vyapaar Pvt. Ltd.	As at March 31, 2019
<b>Deferred Tax Assets:</b>					
Fair valuation of Financial Assets	(4,93.87)	(38.39)	-	(2.94)	(5,35.20)
Provision for Other Items u/s 43B of Income Tax Act, 1961	(24,36.35)	(4,56.60)	-	-	(28,92.95)
Provision for Employee benefits u/s 43B of Income Tax Act, 1961	(7,62.46)	40.82	-	-	(7,21.64)
Carried forward unabsorbed Long Term Capital Loss under Income Tax Act, 1961	(5,88.99)	-	-	-	(5,88.99)
Unabsorbed Depreciation under Income Tax Act, 1961	-	(12,13.93)	-	-	(12,13.93)
Unabsorbed Business Loss under Income Tax Act, 1961	-	(15,07.47)	-	-	(15,07.47)
Derivative instruments designated at fair value through P&L A/c	(42.74)	28.40	-	-	(14.34)
Remeasurement of defined benefit obligations through OCI	(1,03.61)	-	65.76	-	(37.85)
Derivative instruments designated at fair value through OCI (CFHR)	(93.46)	-	93.46	-	-
<b>Total Deferred Tax Assets</b>	<b>(45,21.48)</b>	<b>(31,47.17)</b>	<b>1,59.22</b>	<b>(2.94)</b>	<b>(75,12.37)</b>
<b>Deferred Tax Liabilities:</b>					
Fair valuation of Financial Liabilities	3,90.73	16,92.69	-	-	20,83.42
Temporary difference with respect to Property, Plant & Equipment	3,09,02.93	(7,89.73)	-	2,84.20	3,03,97.40
Fair valuation of Derivative instruments designated through P&L A/c	3,02.13	(1,04.10)	-	-	1,98.03
Investments designated at fair value through OCI	5.05	-	4.99	-	10.04
<b>Total Deferred Tax Liabilities</b>	<b>3,16,00.84</b>	<b>7,98.86</b>	<b>4.99</b>	<b>2,84.20</b>	<b>3,26,88.89</b>
<b>NET DEFERRED TAX (ASSETS)/ LIABILITIES</b>	<b>2,70,79.36</b>	<b>(23,48.31)</b>	<b>1,64.21</b>	<b>2,81.26</b>	<b>2,51,76.52</b>

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

**26. Other Non-Current Liabilities**

Particulars	Ref. note no.	As at March 31, 2020	As at March 31, 2019
Advance from customers	26.1	<b>52,48.14</b>	1,58,70.76
Others		<b>94.98</b>	1,07.08
		<b>53,43.12</b>	1,59,77.84

26.1 Advance from customers amounting to Rs.52,31.00 lakhs (previous year Rs. 1,58,57.91 lakhs) received as interest bearing advance for sale of DI Pipes, Fittings and related accessories has been classified and disclosed as aforesaid as per terms of the contract.

**27. Non Current Tax Liabilities (Net)**

Particulars	Ref. note no.	As at March 31, 2020	As at March 31, 2019
Provision for taxation (net of advance tax)	27.1	<b>51,57.78</b>	42,43.37
		<b>51,57.78</b>	42,43.37

27.1 Includes Rs. 15,15.22 lakhs (net) [previous year Rs. 11,37.01 lakhs (net)] being interest received pertaining to Assessment Years 2003-04 to 2011-12 and AY 2014-15 & AY 2015-16 as the Income Tax Department has filed an appeal before the Calcutta High Court / Income Tax Appellate Tribunal, Kolkata against the order of the Income Tax Appellate Tribunal, Kolkata / Commissioner of Income Tax (Appeals) and the said appeals are pending.

Further includes Rs. 97.55 lakhs (net) [previous year Rs. 97.55 lakhs (net)] being interest received pertaining to Assessment Year 2012-13 and Assessment Year 2013-14. The Income Tax Appellate Tribunal, Kolkata has dismissed the Income Tax Department's appeal. Considering the pendency of similar matters for other assessment years, no adjustment has been carried out in the books, however till date the intimation of filing the appeal before the Calcutta High Court by the Income Tax Department has not been received by the company.

27.2 During the year, the company has opted to exercise the option under section 115BAA of the Income Tax 1961, as introduced by the Taxation Laws (Amendment) Ordinance 2019 and effective from April 1, 2019, which provides an option to opt for lower rate of Corporate Income Tax Rate subject to fulfilling of certain conditions. Consequently deferred tax liability (net) recognised till March 31, 2019 has been re-measured on the basis the rates prescribed under the new tax regime and credits amounting to Rs. 20,79.95 lakhs and Rs. 2,83.25 lakhs have been given effect in the equity and current year deferred tax expenses respectively in line with the requirements of relevant accounting standards.

**28. Borrowings**

Particulars	Ref. note no.	As at March 31, 2020	As at March 31, 2019
<b>SECURED</b>			
Repayable on demand from banks	28.1		
Indian Currency		<b>3,54,35.72</b>	3,01,17.25
Foreign Currency		<b>1,00,08.95</b>	72,51.83
Suppliers Credit		<b>59,46.64</b>	1,79,92.44
		<b>5,13,91.31</b>	5,53,61.52
<b>UNSECURED</b>			
From Body Corporates		<b>90,00.00</b>	80,00.00
		<b>90,00.00</b>	80,00.00
		<b>6,03,91.31</b>	6,33,61.52

28.1 Loans repayable on demand being Working Capital facilities from Banks (both fund based and non fund based) are secured by first pari passu charge by way of hypothecation of raw materials, finished goods, work in progress, consumable stores and spares, book debts/receivables and other current and non current assets of the company both present and future.

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

**29. Trade Payables**

Particulars	Ref. note no.	As at March 31, 2020	As at March 31, 2019
<b>Payable for Goods and Services</b>			
Total Outstanding dues of Micro enterprises and small enterprises: and	29.1	<b>1,61.85</b>	38.24
Total Outstanding of creditor other than Micro enterprises and small enterprises	29.3	<b>3,30,77.98</b>	2,75,98.81
		<b>3,32,39.83</b>	2,76,37.05

29.1 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 received by the company from the suppliers regarding the status under the Act.

Particulars	As at March 31, 2020	As at March 31, 2019
a) Principal & Interest amount remaining unpaid but not due as at year end	<b>1,61.85</b>	38.24
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	<b>Nil</b>	Nil
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	<b>Nil</b>	Nil
d) Interest accrued and remaining unpaid as at year end	<b>0.17</b>	Nil
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	<b>Nil</b>	Nil

29.2 Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

29.3 Including acceptances of Rs. 87,73.81 lakhs (previous year Rs. 1,00,76.60 lakhs).

**30. Other Financial Liabilities**

Particulars	Ref. note no.	As at March 31, 2020	As at March 31, 2019
Current maturities of long-term debt			
Secured	22	<b>2,10,42.32</b>	1,32,19.92
Unsecured	22	<b>16,50.00</b>	17,92.50
Interest accrued but not due on borrowings		<b>11,04.96</b>	6,20.58
Employee related liability		<b>8,77.42</b>	10,63.82
Derivatives at fair value through profit & loss		<b>32.77</b>	-
Unclaimed dividends	30.1	<b>70.66</b>	82.54
Capital vendors		<b>7,72.13</b>	6,35.36
Others		<b>3,57.82</b>	3,58.17
		<b>2,59,08.08</b>	1,77,72.89

30.1 The same is not due for deposit to Investor Education and Protection Fund.

**31. Other Current Liabilities**

Particulars	Ref. note no.	As at March 31, 2020	As at March 31, 2019
Advance from customers	31.1 & 54	<b>57,73.95</b>	1,00,76.57
Statutory Payables		<b>86,95.60</b>	78,82.29
Others		<b>40.39</b>	28.42
		<b>1,45,09.94</b>	1,79,87.28

31.1 Advance from customers includes Rs.6,13.55 lakhs (previous year Rs. 25,56.70 lakhs) received as interest bearing advance and Rs. 22,80.43 lakhs (previous year Rs. 55,00.24 lakhs) received from related parties out of which Rs.22,74.52 lakhs is interest bearing advance, against sale of DI Pipes, Fittings and related accessories has been classified and disclosed as aforesaid as per terms of the contract.

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

**32. Provisions**

Particulars	Ref. note no.	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits	46	20,15.23	18,48.18
		20,15.23	18,48.18

**33. Revenue From Operations**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of products	24,34,49.13	23,43,75.67
Other operating revenues		
Incentive / Subsidy	44,02.25	43,83.15
Others	1,37.55	3,01.93
	24,79,88.93	23,90,60.75

**33.1 Revenue From Contracts with Customer (additional disclosures under Ind AS 115)**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>A. Revenue from contracts with customers disaggregated based on nature of product or services</b>		
<b>Revenue from Sale of products (Transferred at point in time)</b>		
Manufacturing		
Ductile Iron pipes	17,46,58.82	16,21,48.18
Ductile Iron fittings	2,04,85.95	2,39,94.53
Cast Iron pipes	1,83,60.83	1,54,10.47
Others	2,96,27.22	3,04,34.17
Trading		
Coke and Coal	–	8,90.39
Ductile Iron pipes	–	1,42.63
Ductile Iron fittings	3,16.31	13,55.30
<b>Other operating revenues</b>		
Incentive / Subsidy	44,02.25	43,83.15
Others	1,37.55	3,01.93
	24,79,88.93	23,90,60.75
<b>B. Revenue from contracts with customers disaggregated based on geography #</b>		
Within India	14,10,42.98	12,96,93.90
Outside India	10,24,06.15	10,46,81.77
	24,34,49.13	23,43,75.67
<b>C. Revenue from contracts with customers disaggregated based on type of customer</b>		
Government	3,02,81.62	5,06,42.40
Non Government	21,31,67.51	18,37,33.27
	24,34,49.13	23,43,75.67
<b>Reconciliation of revenue from contract with customer:</b>		
Revenue from contracts with customer as per the contract price	24,34,89.22	23,43,82.10
Adjustments made to contract price on account of:		
a) Price Adjustments	40.09	6.43
	24,34,49.13	23,43,75.67

# for detail refer note no. 55

- The amounts receivable from customers become due after the expiry of credit period which on an average is ranging between 90 to 270 days.
- The Company does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration.
- There are no contracts for sale of services wherein, performance obligation is unsatisfied to which transaction price has been allocated.
- Revenue from sale of the products are recorded at a point in time and those from sale of services over a period of time.

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

**34. Other Income**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest Income		
On loans, deposits, overdue debts etc.	10,35.02	14,73.14
On Financial Assets measured at amortised cost	1,14.27	1,47.80
Dividend income		
Current investments	0.72	1.51
Non current investments	11,58.07	11,59.26
Net gain/(loss) on derecognition of financial assets at amortised cost	29.71	56.39
Net gain/(loss) on foreign currency transaction and translation	10,39.39	-
Net gain/(loss) on Derivative Instruments on fair valuation through profit and loss	4,20.67	10,33.60
Bad debts realised	89.58	1,37.00
Liability / Provision no longer required written back	47.15	8,74.38
Excess provision against trade receivable/advances written back (net)	16.31	-
Gain on redemption of financial liability at amortised cost	-	8,03.25
Miscellaneous income	2,31.00	7,27.17
	<b>41,81.89</b>	<b>64,13.50</b>

**35. Cost of materials consumed**

Particulars	Ref. note no.	For the year ended March 31, 2020	For the year ended March 31, 2019
Raw materials consumed	35.1	11,18,41.99	11,05,88.28
		<b>11,18,41.99</b>	<b>11,05,88.28</b>

35.1 Cost of material consumed includes Rs. 8,04.38 lakhs (previous year Rs.6,97.88 lakhs) in relation to cost of goods sold as raw materials.

**36. Purchases of Stock In Trade**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Coke and coal	-	1,81.99
Rubber gaskets	21,29.94	24,24.01
DI Fittings	2,75.42	12,88.54
Others	7,61.51	17,47.12
	<b>31,66.87</b>	<b>56,41.66</b>

**37. Changes in inventories of Finished goods, Stock-in-Trade and Work-in-progress**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening stock		
Finished goods	1,78,63.24	80,30.95
Add: Trial run stock from preoperative period	3,46.45	-
Stock-in-trade (in respect of goods acquired for trading)	29.95	1,58.82
Process stock	51,63.52	85,98.36
	<b>2,34,03.16</b>	<b>1,67,88.13</b>
Less : Closing Stock		
Finished goods	1,68,63.36	1,78,63.24
Stock-in-trade (in respect of goods acquired for trading)	29.95	29.95
Process stock	70,67.25	51,63.52
	<b>2,39,60.56</b>	<b>2,30,56.71</b>
	<b>(5,57.40)</b>	<b>(62,68.58)</b>

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

**38. Employee Benefits Expense**

Particulars	Ref. note no.	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and wages	46	1,53,33.85	1,34,04.12
Contribution to provident and other funds	46	9,65.50	9,22.39
Staff welfare expenses		8,93.95	8,58.60
		<b>1,71,93.30</b>	<b>1,51,85.11</b>

**39. Finance Costs**

Particulars	Ref. note no.	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expense		1,76,12.97	1,66,40.67
Net (gain)/loss on foreign currency transactions and translation		24,77.86	27,41.21
Other borrowing cost	39.2 & 41.4	18,98.92	31,58.34
		<b>2,19,89.75</b>	<b>2,25,40.22</b>

39.1 Borrowing cost capitalised during the year is Rs. 1,27.72 lakhs (previous year Rs. 1,05.92 lakhs). The capitalisation has been considered at 11.80%.

39.2 Other Borrowing cost includes Rs. 73.22 lakh (previous year nil) towards lease obligation of Right Of Use Assets.

**40. Depreciation and Amortisation Expenses**

Particulars	Ref. note no.	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation	40.1	52,52.50	53,45.20
Amortization	6	21.82	1,42.07
		<b>52,74.32</b>	<b>54,87.27</b>

40.1 Depreciation includes Rs. 1,66.90 lakhs (previous year nil) towards depreciation charge for Right of Use assets.

**41. Other Expenses**

Particulars	Ref. note no.	For the year ended March 31, 2020	For the year ended March 31, 2019
Consumption of stores and spare parts		1,62,15.32	1,49,19.47
Power and fuel		1,67,37.10	1,63,68.00
Material Handling Charges		25,94.64	23,08.96
Rent	41.4	9,23.49	9,29.13
Repairs to buildings		3,07.12	3,56.02
Repairs to machinery		4,84.56	5,38.22
Insurance		4,21.55	2,25.05
Rates and taxes		4,10.71	3,44.34
Directors fees and commission		1,15.70	45.50
Freight & forwarding charges		1,74,66.87	1,59,02.09
Commission to selling agents		39,91.17	57,74.01
Loss on sale of fixed assets (net)		2,14.85	2,80.47
Net Loss/(Gain) on foreign currency transaction and translation		-	19,90.92
Net Loss/(Gain) on fair valuation of Current investments through Profit and Loss (net)		0.15	8.33
Sundry balances/Advances written off (net off provision written back Rs. 75.63 lakhs)		5,02.36	-
Bad debts (net off of provision written back Rs. 3,12.78 lakhs)		47.93	-
Credit loss allowances on Trade Receivable/Advances/Others		41.23	1,96.02
Capital Work In Progress written off	48 (b)	23,18.35	6,90.33
Impairment of non current investment		45.05	8,22.81
Miscellaneous expenses	41.1 & 41.3	1,80,70.31	1,75,32.79
		<b>8,09,08.46</b>	<b>7,92,32.46</b>

## Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

### 41.1 Miscellaneous expenses includes Auditor's Remuneration

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Audit Fees	20.00	20.00
(b) Certification charges	53.55	35.15
(c) Reimbursement of expenses	0.54	0.45

41.2 During the year, the Company has incurred Rs. 1,21.75 lakhs (previous year Rs. 1,11.77 lakhs) in the nature of salary and wages on account of research and development expenses which has been charged to Statement of Profit and Loss.

41.3 During the year, the Company has incurred Rs. 5.75 lakhs (previous year Rs.1,15.00 lakhs) on account of Corporate Social Responsibility (CSR) included under Other Miscellaneous Expenses.

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>(a) Gross amount required to be spent by the Company during the year</b>	<b>5.56</b>	115.00
<b>(b) Amount spent during the year on :</b>		
(i) Construction / acquisition of any assets		
– In Cash	–	–
– Yet to be paid in cash	–	–
<b>Total</b>	<b>–</b>	–
(ii) On purpose other than (i) above		
– In Cash	5.75	1,15.00
– Yet to be paid in cash	–	–
<b>Total</b>	<b>5.75</b>	1,15.00

### 41.4 Leases

The company has elected to apply Ind AS 116 to its leases with modified retrospective approach. Under this approach, the company has recognized lease liabilities and corresponding equivalent right of use assets. In the statement of profit & loss for the year ended, operating lease expenses which were recognised as other expenses in previous periods is now recognised as depreciation expenses on right of use assets and finance cost for interest accrued on such lease liability.

#### 41.4.1 Movement in Lease Liabilities during the year ended March 31, 2020

Particulars	As at March 31, 2020
Balance at the beginning	6.06
Additions	6,91.06
Interest Cost accrued during the period	73.22
Deletions	–
Payment of lease liabilities	1,80.18
<b>Balance at the end</b>	<b>5,90.16</b>



**Notes to Standalone Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

**41.4.2 Future Payment of Lease liabilities on an undiscounted basis**

At March 31, 2020, the future payment of lease liabilities on an undiscounted basis are as follows:

Particulars	As at March 31, 2020
Less than one year	1,85.44
One to five years	5,66.05
More than five years	23,54.80
<b>Total undiscounted lease liabilities at March 31,2020</b>	<b>31,06.29</b>
<b>Lease liabilities included in the statement of financial position at March 31, 2020</b>	<b>5,90.16</b>
Current Lease Liabilities	1,22.29
Non- Current Lease Liabilities	4,67.87

**41.4.3 Amounts recognized in Profit or Loss**

Particulars	For the year ended March 31, 2020
Interest expense on lease liabilities	73.22
Depreciation expense of right-of-use assets	1,66.90
Expense relating to short-term leases (included in other expenses)	4,44.50
<b>Total</b>	<b>6,84.62</b>

41.4.4 The weighted average incremental borrowing rate of 11.40% has been applied to lease liabilities recognised in the Balance Sheet.

**42. Exceptional Items**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Exceptional Items</b>		
On account of:		
Fair valuation of investment of Electrosteel Steels Ltd.	-	(5,78,68.38)
Write off of advances/trade receivable pertaining to Electrosteel Steels Ltd.	-	(2,11,21.70)
	-	(7,89,90.08)

**43. Tax Expense**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Current tax</b>		
In respect of the current year	13,51.26	2.96
In respect of prior years	(16.19)	-
<b>Total Current tax expense recognised in the current year</b>	<b>13,35.07</b>	2.96
<b>Deferred tax</b>		
In respect of the current year	14,42.93	(23,48.31)
Impact of section 115BAA of the Income Tax Act, 1961 as on April 01, 2019	(2,83.25)	-
<b>Total Deferred tax expense recognised in the current year</b>	<b>11,59.68</b>	(23,48.31)
<b>Total Tax expense recognised in the current year</b>	<b>24,94.75</b>	(23,45.35)

## Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

### 43.1 Reconciliation of Income tax expense for the year with accounting profit is as follows:

Taxable Income differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Details in this respect are as follows:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before tax	1,23,53.53	(6,59,22.25)
Income tax expense calculated at 25.168% (previous year 34.944%)	31,09.13	(2,30,35.87)
Less : Effect of income Exempt from taxation/ deductible for computing taxable profit		
– Dividend	(2,91.65)	(4,05.62)
– Additional Business loss claimed on recomputation of Taxable Income	(3,96.63)	–
– Effect of other adjustments in respect of earlier year	(16.19)	–
Add : Effect of expenses that are not deductible in determining taxable profit		
– CSR Expenditure	1.45	–
– Donation u/s 80–G	0.35	40.33
– Provision for diminution in value of investments	11.34	2,05,09.05
– Effect of other adjustments	76.95	5,46.76
<b>Income tax expense recognised in Statement of Profit and Loss</b>	<b>24,94.75</b>	<b>(23,45.35)</b>

The income tax rate used for reconciliations above is 25.168% under section 115BAA of the Income Tax Act, 1961 (previous year 34.944% under normal provision) as applicable for corporate entities on taxable profits under the Indian tax laws.

### 43.2 Income tax recognised in other comprehensive income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Deferred tax</b>		
Arising on income and expenses recognised in other comprehensive income:		
Net fair value gain on investments in equity shares at FVTOCI	3.31	(4.99)
Remeasurement of defined benefit obligation	(0.85)	(65.76)
Derivative instrument designated at fair value through Cash Flow Hedge Reserve	–	(93.46)
<b>Total income tax recognised in other comprehensive income</b>	<b>2.46</b>	<b>(1,64.21)</b>
Bifurcation of the income tax recognised in other comprehensive income into:		
Items that will not be reclassified to profit or loss	2.46	(70.75)
Items that will be reclassified to profit or loss	–	(93.46)

### 44. Components of Other Comprehensive Income

Particulars	Ref. note no.	For the year ended March 31, 2020	For the year ended March 31, 2019
Items that will not be reclassified to Statement of Profit and Loss			
Remeasurement of defined benefit plans	46	3.39	1,88.18
Equity Instrument through Other Comprehensive Income		(14.46)	(6,23.72)
		(11.07)	(4,35.54)
Items that will be reclassified to Statement of Profit and Loss			
Effective portion of Cash flow hedge reserve		–	2,67.44
		–	2,67.44

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

**45. FINANCIAL INSTRUMENTS**

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets (Current and Non-Current)</b>				
<b>Financial Assets measured at Amortised Cost</b>				
Trade receivables	6,37,78.18	6,37,78.18	6,01,16.38	6,01,16.38
Cash and cash equivalents	22,23.55	22,23.55	56,47.38	56,47.38
Bank Balances Other than Cash and Cash Equivalents	40,42.40	40,42.40	75,04.61	75,04.61
Loans	26,33.77	26,33.77	35,16.62	35,16.62
Other Financial Assets	2,44,34.01	2,44,34.01	2,21,61.75	2,21,61.75
<b>Financial Assets measured at Fair Value through Profit and Loss Account</b>				
Derivative Instruments	-	-	633.20	633.20
Investment in Equity Instruments	0.52	0.52	75.81	75.81
<b>Financial Assets measured at Fair Value through Other Comprehensive Income</b>				
Investment in Equity Instruments other than Subsidiaries, Associates and Joint Venture	21,20.41	21,20.41	2,134.88	2,134.88
<b>Financial Liabilities (Current and Non-Current)</b>				
<b>Financial Liabilities measured at Amortised Cost</b>				
Borrowings – fixed rate	4,86,63.72	4,86,63.72	5,12,82.33	5,15,29.47
Borrowings – floating rate	10,45,49.98	10,45,49.98	11,05,75.76	11,05,75.76
Lease Liabilities	5,90.16	5,90.16	-	-
Trade Payables	3,32,39.83	3,32,39.83	2,76,37.05	2,76,37.05
Other Financial Liabilities	31,82.99	31,82.99	27,60.47	27,60.47
<b>Financial Liabilities measured at Fair Value through Profit and Loss Account</b>				
Derivative Instruments	32.77	32.77	-	-

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 loans, 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. In respect of non current trade receivables and loans, fair value is determined by using discount rates that reflect the present borrowing rate of the company.
- A substantial portion of the company's long-term debt has been contracted at floating rates of interest, which are reset at short intervals. 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 prevailing rates for similar borrowing in the market.
- Investments (other than Investments in Associates, Joint Venture and Subsidiaries) traded in active market are determined by reference to the quotes from the Stock exchanges as at the reporting date. Quoted Investments for which quotations are not available have been included in the market value at the face value/paid up value, whichever is lower except in case of debentures, bonds and government securities where the net present value at current yield to maturity have been considered. Unquoted investments in shares have been valued based on the historical net asset value as per the latest audited financial statements and wherever the same is not available, alternate available inputs are considered for the purpose of valuations.
- 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, contractual terms, period to maturity, maturity parameters and foreign exchange rates. These models

## Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

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 market rates. 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

1. The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at balance sheet date:

(Amount Rs. in lakhs)

Particulars	As at March 31, 2020	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
		Quoted Price in active market	Significant observable inputs	Significant unobservable inputs
<b>Financial Assets</b>				
Investment in Equity Instruments (Current)	0.52 (75.81)	0.52 (75.81)	–	–
Investment in Equity Instruments other than Subsidiaries, Associates and Joint Venture (Non-Current)	21,20.41 (21,34.88)	12.68 (25.58)	20,79.34 (20,79.34)	28.39 (29.96)
Derivative Instrument	– (633.20)	– –	– (633.20)	– –
<b>Financial Liabilities</b>				
Derivative Instrument	32.77 –	– –	32.77 –	– –

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

2. During the year ended March 31, 2020 and March 31, 2019, there were no significant transfers between Level 1, Level 2 and Level 3.
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.
  - Unquoted investments in equity shares have been valued based on the amount available to shareholder's as per the latest audited financial statements wherever available. Further, external observable inputs or assumptions have been used in such valuation of equity shares in other cases.

### (d) Derivatives financial assets and liabilities:

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

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

Sl. No.	Underlying Purpose	Category	As at March 31, 2020		As at March 31, 2019		Currency
			No. of deals	Amount in Foreign Currency	No. of deals	Amount in Foreign Currency	
1	Export Receivables	Forward	33	2,20,59,634	43	2,78,92,662	USD/INR
2	Export Receivables	Forward	13	41,98,216	15	62,37,714	GBP/USD
3	Export Receivables	Forward	1	3,00,000	1	5,00,000	GBP/INR
4	Export Receivables	Forward	27	1,57,96,666	18	95,74,224	EURO/USD

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 (Contd.)

Sl. No.	Underlying Purpose	Category	As at March 31, 2020		As at March 31, 2019		Currency
			No. of deals	Amount in Foreign Currency	No. of deals	Amount in Foreign Currency	
5	Export Receivables	Forward	9	75,92,066	18	1,08,21,557	EURO/INR
6	Export Receivables	Forward	3	9,81,728	5	20,00,000	SGD/USD
7	Export Receivables	Forward	-	-	2	9,95,858	SGD/INR
8	Suppliers Credit/Imports/Other payables	Forward	16	1,06,27,617	13	1,89,72,666	USD/INR
9	Suppliers Credit/Imports/Other payables	Option	3	29,91,426	3	1,06,20,384	USD/INR
10	External Commercial Borrowings Principal & Interest payment	Option	2	1,09,00,000	4	2,00,00,000	USD/INR
11	External Commercial Borrowings Interest payment	Interest Rate Swap	12	1,19,00,000	14	2,72,00,000	USD
12	External Commercial Borrowings Interest payment	Interest Rate Cap	3	25,50,000	3	63,75,000	USD

(ii) Un hedged Foreign Currency exposures are as follows: –

(Amount in Foreign Currency)

Nature	Currency	As at March 31, 2020	As at March 31, 2019
<b>Payables</b>			
ECB Payable (include accrued interest)	USD	1,10,52,577	1,29,73,394
Suppliers Credit /PCFC/Acceptances (includes accrued interest)	USD	1,32,79,672	1,35,51,299
Imports & Other payables	USD	19,67,366	34,11,230
Imports & Other payables	EURO	1,71,444	96,052
Imports & Other payables	GBP	54,166	28,198
Imports & Other payables	AED	1,479	4,397
Imports & Other payables	SGD	16,900	-
Imports & Other payables	AUD	5,340	-
<b>Receivables</b>			
Exports & Other receivables	GBP	3,37,408	-
Exports & Other receivables	SGD	6,57,095	1,29,283
Exports & Other receivables	USD	1,52,42,159	79,18,197
Exports & Other receivables	EURO	15,96,996	-

(iii) The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as at the balance sheet date:

(Amount Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Not later than one month	52.22	(3,43.13)
Later than one month and not later than three months	2,29.17	26.35
Later than three months and not later than one year	(3,14.16)	6,65.57
Later than one year	-	2,84.41

(iv) The company had entered into USD INR Currency Swap to hedge both the principal and interest payments of the borrowing from bank amounting to USD 16.62 Mn. The critical terms of both the hedging instrument (i.e the Full currency swap) and the hedged item (i.e the borrowing) are closely aligned, thereby establishing an economic relationship between them. The Currency Swap is hence designated as hedging instrument in cash flow hedges. As the economic relationship ceased to exist during the previous year, cash flow hedge reserve has been transferred to statement of profit and loss during the year ended 31.03.2019.

## Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

(v) The following table provides the reconciliation of cash flow hedge reserve:

(Amount Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the period	–	(173.98)
Gain/(loss) recognised in OCI during the period	–	3,97.52
Amount reclassified to Profit and Loss account during the period	–	(130.07)
Tax impact on above	–	(93.46)
Balance at the end of period	–	–

(e) **Sale of Financial Assets**

In the normal course of business, the Company transfers its bill receivables to banks. Under the terms of the agreements, the Company surrenders control over the financial assets and the transfer is with recourse. Under arrangement with recourse, the company is obligated to repurchase the uncollected financial assets, subject to limits specified in the agreement with banks. As at March 31, 2020 and March 31, 2019 the maximum amount of recourse obligation in respect of financial assets are Rs 81,13.52 lakhs and Rs. 46,70.54 lakhs respectively.

(f) **Financial Risk Factors**

The Company's activities are exposed to variety of financial risks. The key financial risks 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 Directors reviews and approves policies for managing these risks. The risks are governed by appropriate policies and procedures and accordingly financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

1. **Market Risk**

Market risk is the risk or uncertainty arising from possible market fluctuations 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, borrowings, investments and trade and other payables.

i) **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, trade receivables and trade or other payables.

The Company has adopted a comprehensive risk management review system wherein it actively hedges its foreign exchange exposures within defined parameters through use of hedging instruments such as forward contracts, options and swaps. The Company periodically reviews its risk management initiatives and also takes experts advice on regular basis on hedging strategy.

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

**As at March 31, 2020**

(Amount Rs. in lakhs)

Particulars	Trade receivables	Loans and borrowings	Trade payables & Other Current Liabilities	Net Assets/ (Liabilities)
USD #	1,09,75.66	3,31,43.17	1,18,44.07	(3,40,11.58)
EURO	2,09,38.55	–	142.85	2,07,95.70
GBP	45,46.07	–	50.82	44,95.25
SGD	8,71.00	–	8.98	8,62.02
AED	–	–	0.30	(0.30)
AUD	–	–	2.48	(2.48)
<b>TOTAL</b>	<b>3,73,31.28</b>	<b>3,31,43.17</b>	<b>1,20,49.50</b>	<b>(78,61.39)</b>

# Trade receivables and Loans and Borrowings includes Rs 6,81.94 lakhs towards bill discounting.

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 *(Contd.)*

As at March 31, 2019

(Amount Rs. in lakhs)

Particulars	Trade receivables	Loans and borrowings	Trade payables & Other Current Liabilities	Net Assets/ (Liabilities)
USD #	1,04,09.31	4,79,05.40	2,57,39.87	(6,32,35.96)
EURO	1,53,83.23	-	74.50	1,53,08.73
GBP	58,08.29	-	25.41	57,82.88
SGD	15,94.27	-	-	15,94.27
AED	-	-	0.83	(0.83)
TOTAL	3,31,95.10	4,79,05.40	2,58,40.61	(4,05,50.91)

# Trade receivables and Loans and Borrowings includes Rs 3,36.83 lakhs towards bill discounting.

Derivative financial assets and liabilities dealing with outstanding derivative contracts and unhedged foreign currency exposure has been detailed in earlier parts. Unhedged foreign currency exposure is primarily on account of long term foreign currency borrowings for which hedge cover is taken as per the policy followed by the company depending upon the remaining period of maturity of the installments falling due for payment.

The following table demonstrates the sensitivity in the USD, Euro, GBP and other currencies to the Indian Rupee with all other variables held constant. The impact on the Company's profit/(loss) before tax in the fair value of monetary assets and liabilities is given below:

(Amount Rs. in lakhs)

Particulars	Effect on Profit before tax	
	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>RECEIVABLES (Weaking of INR by 5%)</b>		
USD	5,75.77	2,73.77
EURO	66.53	-
GBP	15.83	-
SGD	17.46	3.30
<b>PAYABLES (Weaking of INR by 5%)</b>		
USD	(9,93.47)	(10,35.03)
EURO	(7.14)	(3.73)
GBP	(2.54)	(1.27)
SGD	(0.45)	-
AED	(0.02)	-
AUD	(0.12)	-

A 5% strengthening of INR would have an equal and opposite effect on the Company's financial statements. Sensitivity includes fluctuation towards cross currency exposures also.

ii) **Interest rate risk**

The company's exposure in market risk relating to change in interest rate primarily arises from floating rate borrowing with banks and financial institutions. Borrowings at fixed interest rate exposes the company to the fair value interest rate risk. The Company has entered into interest rate swap contracts in respect of certain foreign currency borrowings whereby interest at an agreed rate are to be applied on agreed upon principal amount. The company maintains a portfolio mix of fixed and floating rate borrowings. As at March 31, 2020, after taking into account interest rate swaps, approximately 37.63% (March 31, 2019: 43.30%) of the company's borrowings become fixed rate interest borrowing.

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

## Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

With all other variables held constant, the following table demonstrates the impact of the borrowing cost on floating rate portion of loans and borrowings and excluding loans on which interest rate swaps are taken.

(Amount Rs. in lakhs)

Nature of Borrowing	Increase in basis points	For the year ended March 31, 2020	For the year ended March 31, 2019
Rupee Loan	+0.50	4,40.22	4,39.57
Foreign Currency Loan	+0.25	18.79	9.63

A decrease in 0.50 basis point in Rupee Loan and 0.25 basis point in Foreign Currency Loan would have an equal and opposite effect on the Company's financial statements.

### iii) Other price risk

The Company's equity exposure in Subsidiaries, Associates and Joint Ventures are carried at cost or deemed cost and these are subject to impairment testing as per the policy followed in this respect. The company's current investments which are fair valued through profit and loss are not material. Accordingly, other price risk of the financial instrument to which the company is exposed is not expected to be material.

### 2. 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). The management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Major water infrastructure projects are Government funded or foreign aided and the risk involved in payment default is minimum with respect to these customers. Besides, export receivables are primarily from subsidiaries and sales made by them is covered under Credit Insurance. 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 and the company obtains necessary security including letter of credits and/or bank guarantee to mitigate.

The carrying amount of respective financial assets recognised in the financial statements, (net of impairment losses) represents the Company's maximum exposure to credit risk. The concentration of credit risk is limited due to the customer base being large and unrelated. Of the trade receivables balance at the end of the year (other than subsidiaries), there are no single customer accounted for more than 10% of the accounts receivable and 10% of revenue as at March 31, 2020 and March 31, 2019.

The Company extends credit to customers as per the internal credit policy. Any deviation are approved by appropriate authorities, after due consideration of the customers credentials and financial capacity, trade practices and prevailing business and economic conditions. The Company's historical experience of collecting receivables and the level of default indicate that credit risk is low and generally uniform across markets; consequently, trade receivables are considered to be a single class of financial assets. All overdue customer balances are evaluated taking into account the age of the dues, specific credit circumstances, the track record of the customers etc. Company computes credit loss allowance based on a matrix based historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates.

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

Cash and cash equivalents, investment 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 that are past due at the end of the reporting period against which no credit losses has been expected to arise.

### 3. 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's assets represented by financial instruments comprising of receivables, and those relating to Parbatpur Coal mines (refer note no. 47) are largely funded by borrowed funds. The company relies on borrowings and internal accruals to meet its fund requirement. The current committed line of credit are sufficient to meet its short to medium term fund requirement.



**Notes to Standalone Financial Statements** for the year ended March 31, 2020 *(Contd.)*i) **Liquidity and interest risk tables**

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

**Interest rate and currency of borrowings**

As at March 31, 2020

(Amount Rs. in lakhs)

Particulars	Total Borrowings	Floating rate borrowings	Fixed rate borrowings	Weighted average Interest Rate (%)
INR	12,00,70.53	8,80,44.33	3,20,26.20	11.21%
USD	3,31,43.17	1,65,05.65	1,66,37.52	5.07%
<b>Total</b>	<b>15,32,13.70</b>	<b>10,45,49.98</b>	<b>4,86,63.72</b>	

As at March 31, 2019

Particulars	Total Borrowings	Floating rate borrowings	Fixed rate borrowings	Weighted average Interest Rate (%)
INR	11,39,52.69	8,79,14.62	2,60,38.07	11.58%
USD	4,79,05.40	2,26,61.13	2,52,44.27	5.67%
<b>Total</b>	<b>16,18,58.09</b>	<b>11,05,75.75</b>	<b>5,12,82.34</b>	

**Maturity Analysis of Financial Liabilities**

As at March 31, 2020

(Amount Rs. in lakhs)

Particulars	Carrying Amount	On Demand	Less than 6 months	6 to 12 months	> 1 year	Total
Interest bearing borrowings* (including current maturities)	15,32,13.70	1,17,27.60	5,32,76.54	1,80,79.49	7,01,30.07	15,32,13.70
Other Liabilities	31,82.99	31,82.99	-	-	-	31,82.99
Trade and other payables	3,32,39.83	3,32,39.83	-	-	-	3,32,39.83

\* Include Rs 51,34.74 lakhs as Prepaid Finance Charges.

As at March 31, 2019

Particulars	Carrying Amount	On Demand	Less than 6 months	6 to 12 months	> 1 year	Total
Interest bearing borrowings* (including current maturities)	16,18,58.09	1,82,83.55	4,09,87.52	1,91,02.88	8,34,84.14	16,18,58.09
Other Liabilities	27,60.47	27,60.47	-	-	-	27,60.47
Trade and other payables	2,76,37.05	2,76,37.05	-	-	-	2,76,37.05

\* Include Rs 57,16.87 lakhs as Prepaid Finance Charges.

The company has current financial assets which will be realised in ordinary course of business. The Company ensures that it has sufficient cash on demand to meet expected operational expenses.

The company relies on mix of borrowings and operating cash flows to meet its need for funds and ensures that it does not breach any financial covenants stipulated by the lender. The company has availed the option of moratorium vide RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020 on its certain borrowings due to which instalments/interest amounting to Rs 22,57.09 lakhs which were due to be paid during the current financial year have been carried forward in the next financial year.

## Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

### g) 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 where the risk profile of the Company.

The gearing ratio are as follows:

(Amount Rs. in lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Borrowings	15,32,13.70	16,18,58.09
Less Cash and Cash Equivalents	22,23.55	56,47.38
Net Debt	15,09,90.15	15,62,10.71
Equity	25,48,54.71	23,79,24.59
Equity and Net Debt	40,58,44.86	39,41,35.30
Gearing Ratio	0.37	0.40

### 46. Post Retirement Employee Benefits

The disclosures required under Indian Accounting Standard 19 on "Employee Benefits" are given below:

#### a) Defined Contribution Plans

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

(Amount Rs. in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Employer's Contribution to Provident Fund	3,60.53	2,97.10
Employer's Contribution to Pension Fund	2,19.64	2,09.38
Employer's Contribution to Superannuation Fund	44.22	43.40
Employer's Contribution to NPS Fund	59.70	48.40

#### b) Defined Benefit Plans

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

(Amount Rs. in lakhs)

	Gratuity (Funded)	
	2019-20	2018-19
<b>i) Change in the fair value of the defined benefit obligation :</b>		
Liability at the beginning of the year	31,11.15	29,05.13
Interest Cost	2,15.78	2,20.17
Current Service Cost	2,04.71	1,75.33
Actuarial (gain) / loss on obligations	1,15.52	(97.89)
Benefits paid	(56.98)	(91.59)
Liability at the end of the year	35,90.18	31,11.15

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

	Gratuity (Funded)	
	2019-20	2018-19
<b>ii) Changes in the Fair Value of Plan Asset</b>		
Fair value of Plan Assets at the beginning of the year	23,04.18	20,06.94
Expected Return on Plan Assets	1,61.29	1,54.54
Contributions by the Company	1,22.91	2,14.13
Benefits paid	(56.98)	(91.59)
Actuarial gain / (loss) on Plan Assets	84.07	20.16
Fair value of Plan Assets at the end of the year	26,15.47	23,04.18
<b>iii) Actual return on Plan Asset</b>		
Expected return on Plan assets	1,61.29	1,54.54
Actuarial gain / (loss) on Plan Assets	84.07	20.16
Actual Return on Plan Assets	2,45.36	1,74.70
<b>iv) Amount Recognized in Balance Sheet</b>		
Liability at the end of the year	35,90.18	31,11.15
Fair value of Plan Assets at the end of the year	26,15.47	23,04.18
	9,74.71	8,06.97
<b>v) Components of Defined Benefit Cost</b>		
Current Service Cost	2,04.71	1,75.33
Interest Cost	2,15.78	2,20.17
Expected Return on Plan Assets	(1,61.29)	(1,54.54)
Net Actuarial (gain) / loss on remeasurement recognised in OCI	31.45	(118.05)
Total Defined Benefit Cost recognised in Profit and Loss and OCI	2,90.65	1,22.91
<b>vi) Balance Sheet Reconciliation</b>		
Opening Net Liability	8,06.97	8,98.19
Expenses as above	2,90.65	1,22.91
Employers Contribution	(1,22.91)	(2,14.13)
Amount Recognized in Balance Sheet	9,74.71	8,06.97

**vii) Percentage allocation of plan assets in respect of fund managed by insurer/trust is as follows:**

Particulars	As at March 31, 2020	As at March 31, 2019
G-Sec/ Corporate Securities	93.32%	85.80%
Equity	2.87%	3.02%
Fixed Deposit and other assets	3.80%	11.18%

The above information have been furnished to the extent available with the company by the funds managed by the insurance company.

## Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

### Compensated Absences

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

(Amount Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Privileged Leave	14,42.99	13,38.97
Sick Leave	10,28.68	9,51.64
<b>Principal Actuarial assumptions as at the Balance Sheet date</b>		
Discount Rate	7.00%	7.70%
Rate of Return on Plan Assets	7.00%	7.70%
Salary Escalation Rate	6.00%	6.00%
Withdrawal Rate	1-8 %	1-8 %

Notes : i) Assumptions relating to future salary increases, attrition, interest rate for discount & overall expected rate of return on Assets have been considered based on relevant economic factors such as inflation, market growth & other factors applicable to the period over which the obligation is expected to be settled.

ii) The Company expects to contribute Rs. 3,00.00 lakhs (previous year Rs. 150.00 lakhs) to Gratuity fund in 2020-21.

### Recognised in Other Comprehensive Income

(Amount Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Remeasurement – Actuarial loss/(gain)	31.45	(1,18.05)
For the year ended March 31, 2020	31.45	(1,18.05)

### Sensitivity Analysis :

Particulars	Change in Assumption	Effect in Gratuity Obligation
For the year ended 31st March, 2019		
Discount Rate	+1%	29,33.86
	-1%	33,48.20
Salary Growth Rate	+1%	33,46.54
	-1%	29,34.10
Withdrawal Rate	+1%	31,51.19
	-1%	31,02.39
<b>For the year ended 31st March, 2020</b>		
Discount Rate	+1%	33,61.67
	-1%	38,49.28
Salary Growth Rate	+1%	38,47.46
	-1%	33,61.44
Withdrawal Rate	+1%	36,04.96
	-1%	35,73.83

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

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

**History of experience adjustments is as follows:**

Particulars	Gratuity
For the year ended March 31, 2019	
Plan Liabilities – loss/(gain)	(1,11.47)
Plan Assets – (loss)/gain	(20.16)
<b>For the year ended March 31, 2020</b>	
Plan Liabilities – loss/(gain)	<b>(40.56)</b>
Plan Assets – (loss)/gain	<b>(84.07)</b>

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

Particulars	Gratuity
01 April 2020 to 31 March 2021	11,28.27
01 April 2021 to 31 March 2022	1,26.18
01 April 2022 to 31 March 2023	1,79.62
01 April 2023 to 31 March 2024	183.16
01 April 2024 Onwards	47,06.77

Particulars	As at March 31, 2020	As at March 31, 2019
Average no. of people employed	<b>1549</b>	1532

**47(a).** In pursuance of the Order dated September 24, 2014 issued by the Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated October 21, 2014 (Ordinance) for implementing the Order, allotment of Parbatpur coal block (coal block/mines) to the Company which was under advanced stage of implementation, had been cancelled w.e.f. April 01, 2015. In terms of the Ordinance, the Company was allowed to continue the operations in the said block till March 31, 2015. Accordingly, the said block had been handed over to Bharat Coking Coal Limited (BCCL) as per the direction from Coal India Ltd. (CIL) with effect from April 01, 2015 and the same has been subsequently allotted to Steel Authority of India Limited (SAIL).

Following a petition filed by the Company, the Hon'ble High Court at Delhi had pronounced its judgement on March 09, 2017. Accordingly based on the said judgement, the Company has claimed Rs.15,31,76.00 lakhs towards compensation against the said coal block, acceptance whereof is awaited. Aggrieved due to delay in acceptance of claim and on a petition filed by the Company, the Hon'ble High Court had directed the Nominated Authority appointed under Ministry of Coal to determine the compensation. Earlier the Nominated Authority had upheld its decision of compensation already paid and the same was set aside by the Hon'ble High Court with a direction to the Nominated authority to reconsider. The Nominated authority further passed an order dated 11.11.2019 awarding an additional compensation of Rs. 1,80.00 lakhs and with a further direction to re-determine the value of certain assets by the appropriate authority. The Company has approached the newly appointed Nominated Authority/ Ministry of Coal to reconsider the compensation determined by the previous Nominated Authority vide its order dated 11.11.2019 and grant an opportunity to present its case and also exploring other possibilities.

Pending finalisation of the matter as above;

- Rs.12,88,84.11 lakhs incurred pertaining to the coal block till March 31, 2015 after setting off income, stocks etc. there against as per the accounting policy then followed by the Company has been continued to be shown as freehold land, capital work in progress, other fixed assets and other respective heads of account.
- Interest and other finance cost for the year ended March 31, 2016 against the fund borrowed and other expenses directly attributable in this respect amounting to Rs. 95,14.74 lakhs has been considered as other recoverable under current assets; and
- Compensation of Rs. 83,12.34 lakhs so far received and net realisations/claims against sale of assets, advances, input credits etc. amounting to Rs. 20,54.70 lakhs have been adjusted. Bank guarantee amounting to Rs. 9,20.00 lakhs (previous year Rs. 9,20.00 lakhs) has been given against the compensation received.

Disclosures of above balances as per Indian Accounting Standard and adjustments arising with respect to above will be given effect to on final acceptance/settlement of the claim.

## Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

47(b). Various balances pertaining to Coal Block claim and handing over the same as detailed in different heads of accounts includes:

(Amount Rs. in lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
Inventories		14,78.76		14,78.76
Other current assets		13,99.78		13,99.78
Capital Work in Progress:				
Plant and Equipment and others assets under Installation (refer note no: 49)	3,34,93.90		3,34,93.90	
Mine Development including overburden removal expenses (Net) (refer note no: 50)	8,69,09.74	12,04,03.64	8,69,09.74	12,04,03.64
Other Property, Plant and Equipment		22,43.99		22,43.99
Capital Advance		1,08.94		1,08.94
Freehold Land		32,49.00		32,49.00
Other balances with Banks in Fixed Deposit Escrow Accounts	5,36.93		5,36.93	
Less: Provision for mine closure and restoration charges	5,36.93	–	5,36.93	–
<b>Sub Total</b>		<b>12,88,84.11</b>		<b>12,88,84.11</b>
Other Recoverable		95,14.74		95,14.74
Less: Compensation received		(83,12.34)		(83,12.34)
Less: Cenvat credit utilised/claimed/written off	(13,99.78)		(13,99.78)	
Less: Sale of Assets and other realisations	(6,54.92)	(20,54.70)	(6,54.92)	(20,54.70)
<b>Total</b>		<b>12,80,31.81</b>		<b>12,80,31.81</b>

47(c). Due to reasons stated in note no. 47(a) and pending determination of the amount of the claim, balances under various heads which otherwise would have been measured and disclosed as per the requirements of various Indian Accounting Standard ' have been included under various heads as disclosed under note no. 47(b) considering the circumstances and objective of the financial statements.

48(a). Due to delay in grant of forest, environment and other clearances from various authorities and execution of mining lease of an area of 192.50 ha. by the State Government of Jharkhand for iron and manganese ores at Dirsumburu in Kodilabad Reserve Forest, Saranda of West Singhbhum, Jharkhand, the validity period of letter of intent granted in this respect has expired on January 11, 2017. The Company has filed a writ petition before the Hon'ble High Court of Jharkhand on January 10, 2017, praying inter-alia for direction for grant of said lease in favour of the Company.

The Hon'ble High Court in its order while observed, being not averse in granting relief with respect to cut off date, has admitted the said petition and fixed the case for further hearing and adjudication. Pending decision of the High Court, Rs. 43,80.45 lakhs ( previous year Rs. 48,63.43 lakhs) so far incurred in connection with these mines/related facilities, have been carried forward under respective heads of fixed assets, capital work in progress, advances and security deposit.

48(b). The Railway Authorities had withdrawn the permission of operation of Railway siding under construction which is situated at Haldia, West Bengal. The company has claimed the compensation from the Railway Authorities for the amount incurred for the said siding which was denied and the matter is under arbitration based on the direction of Hon'ble High Court at Calcutta. Pending arbitration proceedings, the company has recognised a charge of Rs. 23,18.35 lakhs during the year and a balance amounting to Rs. 17,78.11 lakhs has been considered recoverable.

49. Capital work in progress includes plant and equipments and other assets amounting to Rs.2,85,55.93 lakhs (previous year Rs. 3,56,70.68 lakhs ) under installation and capital and other expenditure incurred pending completion thereof. (refer note no. 47 and 48)

50. The expenses incurred for projects/assets during the construction/mine development period are classified as "Pre-operative Expenses" pending capitalization are included under capital work in progress and will be allocated to the assets on completion of the project/assets. Consequently

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

expenses disclosed under the respective head are net of amount classified as preoperative expenses by the Company (refer note no. 47 and 48).

The details of these expenses are as follows :

Particulars	As at March 31, 2020	As at March 31, 2019
Balance brought forward	8,79,85.74	8,79,64.28
Add:		
Miscellaneous Expenses	-	21.46
Total preoperative/development expenses	8,79,85.74	8,79,85.74
Add: Opening stock 64,502 MT (previous year 64,502 MT)	14,46.25	14,46.25
Less: Closing stock 64,502 MT(previous year 64,502 MT)	(14,46.25)	(14,46.25)
Total preoperative and development expenses carried forward pending allocation	8,79,85.74	8,79,85.74

**51. Calculation of Earning Per Share is as follows:**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Net profit for basic and diluted earnings per share as per Statement of Profit and Loss	98,58.78	(6,35,76.90)
<b>Net profit for basic and diluted earnings per share</b>	<b>98,58.78</b>	<b>(6,35,76.90)</b>
(b) Weighted average number of equity shares for calculation of basic and diluted earnings per share (Face value Re. 1/- per share)		
Number of equity shares outstanding as on 31st March	432954709	405482183
Number of equity shares considered in calculating basic and diluted EPS	418467831	386736190
(c) Weighted average number of equity shares outstanding	418467831	386736190
(d) Earnings per share (EPS) of Equity Share of Re. 1 each:		
i) Basic (Rs.)	2.36	(16.44)
ii) Diluted (Rs.)	2.36	(16.44)

**52. Commitments**

Particulars	As at March 31, 2020		As at March 31, 2019	
	in million	Rs. in lakhs	in million	Rs. in lakhs
(a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances):		4,74.02		9,39.60
(b) Other commitments				
i) Sell Forward contract outstanding				
In USD	22.06	1,66,66.05	27.89	1,92,87.78
In Euro	23.39	1,94,88.45	20.40	1,58,20.10
In GBP	4.50	42,20.14	6.74	60,71.31
In SGD	0.98	5,21.77	3.00	15,28.32
ii) Buy Forward contract outstanding				
In USD	10.63	80,29.16	18.97	1,31,19.60
iii) Option contract outstanding				
In USD	13.89	1,04,94.97	30.62	2,11,74.00
iv) Capital Commitment towards contribution in equity share capital of Electrosteel Algeria SPA		9,57.89		11,82.25

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 *(Contd.)*

(Amount Rs. in lakhs)

**53.(i) Contingent Liabilities not provided for in respect of :**

Particulars	As at March 31, 2020	As at March 31, 2019
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:		
i) Sales Tax	<b>71,96.98</b>	72,86.34
ii) Excise, Custom Duty and Service tax	<b>44,36.59</b>	52,07.54
iii) Income Tax	<b>8,49.20</b>	14,21.14
b) Penalty for non compliance of listing agreement and disputed by the Company.	-	1,00.00
c) Employees State Insurance Corporation has raised demand for contribution in respect of Gross Job Charges for the year 2001-02, 2003-04 and March'08 to January'10. In the opinion of the management demand is adhoc and arbitrary and is not sustainable legally.	<b>92.51</b>	92.51
d) Demand of Tamilnadu Electricity Board disputed by the Company.	<b>8.20</b>	8.20
e) During the year 1994 UPSEB had raised demand for electricity charges by revising the power tariff schedule applicable to the Company retrospectively from Feb'86. In the opinion of the management the revised power tariff is not applicable to the Company and accordingly the Company disputed the demand and the matter is pending before Hon'ble High Court at Allahabad.	<b>2,61.74</b>	2,61.74
f) Standby Letter of Credit issued by banks on behalf of the company in favour of Subsidiary Companies	<b>85,64.62</b>	83,26.82
g) Financial Guarantees given by banks on behalf of the Company	<b>42,03.82</b>	42,36.91
h) Demand of differential railway freight for the year 2008-09 to 2010-11 is Rs. 57,33.29 lakhs (previous year Rs. 57,33.29 lakhs) which is contested by the Company and the matter is pending before the Hon'ble High Court at Calcutta.		

Note : The Company's pending litigations comprises of claim against the company and proceedings pending with Taxation/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 position. Future cash outflows, if any, in respect of (a) to (e), and (h) above is dependent upon the outcome of judgments/decisions.

**53.(ii) Contingent assets (not recognised for) in respect of :**

Particulars	As at March 31, 2020	As at March 31, 2019
a) Claims Under Target Plus Scheme pending completion of legal clearances.	<b>3,55.00</b>	3,55.00
b) Claim of commission income from Electrosteel Steels Limited. The matter is pending before the National Company Law Tribunal at Kolkata.	<b>8,66.72</b>	8,66.72
c) Benefits under Industrial Promotion Scheme **	Amount unascertainable	Amount unascertainable

\*\* Pre Goods & Service Tax (GST), the Company was enjoying certain benefits under Industrial Promotion scheme of state government. Post GST, pending notifications by the state government, on prudent basis, the company has not recognised any income under the scheme for the period July 01, 2017 to March 31, 2020.



**Notes to Standalone Financial Statements** for the year ended March 31, 2020 *(Contd.)***54. Related party disclosure as identified by the management in accordance with the Indian Accounting Standard (Ind AS) 24 on "Related Party Disclosures" are as follows:****A) Names of related parties and description of relationship**

- 1) Subsidiary Company**
- Electrosteel Europe SA
  - Electrosteel Algeria SPA
  - Electrosteel Castings (UK) Limited
  - Electrosteel USA LLC
  - WaterFab, LLC (subsidiary of Electrosteel USA, LLC)
  - Mahadev Vyapaar Private Limited
  - Electrosteel Trading S.A, Spain
  - Electrosteel Castings Gulf Fze
  - Electrosteel Doha for Trading (LLC)
  - Electrosteel Brasil Ltda. Tubos e Conexoes Duteis
  - Electrosteel Bahrain Holding SPC Company
  - Electrosteel Bahrain Trading WLL (subsidiary of Electrosteel Bahrain Holding SPC Company)
- 2) Associate Company**
- Srikalahasthi Pipes Limited
  - Electrosteel Steels Limited (ceased to be associate w.e.f 06.06.2018)
  - Electrosteel Thermal Power Limited (ceased to be associate w.e.f 01.08.2019)
- 3) Joint Venture**
- North Dhadhu Mining Company Private Limited
  - Domco Private Limited
- 4) Key Management Personnel (KMP) and close member of their family**
- Mr. Umang Kejriwal - Managing Director
  - Mr. Mayank Kejriwal - Joint Managing Director
  - Mr. Uddhav Kejriwal - Wholetime Director
  - Mr. Mahendra Kumar Jalan - Wholetime Director
  - Mr. Pradip Kr. Khaitan - Chairman
  - Mr. Binod Kumar Khaitan - Director
  - Mr. Ram Krishna Agarwal - Director (ceased to be director w.e.f 08.06.2020)
  - Mr. S Y Rajagopalan - Director
  - Mr. Vyas Mitre Ralli - Director
  - Mr. Amrendra Prasad Verma - Director
  - Dr. Mohua Banerjee - Director
  - Mr. Rajkumar Khanna - Director (appointed w.e.f 15.06.2020)
  - Mr. Sunil Katial - Chief Executive Officer & Wholetime Director (Wholetime Director w.e.f 01.04.2020)
  - Mr. Ashutosh Agarwal - Executive Director (Group Finance) & CFO w.e.f 13.08.2019
  - Mr. Brij Mohan Soni - Chief Financial Officer till 24.07.2019
  - Mrs. Asha Kejriwal - Wife of Mr. Umang Kejriwal - KMP
  - Ms. Nityangi Kejriwal Jaiswal - Daughter of Mr. Umang Kejriwal - KMP
  - Ms. Priya Manjari Todi - Daughter of Mr. Mayank Kejriwal - KMP
  - Ms. Priya Sakhi Kejriwal Mehta - Daughter of Mr. Umang Kejriwal - KMP
  - Ms. Radha Kejriwal Agarwal - Daughter of Mr. Umang Kejriwal - KMP
  - Mr. Madhav Kejriwal - Son of Mr. Umang Kejriwal - KMP
  - Mr. Anirudh Jalan - Son of Mr. Mahendra Kumar Jalan - KMP
- 5) Enterprise where KMP and/or Close member of the family have control**
- Gaushree Enterprises
  - Tulsi Highrise Private Limited
  - Sri Gopal Investments Ventures Ltd.
  - Global Exports Ltd.
  - Ultimo Logistics Private Limited
  - Krisna Logistics Private Limited
  - Sree Khemisati Constructions Private Limited
  - G K & Sons Private Limited
  - Electrosteel Thermal Coal Limited
  - Badrinath Industries Ltd.
  - Electrocast Sales India Limited
  - Uttam Commercial Company Limited

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 *(Contd.)*

(Amount Rs. in lakhs)

**B) Related Party Transactions**

Particulars	Subsidiary	Associate	Joint Venture	KMP & Close members of family	KMP have control	Total	Outstanding as on 31.03.2020	Outstanding as on 31.03.2019
<b>Sale</b>								
Electrosteel Europe SA	4,38,09.27	-	-	-	-	4,38,09.27	2,03,77.23	
Electrosteel Castings (UK) Ltd	66,44.90	-	-	-	-	66,44.90	49,92.54	
Electrosteel USA, LLC	11,73.08	-	-	-	-	11,73.08	4,14.31	
Electrosteel Castings Gulf FZE	32,10.91	-	-	-	-	32,10.91	14,04.06	
Electrosteel Bahrain Trading WLL	79,69.21	-	-	-	-	79,69.21	20,30.29	
Electrosteel Doha for Trading LLC	1,24,98.01	-	-	-	-	1,24,98.01	25,33.41	
Srikalahasthi Pipes Limited	-	18,56.43	-	-	-	18,56.43	-	
<b>Total</b>	<b>7,53,05.38</b>	<b>18,56.43</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,71,61.81</b>	<b>3,17,51.84</b>	
<b>Previous Year</b>								
Electrosteel Europe SA	3,42,29.13	-	-	-	-	3,42,29.13		1,54,41.50
Electrosteel Castings (UK) Ltd	1,14,23.96	-	-	-	-	1,14,23.96		70,53.41
Electrosteel USA, LLC	8,19.35	-	-	-	-	8,19.35		12.16
Electrosteel Castings Gulf FZE	11,23.36	-	-	-	-	11,23.36		1.45
Electrosteel Bahrain Trading WLL	46,72.88	-	-	-	-	46,72.88		6,35.67
Electrosteel Doha for Trading LLC	61,74.84	-	-	-	-	61,74.84		1,59.05
Srikalahasthi Pipes Limited	-	2,84.19	-	-	-	2,84.19		-
<b>Purchase</b>								
Electrosteel Castings (UK) Ltd	1.35	-	-	-	-	1.35	1.36	
Electrosteel Europe SA	0.57	-	-	-	-	0.57	0.57	
Srikalahasthi Pipes Limited	-	1,27,93.97	-	-	-	1,27,93.97	35,48.44	
<b>Total</b>	<b>1.92</b>	<b>1,27,93.97</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,27,95.89</b>	<b>35,50.37</b>	
<b>Previous Year</b>								
Electrosteel Castings (UK) Ltd	15.07	-	-	-	-	15.07		-
Srikalahasthi Pipes Limited	-	1,07,30.54	-	-	-	1,07,30.54		14,68.58
<b>Remuneration</b>								
Mr. Umang Kejriwal	-	-	-	4,27.83	-	4,27.83	78.63	
Mr. Mayank Kejriwal	-	-	-	11.13	-	11.13	0.11	
Mr. Uddhav Kejriwal	-	-	-	2,84.50	-	2,84.50	49.79	
Mr. Mahendra Kumar Jalan	-	-	-	1,69.69	-	1,69.69	4.33	
Mr. Sunil Katial	-	-	-	2,17.12	-	2,17.12	5.78	
Mr. Ashutosh Agarwal	-	-	-	95.31	-	95.31	3.09	
Mr. Brij Mohan Soni	-	-	-	24.23	-	24.23	-	
Ms. Priya Manjari Todi	-	-	-	24.01	-	24.01	0.62	
Ms. Priya Sakhi Kejriwal Mehta	-	-	-	5.73	-	5.73	-	
Ms. Radha Kejriwal Agarwal	-	-	-	23.28	-	23.28	0.79	
Mr. Madhav Kejriwal	-	-	-	17.20	-	17.20	-	
Ms. Nityangi Kejriwal	-	-	-	34.15	-	34.15	2.39	
Dr. Mohua Banerjee	-	-	-	14.50	-	14.50	10.80	
Mr. Ram Krishna Agarwal	-	-	-	17.80	-	17.80	10.80	
Mr. Vyas Mitre Ralli	-	-	-	14.10	-	14.10	10.80	
Mr. S Y Rajagopalan	-	-	-	16.70	-	16.70	10.80	
Mr. Binod Khaitan	-	-	-	19.80	-	19.80	10.80	
Mr. Pradeep Kr. Khaitan	-	-	-	16.30	-	16.30	10.80	
Mr. Amrendra Prasad Verma	-	-	-	16.50	-	16.50	10.80	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,49.88</b>	<b>-</b>	<b>14,49.88</b>	<b>2,21.13</b>	



**Notes to Standalone Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

Particulars	Subsidiary	Associate	Joint Venture	KMP & Close members of family	KMP have control	Total	Outstanding as on 31.03.2020	Outstanding as on 31.03.2019
<b>Previous Year</b>								
Mr. Umang Kejriwal	-	-	-	2,98.56	-	2,98.56		(9.62)
Mr. Mayank Kejriwal	-	-	-	13.09	-	13.09		-
Mr. Uddhav Kejriwal	-	-	-	1,29.89	-	1,29.89		(21.49)
Mr. Mahendra Kumar Jalan	-	-	-	1,63.41	-	1,63.41		-
Mr. Sunil Katial	-	-	-	34.32	-	34.32		-
Mr. Brij Mohan Soni	-	-	-	76.50	-	76.50		-
Ms. Priya Manjari Todi	-	-	-	17.89	-	17.89		-
Ms. Priya Sakhi Kejriwal Mehta	-	-	-	5.83	-	5.83		-
Ms. Radha Kejriwal Agarwal	-	-	-	11.64	-	11.64		-
Mr. Madhav Kejriwal	-	-	-	4.60	-	4.60		-
Ms. Nityangi Kejriwal Jaiswal	-	-	-	7.80	-	7.80		-
Dr. Mohua Banerjee	-	-	-	1.00	-	1.00		-
Mr. Ram Krishna Agarwal	-	-	-	8.60	-	8.60		-
Mr. Vyas Mitre Ralli	-	-	-	4.10	-	4.10		-
Mr. S Y Rajagopalan	-	-	-	5.80	-	5.80		-
Mr. Binod Khaitan	-	-	-	10.00	-	10.00		-
Mr. Pradeep Kr. Khaitan	-	-	-	6.80	-	6.80		-
Mr. Amrendra Prasad Verma	-	-	-	6.00	-	6.00		-
<b>Rent Paid</b>								
Tulsi Highrise Private Limited	-	-	-	-	60.27	60.27	-	-
Sri Gopal Investments Ventures Ltd	-	-	-	-	23.10	23.10	-	-
Sree Khemisati Constructions Private Limited	-	-	-	-	7.20	7.20	0.65	-
Badrinath Industries Limited	-	-	-	-	30.00	30.00	-	-
<b>Total</b>	-	-	-	-	<b>1,20.57</b>	<b>1,20.57</b>	<b>0.65</b>	-
<b>Previous Year</b>								
Tulsi Highrise Private Limited	-	-	-	-	52.01	52.01	-	-
Sri Gopal Investments Ventures Ltd	-	-	-	-	21.00	21.00	-	-
Sree Khemisati Constructions Private Limited	-	-	-	-	7.20	7.20	-	-
Badrinath Industries Limited	-	-	-	-	30.00	30.00	-	-
<b>Service Charges Paid</b>								
Sree Khemisati Constructions Private Limited	-	-	-	-	2,83.05	2,83.05	30.03	-
Global Exports Ltd.	-	-	-	-	90.00	90.00	-	-
Sri Gopal Investments Ventures Ltd	-	-	-	-	2.20	2.20	-	-
<b>Total</b>	-	-	-	-	<b>3,75.25</b>	<b>3,75.25</b>	<b>30.03</b>	-
<b>Previous Year</b>								
Sree Khemisati Constructions Private Limited	-	-	-	-	2,69.71	2,69.71	-	4.37
Krsna Logistics Private Limited	-	-	-	-	-	-	-	1.20
Global Exports Ltd.	-	-	-	-	90.00	90.00	-	-
Mr. Anirudh Jalan	-	-	-	1.20	-	1.20	-	-
Sri Gopal Investments Ventures Ltd	-	-	-	-	2.19	2.19	-	-
<b>Service Charges Received</b>								
Electrosteel Europe SA	1,19.42	-	-	-	-	1,19.42	1,19.42	-
Electrosteel Castings (UK) Ltd	47.11	-	-	-	-	47.11	9.38	-
Electrosteel USA, LLC	60.87	-	-	-	-	60.87	60.87	-
<b>Total</b>	<b>2,27.40</b>	-	-	-	-	<b>2,27.40</b>	<b>1,89.67</b>	-

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	Subsidiary	Associate	Joint Venture	KMP & Close members of family	KMP have control	Total	Outstanding as on 31.03.2020	Outstanding as on 31.03.2019
<b>Previous Year</b>								
Electrosteel Steels Limited	-	1,09.67	-	-	-	1,09.67		-
Electrosteel Europe SA	69.6	-	-	-	-	69.60		-
Electrosteel Castings (UK) Ltd	52.32	-	-	-	-	52.32		-
Electrosteel USA, LLC	34.07	-	-	-	-	34.07		-
Electrosteel Castings Gulf FZE	1,11.74	-	-	-	-	1,11.74		-
<b>Reimbursements of expenses paid</b>								
Electrosteel Europe SA	63.05	-	-	-	-	63.05	28.45	
Electrosteel Bahrain Trading WLL	3.63	-	-	-	-	3.63	3.63	
<b>Total</b>	<b>66.68</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66.68</b>	<b>32.08</b>	
<b>Previous Year</b>								
Electrosteel Europe SA	15.91	-	-	-	-	15.91		5.28
Electrosteel Bahrain Trading WLL	5.36	-	-	-	-	5.36		-
<b>Reimbursements of expenses received</b>								
<b>Previous Year</b>								
Srikalahasthi Pipes Limited	-	12.03	-	-	-	12.03		-
<b>Corporate Guarantee, Standby Letter of Credit and Letter of Comfort</b>								
Electrosteel Europe SA	-	-	-	-	-	-	36,66.26	
Electrosteel Algeria SPA	-	-	-	-	-	-	11,33.25	
Electrosteel Castings (UK) Ltd	-	-	-	-	-	-	18,76.36	
Electrosteel USA, LLC	-	-	-	-	-	-	18,88.75	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>85,64.62</b>	
<b>Previous Year</b>								
Electrosteel Europe SA	-	-	-	-	-	-		34,12.88
Electrosteel Algeria SPA	-	-	-	-	-	-		13,83.00
Electrosteel Castings (UK) Ltd	-	-	-	-	-	-		18,02.19
Electrosteel USA, LLC	-	-	-	-	-	-		17,28.75
<b>Commission</b>								
Electrosteel Doha for Trading LLC	-	-	-	-	-	-	81.70	
Electrosteel Castings Gulf Fze	2,59.92	-	-	-	-	2,59.92	2,76.87	
<b>Total</b>	<b>2,59.92</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,59.92</b>	<b>3,58.57</b>	
<b>Previous Year</b>								
Electrosteel Doha for Trading LLC	9,95.67	-	-	-	-	9,95.67		8,61.66
Electrosteel Castings Gulf Fze	1,77.55	-	-	-	-	1,77.55		1,36.97
<b>Security Deposits</b>								
Sri Gopal Investments Ventures Ltd	-	-	-	-	1.05	1.05	11.55	
Electrosteel Thermal Coal Limited	-	-	-	-	-	-	1,90.68	
Tulsi Highrise Private Limited	-	-	-	-	-	-	2,85.00	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.05</b>	<b>1.05</b>	<b>4,87.23</b>	
<b>Previous Year</b>								
Sri Gopal Investments Ventures Ltd	-	-	-	-	-	-		10.50
Electrosteel Thermal Coal Limited	-	-	-	-	-	-		1,89.68
Tulsi Highrise Private Limited	-	-	-	-	-	-		2,85.00
<b>Dividend Received</b>								
Srikalahasthi Pipes Limited	-	11,58.07	-	-	-	11,58.07	-	
<b>Total</b>	<b>-</b>	<b>11,58.07</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,58.07</b>	<b>-</b>	

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	Subsidiary	Associate	Joint Venture	KMP & Close members of family	KMP have control	Total	Outstanding as on 31.03.2020	Outstanding as on 31.03.2019
<b>Previous Year</b>								
Srikalahasthi Pipes Limited	-	11,58.07	-	-	-	11,58.07		-
<b>Advances Given</b>								
Domco Private Limited	-	-	-	-	-	-	7,00.00	
<b>Total</b>	-	-	-	-	-	-	<b>7,00.00</b>	
<b>Previous Year</b>								
Electrosteel Thermal Coal Limited	-	-	-	-	-	-		1.00
Domco Private Limited	-	-	-	-	-	-		7,00.00
<b>Advances Taken</b>								
Electrosteel Doha for Trading LLC	44,42.94	-	-	-	-	44,42.94	3.37	
Electrosteel Castings Gulf FZE	6,94.11	-	-	-	-	6,94.11	2.54	
Srikalahasthi Pipes Limited	-	25,00.00	-	-	-	25,00.00	22,74.52	
<b>Total</b>	<b>51,37.05</b>	<b>25,00.00</b>	-	-	-	<b>76,37.05</b>	<b>22,80.43</b>	
<b>Previous Year</b>								
Electrosteel Doha for Trading LLC	12,81.23	-	-	-	-	12,81.23		3,88.50
Electrosteel Castings Gulf FZE	9,75.18	-	-	-	-	9,75.18		2,95.56
Srikalahasthi Pipes Limited	-	50,00.00	-	-	-	50,00.00		48,16.18
<b>Interest Paid</b>								
Srikalahasthi Pipes Limited	-	3,80.47	-	-	-	3,80.47	1,02.73	
<b>Total</b>	-	<b>3,80.47</b>	-	-	-	<b>3,80.47</b>	<b>1,02.73</b>	
<b>Previous Year</b>								
Srikalahasthi Pipes Limited	-	230.14	-	-	-	2,30.14		-
<b>Equity Share contribution</b>								
Sree Khemisati Constructions Private Limited	-	-	-	-	24,00.00	24,00.00	-	
Global Exports Ltd.	-	-	-	-	2,00.00	2,00.00	-	
Mr. Mayank Kejriwal	-	-	-	2,00.00	-	2,00.00	-	
Mrs. Asha Kejriwal	-	-	-	2,00.00	-	2,00.00	-	
<b>Total</b>	-	-	-	<b>4,00.00</b>	<b>26,00.00</b>	<b>30,00.00</b>	-	
<b>Previous Year</b>								
Electrocast Sales India Ltd.	-	-	-	-	10,00.00	10,00.00		-
Uttam Commercial Co Ltd	-	-	-	-	10,00.00	10,00.00		-
G.K. & Sons Pvt. Ltd.	-	-	-	-	20,00.00	20,00.00		-
<b>Sale of Investment</b>								
Sree Khemisati Constructions Private Limited	-	-	-	-	0.75	0.75	-	
Global Exports Ltd.	-	-	-	-	0.75	0.75	-	
<b>Total</b>	-	-	-	-	<b>1.50</b>	<b>1.50</b>	-	
<b>Previous Year</b>								
<b>Employee Welfare Expenses</b>								
<b>Previous Year</b>								
Gaushree Enterprises	-	-	-	-	0.37	0.37		-

## Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

### C. Details of compensation paid to KMP during the year are as follows:

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Short-term employee benefits	12,09.18	6,98.63
Post-employment benefits *	-	-
Other long-term benefits *	-	-

\*Post-employment benefits and other long-term benefits is being disclosed based on actual payment made on retirement /resignation of services, but does not includes provision made on actuarial basis as the same is available for all employees together.

### D. Terms and conditions of transactions with related parties

- The transactions with related parties have been entered at an amount which are not materially different from those on normal commercial terms.
- The amounts outstanding are unsecured and will be settled in cash and cash equivalent. No guarantees have been given or received.
- The remuneration of directors is determined by the Nominations & Remuneration Committee having regard to the performance of individuals and market trends.

54.1 In respect of the above parties, there is no provision for doubtful debts as on March 31,2020 and no amount has been written off or written back during the year in respect of debt due from/to them.

54.2 The above related party information is as identified by the management.

54.3 Details of Loans, Investments and Guarantees covered u/s 186(4) of the Companies Act, 2013:

a) Details of Loans and Investments are given under the respective heads (refer note no. 8, 8A, and 13)

b) Details of Corporate Guarantee/ Standby Letter of Credit given by the Company are as follows:

(Amount Rs. in lakhs)

Name of the Company	Purpose	As at March 31, 2020	As at March 31, 2019
Electrosteel Europe SA	Short Term Loan Facility	24,99.72	23,26.97
	Short Term Loan Facility	11,66.54	10,85.92
Electrosteel Algeria SPA	Working capital facility	11,33.25	13,83.00
Electrosteel Castings (UK) Ltd.	Short Term Loan Facility	18,76.36	18,02.19
Electrosteel USA LLC	Working capital facility	18,88.75	17,28.75

55. The company operates mainly in one business segment viz Pipes being primary segment and all other activities revolve around the main activity. The secondary segment is geographical, information related to which is given as under:

Particulars	2019-20			2018-19		
	Within India	Outside India	Total	Within India	Outside India	Total
Sales (gross)	14,10,42.98	10,24,06.15	24,34,49.13	12,96,93.90	10,46,81.77	23,43,75.67
Non-Current Assets other than financial instruments	28,03,80.58	-	28,03,80.58	28,17,80.91	-	28,17,80.91

56. The company has opted for continuing accounting policy in respect of exchange difference arising on reporting of long term foreign currency monetary items in accordance with Ind AS 101 "First time adoption of Indian Accounting Standards". Accordingly, during the year ended March 31, 2020 the net exchange difference of nil [previous year nil] on foreign currency loans have been adjusted in the carrying amount of fixed assets / capital work in progress. The unamortised balance is Rs 2,64,39.70 lakhs (previous year Rs 2,64,39.70 lakhs).

57. Vide order dated September 2, 2019, The National Company Law Tribunal, Cuttack Branch (NCLT) had approved the scheme of Amalgamation ("the Scheme") of Mahadev Vyapaar Private Limited (MVPL), a wholly owned subsidiary with the Company w.e.f April 01, 2014. The impact of scheme has been carried out in the current year with the restatement of previous year's figures. MVPL has a registered office in Kolkata,

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 *(Contd.)*

India and was engaged in the renting of properties. No fresh shares are issued to effect the merger as MVPL is wholly owned subsidiary of the Company. The merger has been accounted for using pooling of interest method, involving the following:

- (a) The assets and liabilities of MVPL have been reflected at their carrying amounts. No adjustment is made to reflect the fair values, or recognise any new asset or liabilities other than those adjustments that are made to harmonise accounting policies.
- (b) The balance of retained earnings appearing in the financial statements of MVPL is aggregated with the corresponding balance appearing in the financial statements of the Company.
- (c) The excess of amount of investment by the Company in MVPL over the share capital of MVPL is treated as Capital reserve in Company's financial statements and is presented separately from other Capital reserve (refer note no. 21) after adjustment of deferred tax liability (net) of Rs. 2,81.26 lakhs as on April 01, 2019.
- (d) The impact of the scheme on the current year / previous year results is not material. Further previous year comparative numbers are not comparable with the published figure last year due to impact of scheme given w.e.f April 01, 2018.

**58.** These financial statements have been approved by the Board of Directors of the Company on June 15, 2020 for issue to the shareholders for their adoption.

**59.** The figures for the corresponding previous year have been regrouped/reclassified wherever necessary, to make them comparable.

As per our report of even date

**For Singhi & Co.**  
Chartered Accountants  
(Firm Registration No. 302049E)

Gopal Jain  
Partner  
(Membership No. 059147)

Kolkata  
June 15, 2020

Indranil Mitra  
Company Secretary

**For and on behalf of the Board of Directors**

Umang Kejriwal  
Managing Director  
(DIN : 00065173)

Ashutosh Agarwal  
Executive Director  
(Group Finance) and CFO

Mahendra Kumar Jalan  
Wholetime Director  
(DIN : 00311883)

Sunil Katial  
Chief Executive Officer &  
Wholetime Director  
(DIN :07180348)

## Form AOC 1

(Pursuant to first proviso to sub-section(3) of Section 129 read with Rule 5 of Companies (Accounts) Rules,2014)

## Statement containing salient features of the Financial Statement of Subsidiaries/Associate Companies/Joint Ventures of Electrosteel Castings Limited as on 31st March, 2020

## PART ' A ' : Subsidiaries

(Amount Rs. in lakhs)

Sl. No.	Name of the Subsidiary	Date since when subsidiary was acquired	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting Currency	Year	Exchange Rate	Equity Share Capital	Other Equity	Total Assets	Total Liabilities	Investment	Revenue from Operation/ Total Income	Profit before Taxation	Provision for Taxation	Profit after Taxation	Other Comprehensive Income	Total Comprehensive Income	Proposed dividend	%age of share holding	Country
1	Electrosteel Algeria SPA*	January 21, 2004	N.A.	DZD	2019-20	0.61	177,8.10	(13,86.07)	12,66.92	8,74.89	-	4,54.78	(621.42)	-	(621.42)	-	(621.42)	-	100%	Algeria
2	Electrosteel Castings (UK) Limited	January 17, 2005	N.A.	GBP	2019-20	93.82	10,32.00	10,33.21	1,34,50.50	1,13,85.29	-	1,35,28.35	10,92.93	59.73	10,33.20	-	10,33.20	-	100%	United Kingdom
3	Electrosteel Europe S.A.	December 24, 2001	N.A.	EURO	2019-20	83.32	31,66.32	35,58.80	4,34,37.16	3,67,12.04	0.47	5,65,51.17	4,41.33	74.13	3,67.20	-	3,67.20	-	100%	France
4	Electrosteel USA, LLC#	September 30, 2008	N.A.	USD	2019-20	75.55	22,66.50	(4,55.27)	42,51.11	24,39.88	-	46,41.69	80.97	-	80.97	-	80.97	-	100%	USA
5	Electrosteel Trading S.A, Spain	December 13, 2011	N.A.	EURO	2019-20	83.32	54.16	57.25	9,03.79	7,92.38	-	21,40.56	10.57	2.64	7.93	-	7.93	-	100%	Spain
6	Electrosteel Doha for Trading LLC	September 30, 2012	N.A.	QAR	2019-20	20.76	41.51	36,55.29	81,61.11	44,64.31	-	1,61,86.27	16,40.94	1,48.60	14,92.34	-	14,92.34	-	49%	Qatar
7	Electrosteel Castings Gulf FZE	August 2, 2012	N.A.	AED	2019-20	20.57	2,05.70	20,62.44	38,57.25	15,89.11	-	41,10.65	5,51.29	-	5,51.29	-	5,51.29	-	100%	UAE
8	Electrosteel Brasil LTDA, Tubos e Conexões Duteis	January 22, 2013	N.A.	BRL	2019-20	14.52	21.77	(70.78)	-	49.01	-	-	(0.02)	-	(0.02)	-	(0.02)	-	100%	Brazil
9	Electrosteel Bahrain Holding S.P.C Company ##	March 17, 2015	N.A.	BHD	2019-20	1,99.87	4,99.67	15,05.62	61,80.13	41,74.84	-	1,07,30.14	3,23.85	-	3,23.85	-	3,23.85	-	100%	Bahrain

## Notes :

Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, are based on the exchange rates as on March 31, 2020.

\* The financial year of the company is calendar year as per host country law. However, for the purpose of consolidation, financial statement has been drawn as at March end.

# Consolidated Financial Statement includes its wholly owned subsidiary WaterFab LLC.

## Consolidated Financial Statement includes its subsidiary Electrosteel Bahrain Trading WLL.





**PART 'B' : Associates and Joint Ventures**  
**Statement pursuant to Section 129(3) of the Companies Act, 2013 related to**  
**Associate Companies and Joint Ventures**

Sl. No.	Name of the Associates/Joint Ventures	Latest Audited Balance Sheet Date	Date on which Associate or Joint Venture was acquired	Shares of Associate or Joint Ventures held by the company on the year end			Description of how there is significant influence	Reason why the associate/Joint Venture is not consolidated	Net Worth attributable to shareholding as per latest audited Balance Sheet (Rs in lakhs.)	Total Comprehensive Income	
				No. of Shares held by the Company as on March 31, 2020	Amount of investment (Rs in lakhs.)	Extent of holding%				Considered in consolidation (Rs in lakhs.)	Not considered in consolidation (Rs in lakhs.)
1	Srikalahasthi Pipes Limited	March 31, 2020	March 30, 2002	1,93,01,218	4,55,29.64	41.33%	N.A	7,25,46.86	75,13.17	-	
2	Electrosteel Thermal Power Limited #	-	October 31, 2010	-	-	-	-	-	(0.08)	-	
3	Domco Private Limited	Ref Note No. 8.2	August 24, 2005	30,000	30.00	50.00%	Ref Note No 8.2	-	-	-	
4	North Dhadhu Mining Company Private Limited	Ref Note No. 8.3	October 22, 2008	82,28,053	8,22.81	48.98%	Ref Note No 8.3	-	-	-	

# Ceased to be associate during the year.

As per our report of even date  
**For Singhi & Co.**  
Chartered Accountants  
(Firm Registration No. 302049E)

Gopal Jain  
Partner  
(Membership No. 059147)  
Kolkata  
June 15, 2020

**For and on behalf of the Board of Directors**

Umang Kejriwal Managing Director (DIN : 00065173)	Mahendra Kumar Jalan Wholesale Director (DIN : 00311883)
Ashutosh Agarwal Executive Director (Group Finance) and CFO	Sunil Katial Chief Executive Officer & Wholesale Director (DIN : 07180348)

Indranil Mitra  
Company Secretary

**ANNEXURE I****Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted alongwith Annual Standalone Audited Financial Results****Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020**

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(Amount Rs. in lakhs)

<b>Sl. No.</b>	<b>Particulars</b>	<b>Audited Figures (as reported before adjusting for qualifications)</b>	<b>Adjusted Figures (audited figures after adjusting for qualifications)</b>
1.	Turnover / Total income	252,170.82	Not Ascertainable
2.	Total Expenditure	239,817.29	
3.	Net Profit/(Loss) (including other comprehensive income)	9,850.17	
4.	Earnings Per Share	2.36	
5.	Total Assets	498,492.26	
6.	Total Liabilities	243,637.55	
7.	Net Worth (Equity Share Capital plus Other Equity)	254,854.71	
8.	Any other financial item(s) (as felt appropriate by the management)	-	

**II. Audit Qualification (each audit qualification separately):****a. Details of Audit Qualification :**

Attention has been drawn by the Auditors' under the heading "Basis of Qualified Opinion" of the Auditors' Report to the following notes of the financial results for the quarter and year ended 31st March 2020 -

Sub Para (a): Note no. 4 in respect to cancellation of coal block allotted to the company in earlier years and non-recognition of the claims receipt thereof & non-carrying of any adjustment in the books of accounts for the reasons stated in the note. Pending finalisation of the matter & as the matter is sub-judice, disclosures as per Indian Accounting standard will be given effect on final settlement of the matter & the balances appearing in the books of accounts in respect to such coal block have been carried forward at their carrying cost and disclosed as capital work in progress, property plant & equipment, inventories and other heads of account. The impact and consequential adjustment thereof are not presently ascertainable.

Sub Para (b): Note No. 6 in respect to Company's investment amounting to Rs. 1653.76 lakhs in Electrosteel Steels Limited (ESL), the pledge of which was invoked by the lenders of ESL and the same has been set aside by the Hon'ble High Court at Calcutta. The plea of the company to release the pledge is pending before the Hon'ble Calcutta High Court. Further certain fixed assets of Elavur plant of the Company which are mortgaged in favour of a Lender of ESL, who has assigned their rights to another entity and the symbolic possession has been taken during the quarter ended June 30, 2019, has been disputed by the company as enumerated in the note. Above exposures have been carried forward at their existing carrying value & no impairment has been provided in respect to above and the impact of which is not presently ascertainable.

Sub Para (c): Note No 7 in respect to carry forward of claim recoverable amounting to Rs. 1778.11 Lakhs towards the compensation claimed from the Railway Authorities as mentioned in the note. The recovery of the same is dependent on the outcome of the arbitration process and is not presently ascertainable.

**b. Type of Audit Qualification: Qualified Opinion / Disclaimer of Opinion / Adverse Opinion.****c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing – Note no. 4 since financial year 2014-15, Note no. 6 since financial year 2017-18 and Note no. 7 for the first time.****d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: N.A**



e. **For Audit Qualification(s) where the impact is not quantified by the auditor:**

(i) **Management's estimation on the impact of audit qualification:** N.A

(ii) **If management is unable to estimate the impact, reasons for the same:**

Sub Para (a) – In pursuance of the Order dated September 24, 2014 issued by the Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated October 21, 2014 (Ordinance) for implementing the Order, allotment of Parbatpur coal block (coal block/mines) to the Company which was under advanced stage of implementation, had been cancelled w.e.f. April 01, 2015. In terms of the Ordinance, the Company was allowed to continue the operations in the said block till March 31, 2015. Accordingly, the said block had been handed over to Bharat Coking Coal Limited (BCCL) as per the direction from Coal India Ltd. (CIL) with effect from April 01, 2015 and the same has been subsequently allotted to Steel Authority of India Limited (SAIL).

Following a petition filed by the Company, the Hon'ble High Court at Delhi had pronounced its judgement on March 09, 2017. Accordingly based on the said judgement, the Company has claimed Rs.153176.00 lakhs towards compensation against the said coal block, acceptance whereof is awaited. Aggrieved due to delay in acceptance of claim and on a petition filed by the Company, the Hon'ble High Court had directed the Nominated Authority appointed under Ministry of Coal to determine the compensation. Earlier the Nominated Authority had upheld its decision of compensation already paid and the same was set aside by the Hon'ble High Court with a direction to the Nominated authority to reconsider. The Nominated authority further passed an order dated 11.11.2019 awarding an additional compensation of Rs. 180 lakhs and with a further direction to re-determine the value of certain assets by the appropriate authority. The Company has approached the newly appointed Nominated Authority/ Ministry of Coal to reconsider the compensation determined by the previous Nominated Authority vide its order dated 11.11.2019 and grant an opportunity to present its case and also exploring other possibilities.

Pending finalisation of the matter as above;

- (i) Rs.128884.11 lakhs incurred pertaining to the coal block till March 31, 2015 after setting off income, stocks etc. there against as per the accounting policy then followed by the Company has been continued to be shown as freehold land, capital work in progress, other fixed assets and other respective heads of account;
- (ii) Interest and other finance cost for the year ended March 31, 2016 against the fund borrowed and other expenses directly attributable in this respect amounting to Rs. 9514.74 lakhs has been considered as other recoverable under current assets; and
- (iii) Compensation of Rs. 8312.34 lakhs so far received and net realisations/claims against sale of assets, advances, input credits etc. amounting to Rs. 2054.70 lakhs have been adjusted.

Disclosure as per Indian Accounting Standard and adjustments arising with respect to above will be given effect to on final acceptance/ settlement of the claim.

Sub Para (b) - In view of approved resolution plan as confirmed by Hon'ble National Company Law Appellate Tribunal (NCLAT) by its order dated August 10, 2018 and pursuant to issuance of additional Equity Shares by Electrosteel Steels Limited (ESL) for giving impact of the resolution plan, ESL had ceased to be an associate of the Company during the quarter ended June 30, 2018. To comply with the requirements of Ind AS 109 "Financial Instruments", the Company had fair valued the investment in ESL and a sum of Rs. 57868.38 lakhs representing difference between the carrying value of said investment and fair value on the date of change of status was considered as exceptional item in statement of Profit and Loss in the quarter ended June 30, 2018.

The Company had elected the option under the said Ind AS to present the subsequent fair value changes of the said investment through Other Comprehensive Income. Further in terms of the approved resolution plan, advances and trade receivable amounting to Rs. 21121.70 lakhs receivable from ESL was written off during the quarter ended September 2018 shown as exceptional item in the statement of Profit and Loss.

During the quarter ending December 2018, shares of ESL were delisted and Vedanta Star Limited (holding company of ESL) has made an exit offer to the shareholders of ESL at a price of Rs. 9.54 per share which was open till December 20, 2019. Due to delisting of Electrosteel Steels Limited (ESL) and in absence of other available ways of valuation, the Company has continued to consider the exit price, which was open till December 20, 2019, as the basis of valuation of Investment in ESL.

Further 1,73,34,999 equity shares of Rs. 10 each in ESL amounting to Rs. 1653.76 lakhs as on March 31, 2019 are pledged with the lenders of the ESL. The consortium of the lenders of ESL had issued notice for the invocation of pledged shares which has been disputed by the Company and on the plea filed by the Company, the Hon'ble High Court of Calcutta has set aside the notices issued by the lenders. The Company's plea for release of the pledge is pending before the Hon'ble Court.

One of the lenders of ESL in whose favour the Company had mortgaged certain Land & Building amounting to Rs. 29571.05 lakhs of the Company situated at Elavur, Tamilnadu, has assigned its rights in favour of another entity which has been disputed by the company. Pending settlement of the matter, these assets have been carried forward at their carrying book value.

Sub Para (c): As reported earlier, the Railway Authorities had withdrawn the permission of operation of Railway siding under construction which is situated at Haldia, West Bengal. The company has claimed the compensation from the Railway Authorities for the amount incurred for the said siding which was denied and the matter is under arbitration based on the direction of Hon'ble High Court at Kolkata. Pending arbitration proceedings, the company has recognised a charge of Rs. 2318.35 lakhs during the quarter and a balance amounting to Rs. 1778.11 lakhs have been considered recoverable by the management of the company and shown as "Other Financial Assets" under the "Current Assets".

**(iii) Auditors' Comments on (i) or (ii) above :**

As stated herein above, the impact with respect to above and consequential adjustments cannot be ascertained by the management and as such cannot be commented upon by us.

**III. Signatories :**

CEO/Managing Director	Umang Kejriwal <i>Managing Director</i>
CFO	Ashutosh Agarwal <i>Executive Director (Group Finance) &amp; CFO</i>
Audit Committee Chairman	Binod Kumar Khaitan <i>(Audit Committee Chairman)</i>
Statutory Auditor	For Singhi & Co <i>Chartered Accountants</i> Firm's Registration No.: 302049E Gopal Jain <i>(Partner)</i> Membership No: 059147

Place: Kolkata

Date: June 15, 2020



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# CONSOLIDATED FINANCIAL STATEMENTS

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# Independent Auditors' Report

## To the Members of Electrosteel Castings Limited

### Report on the Audit of Consolidated Financial Statements

#### Qualified Opinion

We have audited the accompanying consolidated financial statements of **Electrosteel Castings Limited** ("herein referred to as the Holding Company"), and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and joint ventures comprising the consolidated balance sheet as at March 31, 2020, the consolidated statement of profit and loss including the statement of other comprehensive income, consolidated statement of cash flow and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statement including a summary of significant accounting policies and other explanatory notes for the year ended on that date (hereinafter referred to as "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors on separate financial statements of the subsidiaries, Associates & Joint Ventures referred to in the other matter paragraph section below, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standard) Rules 2015, as amended (Ind AS) and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Group, its associates and joint ventures as at 31st March, 2020, and their consolidated profit (financial performance including other comprehensive income) and its consolidated statement cash flows and the consolidated statement of changes in equity for the year ended on that date.

#### Basis for Qualified Opinion

Attention is drawn to the following notes to the accompanying consolidated financial statements:

- a) Note no. 49 in respect to cancellation of coal block allotted to the company in earlier years and non-recognition of the claims receipt thereof and non-carrying of any adjustment in the books of accounts for the reasons stated in the note. Pending finalisation of the matter and as the matter is sub judice, disclosures as per Indian Accounting standard will be given effect on final settlement of the matter and the balances appearing in the books of accounts in respect to such coal block have been carried forward at their carrying cost and disclosed as capital work in progress, property plant & equipment, inventories and other heads of account. The impact and consequential adjustment thereof are not presently ascertainable.
- b) Note No. 8A.2 in respect to Company's investment amounting to Rs. 1653.76 lakhs in Electrosteel Steels Limited (ESL), the pledge of which was invoked by the lenders of ESL and the same has been set aside by the Hon'ble High Court at Calcutta. The plea of the company to release the pledge is pending before the Hon'ble High Court at Calcutta. Further certain fixed assets of Elavur plant of the Company which are mortgaged in favour of a Lender of ESL, who has assigned their rights to another entity and the symbolic possession has been taken during the year, has been disputed by the company as enumerated in the note. Above exposures have been carried forward at their existing carrying value & no impairment has been provided in respect to above and the impact of which is not presently ascertainable.
- c) Note No 50(b) in respect to carry forward of claim recoverable amounting to Rs. 1778.11 Lakhs towards the compensation claimed from the Railway Authorities as mentioned in the note. The recovery of the same is dependent on the outcome of the arbitration process and is not presently ascertainable.  
Impacts with respect to (a) (b) & (c) above are presently not ascertainable and as such cannot be commented upon by us.

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the basis for qualified opinion section, we have determined the matters described below as Key audit matters and for each matter, our description of how our audit addressed the matter is provided in that context.



## Independent Auditors' Report (Contd.)

Key audit matters	How our audit addressed the key audit matter
<b>Provision for taxation, litigations and disclosures of contingent liabilities</b>	
<p>The Holding Company is exposed to different laws, regulations and interpretations thereof. The Holding company is also subject to number of significant claims and litigations. The assessment of the likelihood and quantum of any liability in respect of these matters can be judgmental due to the uncertainty inherent in their nature.</p> <p>At March 31, 2020, the Holding Company has carried forward non-current income tax liabilities of 5157.78 Lakhs [Refer Note 28 to the financial statements]. Further, the Holding Company has disclosed significant pending legal cases with respect to Kodilabad mines [Refer Note 50(a) to the financial statements] and other material contingent liabilities [Refer Note 55 to the financial statements].</p> <p>We considered this to be a key audit matter, since the accounting and disclosure of claims and litigations is complex and judgmental, and the amounts involved are, or can be, material to the financial statements.</p>	<p>Our audit procedures included among others:</p> <ol style="list-style-type: none"> <li>I. Understanding and assessing the internal control environment relating to the identification, recognition and measurement of provisions for disputes, potential claims and litigation, and contingent liabilities;</li> <li>II. Analyzed significant changes/update from previous periods and obtained a detailed understanding of such items. Assessed recent judgments passed by the court authorities affecting such change;</li> <li>III. Discussed the status of significant known actual and potential litigations with the management &amp; noted that information placed before the board for such cases and</li> <li>IV. Assessment of the management's assumptions and estimates related to the recognized provisions for disputes and disclosures of contingent liabilities in the financial statements.</li> </ol>
<b>Recoverability of Government Grant</b>	
<p>The Holding company has been entitled for various sales tax incentives under Industrial promotion scheme issued by the State Government. The Holding company had complied with the conditions of such scheme and incentives were accounted for in the books in earlier years. A sum of Rs. 4680.58 Lakhs (grouped under other financial assets in note no. 18) is outstanding against said incentive as on 31st March 2020.</p> <p>We determined this to be a matter of significance to our audit due to the quantum of the government grant outstanding, compliance requirement of the scheme and also because of recovery pattern of the same.</p>	<ol style="list-style-type: none"> <li>I. Evaluating eligibility requirements of schemes and compliances by the company.</li> <li>II. Understanding and testing the design and operating effectiveness of controls as established by the management in recognition and assessment of the recoverability of the grant.</li> <li>III. Considering the relevant notifications to ascertain the basis for determination, completion of performance obligation and assessing the appropriateness of the management estimates for accounting of government grant and timing of recognition &amp; past receipt of the grants.</li> </ol>

Key audit matters	How our audit addressed the key audit matter
<b>Inventory measurement</b>	
<p>The Holding company deals with various types of bulk material &amp; Finished goods such as ductile &amp; Iron pipes, pipe fittings, coal, coke &amp; Iron Ore etc. The total inventory of such materials amounts to Rs.54774.82 lakhs as on March 31, 2020. (refer note no. 12).</p> <p>The measurement of these inventories involved certain estimations/assumption and also involved volumetric measurements. Measurement of some of these inventories also involved consideration of handling loss, moisture loss/gain, spillage etc. and thus required assistance of technical expertise.</p> <p>We determined this to be a matter of significance to our audit due to quantum of the amount &amp; estimation involved.</p>	<ol style="list-style-type: none"> <li>I. Obtained the understanding of the management with regards to internal financial controls relating of Inventory management.</li> <li>II. The company has deployed an independent agency for verification of bulk Materials in which our team were also present to oversee the process of entire materials being verified. We have also reviewed the internal verification process followed by the management for certain inventory items.</li> <li>III. We have also reviewed the report submitted by external agency and obtained reasons/explanation for such differences and also confirmed the adjustment made by the company in accordance with the policy confirmed by the board of directors.</li> </ol>

### Information other than the Consolidated Financial Statements and Auditor's Report thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, for example Board's Report, Report on Corporate Governance, Management Discussion & Analysis Report, but does not include the consolidated financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and those charged with governance for the consolidated financial statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 (hereinafter referred to as "the Act") with respect to the preparation of these Consolidated financial

## Independent Auditors' Report *(Contd.)*

statements that give a true and fair view of the financial position, financial performance including other comprehensive income, state of affairs (consolidated financial position), Profit or Loss (consolidated financial performance including other comprehensive income), changes in equity of the Group including its Associates and Joint Ventures and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group including its Associates and Joint Ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the group including its Associates and Joint Ventures 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 consolidated financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint venture are responsible for assessing the ability of the Group and of its associates & joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and joint venture are also responsible for overseeing the financial reporting process of the Group and of its associates and joint venture.

### **Auditors' Responsibility for the Audit of the consolidated financial statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error,

design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's including its Associates and Joint Ventures ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group including its Associates and Joint Ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit





## Independent Auditors' Report *(Contd.)*

work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

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

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

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

### Other Matters

- 1) The consolidated financial statements includes the audited financial statements and the other financial information, in respect of:
  - (i) 10 (ten) Subsidiaries (including two step down subsidiaries), whose financial statements include total assets of Rs. 81692.29 lakhs as at 31st March, 2020, total revenues of Rs. 102400.06 lakhs, total net profit after tax of Rs 2054.31 lakhs, total comprehensive profit of Rs. 1280.65 lakhs for the year ended on 31st March, 2020, and net cash flows of Rs. 1868.78 lakhs for the year ended 31st March, 2020 as considered in the consolidated financial statement which have been audited by their respective independent auditors.
  - (ii) An associate, whose financial statement reflect Group's share of net profit of Rs 7513.09 lakhs for the year ended on 31st March, 2020 as considered in the consolidated financial statement whose financial statement and other financial information have been audited by their respective independent auditors.
  - (iii) The independent auditors report on the financial statements of the above entities have been furnished to us by the management and our opinion on these financial statements in so far as it relates to the amounts and disclosures included in the respect of these subsidiaries and the associate is based solely on the reports of such auditors.
  - (iv) The above subsidiaries are located outside India whose annual financial results have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been reviewed by other auditors

under generally accepted auditing standards applicable in their respective countries. The Holding company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Holding's management. Our conclusion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding company and reviewed by us.

- 2) The consolidated financial statements also includes unaudited financial statement and other unaudited financial information in respect of:
  - (i) 1 (one) Subsidiary, whose financial statement and other financial information reflect total assets of Rs. 0.32 thousand as at 31st March, 2020 and total revenues of Rs. 0.35 thousand, total net loss after tax of Rs. 1.99 thousand, total comprehensive loss of Rs. 589.33 thousand for the year ended on that date and net cash outflows of Rs. 48.75 thousand for the year ended 31st March, 2020.
  - (ii) This unaudited financial statement has been approved and furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosure included in respect of this subsidiary, is based solely on such unaudited financial statement. In our opinion and according to the information and explanation given to us by the Management, this financial statement is not material to the group.
- 3) As stated in Note No. 8.3 of the consolidated financial statements, the investment in North Dhadhu Mining Company Private Limited, a Joint Venture of the Holding Company, have been fully provided in the books. In view of this the results of North Dhadhu Mining Company Private Limited have not been incorporated in the books.
- 4) As stated in Note No. 8.2 of the consolidated financial statement regarding non-availability of the financial statement of Domco Private Limited, a joint venture company due to which these has not been consolidated in these consolidated financial statements as required in terms of Ind AS- 28, "Investments in Associates and Joint Ventures".

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of other auditors on separate

## Independent Auditors' Report *(Contd.)*

financial statements of subsidiaries and Associates companies incorporated in India, referred in other matters paragraph above, we report that to the extent applicable, 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 of the aforesaid consolidated financial statements;
- (b) In our opinion, proper books of account as required by law relating to aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- (c) The consolidated balance sheet, the consolidated statement of profit and loss including the statement of other comprehensive income, the consolidated cash flow statement and consolidated statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statement;
- (d) *Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph*, In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under section 133 of the Act;
- (e) The matter described in the *Basis for Qualified opinion paragraph above*, in the event of being decided unfavorably, in our opinion, may have an adverse effect on the functioning of the Holding Company;
- (f) On the basis of the written representations received from the directors of the Holding Company as on March 31st, 2020, taken on record by the Board of Directors of the Holding Company and the report of the other statutory auditors of an associate company incorporated in India, none of the directors of the Holding company and an associate incorporated in India is disqualified as on March 31, 2020, from being appointed as a director in terms of section 164 (2) of the Act;
- (g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the *Basis for Qualified Opinion paragraph above*;
- (h) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in "Annexure A", which is based on the auditors' reports of the Holding company and its associate company incorporated in India. This does not include the report on two Joint venture companies for the reasons stated in Note No. 8.2 & 8.3 of the consolidated financial statements. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of these companies;
- (i) In respect to the other matters to be included in the Auditor's Report in accordance with the requirements of the section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanation given to us, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Holding Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act; and
- (j) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. *Except for the matters dealt with in the basis for Qualified Opinion paragraph impact whereof are presently not ascertainable*, impact of pending litigations (other than those already recognised in the consolidated financial statements) on the consolidated financial position of the group and its associates have been disclosed in the consolidated financial statement as required in terms of the accounting standards and provisions of the Companies Act, 2013 - Refer Note no. 55 of the consolidated financial statements;
  - ii. The Group and its Associate have made provision, as required under the applicable law or Indian accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts- Refer Note no. 47 of the consolidated financial statements;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group and its associate incorporated in India.

For Singhi & Co.  
Chartered Accountants  
Firm Registration No. : 302049E

(Gopal Jain)  
Partner

Place : Kolkata  
Date : 15th June, 2020

Membership No. : 059147  
UDIN: 20059147AAAABB3769



## **Annexure “A” to the Independent Auditors' Report on Consolidated Financial Statements**

**(Referred to in paragraph (h) 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”)**

In conjunction with our audit of the consolidated financial statements of the Holding Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Electrosteel Castings Limited (hereinafter referred to as “the Holding Company”) and its associate company, which are companies incorporated in India, as of that date.

#### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding company, its subsidiary companies, its associate companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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 Holding 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 judgment, 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 and the audit evidence obtained by the other auditors of the subsidiary companies and associate companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding 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 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of 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, the Holding Company and its associate, which are companies incorporated in India, have, 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, 2020, based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control

## **Annexure “A” to the Independent Auditors' Report** on Consolidated Financial Statements *(Contd.)*

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stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to one associate company, which is companies incorporated in India, is based on the corresponding standalone reports of the auditors, as applicable, of such companies incorporated in India. In respect of two ventures as stated in Para (h) of

Report on other legal and regulatory requirements, these companies could not be considered for the purpose of this report for the reasons stated in the note no. 8.2 & 8.3 of consolidated financial statements.

For Singhi & Co.  
Chartered Accountants  
Firm Registration No. : 302049E

(Gopal Jain)

Partner

Place : Kolkata

Date : 15th June, 2020

Membership No. : 059147

UDIN: 20059147AAAABB3769

**Consolidated Balance Sheet** as at March 31, 2020

(Amount Rs. in lakhs)

	Note No.	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, Plant and Equipment	5	16,62,15.33	16,29,33.01
(b) Capital work-in-progress	51 and 52	11,65,61.86	12,36,61.71
(c) Goodwill on consolidation		2,16.03	2,16.03
(d) Other Intangible assets	6	1,92.99	1,61.58
(e) Right-of-use assets	7	36,75.65	-
(f) Investments in associates and joint ventures	8	7,25,46.86	6,61,92.58
(g) Financial Assets			
(i) Investments	8A	21,20.68	21,35.24
(iii) Loans	9	13,37.96	14,06.20
(iv) Other financial assets	10	55,50.00	35,00.00
(h) Other non-current assets	11	5,93.25	2,62.74
		<b>36,90,10.61</b>	36,04,69.09
<b>Current assets</b>			
(a) Inventories	12	8,97,02.96	7,54,21.41
(b) Financial Assets			
(i) Investments	13	0.52	75.81
(ii) Trade receivables	14	6,17,93.70	6,08,78.06
(iii) Cash and cash equivalents	15	59,45.63	75,01.16
(iv) Bank balances other than (iii) above	16	40,42.40	75,04.61
(v) Loans	17	19,42.89	37,76.90
(vi) Other financial assets	18	1,88,84.01	1,92,94.95
(c) Other current assets	19	79,55.92	72,18.99
		<b>19,02,68.03</b>	18,16,71.89
<b>Total Assets</b>		<b>55,92,78.64</b>	54,21,40.98
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	20	43,29.55	40,54.82
(b) Other Equity	21	28,36,85.44	25,95,13.33
(c) Non-Controlling Interest	22	1,21.65	65.87
		<b>28,81,36.64</b>	26,36,34.02
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	23	7,02,64.81	8,38,24.97
(ii) Lease Liabilities	24	15,72.62	-
(b) Provisions	25	21,03.20	19,19.27
(c) Deferred tax liabilities (Net)	26	2,42,71.72	2,51,91.55
(d) Other non-current liabilities	27	53,67.63	1,60,19.27
(e) Non-current tax liabilities (Net)	28	51,57.78	42,43.37
		<b>10,87,37.76</b>	13,11,98.43
<b>Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	29	7,88,45.64	7,70,30.51
(ii) Lease Liabilities	24	2,14.90	-
(iii) Trade payables	30		
(a) Total Outstanding dues of Micro enterprises and small enterprises: and		1,61.85	38.24
(b) Total Outstanding of creditor other than Micro enterprises and small enterprises		3,84,17.95	3,08,46.00
(iii) Other financial liabilities	31	2,61,69.40	1,81,95.96
(b) Other current liabilities	32	1,61,82.03	1,87,63.22
(c) Provisions	33	21,07.36	20,51.51
(d) Current Tax Liabilities (Net)	34	3,05.11	3,83.09
		<b>16,24,04.24</b>	14,73,08.53
<b>Total Equity and Liabilities</b>		<b>55,92,78.64</b>	54,21,40.98

Significant accounting policies and other accompanying notes (1 to 64) form an integral part of the consolidated financial statements.

As per our report of even date

**For Singhi & Co.**Chartered Accountants  
(Firm Registration No. 302049E)Gopal Jain  
Partner  
(Membership No. 059147)Kolkata  
June 15, 2020Indranil Mitra  
Company Secretary**For and on behalf of the Board of Directors**Umang Kejriwal  
Managing Director  
(DIN : 00065173)Mahendra Kumar Jalan  
Wholetime Director  
(DIN : 00311883)Ashutosh Agarwal  
Executive Director  
(Group Finance) and CFOSunil Katial  
Chief Executive Officer &  
Wholetime Director  
(DIN :07180348)

## Consolidated Statement of Profit and Loss for the year ended March 31, 2020

(Amount Rs. in lakhs)

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from Operations	35	27,11,04.29	26,99,43.64
Other Income	36	33,20.77	56,90.94
<b>Total income</b>		<b>27,44,25.06</b>	<b>27,56,34.58</b>
<b>EXPENSES</b>			
Cost of materials consumed	37	11,18,41.99	11,05,88.28
Purchases of Stock-in-Trade	38	1,56,61.63	1,51,66.64
Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	39	(97,95.08)	(52,09.81)
Employee benefits expense	40	2,26,60.63	2,08,62.25
Finance costs	41	2,27,58.44	2,34,64.52
Depreciation and amortisation expense	42	57,14.65	58,51.40
Other expenses	43	9,41,33.40	8,90,68.03
<b>Total expenses</b>		<b>26,29,75.66</b>	<b>25,97,91.31</b>
<b>Profit before exceptional items and tax</b>		<b>1,14,49.40</b>	<b>1,58,43.27</b>
Exceptional Items	44	-	(1,83,97.20)
<b>Profit before tax</b>		<b>1,14,49.40</b>	<b>(25,53.93)</b>
Tax expense:	45		
Current tax		17,16.28	5,37.80
Deferred tax		11,59.62	(23,37.65)
Related to earlier year		(56.02)	-
<b>Profit after tax</b>		<b>86,29.52</b>	<b>(7,54.08)</b>
Add: Share of Profit/(Loss) in Associates and Joint Venture (Net)		75,18.85	46,19.89
<b>Profit for the year</b>		<b>1,61,48.37</b>	<b>38,65.81</b>
<b>Profit for the year attributable to:</b>			
- Owners of the Company		1,61,06.51	38,17.06
- Non-Controlling Interest		41.86	48.75
<b>Other Comprehensive Income</b>	46		
A (i) Items that will not be reclassified to profit or loss			
a) Remeasurements of the defined benefit plans		3.39	1,88.18
b) Equity instruments through other comprehensive income		(14.46)	(6,23.72)
(ii) Income tax related to items that will not be reclassified to profit or loss	45.2	2.46	(70.75)
B (i) Items that will be reclassified to profit or loss			
a) Foreign currency translation differences		12,74.76	(30.33)
b) Effective portion of cash flow hedge reserve		-	2,67.44
(ii) Income tax related to items that will be reclassified to profit or loss	45.2	-	(93.46)
C Share of Other Comprehensive Income in Associates and Joint Ventures (Net of tax)		(5.76)	(6.45)
<b>Other Comprehensive Income for the year (net of tax)</b>		<b>12,60.39</b>	<b>(3,69.09)</b>
<b>Other Comprehensive Income for the year attributable to:</b>			
- Owners of the Company		12,60.39	(3,69.09)
- Non-Controlling Interest		-	-
<b>Total Comprehensive Income for the year</b>		<b>1,74,08.76</b>	<b>34,96.72</b>
<b>Total Comprehensive Income for the year attributable to:</b>			
- Owners of the Company		1,73,66.90	34,47.97
- Non-Controlling Interest		41.86	48.75
<b>Earnings per equity share of par value of Re. 1 each.</b>	53		
(1) Basic (Rs.)		3.85	0.99
(2) Diluted (Rs.)		3.85	0.99

Significant accounting policies and other accompanying notes (1 to 64) form an integral part of the consolidated financial statements.

As per our report of even date

**For Singhi & Co.**

Chartered Accountants  
(Firm Registration No. 302049E)

Gopal Jain  
Partner  
(Membership No. 059147)

Kolkata  
June 15, 2020

Indranil Mitra  
Company Secretary

**For and on behalf of the Board of Directors**

Umang Kejriwal  
Managing Director  
(DIN : 00065173)

Ashutosh Agarwal  
Executive Director  
(Group Finance) and CFO

Mahendra Kumar Jalan  
Wholetime Director  
(DIN : 00311883)

Sunil Katial  
Chief Executive Officer &  
Wholetime Director  
(DIN :07180348)



## Consolidated Statement of changes in Equity for the year ended March 31, 2020

A. Equity Share Capital	Amount (Rs. in lakhs)
Balance as at April 1, 2018	35,69.55
Changes during the year	4,85.27
Balance as at March 31, 2019	40,54.82
Changes during the year	2,74.73
<b>Balance as at March 31, 2020</b>	<b>43,29.55</b>

Note: During the year, the Parent company had issued 27472526 (previous year 48526861) numbers of equity shares of Re. 1 each at a premium of Rs. 17.20 each (previous year Rs. 27.85 each) (full figure) on preferential basis. The equity shares issued during the year 2019-20 were allotted on October 11, 2019.

## B. Other Equity

(Amount Rs. in lakhs)

### As at March 31, 2020

Particulars	Reserve & Surplus				Items of Other Comprehensive Income			Total	
	Capital Reserve	Securities Premium	General Reserve	Statutory Reserve	Retained Earnings	Equity Instrument through other Comprehensive Income	Exchange difference on translating the financial statements of foreign operations		Share of Associates/ Joint Venture
Balance as at April 01, 2019	41,67.77	7,91,04.99	10,05,65.95	2,96.09	7,39,58.84	(6,12.07)	21,26.96	(95.20)	25,95,13.33
Total Comprehensive Income for the year (Net of tax)	-	-	-	-	1,61,06.51	(11.15)	12,74.76	(5.76)	1,73,64.36
Re-measurement of defined benefit plans	-	-	-	-	2.54	-	-	-	2.54
Remeasurement impact of opening Deferred Tax Liability on adoption of New Tax Regime. (refer note no. 28.2)	-	-	-	-	20,79.95	-	-	-	20,79.95
Exchange difference on translation of foreign operations	-	-	-	13.07	-	-	(13.07)	-	-
Transfer from Retained Earnings	-	-	-	96.35	(96.35)	-	-	-	-
On issuance of 2,74,72,526 equity shares during the year	-	47,25.26	-	-	-	-	-	-	47,25.26
<b>Balance at March 31, 2020</b>	<b>41,67.77</b>	<b>8,38,30.25</b>	<b>10,05,65.95</b>	<b>4,05.51</b>	<b>9,20,51.49</b>	<b>(6,23.22)</b>	<b>33,88.65</b>	<b>(1,00.96)</b>	<b>28,36,85.44</b>

## Consolidated Statement of changes in Equity for the year ended March 31, 2020 (Contd.)

### B. Other Equity (Contd.) As at March 31, 2019

(Amount Rs. in lakhs)

Particulars	Reserve & Surplus						Items of Other Comprehensive Income				Total
	Capital Reserve	Securities Premium Reserve	General Reserve	Debenture Redemption Reserve	Statutory Reserve	Retained Earnings	Equity Instrument through other Comprehensive Income	Effective portion of Cash Flow hedge	Exchange difference on translating the financial statements of foreign operations	Share of Associates/ Joint Venture	
Balance as at April 01, 2018	41,67.77	6,55,90.26	10,05,65.95	62,50.00	1,71.18	6,56,48.66	16.65	(1,73.98)	21,53.84	(88.75)	24,43,01.58
Total Comprehensive Income for the year (Net of tax)	-	-	-	-	-	38,17.06	(6,28.71)	1,73.98	(30.33)	(6.45)	33,25.55
Re-measurement of defined benefit plans	-	-	-	-	-	1,22.42	-	-	-	-	1,22.42
Dividends including dividend distribution tax	-	-	-	-	-	(14,66.49)	-	-	-	-	(14,66.49)
Transfer to Retained Earnings from Debenture Redemption Reserve	-	-	-	(62,50.00)	-	62,50.00	-	-	-	-	-
Exchange difference on translation of foreign operations	-	-	-	-	(3.45)	-	-	-	3.45	-	-
Transfer from Retained Earnings	-	-	-	-	1,28.36	(1,28.36)	-	-	-	-	-
On issuance of 48526861 equity shares during the year	-	1,35,14.73	-	-	-	-	-	-	-	-	1,35,14.73
Due to merger of Mahadev Vyapaar Pvt. Ltd. (Ref. note no.59)	-	-	-	-	-	(2,84.46)	-	-	-	-	(2,84.46)
Balance at March 31, 2019	41,67.77	7,91,04.99	10,05,65.95	-	2,96.09	7,39,58.84	(6,12.07)	-	21,26.96	(95.20)	25,95,13.33

Refer Note no. 21 for nature and purpose of reserves

Significant accounting policies and other accompanying notes (1 to 64) form an integral part of the consolidated financial statements

As per our report of even date

**For Singhi & Co.**

Chartered Accountants  
(Firm Registration No. 302049E)

Gopal Jain  
Partner

(Membership No. 059147)

Kolkata  
June 15, 2020

**For and on behalf of the Board of Directors**

Umang Kejriwal  
Managing Director  
(DIN : 00065173)

Mahendra Kumar Jalan  
Wholetime Director  
(DIN : 00311883)

Ashutosh Agarwal  
Executive Director  
(Group Finance) and CFO

Sunil Katial  
Chief Executive Officer &  
Wholetime Director  
(DIN : 07180348)

Indranil Mitra  
Company Secretary



**Consolidated Statement of Cash Flow** for the year ended March 31, 2020

(Amount Rs. in lakhs)

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit/(Loss) before Tax</b>	<b>1,14,49.40</b>	(25,53.93)
Add : Depreciation and amortisation expenses	57,14.65	58,51.40
Bad debts	6,32.09	1,56.46
Assets / Advances written off	28,20.71	6,90.33
Credit loss allowances on trade receivables/advances	8,32.18	1,96.02
Advance/trade receivables written off	-	2,11,21.70
Impairment in valuation of investments	-	8,38.13
Fair valuation of derivative instruments through profit & loss	6,65.97	-
Loss on sale of current investment	14.94	-
Net gain /(loss) on fair valuation of investments	0.15	-
Profit/(Loss) on sale / discard of fixed assets (net)	2,14.85	2,77.58
Finance costs	2,27,58.44	2,34,64.52
	<b>3,36,53.98</b>	5,25,96.14
	<b>4,51,03.38</b>	5,00,42.21
Less : Interest income	11,68.03	16,32.86
Bad debts realised	89.58	1,37.00
Dividend income from investments	0.72	2.71
Gain on redemption of financial liability at amortised cost	-	8,03.25
Net gain/(loss) on sale of investments	0.75	-
Net gain/(loss) on derecognition of financial assets at amortised cost	29.71	56.39
Fair valuation of derivative instruments through profit & loss	-	3,39.54
Net gain /(loss) on fair valuation of investments	-	27,16.17
Unrealised foreign exchange fluctuation and translation	13,15.23	26,81.10
Reversal of impairment allowances for doubtful debts	3,55.41	60.61
Provisions / liabilities no longer required written back	63.46	8,74.38
	<b>30,22.89</b>	93,04.01
<b>Operating Profit before Working Capital changes</b>	<b>4,20,80.49</b>	4,07,38.20
Less : Increase/(decrease) in inventories	1,42,50.28	1,44,19.62
Increase/(decrease) in trade receivables	(5,92.01)	1,34,71.56
Increase/(decrease) in loans and advances, other financial and non-financial assets	(2,70.44)	532.67
(Increase)/decrease in trade payables, other financial and non-financial liabilities and provisions	53,63.07	1,52,32.42
	<b>1,87,50.90</b>	4,36,56.27
<b>Cash generated from Operations</b>	<b>2,33,29.59</b>	(29,18.07)
Less : Direct Taxes paid (Net)	8,54.89	16,98.52
<b>Net cash flow from Operating activities</b>	<b>2,24,74.70</b>	(46,16.59)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment, intangible assets and movements in capital work in progress	(58,98.80)	(57,85.43)
Realisation of property, plant and equipment, intangible assets	22.46	1,37.81
Sale of investment in an associate	1.50	-
Sale of current investment	60.20	-
Interest received	12,02.22	16,04.59
Dividend received	11,58.79	11,60.77
Movement in bank balances other than cash and cash equivalents	14,12.21	61,97.91
	<b>(20,41.42)</b>	33,15.65
<b>Net Cash flow from Investing Activities</b>	<b>(20,41.42)</b>	33,15.65

## Consolidated Statement of Cash Flow for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from preferential issue of equity shares	50,00.00	1,40,00.00
Repayment of minority shares	-	(20.60)
Proceeds/(repayments) from short term borrowings (net)	6,04.08	2,08,74.95
Repayment of long term borrowings	(1,20,83.88)	(7,43,63.94)
Proceeds from long term borrowings	60,00.00	6,00,00.00
Interest and other borrowing cost paid	(2,13,94.55)	(1,95,24.18)
Interest paid on lease liability	(1,16.12)	-
Dividend paid	-	(12,32.31)
Tax on dividend	-	(2,50.04)
<b>Net cash flow from Financing activities</b>	<b>(2,19,90.47)</b>	<b>(5,16.12)</b>
<b>Cash and Cash equivalents (A+B+C)</b>	<b>(15,57.19)</b>	<b>(18,17.06)</b>
<b>Cash and Cash equivalents as at 1st April</b>	<b>75,01.16</b>	<b>93,05.77</b>
<b>Add / (Less) : Unrealised exchange gain / (loss) on Bank balances</b>	<b>1.66</b>	<b>12.45</b>
<b>Cash and Cash equivalents at the end of the year (Refer note 15)</b>	<b>59,45.63</b>	<b>75,01.16</b>

**Note :**

- (a) The above Statement of Cash Flows has been prepared under the "Indirect Method" as set out in Ind AS 7, 'Statement of Cash Flows' as noted under Companies Act, 2013.
- (b) Ind AS 7 Cash flow statements requires the entities to provide disclosure that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet of liabilities arising from financing activities, to meet the disclosure requirements.

Particulars	As at 31.03.2019	Cash Flows	Non Cash Changes		As at 31.03.2020
			Foreign Exchange movement, Amortised cost & Other Adjustments	Current/ Non-current classification	
Borrowings-Non Current	8,38,24.97	60,00.00	2,41,74.48	(4,37,34.64)	7,02,64.81
Other Financial Liabilities	1,52,58.42	(1,20,83.88)	(31,74.54)	4,37,34.64	4,37,34.64
Borrowings-Current	7,70,30.51	6,04.08	12,11.05	-	7,88,45.64

Significant accounting policies and other accompanying notes (1 to 64) form an integral part of the consolidated financial statements.

As per our report of even date

**For Singhi & Co.**

Chartered Accountants  
(Firm Registration No. 302049E)

Gopal Jain  
Partner  
(Membership No. 059147)

Kolkata  
June 15, 2020

Indranil Mitra  
Company Secretary

**For and on behalf of the Board of Directors**

Umang Kejriwal  
Managing Director  
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Wholtime Director  
(DIN : 07180348)

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020**1. Group Information**

Electrosteel Castings Limited ('the Company') is a public limited company in India having its corporate office in Kolkata in the State of West Bengal and registered office at Rajgangpur, District: Sundergarh in the State of Odisha and is engaged in the manufacture and supply of Ductile Iron (DI) Pipes, Ductile Iron Fittings (DIF) and Cast iron (CI) Pipes as its core business and produces and supplies Pig Iron in the process. It also produces Metallurgical Coke, Sinter and Power for captive consumption. The company caters to the needs of Water Infrastructure Development and its operation are spread over 35 countries across the Indian Sub-continent, South East Asia and the Middle East Europe, USA, South America and Africa by setting up subsidiaries and developing strong relations with customer abroad. The Company's shares are listed on the National Stock Exchange of India Limited and BSE Limited. The Board of Directors have approved the financial statements for the year ended March 31, 2020 and authorised for issue on June 15, 2020.

The Consolidated Financial Statements relates to Electrosteel Castings Limited (hereinafter referred to as 'the Company') and its subsidiaries (collectively hereinafter referred to as 'the Group') and its joint ventures and associates as detailed below:

**Investment in Subsidiaries**

Name of the Company	Principal Activity	Country of Incorporation	% of holding as at March 31, 2020	% of holding as at March 31, 2019
Electrosteel Europe SA	Trading of DI Pipes and Fittings	France	100%	100%
Electrosteel Algeria SPA	Trading of DI Pipes and Fittings	Algeria	100%	100%
Electrosteel Castings (UK) Limited	Trading of DI Pipes and Fittings	United Kingdom	100%	100%
Electrosteel USA LLC	Trading of DI Pipes and Fittings	United States of America	100%	100%
WaterFab LLC (subsidiary of Electrosteel USA, LLC)	Trading of DI Pipes and Fittings	United States of America	100%	100%
Mahadev Vyapaar Pvt Ltd *	Renting of Immovable Properties	India	-	100%
Electrosteel Trading, S.A.	Trading of DI Pipes and Fittings	Spain	100%	100%
Electrosteel Castings Gulf FZE	Trading of DI Pipes and Fittings	United Arab Emirates	100%	100%
Electrosteel Doha for Trading LLC	Trading of DI Pipes and Fittings	Qatar	97%	97%
Electrosteel Brasil Ltda. Tubos e Conexoes Duteis	Trading of DI Pipes and Fittings	Brazil	100%	100%
Electrosteel Bahrain Holding SPC Company	Commercial and Other Activity	Bahrain	100%	100%
Electrosteel Bahrain Trading W.L.L (subsidiary of Electrosteel Bahrain Holding S.P.C Company)**	Trading of DI Pipes and Fittings	Bahrain	100%	100%

\* amalgamated with the parent company (refer note no. 59).

\*\* includes 51% shares held through beneficial trust.

**Investment in Associates**

Name of the Company	Principal Activity	Country of Incorporation	% of holding as at March 31, 2020	% of holding as at March 31, 2019
Srikalahasthi Pipes Limited	Manufacturing of DI Pipes	India	41.33%	48.98%
Electrosteel Thermal Power Limited*	Generation of power	India	-	30.00%

\* Ceased to be associate during the year.

**Investment in Joint Venture**

Name of the Company	Principal Activity	Country of Incorporation	% of holding as at March 31, 2020	% of holding as at March 31, 2019
North Dhadhu Mining Company Private Limited (refer note no. 8.3)	Mining and agglomeration of Hard Coal	India	48.98%	48.98%
Domco Private Limited (refer note no. 8.2)	Manufacturing of Coke Oven products	India	50.00%	50.00%

## Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

### 1A. Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19)

The spread of COVID-19 pandemic has severely impacted businesses around the globe. The regular business operations of the Group has been impacted post lock-down declared by Government of various countries, which includes suspension of significant portion of production facilities, disruptions in supply chain and adopting work from home policies of employees across the locations. Due to above, the volumes for the month of March 2020 have been impacted. The Group is monitoring the situation closely and operations are being resumed/ramped up in a phased manner from June 2020 considering various directives from the respective governments. The management has considered various internal and external sources of information up to the date of approval of the consolidated financial statements by the Board of Directors in determining the impact of pandemic on the various elements of consolidated financial statements. The management has also evaluated its liquidity position for the next year and used the principles of prudence in applying judgments, estimates & assumptions and based on the current estimates, it expects to fully recover the carrying amount of various non current & current assets. However considering the uncertainties involved, the eventual outcome of impact of the pandemic may be different from those estimated as on the date of approval of these consolidated financial statements. The Group will continue to closely monitor any material changes in future economic conditions.

### 2A. Application of New Accounting Pronouncements effective from April 01, 2019

2A.1 The Group has applied the following Indian Accounting Standards and its amendments for the first time for the annual reporting period commencing April 01, 2019.

Ind AS 116 - Leases

Amendment to Ind AS 12 - Income Taxes and Ind AS 12 Appendix 'C' - Uncertainty over Income Tax Treatments

Amendment to Ind AS 19 - Plan amendment, curtailment or settlement

Amendment to Ind AS 23 - Borrowing Cost

Amendment to Ind AS 103 - Business combination and Ind AS-111- Joint Arrangement

Amendment to Ind AS 109 - Prepayment features with negative compensation

Except for adoption of Ind AS -116, most of the above amendments did not have any impact on the current and previous financial period.

### 2B. Recent Accounting Developments

#### Standards issued but not yet effective

2B.1 Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2020.

### 3. Statement of compliance and Significant Accounting Policies

#### 3.1 Statement of Compliance

These Consolidated financial statements, excepting as stated in note no 49, have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

#### Basis of Preparation

The Consolidated Financial Statements have been prepared under the historical cost convention on accrual basis excepting certain financial instruments which are measured in terms of relevant Ind AS at fair value/ amortised costs at the end of each reporting period and certain class of Property, Plant and Equipment i.e. Freehold land and building and Investment in Associates which as on the date of transition have been fair valued to be considered as deemed cost.

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

As the operating cycle cannot be identified in normal course, the same has been assumed to have duration of 12 months. All Assets and Liabilities have been classified as current or non-current as per the operating cycle and other criteria set out in Ind AS 1 'Presentation of Financial Statements' and Schedule III to the Companies Act, 2013.

#### Functional and Presentation Currency

Item included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the company operates (the "functional currency"). The consolidated financial statements are presented in Indian Rupee ("INR")



## Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

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which is the Group's functional and presentation currency. All financial information presented in the consolidated financial statements has been presented in INR and all values have been 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 Group categorises assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed for such measurement:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable either directly or indirectly for the asset or liability.

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

The Group has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements who regularly review significant unobservable inputs, valuation adjustments and fair value hierarchy under which the valuation should be classified.

### Consolidation Procedure

The Consolidated Financial Statements have been prepared in accordance with principles laid down in Ind AS 110 on "Consolidated Financial Statements", Ind AS 28 on "Accounting for Investments in Associates and Joint Ventures" as notified vide Companies (Accounting Standards) Rules, 2015 (as amended).

### Subsidiaries

- i. Subsidiaries are entities over which the Group has control and the Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its:
  - (a) Power over the investee
  - (b) Exposure or rights to variable returns from its involvement with the investee
  - (c) The ability to use its power over the investee to affect its returns

Subsidiaries are consolidated from the date control over the subsidiary is acquired and they are discontinued from the date of cessation of control.

- ii. The Group combines the financial statements of the Company and its subsidiaries based on a line-by-line consolidation by adding together the book value of like items of assets and liabilities, revenue and expenses as per the respective financial statements. Intra group balances, intra group transactions and the unrealised profits on stocks arising out of intra group transaction have been eliminated.
- iii. The consolidated financial statements are prepared using uniform accounting policies for similar material transactions and other events in similar circumstances otherwise as stated elsewhere.
- iv. The difference between the costs of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the consolidated financial statements as Goodwill or Capital reserve as the case may be. The said goodwill is not amortised, however it is tested for impairment at each balance sheet date and impairment loss, if any is recognised in the consolidated financial statements.
- v. Non-controlling interest's share of net profit of subsidiaries for the year is identified and adjusted against the revenue of the Group in order to arrive at the net revenue attributable to the owners of the Company. The excess of loss for the year over the non-controlling interest is adjusted in owner's interest.
- vi. Non-controlling interest's share of net assets of subsidiaries is identified and presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Company's shareholders.

## Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

### Non-controlling Interest

Non-controlling interests represent the proportion of income, other comprehensive income and net assets in subsidiaries that is not attributable to the Company's owners.

Non-controlling interests are initially measured at proportionate share on the date of acquisition of the recognised amounts of the acquiree's identifiable net assets. Subsequent to the acquisition, the carrying amount of the non-controlling interests is the amount of the interest at initial recognition plus the proportionate share of subsequent changes in equity.

### Investment in Associates and Joint Ventures

Investments in Associates and Joint Ventures are accounted in accordance with Ind AS - 28 on "Accounting for Investments in Associates and Joint Venture", under "equity method". Unrealised profit/loss are eliminated other than in respect of transactions pertaining to non depreciable assets.

The difference between the cost of investment in Associates and Joint Ventures and the share of net assets at the time of acquisition of such shares is identified in the consolidated financial statements as Goodwill or Capital reserve as the case may be. Under the equity method, the investments are recognised at cost and thereafter the carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group. Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

The statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

When the Group's share of losses in an equity accounted investments equals or exceeds its interest in the entity, the Group does not recognise further losses, unless it has incurred obligations or made payment on behalf of the other entity. The carrying amount of equity accounted investments are tested for impairment in accordance with the policy of the group.

### Business Combination and Goodwill

The Group except for combination of group entities which are under common control applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. Assets acquired and liabilities assumed are generally measured at their acquisition date fair values.

In case of combination of entities under control, business combination are accounted for under pooling of interest method whereby the assets and liabilities are combined at the carrying amount and no adjustments are made to reflect their fair values or recognise any new assets or liabilities.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the combination date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

### 3.2 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 include deemed cost on the date of transition and comprises purchase price of assets or its construction cost including duties and taxes (net of recoverable taxes), inward freight and other expenses incidental to acquisition or installation and adjustment for exchange differences wherever applicable and any cost directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended for its use. For major projects, interest and



## Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

other costs incurred on / related to borrowings to finance such projects or fixed assets during construction period and related pre-operative expenses are capitalised. Expenditure on Blast Furnace/Coke Oven Battery Relining is capitalised.

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

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Statement of Profit and Loss when incurred.

Capital Work-in-progress includes preoperative and development expenses, equipments to be installed, construction and erection materials, advances etc. Such items are classified to the appropriate categories of PPE when completed and ready for intended use.

The Group had opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules 2009 relating to Accounting Standard-11 notified by Government of India on 31st March, 2009 (as amended on 29th December 2011), which will be continued in accordance with Ind-AS 101 for all pre-existing long term foreign currency monetary items as at 31st March 2016. Accordingly, exchange differences relating to long term monetary items, arising during the year, in so far as they relate to the acquisition of fixed assets, are adjusted in the carrying amount of such assets.

### Depreciation and Amortisation

Depreciation on PPE except as stated below, is provided as per Schedule II of the Companies Act, 2013 on straight line method in respect of Plant and Equipments and Office Equipments at all location of the Company except Elavur Plant of the Company and on written down value method on all other assets including Plant and Equipments and Office Equipments at Elavur Plant. Certain Plant and Equipment's have been considered Continuous Process Plant on the basis of technical assessment. Depreciation on upgradation of Property, Plant and Equipment is provided over the remaining useful life of the mother plant / fixed assets.

Leasehold Land held under finance lease including leasehold land are depreciated over their expected lease terms. No depreciation is charged on Freehold land. Assets costing rupees five thousand or less are being depreciated fully in the year of addition/acquisition.

In case the cost of part of tangible asset is significant to the total cost of the assets and useful life of that part is different from the remaining useful life of the asset, depreciation has been provided on straight line method based on internal assessment and independent technical evaluation carried out by external valuers, which the management believes that the useful lives of the component best represent the period over which it expects to use those components. Pipe Moulds of specified sizes are depreciated over a period of 3 years.

Railway siding constructed on Government land is amortised over the period of 10 years in terms of agreement.

Depreciation on Property, Plant and Equipments commences when the assets are ready for their intended use. Based on above, the useful lives as estimated for other assets considered for depreciation are as follows:

Category	Useful life
<b>Buildings</b>	
Non-Factory Building (RCC Frame Structure)	60 Years
Factory Building	30 Years
<b>Roads</b>	
Carpeted Roads-RCC	10 Years
Carpeted Roads-other than RCC	5 Years
Non-Carpeted Roads	3 Years
<b>Plant and machinery</b>	
Other than Continuous Process Plant	15 Years
Sinter Plant, Blast Furnace, Coke Oven	20 Years
Coke Oven Battery Relining	5 Years
Blast Furnace Relining	2 Years
Power Plant	40 Years

## Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

Category	Useful life
<b>Computer equipment</b>	
Servers and networks	6 Years
Others	3 Years
Furniture and fixtures, Electrical Installation and Laboratory Equipment's	10 Years
Office equipment	5 Years
<b>Vehicles</b>	
Motor cycles, scooters and other mopeds	10 Years
Others	8 Years

In case of the subsidiaries, depreciation is provided on straight line method on the basis of estimated useful life of the assets applying the depreciation rates ranging from 1.5% to 35% per annum.

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

### 3.3 Intangible Assets

Intangible assets are stated at cost comprising of purchase price inclusive of duties and taxes (net of recoverable taxes) less accumulated amount of amortization and impairment losses. Such assets, are amortised over the useful life using straight line method and assessed for impairment whenever there is an indication of the same.

Accordingly, right to use wagons acquired under "Wagon Investment Scheme", cost of computer software packages (ERP and others) and mining rights are allocated / amortised over a period of 10 years, 5 years and available period of mining lease respectively.

Research cost are not capitalised and the related expenditure is recognised in the statement of profit and loss in the period in which the expenditure is incurred.

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

### 3.4 Derecognition of Tangible and Intangible assets

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

### 3.5 Leases

#### (i) Group as a lessee

The Group has adopted Ind AS 116-Leases effective 1st April, 2019, using the modified retrospective method. The Group has applied the standard to its leases with the cumulative impact recognised on the date of initial application (1st April, 2019). Accordingly, previous period information has not been restated.

The Group's lease asset classes primarily consist of leases for Land and Buildings. The Group assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Group assesses whether:

1. the contract involves the use of an identified asset
2. the Group has substantially all of the economic benefits from use of the asset through the period of the lease and
3. the Group has the right to direct the use of the asset.

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





## Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

### (ii) Group as a lessor

#### a. Finance Lease

Leases which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item are classified and accounted for as finance lease. Lease rental receipts are apportioned between the finance income and capital repayment based on the implicit rate of return. Contingent rents are recognized as revenue in the period in which they are earned.

#### b. Operating Lease

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease except where scheduled increase in rent compensates the Group with expected inflationary costs.

### 3.6 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 recognised 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 of 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 recognised earlier may no longer exist or may have come down. Based on such assessment at each reporting period the impairment loss is reversed and recognised 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 recognised for the asset in prior years.

### 3.7 Financial Assets and Financial Liabilities

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

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

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

The classification of financial instruments whether to be measured at Amortised Cost, at Fair Value through Profit and Loss (FVTPL) or at Fair

## Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

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 amortised cost.

The above Financial Assets and Financial Liabilities subsequent to initial recognition are measured at amortised 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**

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 and loss. These are recognised at fair value and changes therein are recognised in the statement of profit and loss.

**(vi) Equity Instruments measured at FVTOCI and FVTPL**

Equity instruments which are, held for trading are classified as at FVTPL are measured at Fair Value as per Ind AS 109. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such election on an instrument-by instrument basis. The classification is made on initial recognition and is irrevocable. In case the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment.

**(vii) Derivative and Hedge Accounting**

The Group enters into derivative financial instruments such as foreign exchange forward, swap 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.



## Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

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

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

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

### (viii) 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 Group measures the loss allowance for a financial asset 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 group measures the loss allowance at an amount equal to lifetime expected credit losses.

### (ix) Derecognition of financial instruments

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

On derecognition of a financial asset (except for equity instruments designated as FVTOCI), the difference between the asset's carrying amount and the sum of the consideration received and receivable are recognised 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 derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in Statement of Profit and Loss.

### (x) Financial Guarantee Contracts

Financial guarantee contracts issued by the group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirement of Ind AS 109 and the amount recognised less cumulative amortisation.

## 3.8 Inventories

Inventories are valued at lower of 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 related finished products 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.

## Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

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

Cost in respect of work-in-progress represents cost of materials remaining uncertified / incomplete under the Turnkey Contracts undertaken by the Group.

Net Realisable Value is the estimated selling price in the ordinary course of business less estimated cost of completion and the estimated cost necessary to make the sale.

### 3.9 Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the spot rates of exchanges at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchanges at the reporting date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities are generally recognised in profit or loss in the year in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those qualifying assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings, the balance is presented in the Statement of Profit and Loss within finance costs.

Non monetary items which are carried in terms of historical cost denominated in foreign currency, are reported using the exchange rate as at the date of transaction.

The Group had opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules 2009 relating to Accounting Standard-11 notified by Government of India on 31st March, 2009 (as amended on 29th December 2011), which will be continued in accordance with Ind-AS 101 for all pre-existing long term foreign currency monetary items as at 31st March 2016. Accordingly, exchange differences relating to long term monetary items, arising during the year, in so far as they relate to the acquisition of fixed assets, are adjusted in the carrying amount of such assets.

### 3.10 Equity Share Capital

An equity instrument is a contract that evidences residual interest in the assets of the Group 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.

### 3.11 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised 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 recognised 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 are 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 Group 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 recognised but disclosed in the consolidated financial statements by way of notes to accounts when an inflow of economic benefits is probable.

### 3.12 Employee Benefits

#### Short Term Benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided. Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period.



## Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

### Other Long Term Employee Benefits

The liabilities for leave encashment that are not expected to be settled wholly within twelve months are measured as the present value of the expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the government securities (G-Sec) at the end of the reporting period that have terms approximating to the terms of related obligation. Remeasurements as the result of experience adjustment and changes in actuarial assumptions are recognised in statement of profit and loss.

### Post Employment Benefits

The Group operates the following post employment schemes:

#### - Defined Benefit Plans

The liability or asset recognised in the Balance Sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods. The defined benefit obligation is calculated annually by Actuaries using the projected unit credit method.

The liability recognised for defined benefit plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The benefits are discounted using the government securities (G-Sec) at the end of the reporting period that have terms approximating to the terms of related obligation.

Remeasurements of the net defined benefit obligation, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling, are recognised in other comprehensive income. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to the statement of profit and loss.

#### - Defined Contribution Plan

Defined contribution plans such as provident fund etc are charged to the statement of profit and loss as and when incurred. Contribution to Superannuation fund, a defined contribution plan is made in accordance with the Group's policy and is recognised in the Statement of profit and loss.

### 3.13 Revenue

Revenue from contract with customers is recognized when the Company satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations are satisfied at a point of time or over a period of time. Performance obligations satisfied over a period of time are recognized as per the terms of relevant contractual agreements/ arrangements. Performance obligations are said to be satisfied at a point of time when the customer obtains controls of the asset.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and value added tax. Transaction price is recognized based on the price specified in the contract, net of the estimated sales incentives/ discounts. Accumulated experience is used to estimate and provide for the discounts/ right of return, using the expected value method.

A refund liability is recognized for expected returns in relation to sales made corresponding assets are recognized for the products expected to be returned.

The Company recognises as an asset, the incremental costs of obtaining a contract with a customer, if the Company expects to recover those costs. The said asset is amortised on a systematic basis consistent with the transfer of goods or services to the customer.

### 3.14 Borrowing Costs

Borrowing cost comprises of interest and other costs incurred in connection with the borrowing of the funds. All borrowing costs are recognised in the Statement of Profit and Loss using the effective interest method except to the extent attributable to qualifying Property Plant and Equipment (PPE) which are capitalised to the cost of the related assets. A qualifying PPE is an asset, that necessarily takes

## Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

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.

### 3.15 Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of the carrying amount and the fair value less cost to sell.

An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the non-current asset (or disposal group) is recognized at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Non-current assets (or disposal group) classified as held for sale are presented separately in the balance sheet. Any profit or loss arising from the sale or remeasurement of discontinued operations is presented as part of a single line item in statement of profit and loss.

### 3.16 Government Grants

Government grants are recognised on systematic basis when there is reasonable certainty of realisation 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 recognised 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.

### 3.17 Taxes on Income

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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 utilised.

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 realised, 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 benefit can be measured reliably and it is probable that the future economic benefit associated with same will be realised.

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 utilised.

### 3.18 Earnings Per Share

Basic earnings per share are computed by dividing the net profit attributable to the equity holders of the Group 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.



## Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

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### 3.19 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker of the Parent Company is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the chief operating decision maker.

The Group has identified one reportable segment "Pipes and all other activities revolve around the main business" based on the information reviewed by the CODM.

### 4. Critical accounting judgments, assumptions and key sources of estimation and uncertainty

The preparation of the consolidated 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 consolidated 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 recognised in the year in which the results are known / materialised and, if material, their effects are disclosed in the notes to the consolidated financial statements.

Application of accounting policies that require significant areas of estimation, uncertainty and critical judgments and the use of assumptions in the consolidated 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:

#### 4.1 Depreciation / amortisation and impairment on property, plant and equipment / intangible assets

Property, plant and equipment and intangible assets are depreciated/ amortised on straight-line /written down value basis over the estimated useful lives (or lease term if shorter) in accordance with Group accounting policy, taking into account the estimated residual value, wherever applicable.

The Group reviews its carrying value of its Tangible and Intangible Assets whenever there is objective evidence that the assets are impaired. In such situation Asset's 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. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation / amortisation and amount of impairment expense to be recorded during any reporting period. This reassessment may result in change estimated in future periods.

#### 4.2 Impairment on Investments in Associates and Joint Ventures

The carrying amount of Investments in Associates and Joint Ventures computed in accordance with equity method has been tested for impairment at year end based on the market value where the shares are quoted, P/E ratio of similar sector company along with premium/ discount for nature of holding and Net Asset Value computed with reference to the book value/ projected discounted cash flow of such company in respect of unquoted investments.

#### 4.3 Right-of-use assets and lease liability

The Group has exercised judgement in determining the lease term as the noncancellable term of the lease, together with the impact of options to extend or terminate the lease if it is reasonably certain to be exercised.

Where the rate implicit in the lease is not readily available, an incremental borrowing rate is applied. This incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar nature and value to the right of-use asset in a similar economic environment. Determination of the incremental borrowing rate requires estimation.

## Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

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### 4.4 Claims and Compensation

Claims including insurance claims are accounted for on determination of certainty of realisation thereof. Compensation receivable against acquisition of coal mine (Refer Note No. 49) pending final acceptance or settlement thereof even though has not been given effect to, as amount expected to be realised in this respect has been considered to be covering the carrying amount of the relevant assets and other recoverables.

### 4.5 Impairment allowances on trade receivables

The Group evaluates whether there is any objective evidence that trade receivables are impaired and determines the amount of impairment allowance as a result of the inability of the customers to make required payments. The Group 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.

### 4.6 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.

Deferred Tax for all taxable temporary differences have been given effect to in the consolidated financial statements. In case of Associates and Joint Venture, the Group being in a position to control the timing of reversal of temporary differences and considering the past trend there being no possibility of such reversal in near future, adjustment for deferred taxation against share of profit attributable to the Group has not been given effect in the consolidated financial statements.

### 4.7 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.

### 4.8 Provisions and Contingencies

Provisions and liabilities are recognised 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 Group as it is not possible to predict the outcome of pending matters with accuracy.

The carrying amounts of provisions and liabilities and estimation for contingencies are reviewed regularly and revised to take account of changing facts and circumstances.

### 4.9 Uniform Accounting Policies

The audited/unaudited financial statements of foreign subsidiaries have been prepared in accordance with Generally Accepted Accounting Principles of its Country of Incorporation or International Financial Reporting Standards. Impact on account of differences if any, in accounting policies of the company and those followed by its subsidiaries are not material to the Group.



**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

**5. Property, Plant and Equipment :**

Particulars	Freehold land	Buildings	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipments	Railway Siding	Live Stock	Total
<b>Gross Block</b>									
<b>As at April 1, 2019</b>	<b>12,21,20.86</b>	<b>1,39,42.57</b>	<b>4,15,11.51</b>	<b>4,83.45</b>	<b>12,48.80</b>	<b>6,27.72</b>	<b>33,63.20</b>	<b>1.11</b>	<b>18,32,99.22</b>
Additions	-	17,73.85	86,19.27	20.72	65.77	68.79	-	-	1,05,48.40
Disposal	-	(1.07)	(6,72.77)	(0.18)	(49.03)	(3.53)	-	-	(7,26.58)
Other Adjustments	1,60.18	1,60.61	82.81	18.48	15.94	18.75	-	-	4,56.77
<b>As at March 31, 2020</b>	<b>12,22,81.04</b>	<b>1,58,75.96</b>	<b>4,95,40.82</b>	<b>5,22.47</b>	<b>12,81.48</b>	<b>7,11.73</b>	<b>33,63.20</b>	<b>1.11</b>	<b>19,35,77.81</b>
<b>Accumulated Depreciation</b>									
<b>As at April 1, 2019</b>	<b>-</b>	<b>48,35.82</b>	<b>1,43,41.09</b>	<b>2,57.06</b>	<b>6,96.70</b>	<b>2,52.55</b>	<b>19,47.18</b>	<b>-</b>	<b>2,23,30.40</b>
Charge for the period	-	9,05.50	37,07.37	60.33	1,71.23	77.24	4,81.10	-	54,02.77
Disposal	-	-	(4,19.78)	(0.16)	(37.05)	(1.01)	-	-	(4,58.00)
Other Adjustments	-	16.32	42.49	11.29	8.90	8.31	-	-	87.31
<b>As at March 31, 2020</b>	<b>-</b>	<b>57,57.64</b>	<b>1,76,71.17</b>	<b>3,28.52</b>	<b>8,39.78</b>	<b>3,37.09</b>	<b>24,28.28</b>	<b>-</b>	<b>2,73,62.48</b>
<b>Net carrying amount</b>									
<b>As at March 31, 2020</b>	<b>12,22,81.04</b>	<b>1,01,18.32</b>	<b>3,18,69.65</b>	<b>1,93.95</b>	<b>4,41.70</b>	<b>3,74.64</b>	<b>9,34.92</b>	<b>1.11</b>	<b>16,62,15.33</b>

Particulars	Freehold land	Leasehold land	Buildings	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipments	Railway Siding	Live Stock	Total
<b>Gross Block</b>										
<b>As at April 1, 2018</b>	<b>12,22,61.73</b>	<b>21,09.25</b>	<b>1,38,62.12</b>	<b>4,12,13.28</b>	<b>4,44.17</b>	<b>10,47.73</b>	<b>5,03.67</b>	<b>33,63.20</b>	<b>1.11</b>	<b>18,48,06.25</b>
Additions	-	-	1,45.75	13,51.53	58.49	2,24.50	1,38.25	-	-	19,18.53
Disposal	(68.55)	-	-	(10,54.24)	(12.60)	(17.05)	(5.46)	-	-	(11,57.90)
Other Adjustments	(72.32)	11.33	(65.30)	0.94	(6.61)	(6.38)	(8.74)	-	-	(1,47.08)
<b>As at March 31, 2019</b>	<b>12,21,20.86</b>	<b>21,20.58</b>	<b>1,39,42.57</b>	<b>4,15,11.51</b>	<b>4,83.45</b>	<b>12,48.80</b>	<b>6,27.72</b>	<b>33,63.20</b>	<b>1.11</b>	<b>18,54,19.80</b>
<b>Accumulated Depreciation</b>										
<b>As at April 1, 2018</b>	<b>-</b>	<b>1,12.28</b>	<b>38,26.98</b>	<b>1,11,86.87</b>	<b>2,09.58</b>	<b>5,45.96</b>	<b>1,86.61</b>	<b>14,64.35</b>	<b>-</b>	<b>1,75,32.63</b>
Charge for the period	-	42.64	10,14.85	38,73.01	63.57	1,66.06	69.43	4,82.83	-	57,12.39
Disposal	-	-	-	(7,17.32)	(12.59)	(12.22)	(0.38)	-	-	(7,42.51)
Other Adjustments	-	1.47	(6.01)	(1.47)	(3.50)	(3.10)	(3.11)	-	-	(15.72)
<b>As at March 31, 2019</b>	<b>-</b>	<b>1,56.39</b>	<b>48,35.82</b>	<b>1,43,41.09</b>	<b>2,57.06</b>	<b>6,96.70</b>	<b>2,52.55</b>	<b>19,47.18</b>	<b>-</b>	<b>2,24,86.79</b>
<b>Net carrying amount</b>										
<b>As at March 31, 2019</b>	<b>12,21,20.86</b>	<b>19,64.19</b>	<b>91,06.75</b>	<b>2,71,70.42</b>	<b>2,26.39</b>	<b>5,52.10</b>	<b>3,75.17</b>	<b>14,16.02</b>	<b>1.11</b>	<b>16,29,33.01</b>

**Notes :**

- 5.1 Plant and Equipments of Rs. 4,09.23 lakhs (previous year Rs.4,09.73 lakhs) being contribution for laying the Power line, the ownership of which does not vest with the Company.
- 5.2 Railway Siding represents the cost of construction of the assets for company's use over the specified period as per the terms of the agreement.
- 5.3 Freehold land includes Rs. 3,35.81 lakhs (previous year Rs.3,35.81 lakhs) in respect of which the execution of conveyance deeds is pending. Freehold land also includes Rs. 2,75.27 lakhs (previous year Rs. 2,75.27 lakhs) towards contribution in relation of Joint Venture Company "North Dhadhu Mining Company Private Limited".
- 5.4 Other adjustments includes Rs. 2,33.64 lakhs (previous year nil) being interest capitalized during the year and Rs. 4,56.77 lakhs (previous year Rs.1,47.08) lakhs representing foreign exchange fluctuation.
- 5.5 Land with factory buildings of Rs.2,95,54.62 lakhs (previous year Rs.2,95,71.05 lakhs) at Elavur plant of the Company are mortgaged in the favour of lender to Electrosteel Steel Limited, an erstwhile associate of the Company.(Also refer note no. 8A.2)
- 5.6 Refer note no 23 to consolidated financial statements in respect of charge created against borrowings.
- 5.7 Refer note 49 dealing with coal mine assets and note no 50(a) in respect of Iron-ore and manganese Ore mine.

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

**6. Other Intangible Assets**

Particulars	Computer Softwares	Mining Rights	Right to use under Wagon Investment Scheme	Total
<b>Gross Block</b>				
<b>As at April 1, 2019</b>	<b>4,69.48</b>	<b>8.13</b>	<b>8,65.14</b>	<b>13,42.75</b>
Additions	66.54	-	-	66.54
Disposal	-	-	-	-
Other Adjustments	11.76	-	-	11.76
<b>As at March 31, 2020</b>	<b>5,47.78</b>	<b>8.13</b>	<b>8,65.14</b>	<b>14,21.05</b>
<b>Accumulated Depreciation</b>				
<b>As at April 1, 2019</b>	<b>3,09.91</b>	<b>6.12</b>	<b>8,65.14</b>	<b>11,81.17</b>
Charge for the period	37.65	1.53	-	39.18
Disposal	-	-	-	-
Other Adjustments	7.71	-	-	7.71
<b>As at March 31, 2020</b>	<b>3,55.27</b>	<b>7.65</b>	<b>8,65.14</b>	<b>12,28.06</b>
<b>Net carrying amount</b>				
<b>As at March 31, 2020</b>	<b>1,92.51</b>	<b>0.48</b>	<b>-</b>	<b>1,92.99</b>

Particulars	Computers Softwares	Mining Rights	Right to use under Wagon Investment Scheme	Total
<b>Gross Block</b>				
<b>As at April 1, 2018</b>	<b>4,52.18</b>	<b>8.13</b>	<b>8,65.14</b>	<b>13,25.45</b>
Additions	25.12	-	-	25.12
Disposal	(2.82)	-	-	(2.82)
Other Adjustments	(5.00)	-	-	(5.00)
<b>As at March 31, 2019</b>	<b>4,69.48</b>	<b>8.13</b>	<b>8,65.14</b>	<b>13,42.75</b>
<b>Accumulated Depreciation</b>				
<b>As at April 1, 2018</b>	<b>2,59.35</b>	<b>4.59</b>	<b>7,59.69</b>	<b>10,23.63</b>
Charge for the period	56.33	1.53	1,05.45	1,63.31
Disposal	(2.82)	-	-	(2.82)
Other Adjustments	(2.95)	-	-	(2.95)
<b>As at March 31, 2019</b>	<b>3,09.91</b>	<b>6.12</b>	<b>8,65.14</b>	<b>11,81.17</b>
<b>Net carrying amount</b>				
<b>As at March 31, 2019</b>	<b>1,59.57</b>	<b>2.01</b>	<b>-</b>	<b>1,61.58</b>

**Notes :**

- 6.1 Right to use Wagon represents cost incurred in connection with wagon procured under "Wagon investment Scheme" and handed over to railway authorities for their normal operations against priority over availability of the wagons for transportation as and when required.
- 6.2 Other adjustments includes Rs.11.76 lakhs ( previous year Rs.(5.00) lakhs) representing foreign exchange fluctuation.
- 6.3 Refer note no 23 to consolidated financial statements in respect of charge created against borrowings.
- 6.4 Refer note 49 dealing with coal mine assets.

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)**7. Right of Use**

(Amount Rs. in lakhs)

Particulars	Land	Building	Total
<b>Gross Carrying Amount</b>			
<b>As at April 1, 2019</b>	-	-	-
Transfer from PPE on of adoption of Ind AS 116	21,20.58	-	21,20.58
Additions	12,11.51	6,91.06	19,02.57
Disposal	-	-	-
Other Adjustments	91.84	-	91.84
<b>As at March 31, 2020</b>	<b>34,23.93</b>	<b>6,91.06</b>	<b>41,14.99</b>
<b>Accumulated Depreciation</b>			
<b>As at April 1, 2019</b>	-	-	-
Transfer from PPE on of adoption of Ind AS 116	1,56.39	-	1,56.39
Charge for the period	1,34.49	1,38.21	2,72.70
Disposal	-	-	-
Other Adjustments	10.25	-	10.25
<b>As at March 31, 2020</b>	<b>3,01.13</b>	<b>1,38.21</b>	<b>4,39.34</b>
<b>Net carrying amount</b>			
<b>As at March 31, 2020</b>	<b>31,22.80</b>	<b>5,52.85</b>	<b>36,75.65</b>

**Note :**

- 7.1 The Group has adopted Ind AS 116 'Leases' effective April 01, 2019 and applied the Standard to its leases, pursuant to which it has reclassified its leased asset as Right-of-Use Assets. The impact on the profit for the year is not material.
- 7.2 The Group has taken land on leases for lease period ranging from 5 to 90 years. Lease term includes non-cancellable period and expected lease period.
- 7.3 Other adjustments includes Rs. 91.84 lakhs (previous year nil) representing foreign exchange fluctuation.
- 7.4 Refer note no 23 to consolidated financial statements in respect of charge created against borrowings.

## Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

### 8. Investment in Associates and Joint Ventures

(Fully paid up except otherwise stated)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Holding (Nos.)	Amount	Amount	Holding (Nos.)	Amount	Amount
<b>Investments in Equity Instruments</b>						
<b>Quoted</b>						
<b>Associates (Carrying amount determined using equity method of accounting)</b>						
Srikalahasthi Pipes Limited (Face value of Rs.10/- each) (Refer note no. 8.1)	19301218	6,61,91.76	7,25,46.86	19301218	6,27,36.31	6,61,91.76
[Cost of acquisition includes goodwill of Rs. 44,91.37 lakhs, previous year Rs. 44,91.37 lakhs]						
Add : Group share of Profit/(Loss) for the year (Net)		75,18.93			46,19.97	
Add : Other Comprehensive Income		(5.76)			(6.45)	
Less : Dividend received during the year		11,58.07			11,58.07	
			7,25,46.86			6,61,91.76
<b>Unquoted</b>						
<b>Associates (Carrying amount determined using equity method of accounting)</b>						
Electrosteel Thermal Power Ltd. (Face value of Rs.10/- each)		-	-	15000	0.90	0.82
Add : Group share of Profit/(Loss) for the year (Net)		-			(0.08)	
<b>Joint Venture (Carrying amount determined using equity method of accounting)</b>						
Domco Private Limited (Face value of Rs. 100/- each)	30000	30.00	-	30000	30.00	-
Less: Impairment in value of Investment (refer note no. 8.2)		(30.00)			(30.00)	
North Dhadhu Mining Company Pvt Ltd (Face value of Rs.10/- each) (refer note no. 8.3)	8228053	8,38.13	-	8228053	8,38.13	-
Less: Impairment in value of Investment		(8,38.13)			(8,38.13)	
Add : Group share of Profit/(Loss) for the year (Net)		-			-	
			-			0.82
<b>Total - Investment In Associates And Joint Ventures</b>			7,25,46.86			6,61,92.58
<b>Aggregate amount of Quoted Investments</b>			7,25,46.86			6,61,91.76
<b>Aggregate amount of Market value of Quoted Investments</b>			2,13,37.50			4,41,22.58
<b>Aggregate amount of Unquoted Investments</b>			-			0.82
<b>Aggregate amount of Impairment in value of Investments</b>			8,68.13			8,68.13

8.1 7004903 Equity shares (previous year 7004903) of Rs. 10/- each fully paid up equity shares of Srikalahasthi Pipes Limited have been pledged in favour of Yes Bank Limited for securing term loan given to the Company. (Refer note no. 23)

8.2 The Parent company has investment of Rs.30.00 lakhs (previous year Rs.30.00 lakhs) in equity shares and given advance of Rs.7,00.00 lakhs (previous year Rs.7,00.00 lakhs) against equity to Domco Private Limited (DPL), a Company incorporated in India, and has joint control (proportion of ownership interest of the Company being 50%) over DPL along with other venturers (the Venturers) in terms of the Shareholder's Agreement dated March 27, 2004. The Venturers had filed a petition before the Company Law Board, Principal Bench, New Delhi (CLB) against the Company against operation and mismanagement of the company inter alia on various matters including for forfeiture of the Company's investment in equity shares of the DPL. The matter was later transferred to the Company Law Board, Kolkata Bench and is now being taken up by the National Company Law Tribunal, Kolkata Bench. The Company had also inter alia filed an arbitration proceeding under Arbitration & Conciliation Act, 1996 against recovery of the said amount against which the ventures also filed their counter claims on the Company. The matter is sub judice before the NCLT.

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

Pending final outcome of the above matter, the amounts in equity shares and advance have been fully provided for in the financial statements in the earlier years. The other venturers since not providing the financial statements of DPL, and thereby necessary disclosures could not be provided in these financial statements.

- 8.3 (a) The North Dhadhu Coal Block located in the state of Jharkhand was allocated to the Company, Adhunik Alloys & Power Limited (AAP), Jharkhand Ispat Pvt. Ltd. (JPL) and Pawanjay Steel & Power Limited (PSPL) (collectively referred to as venturers) for working through North Dhadhu Mining Company Private Limited (NDMCPL), a joint venture company. The Company has joint control (proportion of ownership interest of the Company being 48.98 %) along with other venturers represented by investment of Rs. 8,22.81 lakhs in equity shares of NDMCPL.
- (b) In pursuance of the Order dated September 24, 2014 issued by the Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated October 21, 2014 (Ordinance) for implementing the Order, The Ministry of Coal, Government of India had issued an order for de-allocation of North Dhadhu Coal Block and deduction of Bank Guarantee of Rs.56,03.00 lakhs issued for the same. The Company's share in the Bank Guarantee is Rs.27,45.00 lakhs. On a writ petition filed by the Company for quashing the order, stay in the matter together with encashment of bank guarantee has been granted by the Hon'ble High Court of Jharkhand. The Company has also submitted its claim for compensation which is awaiting acceptance. In the view of the management, the compensation to be received in terms of ordinance is expected to cover the cost incurred by the Joint venture company. However as an abundant precaution, impairment in the value of the investment amounting to Rs. 8,22.81 lakhs in Joint venture has been provided in the previous year. In view of stay order by High Court, no provision in the share of bank guarantee has been considered necessary.

8.4 Particulars of investments as required in terms of section 186(4) of the Companies Act, 2013 have been disclosed under note 8 & 8A.

8.5 Summarised financial information for Associates

The tables below provide summarised financial information of those associates and joint ventures that are material to the group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates.

**a) Associates**

(Amount Rs. in lakhs)

Summarised financial information	Srikalahasthi Pipes Limited		Electrosteel Thermal Power Limited	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
<b>1) Balance Sheet</b>				
(i) Current Assets	<b>13,95,06.43</b>	12,88,96.55	–	0.72
(ii) Non-current assets	<b>9,82,02.54</b>	8,95,97.88	–	–
(iii) Current liabilities	<b>6,78,96.70</b>	6,05,73.52	–	0.28
(iv) Non-current liabilities	<b>2,81,97.34</b>	3,16,81.87	–	–

	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>2) Statement of Profit and Loss</b>				
(i) Revenue	<b>17,26,59.48</b>	16,09,45.07	–	–
(ii) Profit or loss from continuing operations	<b>1,87,67.63</b>	1,17,53.73	<b>0.07</b>	(0.26)
(iii) Other comprehensive income	<b>(13.94)</b>	(15.61)	–	–
(iv) Total comprehensive income	<b>1,87,53.69</b>	1,17,38.12	<b>0.07</b>	(0.26)
(v) Dividend received during the year (Parent's share)	<b>11,58.07</b>	11,58.07	–	–

# ceased to be associate during the year.

Refer note no. 8.2 relating to non availability of financial statement of Domco Private Limited, Joint Venture and accordingly disclosures as required under Ind AS 112 have not been made.

## Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

8.6 Reconciliation of the above summarised information to the carrying amount of the interest in Associates recognised in the consolidated financial statement.

### a) Associates

Particulars	Srikalahasthi Pipes Limited		Electrosteel Thermal Power Limited	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Closing Net Assets	14,16,14.93	12,62,39.03	-	0.44
Proportion of the Parent's ownership interest in J.V / associates (%)	41.33%	41.33%	-	30.00%
Proportion of the Parent's ownership interest in J.V / associates (INR)	5,85,31.77	5,21,76.67	-	0.12
<b>Add/Less: Adjustments</b>				
- Effect of fair value of investment on the date of transition as deemed cost	1,40,48.08	1,40,48.08	-	-
- Goodwill on equity accounting	44,91.37	44,91.37	-	0.70
- Effect on dilution of shareholding pattern	(45,24.36)	(45,24.36)	-	-
<b>Net Assets as per Consolidated Financial statement</b> (to the extent of carrying value of investment)	<b>7,25,46.86</b>	<b>6,61,91.76</b>	<b>-</b>	<b>0.82</b>

Note : No information has been given in respect of Electrosteel Thermal Power Limited in view of cession of associate relationship during the year.

### 8A. Non-Current Investments

(Fully paid up except otherwise stated )

Particulars	As at March 31, 2020		As at March 31, 2019	
	Holding (Nos.)	Amount	Holding (Nos.)	Amount
<b>Investment designated at Fair Value through Other Comprehensive Income</b>				
<b>Quoted</b>				
R.G. Ispat Limited (Face value of Rs. 10/- each)*	50	0.00	50	0.00
MSTC Limited. (Face value of Rs. 10/- each)	16000	12.68	16000	25.58
Saint Gobain-PAM (Face value of Euro 4/- each)	14	0.26	14	0.35
Von Roll (Face value of Euro 0.071 each)	10	0.01	10	0.01
		12.95		25.94
<b>Unquoted</b>				
Rainbow Steels Limited (Face value of Rs.10/- each)	100	0.01	100	0.01
Singardo International Pte Ltd. (Face value of SGD 1 each)	25000	19.69	25000	19.69
N Marshall Hi-tech Engineers Pvt. Ltd. (Face value of Rs.10/- each)	50000	8.69	50000	10.26
Electrosteel Steels Ltd. (Face value Rs. 10/-each) (Refer Note no. 8A.1 and 8A.2)	21796000	20,79.34	21796000	20,79.34
		21,07.73		21,09.30
		21,20.68		21,35.24
<b>Investments in Preference Shares</b>				
<b>Others</b>				
Mukand Limited (0.01% Cumulative Redeemable Preference Shares face value of Rs. 10/-each)*	16	0.00	16	0.00
		21,20.68		21,35.24
<b>Total - Non Current Investments</b>		<b>21,35.24</b>		<b>34.57</b>
<b>Aggregate amount of Quoted Investments</b>		<b>12.95</b>		<b>25.94</b>
<b>Aggregate amount of Market value of Quoted Investments</b>		<b>12.95</b>		<b>25.94</b>
<b>Aggregate amount of Unquoted Investments</b>		<b>21,07.73</b>		<b>21,09.30</b>
<b>Aggregate amount of Impairment in value of Investments</b>		<b>-</b>		<b>-</b>

\* Figures below rounding off limit

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

8A.1 17334999 Equity shares (Previous year 17334999) of Rs 10/- each fully paid up of Electrosteel Steels Limited (ESL) have been pledged in favour of lenders of Electrosteel Steels Limited for securing financial assistance to ESL.

8A.2 Due to delisting of Electrosteel Steels Limited (ESL) and in absence of other available ways of valuation, the Company has continued to consider the exit price, which was open till December 20, 2019, as the basis of valuation of investment in ESL.

Further the notices issued by the consortium of lenders of ESL for invocation of pledge of company's investment of 17334999 equity shares of Rs. 10 each in ESL amounting to Rs. 16,53.76 lakhs was set aside by the Hon'ble High Court at Calcutta. The plea of the Company for release of the pledge is pending before the Hon'ble Court.

Furthermore during the previous period the party, in whose favour rights of mortgage of certain Land & Building amounting to Rs. 2,95,54.62 lakhs of the Company situated at Elavur, Tamilnadu, were assigned by a lender of the ESL, has taken the symbolic possession of said mortgaged property and the same was contested by the Company before Hon'ble Madras High Court. On disposal of Company's application by the Hon'ble High Court, the Company has preferred an appeal before Commercial Appellate, Hon'ble High Court at Madras and the matter is subjudice. Pending finalization of the matter, these assets have been carried forward at their carrying book value.

8A.3 The Group has made an irrevocable decision to consider investment in equity instruments not held for trading to be recognised at FVTOCI.

**9. Loans**

Particulars	Ref. note no.	As at March 31, 2020	As at March 31, 2019
<b>Unsecured, Considered Good</b>			
Security Deposits	9.1, 29.1 and 56	<b>13,16.50</b>	13,86.56
Other Loans	9.2	<b>21.46</b>	19.64
		<b>13,37.96</b>	14,06.20

9.1 Security deposits include Rs. 5,57.50 lakhs (previous year Rs. 5,57.50 lakhs) with private limited companies in which directors are interested as a member / director, Rs 2,02.23 lakhs (previous year Rs. 2,00.18 lakhs) with related parties. Also include Rs. 3,71.91 lakhs (previous year Rs.1,95.85 lakhs) lying with customer in terms of agreement/order towards supplies of goods.

9.2 Represents amount given as interest free loan to a shareholder of sub-subsidiary.

**10. Other Financial Assets**

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed Deposit with Banks (having maturity of more than 1 year from Balance sheet date)	<b>55,50.00</b>	35,00.00
	<b>55,50.00</b>	35,00.00

10.1 Fixed Deposits with banks include Rs. 24,80.00 lakhs (previous year nil) which have been pledged with banks against guarantees issued by them.

**11. Other Non-Current Assets**

Particulars	Ref. note no.	As at March 31, 2020	As at March 31, 2019
Capital Advances		<b>2,82.71</b>	1,17.81
Prepaid expenses		<b>3,02.13</b>	1,43.96
Others	11.1	<b>8.41</b>	0.97
		<b>5,93.25</b>	2,62.74

11.1 Represents loans and advance to employees amounting to Rs. 8.41 lakhs (previous year Rs.0.97 lakhs).

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

**12. Inventories (At lower of Cost or Net Realisable Value)**

Particulars	As at March 31, 2020	As at March 31, 2019
Raw materials	3,07,52.37	1,69,05.86
Raw materials in transit	91.84	1,07,41.33
Process stock	70,67.25	51,63.52
Finished goods [including in transit Rs. 57,38.40 lakhs (previous year Rs. 61,76.57 lakhs)]	4,52,11.24	3,69,73.44
Stock-in-trade (in respect of goods acquired for trading)	29.95	29.95
Stores and spares	65,09.90	55,93.63
Stores and spares in transit	40.41	13.68
	<b>8,97,02.96</b>	<b>7,54,21.41</b>

12.1. Refer note no. 29.1 to Consolidated Financial Statements in respect of charge created against borrowings.

**13. Current Investments**

(Fully paid up except otherwise stated )

Particulars	As at March 31, 2020		As at March 31, 2019	
	Holding (Nos.)	Amount	Holding (Nos.)	Amount
<b>Investment measured at fair value through Profit and Loss</b>				
<b>Investment in Equity Instruments</b>				
<b>Equity Shares (Quoted)</b>				
MOIL Limited ( Face value of Rs 10/- each)	-	-	7588	12.04
Reliance Industries Ltd ( Face value of Rs 10/- each)	-	-	1000	13.63
Andhra Bank (Face value of Rs 10/- each)	-	-	5000	1.40
3I Infotech Ltd. (Face value of Rs 10/- each)	-	-	60000	2.31
BGR Energy Systems Ltd. (Face value of Rs 10/- each)	-	-	1500	0.94
Bharat Heavy Electricals Ltd. (Face value of Rs 2/- each)	-	-	18750	14.05
GTL Infrastructure Ltd. (Face value of Rs 10/- each)	60000	0.45	60000	0.57
Garden Silk Mills Ltd. (Face value of Rs 10/- each)	-	-	1000	0.20
Jyoti Structures Ltd. (Face value of Rs 2/- each)	5000	0.07	5000	0.10
National Aluminium Company Ltd. (Face value of Rs 5/- each)	-	-	2500	1.39
Punjab National Bank (Face value of Rs 2/- each)	-	-	10000	9.55
Pilani Investment and Industries Corporation Ltd. (Face value of Rs 10/- each)	-	-	700	15.08
Vedanta Ltd (Face value of Rs 1/- each)	-	-	2000	3.69
Tata Teleservices (Maharashtra) Ltd. (Face value of Rs 10/- each)	-	-	28333	0.86
<b>Total</b>		<b>0.52</b>		<b>75.81</b>
<b>Aggregate amount of Quoted Investments</b>				
- In Equity Shares		<b>0.52</b>		<b>75.81</b>
		<b>0.52</b>		<b>75.81</b>
<b>Aggregate amount of Market value of Quoted Investments</b>				
- In Equity Shares		<b>0.52</b>		<b>75.81</b>
		<b>0.52</b>		<b>75.81</b>



**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

**14. Trade Receivables**

Particulars	Ref. note no.	As at March 31, 2020	As at March 31, 2019
Trade Receivables considered good - Secured		3,30,61.17	2,30,97.15
Trade Receivables considered good -Unsecured		2,87,32.53	3,77,80.91
Trade Receivables which have significant increase in Credit Risk		-	-
Trade Receivables - credit impaired		15,08.01	9,11.17
Less: Credit loss allowances on Trade Receivable	14.2	(15,08.01)	(9,11.17)
		<b>6,17,93.70</b>	<b>6,08,78.06</b>

## 14.1 Ageing of Trade Receivable

Particulars	As at March 31, 2020	As at March 31, 2019
Within the credit period	4,85,98.37	5,04,23.81
1-180 days past due	1,24,89.87	63,46.60
More than 180 days past due	22,13.47	50,18.82
Less: Credit loss allowances on Trade Receivable	(15,08.01)	(9,11.17)
<b>Total</b>	<b>6,17,93.70</b>	<b>6,08,78.06</b>
Current Trade Receivable	6,17,93.70	6,08,78.06
Non Current Trade Receivable	-	-
<b>Total</b>	<b>6,17,93.70</b>	<b>6,08,78.06</b>

## 14.2 Movement of Impairment allowances for doubtful debts

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	9,11.17	8,81.78
Recognised during the year	10,05.25	90.00
Reversal during the year	(4,08.41)	(60.61)
Balance at the end of the year	<b>15,08.01</b>	<b>9,11.17</b>

14.3 Balances of Trade Receivables including for Turnkey Contracts and retention money are subject to confirmation/reconciliation and adjustments in this respect are carried out as and when amounts thereof, if any are ascertained.

14.4 Refer note no. 29.1 to Consolidated Financial Statements in respect of charge created against borrowings.

14.5 Refer note no. 56 for balances with related parties.

**15. Cash and Cash Equivalents**

Particulars	Ref. note no.	As at March 31, 2020	As at March 31, 2019
Balances with banks			
In current and cash credit accounts	15.1	59,33.04	73,27.78
Cash on hand		12.59	1,73.38
		<b>59,45.63</b>	<b>75,01.16</b>

15.1 Refer note no. 29.1 to Consolidated Financial Statements in respect of charge created against borrowings.

**16. Bank Balances Other than Cash and Cash Equivalents**

Particulars	Ref. note no.	As at March 31, 2020	As at March 31, 2019
Other balance with banks			
In Fixed Deposit Escrow account	25.1	5,36.93	5,36.93
In dividend accounts		70.66	82.54
Fixed deposits with Banks (having original maturity of more than 3 months and less than 12 months)	16.1	34,34.81	68,85.14
		<b>40,42.40</b>	<b>75,04.61</b>

## Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

16.1 Fixed Deposits with banks include Fixed Deposit of Rs. 33,03.97 lakhs (previous year Rs. 58.42.96 lakhs) which have been pledged with banks against guarantee issued by them. Further fixed deposit includes Rs. 1,30.84 lakhs (previous year Rs. 2,82.19 lakhs) lying with customer against deposit for supplies of materials.

16.2 Refer note no. 29.1 to Consolidated Financial Statements in respect of charge created against borrowings.

### 17. Loans

Particulars	Ref. note no.	As at March 31, 2020	As at March 31, 2019
<b>Loan Receivables Considered Good- Secured</b>		-	-
<b>Loan Receivables Considered Good- Unsecured</b>			
Security Deposits	17.1	<b>19,42.89</b>	37,76.90
		<b>19,42.89</b>	37,76.90
<b>Loan Receivables which have significant increase in Credit Risk Considered Doubtful</b>			
Loan and Advances to related party	56	<b>7,00.00</b>	7,00.00
Others		<b>10.62</b>	10.62
		<b>7,10.62</b>	7,10.62
Less: Impairment Allowances for doubtful advances	8.2 and 17.2	<b>7,10.62</b>	7,10.62
		-	-
		<b>19,42.89</b>	37,76.90

17.1 Include Rs. 15,11.38 lakhs (previous year Rs. 20,82.01 lakhs) lying with customer as security deposit in terms of agreement/order towards supplies of goods.

17.2 Movement of Allowances for doubtful advances.

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	<b>7,10.62</b>	7,10.62
Recognised during the year	-	-
Reversal during the year	-	-
Balance at the end of the year	<b>7,10.62</b>	7,10.62

17.3 Refer note no. 29.1 to Consolidated Financial Statements in respect of charge created against borrowings.

### 18. Other Financial Assets

Particulars	Ref. note no.	As at March 31, 2020	As at March 31, 2019
Interest receivable		<b>36.56</b>	70.75
Claim receivable against coal block	49	<b>93,16.85</b>	93,16.85
Claim receivable against railway siding	50 (b)	<b>17,78.11</b>	-
Derivative Assets at fair value through profit or loss		-	6,33.20
Incentive/Subsidy/Cess receivable		<b>55,87.42</b>	61,59.26
Export incentive receivable		<b>21,07.80</b>	30,48.84
Others	18.1	<b>57.27</b>	66.05
		<b>1,88,84.01</b>	1,92,94.95

18.1 Includes nil (previous year Rs. 31.11 lakhs) receivable from Directors of the company towards recovery of excess remuneration paid for the previous financial year.

18.2 Refer note no. 29.1 to Consolidated Financial Statements in respect of charge created against borrowings.

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

**19. Other Current Assets**

Particulars	Ref. note no.	As at March 31, 2020	As at March 31, 2019
Loans and Advances to related parties	56	–	1.00
<b>Advances for supply of goods and rendering of services</b>			
- Considered Good		<b>26,86.22</b>	14,08.97
- Considered Doubtful		<b>47.03</b>	1,06.02
- Less: Impairment Allowances for doubtful advances		<b>(47.03)</b>	(1,06.02)
Loans and advances to employees		<b>88.64</b>	1,17.08
Balance with Government authorities		<b>34,32.43</b>	40,06.99
Prepaid expenses		<b>11,58.19</b>	13,91.37
Others		<b>5,90.44</b>	2,93.58
		<b>79,55.92</b>	72,18.99

## 19.1 Movement of Allowances for doubtful advances

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	<b>1,06.02</b>	–
Recognised during the year	<b>16.96</b>	1,06.02
Reversal during the year	<b>(75.95)</b>	–
Balance at the end of the year	<b>47.03</b>	1,06.02

19.2 Refer note no. 29.1 to Consolidated Financial Statements in respect of charge created against borrowings.

**20. Equity Share Capital**

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised		
Equity shares, Re. 1/- par value		
500,200,000 (previous year 500,000,000) equity shares*	<b>50,02.00</b>	50,00.00
Issued, Subscribed and Paid-up		
Equity shares, Re. 1/- par value		
432,954,709 (previous year 405,482,183) equity shares fully paid up	<b>43,29.55</b>	40,54.82
	<b>43,29.55</b>	40,54.82

\* addition on account of amalgamation of Mahadev Vyapaar Pvt. Ltd.

20.1 The Company has only one class of shares referred to as equity shares having a par value of Re. 1/-. Each holder of equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company, after distribution of all preferential amounts, in proportion of their shareholding.

20.2 During the year, the Company had issued 27472526 (previous year 48526861) numbers of equity shares of Re. 1 each at a premium of Rs. 17.20 each (previous year Rs. 27.85 each) (full figure) on preferential basis. The equity shares issued during the year 2019-20 were allotted on October 11, 2019.

20.3 Reconciliation of the number of equity shares outstandings (No. of shares)

Particulars	As at March 31, 2020	As at March 31, 2019
Number of shares at the beginning	<b>405482183</b>	356955322
Add: Addition during the year	<b>27472526</b>	48526861
Number of shares at the end	<b>432954709</b>	405482183

## Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

20.4 Shareholders holding more than 5% equity shares (No. of shares)

Particulars	As at March 31, 2020	As at March 31, 2019
G. K. & Sons Private Ltd	44984593	44678936
Umang Kejriwal-Trustee of Sreeji Family Benefit Trust/Mayank Kejriwal -Trustee of Sreeji Family Benefit Trust	35027053	35027053
Electrocast Sales India Ltd.	37345158	33893710
Murari Investment & Trading Company Ltd.	31027297	30427656
India Opportunities Growth Fund Ltd. - Pinewood Strategy	26372049	23991781
Uttam Commercial Company Ltd.	22181774	22181774
G.K.Investments Ltd.	21814560	21814560

21. Other Equity (Amount Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Capital Reserve	41,67.77	41,67.77
Securities Premium	8,38,30.25	7,91,04.99
General Reserve	10,05,65.95	10,05,65.95
Statutory Reserve	4,05.51	2,96.09
Retained Earnings	9,20,51.49	7,39,58.84
Other Comprehensive Income		
Equity instrument through other comprehensive income	(6,23.22)	(6,12.07)
Foreign currency translation reserve	33,88.65	21,26.96
Share of Associates/ Joint Venture (net)	(1,00.96)	(95.20)
	28,36,85.44	25,95,13.33

21.1 Refer Statement of changes in Equity for movement in balances of reserves

21.2 **Capital Reserve**

The reserve was created mainly on account of forfeiture of warrants convertible into equity shares.

21.3 **Securities Premium**

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

21.4 **General Reserve**

The reserve arises on transfer of portion of the net profit pursuant to the provisions of Companies Act.

21.5 **Statutory Reserve**

Statutory Reserve is required to be created by certain subsidiaries of the Group out of the profits and maintained in accordance with local law of the host country. This reserves is available for utilisation as specified in the local law of the host country.

21.6 **Retained Earnings**

Retained earnings generally represents the undistributed profit/ amount of accumulated earnings of the company.

21.7 **Other Comprehensive Income**

Other Comprehensive Income (OCI) represent the balance in equity for items to be accounted under OCI and comprises of the following:

i) Items that will not be reclassified to profit and loss

- a. The Group has elected to recognise changes in the fair value of non-current investments (other than associates and joint ventures) in OCI. This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are disposed.
- b. The actuarial gains and losses arising on defined benefit obligations have been recognised in OCI.

ii) Items that will be reclassified to Profit and Loss.

- a. This Reserve represents the cumulative effective portion of changes in fair value of currency swap that are designated as cash flow hedge are recognised in OCI. This is reclassified to statement of Profit and Loss.

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

21.8 The Board of Directors of the Parent company at its meeting held on 15th June, 2020 recommended a final dividend of Re. 0.30 per equity share of face value of Re. 1 each for the financial year ended 31st March, 2020. The same amounts to Rs. 12,98.86 Lakhs. The above is subject to approval at the ensuing Annual General Meeting of the Parent company and hence not recognised as a liability.

**22. Non-Controlling Interest**

22.1 The details (Principal place of operation/country of incorporation, principal activities and percentage of ownership interest and voting power (direct held by the Group)) of the subsidiaries are set out in note no. 1 of the consolidated financial statements.

22.2 Summarised financial information of subsidiary having non-controlling interests is as follow:-

Name of the Subsidiary	Profit/(Loss) allocated to Non-controlling interests		Accumulated Non controlling interests	
	For the year ended March 31, 2020	For the year ended March 31, 2019	As at March 31, 2020	As at March 31, 2019
Electrosteel Doha For Trading LLC	41.86	48.75	1,21.65	65.87

**a) Summarised Balance Sheet**

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Assets</b>		
(i) Non-current assets		
Property, Plant and Equipment and Capital Work in progress	0.31	0.34
(ii) Current assets		
Inventories	15,81.02	4,18.85
Financial Assets	56,94.68	10,54.47
Other current assets	8,84.96	19,90.24
<b>Liabilities</b>		
Current liabilities		
Financial Liabilities	39,22.05	8,40.12
Other current liabilities	3,93.54	2,73.66
Current Tax Liabilities (Net)	1,48.60	2,30.55
<b>Equity attributable to :</b>		
Owners of the Parent	35,75.13	20,53.69
Non controlling interest	1,21.65	65.87

**b) Summarised Statement of Profit and Loss**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(i) Revenue	1,51,47.83	88,32.65
(ii) Other Income	24.79	10,00.43
(iii) Purchases of Stock-in-Trade	1,25,51.66	62,03.20
(iv) Changes in inventories of finished goods , stock-in-trade and work-in-progress	(11,62.17)	(1,30.23)
(v) Employee benefits expense	1,65.60	1,79.93
(vi) Depreciation and amortisation	0.18	0.27
(vii) Other expenses	22,18.47	20,26.18
(viii) Profit/(loss) during the year	12,99.42	13,24.81
(ix) Other comprehensive income	2,63.88	42.57
(x) Total comprehensive income	15,63.30	13,67.38
<b>Total comprehensive income attributable to:</b>		
Owners of the Parent	15,21.44	13,18.63
Non controlling interest	41.86	48.75

## Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

### c) Summarised Cash Flow Statement

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net cash inflow/(outflow) from operating activities	1,52.31	(52.88)
Net cash inflow/(outflow) from investing activities	(0.15)	(0.04)
Net cash inflow/(outflow) from financing activities	13.92	(20.60)
Net cash inflow/(outflow)	1,66.08	(73.52)
Dividend paid to Non-controlling interests (including tax)	-	-

### 23. Borrowings

Particulars	Ref. note no.	As at March 31, 2020		As at March 31, 2019	
		Non Current	Current	Non Current	Current
<b>SECURED BORROWINGS</b>					
<b>Term loan from banks</b>					
External Commercial Borrowing	23.1.1	-	1,65,05.65	1,51,07.42	75,53.71
Rupee Loan	23.1.2, 23.1.3, 23.1.4, 23.1.5, 23.1.6 and 23.1.7	6,34,78.18	41,20.00	6,01,56.17	48,32.88
<b>Term loan from a financial institution</b>	23.2	14,55.41	4,16.67	18,69.08	8,33.33
<b>Foreign Currency Loan</b>	23.3 and 23.4	30.20	12.54	53.61	2,45.99
		6,49,63.79	2,10,54.86	7,71,86.28	1,34,65.91
<b>UNSECURED BORROWINGS</b>					
<b>Term loan from financial institutions</b>	23.5.1, 23.5.2, 23.5.3, 23.5.4 and 23.5.5	53,01.02	16,50.00	66,38.69	17,92.50
		53,01.02	16,50.00	66,38.69	17,92.50
		7,02,64.81	2,27,04.86	8,38,24.97	1,52,58.41

- 23.1.1 External Commercial Borrowings of USD 1,39.00 million is repayable in 12 semi annual instalments from August 29, 2015. The outstanding as on March 31, 2020 is Rs 1,65,05.65 lakhs (previous year Rs.2,26,61.13 lakhs). The interest rate ranges from 6M Libor + 400 to 500 basis points. External Commercial Borrowings is secured by way of first pari-passu charge on all immovable and movable Property, Plant and Equipment and other intangible assets, both present and future of the Company other than the assets located at Elavur.
- 23.1.2 Rupee Term Loan of Rs 50,00.00 lakhs from bank is secured by way of first pari-passu charge on all immovable and movable Property, Plant and Equipment and other intangible assets, both present and future of the Company other than the assets located at Elavur and Vadgaon (Pune). The outstanding as on March 31, 2020 is Rs 26,39.43 lakhs (previous year Rs 33,41.52 lakhs). The balance loan is repayable in 14 equal quarterly instalments starting from October 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 9.50% p.a to 10.50% p.a.
- 23.1.3 FCNR loan of Rs 1,10,00.00 lakhs from bank (converted into Rupee Term Loan in December 2018) is secured by way of first pari-passu charge on both movable and immovable fixed assets of the company, both present and future other than assets located at Elavur and Vadgaon (Pune). The outstanding as on March 31, 2020 is Rs 50,53.14 lakhs (previous year Rs. 62,04.36 lakhs).The balance loan is repayable in 12 equal quarterly instalments starting from September 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR. NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 9.50% p.a to 10.50% p.a.
- 23.1.4 Rupee Term Loan of Rs 1,50,00.00 lakhs from bank is secured by way of first pari-passu charge on both movable and immovable fixed assets of the company, both present and future other than assets located at Elavur and Vadgaon (Pune). The outstanding as on March 31, 2020 is Rs 1,28,07.35 lakhs (previous year 1,30,48.35 lakhs).The balance loan is repayable in 22 structured quarterly instalments starting from September 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 9.50% p.a to 10.50% p.a.

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 *(Contd.)*

(Amount Rs. in lakhs)

- 23.1.5 Rupee Term Loan of Rs 50,00.00 lakhs from bank is secured by way of first pari-passu charge on both movable and immovable fixed assets of the company, both present and future other than assets located at Elavur and Vadgaon (Pune). The outstanding as on March 31, 2020 is Rs 45,72.29 lakhs (previous year 45,63.08 lakhs). The balance loan is repayable in 24 structured quarterly instalments starting from October 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 9.50% p.a to 10.50% p.a.
- 23.1.6 Rupee Term Loan of Rs 4,00,00.00 lakhs from bank is secured by way of first pari-passu charge on all immovable and movable Property, Plant and Equipment both present and future of the Company other than assets located at Elavur and Vadgaon (Pune). The loan is further secured by way of pledge of investment in Srikalahasthi Pipes Limited (SPL) to the extent of 15% with non disposal undertaking over remaining shares held by the company in SPL. The loan is further secured by pledge of 10% equity shares of the company held by promoter/promoter entities with non disposal undertaking over remaining shares held by them in the company. The outstanding as on March 31, 2020 is Rs 3,69,73.17 lakhs (previous year 3,73,33.86 lakhs). The balance loan is repayable in 45 structured quarterly instalments starting from September 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 12.00% p.a to 13.00% p.a.
- 23.1.7 Rupee Term Loan of Rs 60,00.00 lakhs from bank is secured by way of first pari-passu charge on all immovable and movable Property, Plant and Equipment both present and future of the Company other than assets located at Elavur and Vadgaon (Pune). The outstanding as on March 31, 2020 is Rs 55,52.79 lakhs (previous year nil). The balance loan is repayable in 72 structured monthly instalments starting from November 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 10.00% p.a to 10.50% p.a.
- 23.2 Term Loan of Rs 50,00.00 lakhs from a financial institution is secured by way of first pari-passu charge on all immovable and movable Property, Plant and Equipment and other intangible assets, both present and future of the Company other than assets located at Elavur. The outstanding as on March 31, 2020 is Rs 18,72.07 lakhs (previous year Rs 27,02.41 lakhs). The balance loan is repayable in 9 equal quarterly instalments starting from October 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 11.00% p.a to 12.00% p.a.
- 23.3 In case of one subsidiary, obligation under foreign currency amounting to Rs. 42.74 lakhs (previous year Rs. 52.47 lakhs) is secured by hypothecation of assets purchased under the loan. The interest rate is 10.30% per annum.
- 23.4 Loan in foreign currency includes Rs.10,05.85 lakhs which is repayable in 60 equal monthly installments of Rs.19.39 lakhs from 2nd April 2015. The outstanding as on March 31, 2020 is Nil (March 31, 2019 Rs. 2,47.13 lakhs). The said loan was secured against cash deposit by one of the subsidiary.
- 23.5.1 Term Loan of Rs. 3,22.24 lakhs from a financial institution is repayable in 36 monthly instalments starting from July, 2017. The interest rate is 2.35% p.a . The outstanding as on March 31, 2020 is Rs. 30.99 lakhs (March 31, 2019 Rs. 1,44.22 lakhs.)
- 23.5.2 Term Loan of Rs. 1,62.38 lakhs from a financial institution is repayable in 36 monthly instalments starting from February, 2019. The interest rate is 4.00% p.a . The outstanding as on March 31, 2020 is Rs. 73.55 lakhs (March 31, 2019 Rs. 1,42.98 lakhs.)
- 23.5.3 Term Loan of Rs. 41,00.00 lakhs is from a financial institution. The outstanding as on March 31, 2020 is Rs. 30,75.00 lakhs (previous year Rs 36,90.00 lakhs). The balance loan is repayable in 9 structured quarterly instalments starting from September 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 11.50% p.a to 12.00% p.a.
- 23.5.4 Term Loan of Rs. 33,00.00 lakhs is from a financial institution. The outstanding as on March 31, 2020 is Rs. 15,21.48 lakhs (previous year Rs 20,16.48 lakhs). The balance loan is repayable in 6 structured quarterly instalments starting from September 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 11.50% p.a to 12.00% p.a.
- 23.5.5 Term Loan of Rs. 25,00.00 lakhs is from a financial institution. The outstanding as on March 31, 2020 is Rs. 22,50.00 lakhs (previous year Rs 24,37.50 lakhs). The balance loan is repayable in 12 structured quarterly instalments starting from September 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 11.50% p.a to 12.00% p.a.
- 23.6 The outstanding balances disclosed in note no. 23.1 to 23.5 are based on the amortised cost in accordance with IND AS 109 "Financial Instruments".

## Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

### 24. Lease

Particulars	Ref. note no.	As at March 31, 2020	As at March 31, 2019
Non- Current	7, 24.1 and 43.5	15,72.62	-
Current	7, 24.1 and 43.5	2,14.90	-
<b>Total</b>		<b>17,87.52</b>	-

24.1 Lease liability represents present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

### 25. Provisions

Particulars	Ref. note no.	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits	48	15,43.22	13,59.29
Provision for mine closure and restoration charges	25.1	5,59.98	5,59.98
		<b>21,03.20</b>	19,19.27

25.1 Provision for Mines closure and restoration charges are made in terms of statutory obligations specified for the purpose and deposited in the Escrow account in terms of the stipulation made by Ministry of Coal, for Mines closure Plan. In view of cancellation of allotment of coal mines, no further provision have been considered necessary. (refer note no. 16 and 49)

25.2 Movement in Mine closure and Restoration Obligation provision are provided below:

Particulars	(Amount Rs. in lakhs)
<b>As at April 1, 2018</b>	<b>5,59.98</b>
Provision during the year	-
<b>As at March 31, 2019</b>	<b>5,59.98</b>
Provision during the year	-
<b>As at March 31, 2020</b>	<b>5,59.98</b>

Particulars	As at March 31, 2020	As at March 31, 2019
Current	-	-
Non current	5,59.98	5,59.98

### 26. Deferred Tax Liabilities

The following is the analysis of deferred tax (assets)/liabilities presented in the Balance Sheet:

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax Assets	(36,35.24)	(75,12.37)
Deferred tax Liabilities	2,79,06.96	3,27,03.92
<b>Net Deferred Tax (Assets)/Liabilities</b>	<b>2,42,71.72</b>	2,51,91.55



**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

**Components of Deferred tax (Assets)/ Liabilities as at March 31, 2020 are given below:**

Particulars	As at April 1, 2019	Charge/ (Credit) recognised due to adoption of New Tax Regime with effect from 01.04.2019 in the		Charge/ (Credit) recognised in profit or loss	Charge/ (Credit) recognised in other comprehensive income	As at March 31, 2020
		Transferred to Equity	Profit & Loss			
<b>Deferred Tax Assets:</b>						
Fair valuation of Financial Assets	(5,35.20)	–	1,48.86	(73.71)	–	<b>(4,60.05)</b>
Provision for Other Items u/s 43B of Income Tax Act, 1961	(28,92.95)	–	8,09.34	(3,35.31)	–	<b>(24,18.92)</b>
Provision for Employee benefits u/s 43B of Income Tax Act, 1961	(7,21.64)	–	2,01.88	(30.15)	–	<b>(5,49.91)</b>
Unabsorbed Business Loss under Income Tax Act, 1961	(5,88.99)	–	10.52	3,42.08	–	<b>(2,36.39)</b>
Unabsorbed Depreciation under Income Tax Act, 1961	(12,13.93)	–	3,96.36	8,17.57	–	–
Unabsorbed Business Loss under Income Tax Act, 1961	(15,07.47)	–	4,21.73	10,85.74	–	–
Derivative instruments designated at fair value through P&L A/c	(14.34)	–	4.03	66.75	–	<b>56.44</b>
Remeasurement of defined benefit obligations through OCI	(37.85)	–	10.59	–	0.85	<b>(26.41)</b>
Other timing differences w.r.t. subsidiaries under various jurisdiction	–	–	–	–	–	–
<b>Total Deferred Tax Assets</b>	<b>(75,12.37)</b>	–	<b>20,03.31</b>	<b>18,72.97</b>	<b>0.85</b>	<b>(36,35.24)</b>
<b>Deferred Tax Liabilities:</b>						
Fair valuation of Financial Liabilities	20,83.42	–	(5,82.86)	(1,14.30)	–	<b>13,86.26</b>
Temporary difference with respect to Property, Plant & Equipment	3,03,97.40	(20,79.95)	(16,48.12)	(1,69.70)	–	<b>2,64,99.63</b>
Fair valuation of Derivative instruments designated through P&L A/c	1,98.03	–	(55.40)	(1,43.06)	–	<b>(0.43)</b>
Investments designated at fair value through OCI	10.04	–	(0.18)	–	(3.31)	<b>6.55</b>
Other timing differences w.r.t. subsidiaries under various jurisdiction	15.03	–	–	(0.08)	–	<b>14.95</b>
<b>Total Deferred Tax Liabilities</b>	<b>3,27,03.92</b>	<b>(20,79.95)</b>	<b>(22,86.56)</b>	<b>(4,27.14)</b>	<b>(3.31)</b>	<b>2,79,06.96</b>
<b>NET DEFERRED TAX (ASSETS)/ LIABILITIES</b>	<b>2,51,91.55</b>	<b>(20,79.95)</b>	<b>(2,83.25)</b>	<b>14,45.83</b>	<b>(2.46)</b>	<b>2,42,71.72</b>

Note: Current year charge / credit includes Rs. 2.96 lakhs representing written off / set off during the year and clubbed in adjustment related to earlier years.

## Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

### Components of Deferred tax (Assets)/ Liabilities as at March 31, 2019 are given below:

Particulars	As at April 1, 2018	Charge/ (Credit) recognised in profit or loss	Charge/ (Credit) recognised in other comprehensive income	Charge/ (Credit) recognised due to Amalgamation of Mahadev Vyapaar Pvt. Ltd.	As at March, 31 2019
<b>Deferred Tax Assets:</b>					
Fair valuation of Financial Assets	(4,93.87)	(38.39)	-	(2.94)	<b>(5,35.20)</b>
Provision for Other Items u/s 43B of Income Tax Act, 1961	(24,36.35)	(4,56.60)	-	-	<b>(28,92.95)</b>
Provision for Employee benefits u/s 43B of Income Tax Act, 1961	(7,62.46)	40.82	-	-	<b>(7,21.64)</b>
Carried forward unabsorbed Long Term Capital Loss under Income Tax Act, 1961	(5,88.99)	-	-	-	<b>(5,88.99)</b>
Unabsorbed Depreciation under Income Tax Act, 1961	-	(12,13.93)	-	-	<b>(12,13.93)</b>
Unabsorbed Business Loss under Income Tax Act, 1961	-	(15,07.47)	-	-	<b>(15,07.47)</b>
Derivative instruments designated at fair value through P&L A/c	(42.74)	28.40	-	-	<b>(14.34)</b>
Remeasurement of defined benefit obligations through OCI	(1,03.61)	-	65.76	-	<b>(37.85)</b>
Derivative instruments designated at fair value through OCI (Cash flow hedge reserve)	(93.46)	-	93.46	-	-
Other timing differences w.r.t. subsidiaries under various jurisdiction	-	-	-	-	-
<b>Total Deferred Tax Assets</b>	<b>(45,21.48)</b>	<b>(31,47.17)</b>	<b>1,59.22</b>	<b>(2.94)</b>	<b>(75,12.37)</b>
<b>Deferred Tax Liabilities:</b>					
Fair valuation of Financial Liabilities	3,90.73	16,92.69	-	-	<b>20,83.42</b>
Temporary difference with respect to Property, Plant & Equipment	3,09,02.93	(7,89.73)	-	2,84.20	<b>3,03,97.40</b>
Fair valuation of Derivative instruments designated through P&L A/c	3,02.13	(1,04.10)	-	-	<b>1,98.03</b>
Investments designated at fair value through OCI	5.05	-	4.99	-	<b>10.04</b>
Other timing differences w.r.t. subsidiaries under various jurisdiction	1.18	10.66	-	3.19	<b>15.03</b>
<b>Total Deferred Tax Liabilities</b>	<b>3,16,02.02</b>	<b>8,09.52</b>	<b>4.99</b>	<b>2,87.39</b>	<b>3,27,03.92</b>
<b>NET DEFERRED TAX (ASSETS)/ LIABILITIES</b>	<b>2,70,80.54</b>	<b>(23,37.65)</b>	<b>1,64.21</b>	<b>2,84.45</b>	<b>2,51,91.55</b>

### 27. Other Non-Current Liabilities

Particulars	Ref. note no.	As at March 31, 2020	As at March 31, 2019
Advance from customers	27.1	<b>52,48.15</b>	1,58,70.76
Others		<b>1,19.48</b>	1,48.51
		<b>53,67.63</b>	1,60,19.27

27.1 Advance from customers amounting to Rs. 52,31.00 lakhs (previous year Rs. 1,58,57.91 lakhs) received as interest bearing advance for sale of DI Pipes, Fittings and related accessories has been classified and disclosed as aforesaid as per terms of the contract.

### 28. Non Current Tax Liabilities (Net)

Particulars	Ref. note no.	As at March 31, 2020	As at March 31, 2019
Provision for taxation (net of advance tax)	28.1	<b>51,57.78</b>	42,43.37
		<b>51,57.78</b>	42,43.37

28.1 Includes Rs. 15,15.22 lakhs (net) [previous year Rs. 11,37.01 lakhs (net)] being interest received pertaining to Assessment Years 2003-04 to 2011-12 and AY 2014-15 & AY 2015-16 as the Income Tax Department has filed an appeal before the Calcutta High Court / Income Tax Appellate Tribunal, Kolkata against the order of the Income Tax Appellate Tribunal, Kolkata / Commissioner of Income Tax (Appeals) and the said appeals are pending.

Further includes Rs. 97.55 lakhs (net) [previous year Rs. 97.55 lakhs (net)] being interest received pertaining to Assessment Year 2012-13 and Assessment Year 2013-14. The Income Tax Appellate Tribunal, Kolkata has dismissed the Income Tax Department's appeal. Considering the pendency of similar matters for other assessment years, no adjustment has been carried out in the books, however till date the intimation of filing the appeal before the Calcutta High Court by the Income Tax Department has not been received by the company.

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

- 28.2 During the year, the Parent company has opted to exercise the option under section 115BAA of the Income Tax 1961, as introduced by the Taxation Laws (Amendment) Ordinance 2019 and effective from April 1, 2019, which provides an option to opt for lower rate of Corporate Income Tax Rate subject to fulfilling of certain conditions. Consequently deferred Tax liability (net) recognised till March 31, 2019 has been re-measured on the basis the rates prescribed under the new tax regime and credits amounting to Rs. 20,79.95 lakhs and Rs. 2,83.25 lakhs have been given effect in the equity and current year deferred tax expenses respectively in line with the requirements of relevant accounting standards.

**29. Borrowings**

Particulars	Ref. note no.	As at March 31, 2020	As at March 31, 2019
<b>SECURED</b>			
Repayable on demand from banks	29.1 to 29.3		
Indian Currency		<b>3,54,35.72</b>	3,01,17.25
Foreign Currency		<b>1,82,34.55</b>	1,51,92.67
Suppliers Credit		<b>59,46.64</b>	1,79,92.44
		<b>5,96,16.91</b>	6,33,02.36
<b>UNSECURED</b>			
Repayable on demand from banks		<b>1,00,35.98</b>	56,27.39
Foreign Currency		<b>91,92.75</b>	81,00.76
From Body Corporates		<b>1,92,28.73</b>	1,37,28.15
		<b>7,88,45.64</b>	7,70,30.51

- 29.1 Loans repayable on demand being Working Capital facilities from Banks (both fund based and non fund based) are secured by first pari passu charge by way of hypothecation of raw materials, finished goods, work in progress, consumable stores and spares, book debts/receivables and other current and non current assets of the company both present and future.
- 29.2 Loans repayable on demand being Working Capital facilities from Banks (both fund based and non fund based) availed by subsidiaries are secured by Standby Letter of Credit given/executed by the company in favour of the lenders.
- 29.3 Loans repayable on demand being Working Capital facilities from Banks includes Rs 52,16.71 lakhs (previous year: Rs. 48,43.71 lakhs ) secured over the assets of one of the subsidiary including freehold and lease hold property.

**30. Trade Payables**

Particulars	Ref. note no.	As at March 31, 2020	As at March 31, 2019
<b>Payable for Goods and Services</b>			
Total Outstanding dues of Micro enterprises and small enterprises: and	30.1	<b>1,61.85</b>	38.24
Total Outstanding of creditor other than Micro enterprises and small enterprises	30.3	<b>3,84,17.95</b>	3,08,46.00
		<b>3,85,79.80</b>	3,08,84.24

- 30.1 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 received by the company from the suppliers regarding the status under the Act.

Particulars	As at March 31, 2020	As at March 31, 2019
a) Principal & Interest amount remaining unpaid but not due as at year end	<b>1,61.85</b>	38.24
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	<b>Nil</b>	Nil
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	<b>Nil</b>	Nil
d) Interest accrued and remaining unpaid as at year end	<b>0.17</b>	Nil
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	<b>Nil</b>	Nil

## Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

- 30.2 Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.
- 30.3 Including acceptances of Rs. 87,73.81 lakhs (previous year Rs. 1,00,76.60 lakhs).

### 31. Other Financial Liabilities

Particulars	Ref. note no.	As at March 31, 2020	As at March 31, 2019
Current maturities of long-term debt			
Secured	23	<b>2,10,54.86</b>	1,34,65.92
Unsecured	23	<b>16,50.00</b>	17,92.50
Interest accrued but not due on borrowings		<b>12,83.67</b>	7,86.40
Employee related liability		<b>8,77.42</b>	10,63.82
Derivative at fair value through profit or loss		<b>32.77</b>	–
Unclaimed dividends	31.1	<b>70.66</b>	82.54
Credit balances in current account with banks		<b>70.07</b>	–
Capital vendors		<b>7,72.13</b>	6,46.61
Others		<b>3,57.82</b>	3,58.17
		<b>2,61,69.40</b>	1,81,95.96

- 31.1 The same is not due for deposit to Investor Education and Protection Fund.

### 32. Other Current Liabilities

Particulars	Ref. note no.	As at March 31, 2020	As at March 31, 2019
Advance from customers	32.1 and 56	<b>63,79.42</b>	98,75.66
Statutory Payables		<b>97,92.31</b>	88,59.14
Others		<b>10.30</b>	28.42
		<b>1,61,82.03</b>	1,87,63.22

- 32.1 Advance from customers includes Rs. 6,13.55 lakhs (previous year Rs. 25,56.70 lakhs) and Rs. 22,74.52 lakhs (previous year Rs. 48,16.18 lakhs) received from related party being interest bearing against sale of DI Pipes, Fittings and related accessories has been classified and disclosed as aforesaid as per terms of the contract.

### 33. Provisions

Particulars	Ref. note no.	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits	48	<b>20,21.33</b>	18,52.19
Other Provisions	33.1	<b>86.03</b>	1,99.32
		<b>21,07.36</b>	20,51.51

- 33.1 Movement in other provisions are provided below:

Particulars	(Amount Rs. In lakhs)
<b>As at April 01, 2018</b>	3,51.31
Provision during the year	0.76
Reversal/Utilisation during the year	(1,52.75)
<b>As at March 31, 2019</b>	1,99.32
Provision during the year	38.33
Reversal/Utilisation during the year	(1,51.62)
<b>As at March 31, 2020</b>	<b>86.03</b>

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

**34. Current Tax Liabilities (Net)**

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for taxation (net of advance tax)	3,05.11	3,83.09
	3,05.11	3,83.09

**35. Revenue from Operations**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of products	26,65,64.49	26,52,58.56
Other operating revenues		
Incentive / Subsidy	44,02.25	43,83.15
Others	1,37.55	3,01.93
	27,11,04.29	26,99,43.64

**35.1. Revenue From Contracts with Customer (additional disclosures under Ind AS 115)**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>A. Revenue from contracts with customers disaggregated based on nature of product or services</b>		
<b>Revenue from Sale of products (Transferred at point in time)</b>		
Manufacturing		
Ductile Iron pipes & fittings	21,04,44.57	20,86,13.53
Cast Iron pipes	1,83,60.83	1,54,10.47
Others	3,21,50.30	3,30,76.66
Trading		
Coke and Coal	-	8,90.39
Ductile Iron pipes & fittings	28,46.54	41,58.81
Others	27,62.25	31,08.70
<b>Other operating revenues</b>		
Incentive / Subsidy	44,02.25	43,83.15
Others	1,37.55	3,01.93
	27,11,04.29	26,99,43.64
<b>B. Revenue from contracts with customers disaggregated based on geography #</b>		
Within India	14,10,42.98	12,96,93.90
Outside India	12,55,21.51	13,55,64.66
	26,65,64.49	26,52,58.56
<b>C. Revenue from contracts with customers disaggregated based on type of customer</b>		
Government (India)	3,02,81.62	5,06,42.40
Non Government	23,62,82.87	21,46,16.16
	26,65,64.49	26,52,58.56
<b>Reconciliation of revenue from contract with customer:</b>		
Revenue from contracts with customer as per the contract price	26,66,04.58	26,52,64.99
Adjustments made to contract price on account of:		
a) Price Adjustments	40.09	6.43
	26,65,64.49	26,52,58.56

# refer note no. 57

- The amounts receivable from customers become due after expiry of credit period which on an average is ranging between 90 to 270 days.
- The Company does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration.
- There are no contracts for sale of services wherein, performance obligation is unsatisfied to which transaction price has been allocated.
- All contracts entered by the company are Fixed-price contracts.

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

**36. Other Income**

Particulars	Ref. note no.	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest Income			
On loans, deposits, overdue debts etc.		<b>10,53.76</b>	14,85.06
On Financial Assets measured at amortised cost		<b>1,14.27</b>	1,47.80
Dividend income			
Current investments		<b>0.72</b>	1.51
Non current investments		-	1.20
Net gain/(loss) on sale / redemption of Non-Current investments (net)		<b>0.75</b>	-
Net gain/(loss) on derecognition of financial assets at amortised cost		<b>29.71</b>	56.39
Net gain/(loss) on foreign currency transaction and translation		<b>10,50.58</b>	24.06
Net gain/(loss) on Derivative Instruments on fair valuation through profit or loss		<b>4,20.67</b>	10,33.60
Bad Debt Realised		<b>89.58</b>	1,37.00
Liability / Provision no longer required written back		<b>47.15</b>	8,74.38
Excess provision against trade receivable/advances written back (net)		<b>16.31</b>	-
Gain on redemption of financial liability at amortised cost		-	8,03.25
Miscellaneous income		<b>4,97.27</b>	11,26.69
		<b>33,20.77</b>	56,90.94

**37. Cost of materials consumed**

Particulars	Ref. note no.	For the year ended March 31, 2020	For the year ended March 31, 2019
Raw materials consumed	37.1	<b>11,18,41.99</b>	11,05,88.28
		<b>11,18,41.99</b>	11,05,88.28

37.1 Cost of material consumed includes Rs. 8,04.38 lakhs (previous year Rs.6,97.88 lakhs) in relation to cost of goods sold as raw materials.

**38. Purchases of Stock In Trade**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
DI Pipes & fittings	<b>1,27,70.18</b>	1,08,13.52
Coke and coal	-	1,81.99
Rubber gaskets	<b>21,29.94</b>	24,24.01
Others	<b>7,61.51</b>	17,47.12
	<b>1,56,61.63</b>	1,51,66.64

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

**39. Changes in inventories of finished goods, Stock-in-Trade and work-in-progress**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening stock		
Finished goods	<b>3,69,73.44</b>	2,81,99.91
Add: Trial run stock from preoperative period	<b>3,46.45</b>	–
Stock-in-trade (in respect of goods acquired for trading)	<b>29.95</b>	1,58.82
Process stock	<b>51,63.52</b>	85,98.37
	<b>4,25,13.36</b>	3,69,57.10
Less: Closing stock		
Finished goods	<b>4,52,11.24</b>	3,69,73.44
Stock-in-trade (in respect of goods acquired for trading)	<b>29.95</b>	29.95
Process stock	<b>70,67.25</b>	51,63.52
	<b>5,23,08.44</b>	4,21,66.91
	<b>(97,95.08)</b>	(52,09.81)

**40. Employee Benefits Expense**

Particulars	Ref. note no.	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and wages	48	<b>1,98,36.30</b>	1,79,24.80
Contribution to provident and other funds	48	<b>18,55.83</b>	18,42.39
Staff welfare expenses		<b>9,68.50</b>	10,95.06
		<b>2,26,60.63</b>	2,08,62.25

**41. Finance Costs**

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expense		<b>1,83,38.06</b>	1,75,63.62
Net (gain)/loss on foreign currency transactions and translation		<b>24,77.86</b>	27,41.21
Other borrowing cost	41.2	<b>19,42.52</b>	31,59.69
		<b>2,27,58.44</b>	2,34,64.52

41.1 Borrowing cost capitalised during the year is Rs. 1,27.72 lakhs (previous year Rs. 1,05.92 lakhs). The capitalisation rate has been considered at 11.80%.

41.2 Other Borrowing cost includes Rs. 1,16.12 lakh (previous year nil) towards lease obligation of Right of Use Assets.

**42. Depreciation and Amortisation Expenses**

Particulars	Ref. note no.	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation	42.1	<b>56,75.47</b>	56,88.09
Amortisation		<b>39.18</b>	1,63.31
		<b>57,14.65</b>	58,51.40

42.1 Depreciation includes Rs. 2,72.70 lakhs (previous year nil) towards depreciation charge for Right of Use assets.

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

**43. Other Expenses**

Particulars	Ref. note no.	For the year ended March 31, 2020	For the year ended March 31, 2019
Consumption of stores and spare parts		<b>1,69,43.16</b>	1,53,54.68
Power and fuel		<b>1,69,68.27</b>	1,65,53.42
Material Handling Charges		<b>25,94.64</b>	23,08.96
Rent	43.5	<b>20,84.41</b>	21,58.14
Repairs to buildings		<b>3,07.12</b>	3,56.02
Repairs to machinery		<b>5,43.85</b>	6,22.94
Insurance		<b>8,59.30</b>	6,51.41
Rates and taxes		<b>5,82.27</b>	5,20.52
Directors fees and commission		<b>1,15.70</b>	45.50
Freight & forwarding charges		<b>2,29,59.14</b>	2,04,47.37
Commission to selling agents		<b>44,44.37</b>	52,32.71
Sundry balances/Advances written off (net off provision written back Rs. 75.63 lakhs)		<b>5,02.36</b>	-
Bad debts (net off of provision written back Rs. 3,12.78 lakhs)		<b>6,32.09</b>	1,56.46
Loss on sale of fixed assets (net)		<b>2,14.85</b>	2,77.58
Credit loss allowances on Trade Receivable/ Advances/Others (net off reversal of Rs. 3,55.41 lakhs (previous year Rs. 60.61 lakhs))		<b>4,76.77</b>	1,35.41
Capital Work In Progress written off		<b>23,18.35</b>	6,90.33
Net Loss/(Gain) on foreign currency transaction and translation		<b>75.25</b>	20,15.34
Net Loss/(Gain) on fair valuation of Current investments through Profit and Loss (net)		<b>0.15</b>	8.33
Impairment of non current investment		-	8,38.13
Miscellaneous expenses	43.1, 43.3 and 43.4	<b>2,15,11.35</b>	2,06,94.78
		<b>9,41,33.40</b>	8,90,68.03

43.1 Miscellaneous expenses includes Auditors Remuneration.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Audit Fees	<b>1,15.86</b>	88.49
(b) Certification Charges	<b>53.55</b>	26.65
(c) Reimbursement of Expenses	<b>0.54</b>	0.45

43.2 During the year, the Parent company has incurred Rs. 1,21.75 lakhs (previous year Rs. 1,11.77 lakhs) in the nature of salary and wages on account of research and development expenses which has been charged to Statement of Profit and Loss.

43.3 During the year, the Parent company has incurred Rs. 5.75 lakhs (previous year Rs.1,15.00 lakhs) on account of Corporate Social Responsibility (CSR) included under Other Miscellaneous Expenses.



**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

	<b>For the year ended March 31, 2020</b>	For the year ended March 31, 2019
<b>(a) Gross amount required to be spent by the Parent company during the year</b>	<b>5.56</b>	1,15.00
<b>(b) Amount spent during the year on :</b>		
(i) Construction / acquisition of any assets		
- In Cash	-	-
- Yet to be paid in cash	-	-
<b>Total</b>	-	-
(ii) On purpose other than (i) above		
- In Cash	<b>5.75</b>	1,15.00
- Yet to be paid in cash	-	-
<b>Total</b>	<b>5.75</b>	1,15.00

43.4 Includes provision for Inventories amounting to Rs. 98.14 lakhs (previous year Rs. 66.26 lakhs).

43.5 **Obligation under Leases**

The Group has elected to apply IND As 116 to its leases with modified retrospective approach. Under this approach, the company has recognized lease liabilities and corresponding equivalent right of use assets. In the statement of profit & loss for the year ended, operating lease expenses which were recognised as other expenses in previous periods is now recognised as depreciation expenses on right of use assets and finance cost for interest accrued on such lease liability.

43.5.1 Movement in Lease Liabilities during the year ended March 31, 2020

<b>Particulars</b>	<b>As at March 31, 2020</b>
Balance at the beginning	<b>6.06</b>
Additions	<b>18,76.56</b>
Interest Cost accrued during the period	<b>1,16.12</b>
Deletions	-
Foreign Exchange translation	<b>70.67</b>
Payment of lease liabilities	<b>2,81.89</b>
<b>Balance at the end</b>	<b>17,87.52</b>

43.5.2 Future Payment of Lease liabilities on an undiscounted basis.

At March 31, 2020, the future payment of lease liabilities on an undiscounted basis are as follows:

<b>Particulars</b>	<b>As at March 31, 2020</b>
Less than one year	<b>1,93.88</b>
One to five years	<b>5,90.44</b>
More than five years	<b>23,54.80</b>
<b>Total undiscounted lease liabilities at March 31, 2020</b>	<b>31,39.12</b>
<b>Lease liabilities included in the statement of financial position at March 31, 2020</b>	<b>17,87.52</b>
Current Lease Liabilities	<b>2,14.90</b>
Non-Current Lease Liabilities	<b>15,72.62</b>

## Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

### 43.5.3 Amounts recognized in Profit or Loss

Particulars	As at March 31, 2020
Interest expense on lease liabilities	1,16.12
Depreciation on right-of-use assets	2,72.70
Expense relating to short-term leases (included in other expenses)	16,05.42
<b>Total</b>	<b>19,94.24</b>

43.5.4 The weighted average incremental borrowing rate of 11.40% has been applied to lease liabilities recognised in the Balance Sheet.

### 44. Exceptional Items

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Exceptional Items</b>		
On account of:		
Fair valuation of investment of Electrosteel Steels Ltd.	-	27,24.50
Write off of advances/trade receivable pertaining to Electrosteel Steel Ltd.	-	(2,11,21.70)
	-	(1,83,97.20)

### 45. Tax Expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Current tax</b>		
In respect of the current year	17,16.28	5,37.80
In respect of prior years	(56.02)	-
<b>Total Current tax expense recognised in the current year</b>	<b>16,60.26</b>	5,37.80
<b>Deferred tax</b>		
In respect of the current year	14,42.87	(23,37.65)
Impact of section 115BAA of the Income Tax Act, 1961 as on April 01, 2019	(2,83.25)	-
<b>Total Deferred tax expense recognised in the current year</b>	<b>11,59.62</b>	(23,37.65)
<b>Total Tax expense recognised in the current year</b>	<b>28,19.88</b>	(17,99.85)

#### 45.1 Reconciliation of Income tax expense for the year with accounting profit is as follows:

Taxable Income differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Details in this respect are as follows:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before tax	1,14,49.40	(25,53.93)
Income tax expense calculated at 25.168% (previous year 34.944%)	28,81.58	(8,92.45)
Less : Effect of income Exempt from taxation/ deductible for computing taxable profit		
- Dividend	(2,91.65)	(4,05.62)
- Additional Business loss claimed on recomputation of Taxable Income	(3,96.63)	-
Effect of other adjustments in respect of earlier year	(56.02)	-
Differences in taxes under various jurisdiction in respect of subsidiaries	6,03.85	(1,088.88)
Add : Effect of expenses that are not deductible in determining taxable profit		
- CSR Expenditure	1.45	-
- Deduction u/s 80-G	0.35	40.33
Effect of other adjustments	76.95	546.76
<b>Income tax expense recognised in profit or loss</b>	<b>28,19.88</b>	(17,99.85)

The income tax rate used for reconciliations above is 25.168% under section 115BAA of the Income Tax Act, 1961 (previous year 34.944% under normal provision) as applicable for corporate entities on taxable profits under the Indian tax laws.

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

45.2 **Income tax recognised in other comprehensive income**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Deferred tax</b>		
Arising on income and expenses recognised in other comprehensive income:		
Net fair value gain on investments in equity shares at FVTOCI	3.31	(4.99)
Remeasurement of defined benefit obligation	(0.85)	(65.76)
Derivative instrument designated at fair value through Cash Flow Hedge Reserve	-	(93.46)
<b>Total income tax recognised in other comprehensive income</b>	<b>2.46</b>	<b>(1,64.21)</b>
Bifurcation of the income tax recognised in other comprehensive income into:-		
Items that will not be reclassified to profit or loss	2.46	(70.75)
Items that will be reclassified to profit or loss	-	(93.46)

46. **Components of Other Comprehensive Income**

Particulars	Ref. note no.	For the year ended March 31, 2020	For the year ended March 31, 2019
Items that will not be reclassified to Statement of Profit and Loss			
Remeasurement of defined benefit plans	48	3.39	1,88.18
Equity Instrument through Other Comprehensive Income		(14.46)	(6,23.72)
		(11.07)	(4,35.54)
Items that will be reclassified to Statement of Profit and Loss			
Effective portion of foreign currency translation reserve		12,74.76	(30.33)
Effective portion of Cash flow hedge reserve		-	2,67.44
		12,74.76	2,37.11

47. **FINANCIAL INSTRUMENTS**

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets (Current and Non-Current)</b>				
<b>Financial Assets measured at Amortised Cost</b>				
Trade receivables	6,17,93.70	6,17,93.70	6,08,78.06	6,08,78.06
Cash and cash equivalents	59,45.63	59,45.63	75,01.16	75,01.16
Bank Balances Other than Cash and Cash Equivalents	40,42.40	40,42.40	75,04.61	75,04.61
Loans	32,80.85	32,80.85	51,83.10	51,83.10
Other Financial Assets	2,44,34.01	2,44,34.01	2,21,61.75	2,21,61.75
<b>Financial Assets measured at Fair Value through Profit and Loss Account</b>				
Derivative Instruments	-	-	6,33.20	6,33.20
Investment in Equity Instruments	0.52	0.52	75.81	75.81
<b>Financial Assets measured at Fair Value through Other Comprehensive Income</b>				
Investment in Equity Instruments other than Subsidiaries, Associates and Joint Venture	2,120.68	2,120.68	21,35.24	21,35.24

## Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Liabilities (Current and Non-Current)</b>				
<b>Financial Liabilities measured at Amortised Cost</b>				
Borrowings - fixed rate	5,49,67.75	5,49,67.75	5,91,75.04	5,79,29.06
Borrowings - floating rate	11,68,47.56	11,68,47.56	11,69,38.86	11,69,38.86
Lease Liabilities	17,87.52	17,87.52	-	-
Trade Payables	3,85,79.80	3,85,79.80	3,08,84.24	3,08,84.24
Other Financial Liabilities	34,31.77	34,31.77	29,37.54	29,37.54
<b>Financial Liabilities measured at Fair Value through Profit and Loss Account</b>				
Derivative Instruments	32.77	32.77	-	-

### 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 loans, current financial liabilities and assets and borrowings approximate their carrying amount largely due to the short-term nature of these instruments. The group considers that the carrying amounts of financial assets and financial liabilities recognised at nominal cost/amortised cost in the consolidated financial statements approximate their fair values. In respect of non current trade receivables and loans, fair value is determined by using discount rates that reflect the present borrowing rate of the group.
- A substantial portion of the group's long-term debt has been contracted at floating rates of interest, which are reset at short intervals. 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 group.
- Investments (other than Investments in Associates and Joint Venture being accounted based on equity method) traded in active market are determined by reference to the quotes from the Stock exchanges as at the reporting date. Quoted Investments for which quotations are not available have been included in the market value at the face value/paid up value, whichever is lower except in case of debentures, bonds and government securities where the net present value at current yield to maturity have been considered. Unquoted investments in shares have been valued based on the historical net asset value as per the latest audited financial statements and wherever the same is not available, alternate available inputs are considered for the purpose of valuations.
- 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, 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 market rates. 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.

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

**c) Fair value hierarchy**

1 The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at balance sheet date:

Particulars	As at March 31	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
		Quoted Price in active market	Significant observable inputs	Significant unobservable inputs
<b>Financial Assets</b>				
Investment in Equity Instruments (Current)	<b>0.52</b> (75.81)	0.52 (75.81)	-	-
Investment in Equity Instruments other than Subsidiaries, Associates and Joint Venture (Non-Current)	<b>21,20.68</b> (21,35.24)	12.68 (25.58)	20,79.34 (20,79.34)	28.66 (30.32)
Derivative Instrument	- (6,33.20)		- (6,33.20)	
<b>Financial Liabilities</b>				
Derivative Instrument	<b>32.77</b> -	- -	32.77 -	- -

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

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

3 The Inputs used in fair valuation measurement are as follows:

- i) Fair valuation of Financial assets and liabilities not within the operating cycle of the Group is amortised based on the borrowing rate of the Group.
- ii) 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.
- iii) Unquoted investments in equity shares have been valued based on the amount available to shareholder's as per the latest audited financial statements wherever available. Further external observable inputs or assumptions have been used in the valuation of equity shares in other cases.

**d) Derivatives financial assets and liabilities :**

Within the Group, derivatives instruments are largely entered into by the parent company. The parent 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 group considers the risks of non-performance by the counterparty as non-material.

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

Underlying Purpose	Category	As at March 31, 2020		As at March 31, 2019		Currency
		No. of deals	Amount in Foreign Currency	No. of deals	Amount in Foreign Currency	
1 Export Receivables	Forward	33	2,20,59,634	43	2,78,92,662	USD/INR
2 Export Receivables	Forward	13	41,98,216	15	62,37,714	GBP/USD
3 Export Receivables	Forward	1	3,00,000	1	5,00,000	GBP/INR
4 Export Receivables	Forward	27	1,57,96,666	18	95,74,224	EURO/USD

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

Underlying Purpose	Category	As at March 31, 2020		As at March 31, 2019		Currency	
		No. of deals	Amount in Foreign Currency	No. of deals	Amount in Foreign Currency		
5	Export Receivables	Forward	9	75,92,066	18	1,08,21,557	EURO/INR
6	Export Receivables	Forward	3	9,81,728	5	20,00,000	SGD/USD
7	Export Receivables	Forward	-	-	2	9,95,858	SGD/INR
8	Suppliers Credit/Imports/Other payables	Forward	16	1,06,27,617	13	1,89,72,666	USD/INR
9	Suppliers Credit/Imports/Other payables	Option	3	29,91,426	3	1,06,20,384	USD/INR
10	External Commercial Borrowings Principal & Interest payment	Option	2	1,09,00,000	4	2,00,00,000	USD/INR
11	External Commercial Borrowings Interest payment	Interest Rate Swap	12	1,19,00,000	14	2,72,00,000	USD
12	External Commercial Borrowings Interest payment	Interest Rate Cap	3	25,50,000	3	63,75,000	USD

(ii) Un hedged Foreign Currency exposures are as follows:-

Nature	Currency	As at March 31, 2020	As at March 31, 2019
<b>Payables</b>			
ECB Payable (include accrued interest)	USD	1,10,52,577	1,29,73,394
Suppliers Credit /PCFC/Acceptances (includes accrued interest)	USD	1,32,79,672	1,35,51,299
Imports & Other payables	USD	19,67,366	34,11,230
Imports & Other payables	EURO	1,71,444	96,052
Imports & Other payables	GBP	54,166	28,198
Imports & Other payables	AED	1,479	4,397
Imports & Other payables	SGD	16,900	-
Imports & Other payables	AUD	5,340	-
<b>Receivable</b>			
Exports & Other receivables	GBP	3,37,408	-
Exports & Other receivables	SGD	6,57,095	1,29,283
Exports & Other receivables	USD	1,52,42,159	79,18,197
Exports & Other receivables	EURO	15,96,996	-

(iii) The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as at the balance sheet date:

Particulars	As at March 31, 2020	As at March 31, 2019
Not later than one month	52.22	(3,43.13)
Later than one month and not later than three months	2,29.17	26.35
Later than three months and not later than one year	(3,14.16)	6,65.57
Later than one year	-	2,84.41

(iv) The parent company has entered into USD INR Currency Swap to hedge both the principal and interest payments of the borrowing from bank amounting to USD 16.62 Mn. The critical terms of both the hedging instrument (i.e the Full currency swap) and the hedged item (i.e the borrowing) are closely aligned, thereby establishing an economic relationship between them. The Currency Swap is hence designated as hedging instrument in cash flow hedges. As the economic relationship ceases to exist during the previous year, cash flow hedge reserve has been transferred to statement of profit and loss during the year ended 31.03.2019.

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

v) The following table provides the reconciliation of cash flow hedge reserve:

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the period	–	(1,73.98)
Gain/(loss) recognised in OCI during the period	–	3,97.52
Amount reclassified to Profit and Loss account during the period	–	(1,30.07)
Tax impact on above	–	(93.46)
Balance at the end of period	–	–

**e) Sale of Financial Assets**

In the normal course of business, the Group transfers its bill receivables to banks. Under the terms of the agreements, the Group surrenders control over the financial assets and the transfer is with recourse. Under arrangement with recourse, the Group is obligated to repurchase the uncollected financial assets, subject to limits specified in the agreement with banks. As at March 31, 2020 and March 31, 2019 the maximum amount of recourse obligation in respect of financial assets are Rs 1,33,58.97 lakhs and Rs. 46,70.54 lakhs respectively.

**f) Financial Risk Factors**

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

**1 Market Risk**

Market risk is the risk or uncertainty arising from possible market fluctuations 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, borrowings, investments and trade and other payables.

**i) 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 Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's foreign currency denominated borrowings, trade receivables and trade or other payables. Each entity comprising the Group manages its own currency risk. The following explains the process followed by the company, being the largest component of the Group.

The group has adopted a comprehensive risk management review system wherein it actively hedges its foreign exchange exposures within defined parameters through use of hedging instruments such as forward contracts, options and swaps. The group periodically reviews its risk management initiatives and also takes experts advice on regular basis on hedging strategy.

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

**As at March 31, 2020**

Particulars	Trade receivables	Loans and borrowings	Trade payables & Other Current Liabilities	Net Assets/ (Liabilities)
USD #	1,09,75.66	3,31,43.17	1,18,44.07	(3,40,11.58)
EURO	2,09,38.55	–	1,42.85	2,07,95.70
GBP	45,46.07	–	50.82	44,95.25
SGD	8,71.00	–	8.98	8,62.02
AED	–	–	0.30	(0.30)
AUD	–	–	2.48	(2.48)
<b>TOTAL</b>	<b>3,73,31.28</b>	<b>3,31,43.17</b>	<b>1,20,49.50</b>	<b>(78,61.39)</b>

# Trade receivables and Loans and Borrowings includes Rs 6,81.94 lakhs towards bill discounting.

## Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

As at March 31, 2019

Particulars	Trade receivables	Loans and borrowings	Trade payables & Other Current Liabilities	Net Assets/ (Liabilities)
USD #	1,04,09.31	4,79,05.40	2,57,39.87	(6,32,35.96)
EURO	1,53,83.23	-	74.50	1,53,08.73
GBP	58,08.29	-	25.41	57,82.88
SGD	15,94.27	-	-	15,94.27
AED	-	-	0.83	(0.83)
AUD	-	-	-	-
<b>TOTAL</b>	<b>3,31,95.10</b>	<b>4,79,05.40</b>	<b>2,58,40.61</b>	<b>(4,05,50.91)</b>

# Trade receivables and Loans and Borrowings includes Rs 336.83 lakhs towards bill discounting.

Note:- The above foreign currency risk exposure is without considering the elimination of Intra group balances.

Derivative financial assets and liabilities dealing with outstanding derivative contracts and unhedged foreign currency exposure has been detailed in earlier paras. Unhedged foreign currency exposure is primarily on account of long term foreign currency borrowings for which hedge cover is taken as per the policy followed by the group depending upon the remaining period of maturity of the installments falling due for payment.

The following table demonstrates the sensitivity in the USD, Euro, GBP and other currencies to the Indian Rupee with all other variables held constant. The impact on the Group's profit/(loss) before tax in the fair value of monetary assets and liabilities is given below:

Particulars	Effect on Profit before tax	
	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>RECEIVABLES (Weaking of INR by 5%)</b>		
USD	<b>5,75.77</b>	2,73.77
EURO	<b>66.53</b>	-
GBP	<b>15.83</b>	-
SGD	<b>17.46</b>	3.30
<b>PAYABLES (Weaking of INR by 5%)</b>		
USD	<b>(9,93.47)</b>	(10,35.03)
EURO	<b>(7.14)</b>	(3.73)
GBP	<b>(2.54)</b>	(1.27)
SGD	<b>(0.45)</b>	-
AED	<b>(0.02)</b>	-
AUD	<b>(0.12)</b>	-

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

### ii) Interest rate risk

The Group's exposure in market risk relating to change in interest rate primarily arises from floating rate borrowing with banks and financial institutions. Borrowings at fixed interest rate exposes the Group to the fair value interest rate risk. The Company comprising of the largest component of the Group has entered into interest rate swap contracts in respect of certain foreign currency borrowings whereby interest at an agreed rate are to be applied on agreed upon principal amount. The Group maintains a portfolio mix of fixed and floating rate borrowings. As at March 31, 2020, after taking into account interest rate swaps, approximately 36.49% (March 31, 2019: 44.28%) of the company's borrowings become fixed rate interest borrowing.

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

With all other variables held constant, the following table demonstrates the impact of the borrowing cost on floating rate portion of loans and borrowings and excluding loans on which interest rate swaps are taken.



**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

Nature of Borrowing	Increase in basis points	For the year ended March 31, 2020	For the year ended March 31, 2019
Rupee Loan	+0.50	4,40.22	4,39.57
Borrowings in local currency by other entity of the Group	+0.25	46.50	35.64
Foreign Currency Loan	+0.25	23.04	9.63

A decrease in 0.50 basis point in Rupee Loan and 0.25 basis point in Foreign Currency Loan and Borrowings in local currency by other entity of the Group would have an equal and opposite effect on the Group's consolidated financial statements.

**iii) Other price risk**

The Group is not an active investor in equity markets; it continue to hold certain investment for long term value accretion which are accordingly measured at fair value through other comprehensive income. Further, the company comprising of the largest component of the Group measures current investments at fair valued through profit and loss and are not material. Accordingly, other price risk of the financial instrument to which the company is exposed is not expected to be material.

**2 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 Group is exposed to credit risk from its operating activities (primarily trade receivables). Each entity comprising the Group, manages its own credit risks. The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Major water infrastructure projects are Government funded or foreign aided and the risk involved in payment default is minimum with respect to these customers. Export receivables primarily made from subsidiaries is covered under Credit Insurance. The Group 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 and the Group obtains necessary security including letter of credits and/or bank guarantee to mitigate.

The carrying amount of respective financial assets recognised in the consolidated financial statements, (net of impairment losses) represents the Group's maximum exposure to credit risk. The concentration of credit risk is limited due to the customer base being large and unrelated. Of the trade receivables balance at the end of the year, there are no single customer accounted for more than 10% of the accounts receivable and 10% of revenue as at March 31, 2020 and March 31, 2019.

The Group extends credit to customers as per the internal credit policy. Any deviation are approved by appropriate authorities, after due consideration of the customers credentials and financial capacity, trade practices and prevailing business and economic conditions. The Group's historical experience of collecting receivables and the level of default indicate that credit risk is low and generally uniform across markets; consequently, trade receivables are considered to be a single class of financial assets. All overdue customer balances are evaluated taking into account the age of the dues, specific credit circumstances, the track record of the customers etc. Group computes credit loss allowance based on a provision matrix based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates.

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

Cash and cash equivalents, investment 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 that are past due at the end of the reporting period against which no credit losses has been expected to arise.

**3 Liquidity Risk**

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price. Each entity comprising of the Group manages its liquidity risk. The Group's objective is to maintain optimum level of liquidity to meet its cash and collateral requirements at all times. The Group's assets represented by financial instruments comprising of receivables, and those relating to Parbatpur Coal mines (refer note no. 50) are largely by borrowed funds funded against borrowed funds. The Group relies on borrowings and internal accruals to meet its fund requirement. The current committed line of credit are sufficient to meet its short to medium term fund requirement.

**i) Liquidity and interest risk tables**

The following tables detail the Group'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 Group can be required to pay. The tables include both interest and principal cash flows as at Balance Sheet date:

## Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

### Interest rate and currency of borrowings

As at March 31, 2020

Particulars	Total Borrowings	Floating rate borrowings	Fixed rate borrowings	Weighted average Interest Rate (%)
INR	12,00,70.53	8,80,44.33	3,20,26.20	11.21%
USD	3,48,85.79	1,82,05.53	1,66,80.26	5.00%
GBP	52,16.72	39,49.02	12,67.70	2.92%
EUR	1,08,74.86	58,81.27	49,93.59	5.28%
DZD	7,67.41	7,67.41	-	8.50%
<b>Total</b>	<b>17,18,15.31</b>	<b>11,68,47.56</b>	<b>5,49,67.75</b>	

As at March 31, 2019

Particulars	Total Borrowings	Floating rate borrowings	Fixed rate borrowings	Weighted average Interest Rate (%)
INR	11,39,52.69	8,79,14.62	2,60,38.07	11.58%
USD	4,95,13.75	2,27,13.61	2,68,00.14	5.65%
GBP	48,43.74	48,43.74	-	2.95%
EUR	67,27.87	14,66.89	52,60.98	1.89%
DZD	10,75.85	-	10,75.85	6.00%
<b>Total</b>	<b>17,61,13.90</b>	<b>11,69,38.86</b>	<b>5,91,75.04</b>	

### Maturity Analysis of Financial Liabilities

As at March 31, 2020

Particulars	Carrying Amount	On Demand	Less than 6 months	6 to 12 months	> 1 year	Total
Interest bearing borrowings* (including current maturities)	17,18,15.31	1,38,51.73	6,42,92.42	2,00,27.13	7,36,44.04	17,18,15.31
Other Liabilities	34,31.77	34,31.77	-	-	-	34,31.77
Trade and other payables	3,85,79.80	3,85,79.80	-	-	-	3,85,79.80

\* Include Rs 51,34.74 lakhs as Prepaid Finance Charges.

As at March 31, 2019

Particulars	Carrying Amount	On Demand	Less than 6 months	6 to 12 months	> 1 year	Total
Interest bearing borrowings* (including current maturities)	17,61,13.90	1,82,83.58	4,81,65.10	2,56,07.57	8,40,57.65	17,61,13.90
Other Liabilities	29,37.54	29,37.54	-	-	-	29,37.54
Trade and other payables	3,08,84.24	3,08,84.24	-	-	-	3,08,84.24

\* Include Rs 57,16.87 lakhs as Prepaid Finance Charges

The Group has current financial assets which will be realised in ordinary course of business. The Group ensures that it has sufficient cash on demand to meet expected operational expenses.

The Group rely on mix of borrowings and operating cash flows to meet its need for funds and ensures that it does not breach any financial covenants stipulated by the lender. The Parent company has availed the option of moratorium vide RBI Circular No. DOR.NO. BPBC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BPBC.71/21.04.048/2019-2020 dated May 23, 2020 on its certain borrowings due to which instalments and interest amounting to Rs. 22,57.09 lakhs which were due to be paid during the current financial year have been carried forward in the next financial year.

### g) Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value. The Group's objective when managing capital is to safeguard their ability to continue as a going concern so that they

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

can continue to provide returns for shareholders and benefits for other stake holders. The Group 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 where the risk profile of the Group.

The gearing ratio are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Borrowings	17,18,15.31	17,61,13.90
Less Cash and Cash Equivalents	59,45.63	75,01.16
Net Debt	16,58,69.68	16,86,12.74
Equity	28,81,36.64	26,36,34.02
Equity and Net Debt	45,40,06.32	43,22,46.76
Gearing Ratio	0.37	0.39

**48. Post Retirement Employee Benefits**

The disclosures required under Indian Accounting Standard 19 on "Employee Benefits" are given below in respect of Parent company only:

**a) Defined Contribution Plans**

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Employer's Contribution to Provident Fund	3,60.53	2,97.10
Employer's Contribution to Pension Fund	2,19.64	2,09.38
Employer's Contribution to Superannuation Fund	44.22	43.40
Employer's Contribution to NPS Fund	59.70	48.40

**b) Defined Benefit Plans**

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

	Gratuity (Funded)	
	2019-20	2018-19
<b>i) Change in the fair value of the defined benefit obligation:</b>		
Liability at the beginning of the year	31,11.15	29,05.13
Interest Cost	2,15.78	2,20.17
Current Service Cost	2,04.71	1,75.33
Actuarial (gain) / loss on obligations	1,15.52	(97.89)
Benefits paid	(56.98)	(91.59)
Liability at the end of the year	35,90.18	31,11.15
<b>ii) Changes in the Fair Value of Plan Asset</b>		
Fair value of Plan Assets at the beginning of the year	23,04.18	20,06.94
Expected Return on Plan Assets	1,61.29	1,54.54
Contributions by the Company	1,22.91	2,14.13
Benefits paid	(56.98)	(91.59)
Actuarial gain / (loss) on Plan Assets	84.07	20.16
Fair value of Plan Assets at the end of the year	26,15.47	23,04.18

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

	Gratuity (Funded)	
	2019-20	2018-19
<b>iii) Actual return on Plan Asset</b>		
Expected return on Plan assets	1,61.29	1,54.54
Actuarial gain / (loss) on Plan Assets	84.07	20.16
Actual Return on Plan Assets	2,45.36	1,74.70
<b>iv) Amount Recognized in Balance Sheet</b>		
Liability at the end of the year	35,90.18	31,11.15
Fair value of Plan Assets at the end of the year	26,15.47	23,04.18
	9,74.71	8,06.97
<b>v) Components of Defined Benefit Cost</b>		
Current Service Cost	2,04.71	1,75.33
Interest Cost	2,15.78	2,20.17
Expected Return on Plan Assets	(1,61.29)	(1,54.54)
Net Actuarial (gain) / loss on remeasurement recognised in OCI	31.45	(118.05)
Total Defined Benefit Cost recognised in Profit and Loss and OCI	2,90.65	1,22.91
<b>vi) Balance Sheet Reconciliation</b>		
Opening Net Liability	8,06.97	8,98.19
Expenses as above	2,90.65	1,22.91
Employers Contribution	(1,22.91)	(2,14.13)
Amount Recognized in Balance Sheet	9,74.71	8,06.97

**vii) Percentage allocation of plan assets in respect of fund managed by insurer/trust is as follows:**

Particulars	As at March 31, 2020	As at March 31, 2019
G-Sec/ Corporate Securities	93.32%	85.80%
Equity	2.87%	3.02%
Fixed Deposit and other assets	3.80%	11.18%

The above information have been furnished to the extent available with the company by the funds managed by the insurance company.

**Compensated Absences**

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

Particulars	As at March 31, 2020	As at March 31, 2019
Privileged Leave	14,42.99	13,38.97
Sick Leave	10,28.68	9,51.64
<b>Principal Actuarial assumptions as at the Balance Sheet date</b>		
Discount Rate	7.00%	7.70%
Rate of Return on Plan Assets	7.00%	7.70%
Salary Escalation Rate	6.00%	6.00%
Withdrawal Rate	1-8 %	1-8 %

Notes : i) Assumptions relating to future salary increases, attrition, interest rate for discount & overall expected rate of return on Assets have been considered based on relevant economic factors such as inflation, market growth & other factors applicable to the period over which the obligation is expected to be settled.

ii) The Company expects to contribute Rs. 3,00.00 lakhs (previous year Rs. 1,50.00 lakhs) to Gratuity fund in 2020-21.

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

**Recognised in Other Comprehensive Income**

Particulars	Gratuity (Funded)	
	As at March 31, 2020	As at March 31, 2019
Remeasurement - Actuarial loss/(gain)	31.45	(1,18.05)
For the year ended	31.45	(1,18.05)

**Sensitivity analysis:**

Particulars	Change in Assumption	Effect in Gratuity Obligation
For the year ended 31st March, 2019		
Discount Rate	+1%	29,33.86
	-1%	33,48.20
Salary Growth Rate	+1%	33,46.54
	-1%	29,34.10
Withdrawal Rate	+1%	31,51.19
	-1%	31,02.39
<b>For the year ended 31st March, 2020</b>		
Discount Rate	+1%	<b>33,61.67</b>
	-1%	<b>38,49.28</b>
Salary Growth Rate	+1%	<b>38,47.46</b>
	-1%	<b>33,61.44</b>
Withdrawal Rate	+1%	<b>36,04.96</b>
	-1%	<b>35,73.83</b>

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

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit

**History of experience adjustments is as follows:**

Particulars	Gratuity
For the year ended March 31, 2019	
Plan Liabilities - (loss)/gain	(1,11.47)
Plan Assets - (loss)/gain	(20.16)
<b>For the year ended March 31, 2020</b>	
Plan Liabilities - (loss)/gain	<b>(40.56)</b>
Plan Assets - (loss)/gain	<b>(84.07)</b>

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

Particulars	Gratuity
01 April 2020 to 31 March 2021	11,28.27
01 April 2021 to 31 March 2022	1,26.18
01 April 2022 to 31 March 2023	1,79.62
01 April 2023 to 31 March 2024	1,83.16
01 April 2024 Onwards	47,06.77

Particulars	As at March 31, 2020	As at March 31, 2019
Average no of people employed	1549	1532

## Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

- 49. (a)** In pursuance of the Order dated September 24, 2014 issued by the Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated October 21, 2014 (Ordinance) for implementing the Order, allotment of Parbatpur coal block (coal block/mines) to the Parent company which was under advanced stage of implementation, had been cancelled w.e.f. April 01, 2015. In terms of the Ordinance, the Parent company was allowed to continue the operations in the said block till March 31, 2015. Accordingly, the said block had been handed over to Bharat Coking Coal Limited (BCCL) as per the direction from Coal India Ltd. (CIL) with effect from April 01, 2015 and the same has been subsequently allotted to Steel Authority of India Limited (SAIL).

Following a petition filed by the Parent company, the Hon'ble High Court at Delhi had pronounced its judgement on March 09, 2017. Accordingly based on the said judgement, the Parent company has claimed Rs.15,31,76.00 lakhs towards compensation against the said coal block, acceptance whereof is awaited. Aggrieved due to delay in acceptance of claim and on a petition filed by the Parent company, the Hon'ble High Court had directed the Nominated Authority appointed under Ministry of Coal to determine the compensation. Earlier the Nominated Authority had upheld its decision of compensation already paid and the same was set aside by the Hon'ble High Court with a direction to the Nominated authority to reconsider. The Nominated authority further passed an order dated 11.11.2019 awarding an additional compensation of Rs. 1,80.00 lakhs and with a further direction to re-determine the value of certain assets by the appropriate authority. The Parent company has approached the newly appointed Nominated Authority/ Ministry of Coal to reconsider the compensation determined by the previous Nominated Authority vide its order dated 11.11.2019 and grant an opportunity to present its case and also exploring other

Pending finalisation of the matter as above;

- (i) Rs.12,88,84.11 lakhs incurred pertaining to the coal block till March 31, 2015 after setting off income, stocks etc. there against as per the accounting policy then followed by the Company has been continued to be shown as freehold land, capital work in progress, other fixed assets and other respective heads of account.
- (ii) Interest and other finance cost for the year ended March 31, 2016 against the fund borrowed and other expenses directly attributable in this respect amounting to Rs. 95,14.74 lakhs has been considered as other recoverable under current assets; and
- (iii) Compensation of Rs. 83,12.34 lakhs so far received and net realisations/claims against sale of assets, advances, input credits etc. amounting to Rs. 20,54.70 lakhs have been adjusted. Bank guarantee amounting to Rs. 9,20.00 lakhs (previous year Rs. 9,20.00 lakhs) has been given against the compensation received.

Disclosures of above balances as per Indian Accounting Standard and adjustments arising with respect to above will be given effect to on final acceptance/settlement of the claim.

- 49. (b)** Various balances pertaining to Coal Block claim and handing over the same as detailed in different heads of accounts includes:

Particulars	As at March 31, 2020		As at March 31, 2019	
Inventories		14,78.76		14,78.76
Other current assets		13,99.78		13,99.78
Capital Work in Progress:				
Plant and Equipment and others assets under Installation (refer note no: 51)	3,34,93.90		3,34,93.90	
Mine Development including overburden removal expenses (Net) (refer note no: 52)	8,69,09.74	12,04,03.64	8,69,09.74	12,04,03.64
Other Property, Plant and Equipment		22,43.99		22,43.99
Capital Advance		1,08.94		1,08.94
Freehold Land		32,49.00		32,49.00
Other balances with Banks in Fixed Deposit Escrow Accounts	5,36.93		5,36.93	
Less: Provision for mine closure and restoration charges	5,36.93	-	5,36.93	-
<b>Sub Total</b>		<b>12,88,84.11</b>		<b>12,88,84.11</b>
Other Recoverable		95,14.74		95,14.74
Less: Compensation received		(83,12.34)		(83,12.34)
Less: Cenvat credit utilised/claimed/written off	(13,99.78)		(50.01)	
Less: Sale of Assets and other realisations	(6,54.92)	(20,54.70)	(6,54.92)	(7,04.93)
<b>Total</b>		<b>12,80,31.81</b>		<b>12,93,81.58</b>

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

- 49. (c)** Due to reasons stated in note no. 49(a) and pending determination of the amount of the claim, balances under various heads which otherwise would have been measured and disclosed as per the requirements of various Indian Accounting Standard ' have been included under various heads as disclosed under note no. 49(b) considering the circumstances and objective of the financial statements.
- 50. (a)** Due to delay in grant of forest, environment and other clearances from various authorities and execution of mining lease of an area of 192.50 ha. by the State Government of Jharkhand for iron and manganese ores at Dirsumburu in Kodilabad Reserve Forest, Saranda of West Singhbhum, Jharkhand, the validity period of letter of intent granted in this respect has expired on January 11, 2017. The Company has filed a writ petition before the Hon'ble High Court of Jharkhand on January 10, 2017, praying inter-alia for direction for grant of said lease in favour of the Company. The Hon'ble High Court in its order while observed, being not averse in granting relief with respect to cut off date, has admitted the said petition and fixed the case for further hearing and adjudication. Pending decision of the High Court, Rs. 43,80.45 lakhs ( previous year Rs. 48,63.43 lakhs) so far incurred in connection with these mines/related facilities, have been carried forward under respective heads of fixed assets, capital work in progress, advances and security deposit.
- 50. (b)** The Railway Authorities had withdrawn the permission of operation of Railway siding under construction which is situated at Haldia, West Bengal. The company has claimed the compensation from the Railway Authorities for the amount incurred for the said siding which was denied and the matter is under arbitration based on the direction of Hon'ble High Court at Calcutta. Pending arbitration proceedings, the company has recognised a charge of Rs. 23,18.35 lakhs during the year and a balance amounting to Rs. 17,78.11 lakhs has been considered recoverable.
- 51.** Capital work in progress includes plant and equipments and other assets amounting to Rs. 2,85,76.12 lakhs (previous year Rs. 3,56,75.97 lakhs) under installation and capital and other expenditure incurred pending completion thereof. (refer note no. 49 and 50)
- 52.** The expenses incurred for projects/assets during the construction/mine development period are classified as "Pre-operative Expenses" pending capitalization are included under capital work in progress and will be allocated to the assets on completion of the project/assets. Consequently expenses disclosed under the respective head are net of amount classified as preoperative expenses by the Company (refer note no. 49 and 50). The details of these expenses are as follows :

Particulars	As at March 31, 2020	As at March 31, 2019
Balance brought forward	8,79,85.74	8,79,64.28
Add:		
Miscellaneous Expenses	-	21.46
Total preoperative/development expenses	8,79,85.74	8,79,85.74
Add: Opening stock 64,502 MT (previous year 64,502 MT)	14,46.25	14,46.25
Less: Closing stock 64,502 MT (previous year 64,502 MT)	(14,46.25)	(14,46.25)
Total preoperative and development expenses carried forward	8,79,85.74	8,79,85.74

**53. Calculation of Earning Per Share is as follows:**

	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a)	Net profit for basic and diluted earnings per share as per Statement of Profit and Loss	1,61,06.51	38,17.06
	<b>Net profit for basic and diluted earnings per share</b>	<b>1,61,06.51</b>	38,17.06
(b)	Weighted average number of equity shares for calculation of basic and diluted earnings per share (Face value Re. 1/- per share)		
	Number of equity shares outstanding as on 31st March	432954709	405482183
	Number of equity shares considered in calculating basic and diluted EPS	418467831	386736190
(c)	Weighted average number of equity shares outstanding	418467831	386736190
(d)	Earnings per share (EPS) of Equity Share of Re. 1 each:		
	i) Basic (Rs.)	3.85	0.99
	ii) Diluted (Rs.)	3.85	0.99

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

**54. Commitments**

Particulars	As at March 31, 2020		As at March 31, 2019	
	in million	Rs. in lakhs	in million	Rs. in lakhs
(a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances):		<b>4,74.02</b>		12,03.50
(b) Other commitments				
i) Sell Forward contract outstanding				
In USD	<b>22.06</b>	<b>1,66,66.05</b>	27.89	1,92,87.78
In Euro	<b>23.39</b>	<b>1,94,88.45</b>	20.40	1,58,20.10
In GBP	<b>4.50</b>	<b>42,20.14</b>	6.74	60,71.31
In SGD	<b>0.98</b>	<b>5,21.77</b>	3.00	15,28.32
ii) Buy Forward Contract outstanding				
In USD	<b>10.63</b>	<b>80,29.16</b>	18.97	1,31,19.60
iii) Option contract outstanding				
In USD	<b>13.89</b>	<b>1,04,94.97</b>	30.62	2,11,74.00
iv) Capital Commitment towards contribution in equity share capital of Electrosteel Algeria SPA		<b>9,57.89</b>		11,82.25

**55.(i) Contingent Liabilities not provided for in respect of :**

Particulars	As at March 31, 2020	As at March 31, 2019
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:		
i) Sales Tax	<b>71,96.98</b>	72,86.34
ii) Excise, Custom Duty and Service tax	<b>44,36.59</b>	52,07.54
iii) Income Tax	<b>8,49.20</b>	14,21.14
b) Penalty for non compliance of listing agreement and disputed by the Company.	-	1,00.00
c) Employees State Insurance Corporation has raised demand for contribution in respect of Gross Job Charges for the year 2001-02, 2003-04 and March'08 to January'10. In the opinion of the management demand is adhoc and arbitrary and is not sustainable legally.	<b>92.51</b>	92.51
d) Demand of Tamilnadu Electricity Board disputed by the Company.	<b>8.20</b>	8.20
e) During the year 1994 UPSEB had raised demand for electricity charges by revising the power tariff schedule applicable to the Company retrospectively from Feb'86. In the opinion of the management the revised power tariff is not applicable to the Company and accordingly the Company disputed the demand and the matter is pending before Hon'ble High Court at Allahabad.	<b>2,61.74</b>	2,61.74
f) Standby Letter of Credit issued by banks on behalf of the company in favour of Subsidiary Companies	<b>85,64.62</b>	83,26.83
g) Financial Guarantees given by banks on behalf of the Company		
i) The Company	<b>42,03.82</b>	42,36.91
ii) The Subsidiary	<b>4,14.27</b>	4,04.74

h) Demand of differential railway freight for the year 2008-09 to 2010-11 is Rs. 57,33.29 lakhs (previous year Rs. 57,33.29 lakhs) which is contested by the Parent company and the matter is pending before the Hon'ble High Court at Calcutta.

Note: The Group's pending litigations comprises of claim against the Group and proceedings pending with Taxation/ Statutory/ Government Authorities. The Group has reviewed all its pending litigations and proceedings and has made adequate provisions, and disclosed contingent liabilities, where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a material impact on its financial position. Future cash outflows, if any, in respect of (a) to (e), and (h) above is dependent upon the outcome of judgments / decisions.



**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

**55. (ii) Contingent assets (not recognised for) in respect of :**

Particulars	As at March 31, 2020	As at March 31, 2019
a) Claims Under Target Plus Scheme pending completion of legal clearances.	3,55.00	3,55.00
b) Claim of commission income from Electrosteel Steels Limited. The matter is pending before the National Company law Tribunal at Kolkata.	8,66.72	8,66.72
c) Benefits under Industrial Promotion Scheme **	Amount unascertainable	Amount unascertainable

\*\* Pre Goods & Service Tax (GST), the Parent company was enjoying certain benefits under Industrial Promotion scheme of state government. Post GST, pending notifications by the state government, on prudent basis, the Parent company has not recognised any income under the scheme for the period July 01, 2017 to March 31, 2020.

56. Related party disclosure as identified by the management in accordance with the Indian Accounting Standard (Ind AS) 24 on "Related Party Disclosures" are as follows:

**A) Names of related parties and description of relationship**

- 1) **Associate Company**
  - Srikalahasthi Pipes Limited
  - Electrosteel Steels Limited (ceased to be associate w.e.f 06.06.2018)
  - Electrosteel Thermal Power Limited (ceased to be associate w.e.f 01.08.2019)
- 2) **Joint Venture**
  - North Dhadhu Mining Company Private Limited
  - Domco Private Limited
- 3) **Key Management Personnel (KMP) and close member of their family**
  - Mr. Umang Kejriwal - Managing Director
  - Mr. Mayank Kejriwal - Joint Managing Director
  - Mr. Uddhav Kejriwal - Wholetime Director
  - Mr. Mahendra Kumar Jalan - Wholetime Director
  - Mr. Pradip Kr. Khaitan - Chairman
  - Mr. Binod Kumar Khaitan - Director
  - Mr. Ram Krishna Agarwal - Director (ceased to be director w.e.f 08.06.2020)
  - Mr. S Y Rajagopalan - Director
  - Mr. Vyas Mitre Ralli - Director
  - Mr. Amrendra Prasad Verma - Director
  - Dr. Mohua Banerjee - Director
  - Mr. RajKumar Khanna - Director (appointed w.e.f 15.06.2020)
  - Mr. Sunil Katial - Chief Executive Officer & Wholetime Director (wholetime director w.e.f 01.04.2020)
  - Mr. Ashutosh Agarwal - Executive Director (Group Finance) & CFO (appointed w.e.f. 13.08.2019)
  - Mr. Brij Mohan Soni - Chief Financial Officer till 24.07.2019
  - Mrs. Asha Kejriwal - Wife of Mr. Umang Kejriwal - KMP
  - Ms. Nityangi Kejriwal Jaiswal - Daughter of Mr. Umang Kejriwal - KMP
  - Ms. Priya Manjari Todi - Daughter of Mr. Mayank Kejriwal - KMP
  - Ms. Priya Sakhi Kejriwal Mehta - Daughter of Mr Umang Kejriwal - KMP
  - Ms. Radha Kejriwal Agarwal - Daughter of Mr Umang Kejriwal - KMP
  - Mr. Madhav Kejriwal - Son of Mr Umang Kejriwal - KMP
  - Mr. Anirudh Jalan - Son of Mr Mahendra Kumar Jalan - KMP
- 4) **Enterprise where KMP and/or Close member of the family have significant influence or control**
  - Gaushree Enterprises
  - Tulsi Highrise Private Limited
  - Sri Gopal Investments Ventures Ltd.
  - Global Exports Ltd.
  - Ultimo Logistics Private Limited
  - Krsna Logistics Private Limited
  - Sree Khemisati Constructions Private Limited
  - G K & Sons Private Limited
  - Electrosteel Thermal Coal Limited
  - Badrinath Industries Ltd.
  - Electrocast Sales India Limited
  - Uttam Commercial Company Limited

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

**B) Related Party Transactions**

Particulars	Associate	Joint Venture	KMP & Close members of family	KMP have control	Total	Outstanding as on March 31, 2020	Outstanding as on March 31, 2019
<b>Sale</b>							
Srikalahasthi Pipes Limited	18,56.43	-	-	-	18,56.43	-	
<b>Total</b>	<b>18,56.43</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,56.43</b>	<b>-</b>	
<b>Previous Year</b>							
Srikalahasthi Pipes Limited	2,84.19	-	-	-	2,84.19		-
<b>Purchase</b>							
Srikalahasthi Pipes Limited	1,27,93.97	-	-	-	1,27,93.97	35,48.44	
<b>Total</b>	<b>1,27,93.97</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,27,93.97</b>	<b>35,48.44</b>	
<b>Previous Year</b>							
Srikalahasthi Pipes Limited	1,07,30.54	-	-	-	1,07,30.54		14,68.58
<b>Remuneration</b>							
Mr. Umang Kejriwal	-	-	4,27.83	-	4,27.83	78.63	
Mr. Mayank Kejriwal	-	-	11.13	-	11.13	0.11	
Mr. Uddhav Kejriwal	-	-	2,84.50	-	2,84.50	49.79	
Mr. Mahendra Kumar Jalan	-	-	1,69.69	-	1,69.69	4.33	
Mr. Sunil Katial	-	-	2,17.12	-	2,17.12	5.78	
Mr. Ashutosh Agarwal	-	-	95.31	-	95.31	3.09	
Mr. Brij Mohan Soni	-	-	24.23	-	24.23	-	
Ms. Priya Manjari Todi	-	-	24.01	-	24.01	0.62	
Ms. Priya Sakhi Kejriwal Mehta	-	-	5.73	-	5.73	-	
Ms. Radha Kejriwal Agarwal	-	-	23.28	-	23.28	0.79	
Mr. Madhav Kejriwal	-	-	17.20	-	17.20	-	
Ms. Nityangi Kejriwal	-	-	34.15	-	34.15	2.39	
Dr. Mohua Banerjee	-	-	14.50	-	14.50	10.80	
Mr. Ram Krishna Agarwal	-	-	17.80	-	17.80	10.80	
Mr. Vyas Mitre Ralli	-	-	14.10	-	14.10	10.80	
Mr. S Y Rajagopalan	-	-	16.70	-	16.70	10.80	
Mr. Binod Khaitan	-	-	19.80	-	19.80	10.80	
Mr. Pradeep Kr. Khaitan	-	-	16.30	-	16.30	10.80	
Mr. Amrendra Prasad Verma	-	-	16.50	-	16.50	10.80	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>14,49.88</b>	<b>-</b>	<b>14,49.88</b>	<b>2,21.13</b>	
<b>Previous Year</b>							
Mr. Umang Kejriwal	-	-	2,98.56	-	2,98.56		(9.62)
Mr. Mayank Kejriwal	-	-	13.09	-	13.09		-
Mr. Uddhav Kejriwal	-	-	1,29.89	-	1,29.89		(21.49)
Mr. Mahendra Kumar Jalan	-	-	1,63.41	-	1,63.41		-
Mr. Sunil Katial	-	-	34.32	-	34.32		-
Mr. Brij Mohan Soni	-	-	76.50	-	76.50		-
Ms. Priya Manjari Todi	-	-	17.89	-	17.89		-
Ms. Priya Sakhi Kejriwal Mehta	-	-	5.83	-	5.83		-
Ms. Radha Kejriwal Agarwal	-	-	11.64	-	11.64		-
Mr. Madhav Kejriwal	-	-	4.60	-	4.60		-



## Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

Particulars	Associate	Joint Venture	KMP & Close members of family	KMP have control	Total	Outstanding as on March 31, 2020	Outstanding as on March 31, 2019
Ms. Nityangi Kejriwal Jaiswal	-	-	7.80	-	7.80		-
Dr. Mohua Banerjee	-	-	1.00	-	1.00		-
Mr. Ram Krishna Agarwal	-	-	8.60	-	8.60		-
Mr. Vyas Mitre Ralli	-	-	4.10	-	4.10		-
Mr. S Y Rajagopalan	-	-	5.80	-	5.80		-
Mr. Binod Khaitan	-	-	10.00	-	10.00		-
Mr. Pradeep Kr. Khaitan	-	-	6.80	-	6.80		-
Mr. Amrendra Prasad Verma	-	-	6.00	-	6.00		-
<b>Rent Paid</b>							
Tulsi Highrise Private Limited	-	-	-	60.27	60.27	-	-
Sri Gopal Investments Ventures Ltd	-	-	-	23.10	23.10	-	-
Sree Khemisati Constructions Private Limited	-	-	-	7.20	7.20	0.65	-
Badrinath Industries Limited	-	-	-	30.00	30.00	-	-
<b>Total</b>	-	-	-	<b>1,20.57</b>	<b>1,20.57</b>	<b>0.65</b>	
<b>Previous Year</b>							
Tulsi Highrise Private Limited	-	-	-	52.01	52.01		-
Sri Gopal Investments Ventures Ltd	-	-	-	21.00	21.00		-
Sree Khemisati Constructions Private Limited	-	-	-	7.20	7.20		-
Badrinath Industries Limited	-	-	-	30.00	30.00		-
<b>Service Charges Paid</b>							
Sree Khemisati Constructions Private Limited	-	-	-	2,83.05	2,83.05	30.03	
Global Exports Ltd.	-	-	-	90.00	90.00	-	
Sri Gopal Investments Ventures Ltd	-	-	-	2.20	2.20	-	
<b>Total</b>	-	-	-	<b>3,75.25</b>	<b>3,75.25</b>	<b>30.03</b>	
<b>Previous Year</b>							
Sree Khemisati Constructions Private Limited	-	-	-	2,69.71	2,69.71		4.37
Krsna Logistics Private Limited	-	-	-	-	-		1.20
Global Exports Ltd.	-	-	-	90.00	90.00		-
Mr. Anirudh jalan	-	-	1.20	-	1.20		-
Sri Gopal Investments Ventures Ltd	-	-	-	2.19	2.19		-
<b>Service Charges Received</b>							
<b>Previous Year</b>							
Electrosteel Steels Limited	1,09.67	-	-	-	1,09.67		-
<b>Reimbursements of expenses received</b>							
<b>Previous Year</b>							
Srikalahasthi Pipes Limited	12.03	-	-	-	12.03		-
<b>Security Deposits</b>							
Sri Gopal Investments Ventures Ltd	-	-	-	1.05	1.05	11.55	
Electrosteel Thermal Coal Limited	-	-	-	-	-	1,90.68	
Tulsi Highrise Private Limited	-	-	-	-	-	2,85.00	
<b>Total</b>	-	-	-	<b>1.05</b>	<b>1.05</b>	<b>4,87.23</b>	
<b>Previous Year</b>							
Sri Gopal Investments Ventures Ltd	-	-	-	-	-		10.50

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

Particulars	Associate	Joint Venture	KMP & Close members of family	KMP have control	Total	Outstanding as on March 31, 2020	Outstanding as on March 31, 2019
Electrosteel Thermal Coal Limited	-	-	-	-	-		1,89.68
Tulsi Highrise Private Limited	-	-	-	-	-		2,85.00
<b>Dividend Received</b>							
Srikalahasthi Pipes Limited	11,58.07	-	-	-	11,58.07	-	
<b>Total</b>	<b>11,58.07</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,58.07</b>	<b>-</b>	
<b>Previous Year</b>							
Srikalahasthi Pipes Limited	11,58.07	-	-	-	11,58.07		-
<b>Advances Given</b>							
Domco Private Limited	-	-	-	-	-	7,00.00	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,00.00</b>	
<b>Previous Year</b>							
Electrosteel Thermal Coal Limited	-	-	-	-	-		1.00
Domco Private Limited	-	-	-	-	-		7,00.00
<b>Advances Taken</b>							
Srikalahasthi Pipes Limited	25,00.00	-	-	-	25,00.00	22,74.52	
<b>Total</b>	<b>25,00.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,00.00</b>	<b>22,74.52</b>	
<b>Previous Year</b>							
Srikalahasthi Pipes Limited	50,00.00	-	-	-	50,00.00		48,16.18
<b>Interest Paid</b>							
Srikalahasthi Pipes Limited	3,80.47	-	-	-	3,80.47	1,02.73	
<b>Total</b>	<b>3,80.47</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,80.47</b>	<b>1,02.73</b>	
<b>Previous Year</b>							
Srikalahasthi Pipes Limited	230.14	-	-	-	230.14		-
<b>Equity Share contribution</b>							
Sree Khemisati Constructions Private Limited	-	-	-	24,00.00	24,00.00	-	
Global Exports Ltd.	-	-	-	2,00.00	2,00.00	-	
Mr. Mayank Kejriwal	-	-	2,00.00	-	2,00.00	-	
Mrs. Asha Kejriwal	-	-	2,00.00	-	2,00.00	-	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>4,00.00</b>	<b>26,00.00</b>	<b>30,00.00</b>	<b>-</b>	
<b>Previous Year</b>							
Electrocast Sales India Ltd.	-	-	-	10,00.00	10,00.00		-
Uttam Commercial Co Ltd	-	-	-	10,00.00	10,00.00		-
G.K. & Sons Pvt. Ltd.	-	-	-	20,00.00	20,00.00		-
<b>Sale of Investment</b>							
Sree Khemisati Constructions Private Limited	-	-	-	0.75	0.75	-	
Global Exports Ltd.	-	-	-	0.75	0.75	-	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.50</b>	<b>1.50</b>	<b>-</b>	
<b>Previous Year</b>							
<b>Employee Welfare Expenses</b>							
<b>Previous Year</b>							
Gaushree Enterprises	-	-	-	0.37	0.37		-

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

**C. Details of compensation paid to KMP during the year are as follows :**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Short-term employee benefits;	<b>12,09.18</b>	6,98.63
Post-employment benefits*	-	-
Other long-term benefits*	-	-

\*Post-employment benefits and other long-term benefits is being disclosed based on actual payment made on retirement /resignation of services, but does not includes provision made on actuarial basis as the same is available for all employees together.

**D. Terms and conditions of transactions with related parties**

- a. The transactions with related parties have been entered at an amount which are not materially different from those on normal commercial terms.
  - b. The amounts outstanding are unsecured and will be settled in cash and cash equivalent. No guarantees have been given or received.
  - c. The remuneration of directors is determined by the Nominations & Remuneration Committee having regard to the performance of individuals and market trends.
- 56.1 in respect of the above parties, there is no provision for doubtful debts as on March 31,2020 and no amount has been written off or written back during the year in respect of debt due from/to them.
- 56.2 The above related party information is as identified by the management.
- 56.3 Details of Loans, Investments and Guarantees covered u/s 186(4) of the Companies Act, 2013:
- a) Details of Loans and Investments are given under the respective heads (refer note no. 8,8A and 13).
  - b) Details of Corporate Guarantee/ Standby Letter of Credit given by the Parent company are as follows:

Name of the Company	Purpose	As at March 31, 2020	As at March 31, 2019
Electrosteel Europe SA	Short Term Loan Facility	<b>24,99.72</b>	23,26.97
	Short Term Loan Facility	<b>11,66.54</b>	10,85.92
Electrosteel Algeria SPA	Working capital facility	<b>11,33.25</b>	13,83.00
	Short Term Loan Facility	<b>18,76.36</b>	18,02.19
Electrosteel USA LLC	Working capital facility	<b>18,88.75</b>	17,28.75

57. The company operates mainly in one business segment viz Pipes being primary segment and all other activities revolve around the main activity. The secondary segment is geographical, information related to which is given as under:

Particulars	2019-20			2018-19		
	Within India	Outside India	Total	Within India	Outside India	Total
Sales (gross)	<b>14,10,42.98</b>	<b>12,55,21.51</b>	<b>26,65,64.49</b>	12,96,93.90	13,55,64.66	26,52,58.56
Non-Current Assets other than financial instruments	<b>28,03,80.58</b>	<b>70,74.53</b>	<b>28,74,55.11</b>	28,17,80.90	54,54.16	28,72,35.07

58. The company has opted for continuing accounting policy in respect of exchange difference arising on reporting of long term foreign currency monetary items in accordance with Ind AS 101 "First time adoption of Indian Accounting Standards". Accordingly, during the year ended March 31,2020 the net exchange difference of Nil [previous year Nil] on foreign currency loans have been adjusted in the carrying amount of fixed assets / capital work in progress. The unamortised balance is Rs 2,64,39.70 lakhs (previous year Rs 2,64,39.70 lakhs).

## Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

59. Vide order dated September 2, 2019, The National Company Law Tribunal, Cuttack Branch (NCLT) had approved the scheme of Amalgamation ("the Scheme") of Mahadev Vyapaar Private Limited (MVPL), a wholly owned subsidiary with company w.e.f April 01, 2014. The impact of scheme has been carried out in the current year.
60. The financial statements of Electrosteel Brasil Ltda. Tubos e Conexoes Duteis for the year ended 31st March, 2020 has not been subjected to audit by their auditor.
61. **Disclosure of additional information pertaining to the Parent Company, Subsidiaries and Associates as per Schedule III of Companies Act, 2013**

Name of the Company	Net Assets (Total Assets minus Total Liabilities)		Share in Profit or Loss		Other Comprehensive Income		Total Comprehensive Income	
	2019-20		2019-20		2019-20		2019-20	
	As % of Consolidated net assets	Net Assets	As % of Consolidated Profit or Loss	Profit/Loss	As % of Consolidated Other Comprehensive Income	Other Comprehensive Income	As % of Consolidated Total Comprehensive Income	Total Comprehensive Income
<b>Parent</b>	88.49	25,48,54.72	61.21	98,58.78	(0.68)	(8.61)	56.72	98,50.17
<b>Subsidiaries</b>								
<b>Foreign</b>								
Electrosteel Castings (UK) Limited	0.71	20,57.22	0.77	1,24.58	5.71	71.97	1.13	1,96.55
Electrosteel Europe S.A.	2.33	67,03.50	2.12	3,41.61	37.66	4,74.68	4.70	8,16.30
Electrosteel Algeria SPA	0.21	6,16.36	(3.81)	(6,13.45)	(0.36)	(4.60)	(3.56)	(6,18.04)
Electrosteel USA, LLC	0.63	18,11.23	0.45	72.35	12.30	1,55.07	1.31	2,27.42
Electrosteel Trading, S.A.	0.04	1,11.41	0.05	7.49	0.60	7.59	0.09	15.08
Electrosteel Doha For Trading LLC	1.28	36,96.78	8.07	12,99.42	20.94	2,63.88	9.00	15,63.30
Electrosteel Castings Gulf FZE	0.79	22,67.16	3.21	5,17.55	13.36	1,68.40	3.95	6,85.95
Electrosteel Brasil Ltda. Tubos e Conexoes Duteis	(0.03)	(85.59)	-	(0.02)	(0.47)	(5.89)	(0.03)	(5.91)
Electrosteel Bahrain Holding Company S.P.C	0.69	19,91.07	1.89	3,04.74	11.40	1,43.66	2.58	4,48.40
<b>Non controlling interest in all subsidiaries</b>	(0.04)	(1,21.65)	(0.26)	(41.86)	-	-	(0.24)	(41.86)
<b>Associates (Investment as per Equity method)</b>								
<b>Indian</b>								
Srikalahasthi Pipes Limited	25.19	7,25,46.86	46.68	75,18.93	(0.46)	(5.76)	43.26	75,13.16

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

Name of the Company	Net Assets (Total Assets minus Total Liabilities)		Share in Profit or Loss		Other Comprehensive Income		Total Comprehensive Income	
	2018-19		2018-19		2018-19		2018-19	
	As % of Consolidated net assets	Net Assets	As % of Consolidated Profit or Loss	Profit/Loss	As % of Consolidated Other Comprehensive Income	Other Comprehensive Income	As % of Consolidated Total Comprehensive Income	Total Comprehensive Income
<b>Parent</b>	90.27	23,79,24.59	(16,65.61)	(6,35,76.90)	90.03	(3,32.31)	(18,53.54)	(6,39,09.21)
<b>Subsidiaries</b>								
<b>Foreign</b>								
Electrosteel Castings (UK) Limited	0.71	18,60.66	16.50	6,29.99	7.41	(27.34)	17.48	6,02.65
Electrosteel Europe S.A.	2.23	58,87.21	5.63	2,14.77	62.62	(2,31.14)	(0.47)	(16.37)
Electrosteel Algeria SPA	0.47	12,34.40	11.10	4,23.85	2.78	(10.25)	12.00	4,13.60
Electrosteel USA, LLC	0.60	15,83.81	23.31	8,89.59	(8.42)	31.06	26.70	9,20.65
Electrosteel Trading, S.A.	0.04	96.33	0.13	4.95	0.89	(3.27)	0.05	1.68
Electrosteel Doha For Trading LLC	0.80	21,19.56	34.71	13,24.81	(11.53)	42.57	39.66	13,67.38
Electrosteel Castings Gulf FZE	0.60	15,81.21	2.25	85.72	(26.91)	99.34	5.37	1,85.06
Electrosteel Brasil Ltda. Tubos e Conexoes Duteis	(0.03)	(79.67)	0.01	0.29	(0.83)	3.07	0.10	3.36
Electrosteel Bahrain Holding Company S.P.C	0.59	15,42.67	9.08	3,46.43	(17.78)	65.63	11.95	4,12.05
<b>Non controlling interest in all subsidiaries</b>	(0.02)	(65.87)	(1.28)	(48.75)	-	-	(1.41)	(48.75)
<b>Associates (Investment as per Equity method)</b>								
<b>Indian</b>								
Srikalahasthi Pipes Limited	25.11	6,61,91.77	1,21.04	46,19.96	1.75	(6.45)	1,33.80	46,13.51
Electrosteel Steels Limited	-	-	-	-	-	-	-	-
Electrosteel Thermal Power Limited	-	0.82	-	(0.08)	-	-	-	(0.08)

- 62.1. The financial statements of Domco Private Limited and North Dhadhu Mining Company Pvt Ltd have not been consolidated for reasons referred to in note no. 8.2 and 8.3.
- 62.2. Figures given herein above are as per standalone financial statements of the respective companies and hence effect of inter company and other adjustments carried out on consolidation has not been considered for the purpose of above disclosure.
63. These consolidated financial statements have been approved by the Board of Directors of the Company on June 15, 2020 for issue to the shareholders for their adoption.
64. The figures for the corresponding previous year have been regrouped/reclassified wherever necessary, to make them comparable.

As per our report of even date

**For Singhi & Co.**  
Chartered Accountants  
(Firm Registration No. 302049E)

Gopal Jain  
Partner  
(Membership No. 059147)

Kolkata  
June 15, 2020

Indranil Mitra  
Company Secretary

**For and on behalf of the Board of Directors**

Umang Kejriwal  
Managing Director  
(DIN : 00065173)

Ashutosh Agarwal  
Executive Director  
(Group Finance) and CFO

Mahendra Kumar Jalan  
Wholetime Director  
(DIN : 00311883)

Sunil Katial  
Chief Executive Officer &  
Wholetime Director  
(DIN : 07180348)

**ANNEXURE I****Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted alongwith Annual Consolidated Audited Financial Results****Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020**

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(Amount Rs. in lakhs)

Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
1.	Turnover / Total income	274425.06	Not Ascertainable
2.	Total Expenditure	262975.66	
3.	Net Profit/(Loss) (including other comprehensive income)	17408.76	
4.	Earnings Per Share	3.85	
5.	Total Assets	559278.64	
6.	Total Liabilities	271142.00	
7.	Net Worth (Equity Share Capital plus Other Equity)	288136.64	
8.	Any other financial item(s) (as felt appropriate by the management)	-	

**II. Audit Qualification (each audit qualification separately):****a. Details of Audit Qualification:**

Attention has been drawn by the Auditors' under the heading "Basis of Qualified Opinion" of the Auditors' Report to the following notes of the financial results for the quarter and year ended 31st March 2020 -

Sub Para (a): Note no. 4 in respect to cancellation of coal block allotted to the company in earlier years and non-recognition of the claims receipt thereof & non-carrying of any adjustment in the books of accounts for the reasons stated in the note. Pending finalisation of the matter & as the matter is sub judice, disclosures as per Indian Accounting standard will be given effect on final settlement of the matter & the balances appearing in the books of accounts in respect to such coal block have been carried forward at their carrying cost and disclosed as capital work in progress, property plant & equipment, inventories and other heads of account. The impact and consequential adjustment thereof are not presently ascertainable.

Sub Para (b): Note No. 6 in respect to Company's investment amounting to Rs. 1653.76 lakhs in Electrosteel Steels Limited (ESL), the pledge of which was invoked by the lenders of ESL and the same has been set aside by the Hon'ble High Court at Calcutta. The plea of the company to release the pledge is pending before the Hon'ble Calcutta High Court. Further certain fixed assets of Elavur plant of the Company which are mortgaged in favour of a Lender of ESL, who has assigned their rights to another entity and the symbolic possession has been taken during the quarter ended June 30, 2019, has been disputed by the company as enumerated in the note. Above exposures have been carried forward at their existing carrying value & no impairment has been provided in respect to above and the impact of which is not presently ascertainable.

Sub Para (c): Note No 7 in respect to carry forward of claim recoverable amounting to Rs. 1778.11 Lakhs towards the compensation claimed from the Railway Authorities as mentioned in the note. The recovery of the same is dependent on the outcome of the arbitration process and is not presently ascertainable.

b. **Type of Audit Qualification:** Qualified Opinion / Disclaimer of Opinion / Adverse Opinion.

c. **Frequency of qualification:** Whether appeared first time / repetitive / since how long continuing – Note no. 4 since financial year 2014-15, Note no. 6 since financial year 2017-18 and Note no. 7 for the first time.

d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views :** N.A





e. **For Audit Qualification(s) where the impact is not quantified by the auditor :**

(i) **Management's estimation on the impact of audit qualification : N.A**

(ii) **If management is unable to estimate the impact, reasons for the same:**

Sub Para (a) – In pursuance of the Order dated September 24, 2014 issued by the Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated October 21, 2014 (Ordinance) for implementing the Order, allotment of Parbatpur coal block (coal block/mines) to the Company which was under advanced stage of implementation, had been cancelled w.e.f. April 01, 2015. In terms of the Ordinance, the Company was allowed to continue the operations in the said block till March 31, 2015. Accordingly, the said block had been handed over to Bharat Coking Coal Limited (BCCL) as per the direction from Coal India Ltd. (CIL) with effect from April 01, 2015 and the same has been subsequently allotted to Steel Authority of India Limited (SAIL).

Following a petition filed by the Company, the Hon'ble High Court at Delhi had pronounced its judgement on March 09, 2017. Accordingly based on the said judgement, the Company has claimed Rs.153176.00 lakhs towards compensation against the said coal block, acceptance whereof is awaited. Aggrieved due to delay in acceptance of claim and on a petition filed by the Company, the Hon'ble High Court had directed the Nominated Authority appointed under Ministry of Coal to determine the compensation. Earlier the Nominated Authority had upheld its decision of compensation already paid and the same was set aside by the Hon'ble High Court with a direction to the Nominated authority to reconsider. The Nominated authority further passed an order dated 11.11.2019 awarding an additional compensation of Rs. 180 lakhs and with a further direction to re-determine the value of certain assets by the appropriate authority. The Company has approached the newly appointed Nominated Authority/ Ministry of Coal to reconsider the compensation determined by the previous Nominated Authority vide its order dated 11.11.2019 and grant an opportunity to present its case and also exploring other possibilities.

Pending finalisation of the matter as above;

- (i) Rs.128884.11 lakhs incurred pertaining to the coal block till March 31, 2015 after setting off income, stocks etc. there against as per the accounting policy then followed by the Company has been continued to be shown as freehold land, capital work in progress, other fixed assets and other respective heads of account;
- (ii) Interest and other finance cost for the year ended March 31, 2016 against the fund borrowed and other expenses directly attributable in this respect amounting to Rs. 9514.74 lakhs has been considered as other recoverable under current assets; and
- (iii) Compensation of Rs. 8312.34 lakhs so far received and net realisations/claims against sale of assets, advances, input credits etc. amounting to Rs. 2054.70 lakhs have been adjusted.

Disclosure as per Indian Accounting Standard and adjustments arising with respect to above will be given effect to on final acceptance/ settlement of the claim.

Sub Para (b) - In view of approved resolution plan as confirmed by Hon'ble National Company Law Appellate Tribunal (NCLAT) by its order dated August 10, 2018 and pursuant to issuance of additional Equity Shares by Electrosteel Steels Limited (ESL) for giving impact of the resolution plan, ESL had ceased to be an associate of the Company during the quarter ended June 30, 2018. To comply with the requirements of Ind AS 109 "Financial Instruments", the Company had fair valued the investment in ESL and a sum of Rs. 57868.38 lakhs representing difference between the carrying value of said investment and fair value on the date of change of status was considered as exceptional item in statement of Profit and Loss in the quarter ended June 30, 2018.

The Company had elected the option under the said Ind AS to present the subsequent fair value changes of the said investment through Other Comprehensive Income. Further in terms of the approved resolution plan, advances and trade receivable amounting to Rs. 21121.70 lakhs receivable from ESL was written off during the quarter ended September 2018 shown as exceptional item in the statement of Profit and Loss.

During the quarter ending December 2018, shares of ESL were delisted and Vedanta Star Limited (holding company of ESL) has made an exit offer to the shareholders of ESL at a price of Rs. 9.54 per share which was open till December 20, 2019. Due to delisting of Electrosteel Steels Limited (ESL) and in absence of other available ways of valuation, the Company has continued to consider the exit price, which was open till December 20, 2019, as the basis of valuation of Investment in ESL.

Further 1,73,34,999 equity shares of Rs. 10 each in ESL amounting to Rs. 1653.76 lakhs as on March 31, 2019 are pledged with the lenders of the ESL. The consortium of the lenders of ESL had issued notice for the invocation of pledged shares which has been disputed by the Company and on the plea filed by the Company, the Hon'ble High Court of Calcutta has set aside the notices issued by the lenders. The Company's plea for release of the pledge is pending before the Hon'ble Court.

One of the lenders of ESL in whose favour the Company had mortgaged certain Land & Building amounting to Rs. 29571.05 lakhs of the Company situated at Elavur, Tamilnadu, has assigned its rights in favour of another entity which has been disputed by the company. Pending settlement of the matter, these assets have been carried forward at their carrying book value.

Sub Para (c): As reported earlier, the Railway Authorities had withdrawn the permission of operation of Railway siding under construction which is situated at Haldia, West Bengal. The company has claimed the compensation from the Railway Authorities for the amount incurred for the said siding which was denied and the matter is under arbitration based on the direction of Hon'ble High Court at Kolkata. Pending arbitration proceedings, the company has recognised a charge of Rs. 2318.35 lakhs during the quarter and a balance amounting to Rs. 1778.11 lakhs has been considered recoverable by the management of the company and shown as "Other Financial Assets" under the "Current Assets".

**(iii) Auditors' Comments on (i) or (ii) above :**

As stated herein above, the impact with respect to above and consequential adjustments cannot be ascertained by the management and as such cannot be commented upon by us.

**III. Signatories :**

CEO/Managing Director	Umang Kejriwal <i>Managing Director</i>
CFO	Ashutosh Agarwal <i>Executive Director (Group Finance) and CFO</i>
Audit Committee Chairman	Binod Kumar Khaitan <i>Audit Committee Chairman</i>
Statutory Auditor	For Singhi & Co <i>Chartered Accountants</i> Firm's Registration No.: 302049E  Gopal Jain <i>(Partner)</i> Membership No: 059147

Place : Kolkata

Date : June 15, 2020











[www.electrosteelcastings.com](http://www.electrosteelcastings.com)