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 9990, 7103 4400
CIN: L27310OR1955PLC000310
Web: www.electrosteelcastings.com

PIONEERING 25 YEARS OF DI PIPES

15 September 2018

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

Scrip Code: **500128**

National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (E),
Mumbai – 400 051

Symbol: **ELECTCAST**

Dear Sir/Madam,

Sub: Submission of Annual Report of the Company for the Financial Year 2017-18 under Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

In compliance with Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit herewith the Annual Report of the Company for the Financial Year 2017-18 duly approved and adopted in the 63rd Annual General Meeting of the Members of the Company held on 14 September 2018.

Kindly acknowledge receipt.

Yours faithfully,

For Electrosteel Castings Limited

Subhra Giri

Subhra Giri Patnaik
Company Secretary

ELECTROSTEEL CASTINGS LIMITED

Encl: a/a

PIONEERING 25 YEARS OF DI PIPES

63rd ANNUAL REPORT 2017-2018

ELECTROSTEEL CASTINGS LIMITED

Corporate Information

Chairman	Mr. Pradip Kumar Khaitan
Directors	Mr. Binod Kumar Khaitan Mr. Ram Krishna Agarwal Mr. Amrendra Prasad Verma Mr. Shermadevi Yegnaswami Rajagopalan Mr. Vyas Mitre Ralli Ms. Nityangi Kejriwal
Managing Director	Mr. Umang Kejriwal
Joint Managing Director	Mr. Mayank Kejriwal
Whole-time Directors	Mr. Uddhav Kejriwal Mr. Mahendra Kumar Jalan
Chief Financial Officer	Mr. Brij Mohan Soni
Company Secretary	Ms. Subhra Giri Patnaik
Auditors	Singhi & Co., Chartered Accountants
Solicitors	Khaitan & Co. LLP, Kolkata
Bankers	Axis Bank Limited Bank of India DBS Bank Limited Export-Import Bank of India HDFC Bank Limited ICICI Bank Limited IDBI Bank Limited Kotak Mahindra Bank Limited IndusInd Bank Limited Punjab National Bank Standard Chartered 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 are pleased to present the Sixty Third Annual Report together with Audited Annual Financial Statements (including Audited Consolidated Financial Statements) of the Company for the Financial Year ended 31 March 2018.

FINANCIAL RESULTS (Rs. in Crore)

Particulars	Standalone		Consolidated	
	FY 2017-18	FY 2016-17	FY 2017-18	FY 2016-17
Revenue from Operations	**1,943.66**	1,832.08	**2,185.95**	2,117.64
Earnings Before Interest, Taxes, Depreciation and Amortisation	**305.13**	373.23	**337.21**	388.67
Less : Finance Costs	**202.32**	201.05	**210.28**	210.35
Less : Depreciation and Amortisation expense	**59.22**	63.69	**62.40**	66.90
Profit Before Exceptional Item & Tax	**43.59**	108.49	**64.53**	111.42
Exceptional Item	–	–	–	–
Profit Before Tax	**43.59**	108.49	**64.53**	111.42
Less : Tax Expense	**(3.40)**	31.21	**(1.08)**	33.79
Profit After Tax	**46.99**	77.28	**65.61**	77.63
Share of Profit/(Loss) in Associates and Joint Ventures	**–**	–	**58.58**	66.44
Profit After Tax including share of Associate and Joint Ventures	**46.99**	77.28	**124.19**	144.07
Attributable to :				
Owners of the Parent	**–**	–	**124.03**	144.09
Non-Controlling Interest	**–**	–	**0.16**	(0.02)
Other Comprehensive Income (net of tax)	**1.94**	0.59	**(8.75)**	21.72
Total Comprehensive Income	**48.93**	77.87	**115.44**	165.79
Attributable to :				
Owners of the Parent	**–**	–	**115.28**	165.80
Non-Controlling Interest	**–**	–	**0.16**	(0.01)
Opening balance in Retained Earnings	**1,060.75**	1,055.52	**552.48**	480.49
Profit for the period	**46.99**	77.28	**124.03**	144.09
Re-measurement of defined benefit plans	**0.10**	(0.67)	**0.10**	(0.67)
Dividend including dividend distribution tax	**(21.48)**	(21.48)	**(21.48)**	(21.48)
Transfer to Debenture Redemption Reserve	**–**	(50.00)	**–**	(50.00)
Transfer from Debenture Redemption Reserve	–	20.10	**–**	20.10
Transfer to Statutory Reserve	**–**	–	**(0.14)**	(0.05)
Transfer to General Reserve	**–**	(20.00)	**–**	(20.00)
State capital investment subsidy	**1.50**	–	**1.50**	–
Closing Balance in Retained Earnings	**1,087.86**	1,060.75	**656.49**	552.48

DIVIDEND

The Directors are pleased to recommend a dividend of Re.0.30 per Equity Share of face value of Re.1 each for the Financial Year ended 31 March 2018. This dividend is subject to the approval of the Members at the ensuing Annual General Meeting (AGM). If approved, the total outlay on account of dividend for the Financial Year 2017-18 would amount to Rs.12.91 Crore (including Rs.2.20 Crore towards Dividend Distribution Tax).

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.1,943.66 Crore during the year under review as compared to Rs.1,832.08 Crore reported in the previous year. The Export sales increased by around 18% from Rs.506.86 Crore in 2016-17 to Rs.610.22 Crore in 2017-18, due to increase in volume of sales. The Company's profit after tax (PAT) for the Financial Year 2017-18 was reported at Rs.46.98 Crore as against Rs.77.28 Crore for Financial Year 2016-17, mainly due to increase in prices of raw materials. Further an amount of Rs.33.63 Crore was received on sale of fixed asset and was included under other income in the Financial Year 2016-17.

The Revenue from Operations on consolidated basis, for the year ended 31 March 2018 marginally increased by 3.23% from Rs.2,117.64 Crore in 2016-17 to Rs.2,185.95 Crore in 2017-18. The consolidated PAT for the year ended 31 March 2018 was Rs.124.19 Crore as against PAT of Rs.144.07 Crore for the previous Financial Year.

During the year under review, the production of Ductile Iron (DI) Pipes was 2,92,714 MT as against 2,80,287 MT in the previous year. The production of Cast Iron (CI) Pipes at Elavur was 18,616 MT as against 34,473 MT in the previous year.

DI Fittings & Accessories produced 9,498 MT of DI Fittings in 2017-18 as against 8,510 MT in 2016-17. Production, productivity, product variety & quality and despatch etc. have been improved at Haldia Fittings Plant. Export despatch of Fittings from Haldia Plant has enhanced. Further improvement is expected in the current Financial Year.

The Company continues to provide special attention towards improvement in production and productivity with higher energy efficiency. Further, to meet and improve upon the expectations of both International and Domestic customers, the Company has added a number of product variants to its existing product base.

MATERIAL CHANGES AND COMMITMENTS

The Company has an investment of Rs.605,92.88 lakh in equity shares of Electrosteel Steels Limited (ESL), an associate company of the Company. ESL was referred to Hon'ble National Company Law Tribunal (NCLT) for Corporate Insolvency Resolution Process (CIRP). The Resolution Professional appointed by NCLT and the Committee of Creditors of ESL had approved a resolution plan, which has also been approved by NCLT, for the acquisition of ESL by a bidder which has been subsequently challenged by another bidder and status quo has been granted and the matter is pending before the Hon'ble National Company Law Appellate Tribunal (NCLAT). Pending decision of NCLAT and in absence of any communication of resolution plan as approved above, the Company's investment in ESL has been carried forward at its carrying value and no impairment in value thereof has been considered necessary. Further, advances and trade receivables amounting to Rs.21,151.25 lakh receivable from ESL along with mortgage of certain land & building of the Company situated at Elavur, Tamil Nadu, in the favour of one of the lenders of ESL has been carried forward at their carrying value in view of pendency of resolution proceedings.

Excepting the above, there have 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.

There has been no change in the nature of business.

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

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 2017-18 is annexed as Annexure 1 forming part of this Report.

FUTURE PROSPECTS

It is known fact that after the economic liberalization in the Nineties, the Indian economy is growing at an enviable rate. A steady growth in Gross Domestic Product has been witnessed for more than two decades now. This sustained economic growth has led to rapid urbanization all over India. As a result villages are turning into towns, towns into cities and cities into megacities. Water, the need of life, is likely to pose the greatest challenge on account of an increased demand with population rise and economic development, and shrinking supplies due to over-exploitation and pollution. The ever growing demand for water supply and disposal is fueling an increasing demand for pipes, the basic medium to convey water and waste water.

Rapid economic development is bringing in more industry and with more industrialization the pipe demand for Industrial water supply is also growing. Growth is also witnessed in the real estate and service industry which in turn requires pipes for conveying water.

India has a seasonal pattern of rainfall with 50% of precipitation falling in just 15 days. Over 90% of river flows for just four months. To ensure food security, this calls for regular irrigation of vast area of land to sustain agricultural activity. Till now irrigation in India was mainly canal based. But due to problems being faced for land acquisition and to minimize transmission loss due to percolation and evaporation, the government is stressing more on piped irrigation, opening huge scope for use of ductile iron pipes in the irrigation sector.

With the specific focus of the Government in drinking water supply, waste water disposal and piped irrigation sector, the growing demand for ductile iron pipes is likely to continue in long term. As a result, the Indian pipe business has witnessed tremendous growth due to increasing demand for pipes. Among the several varieties of pipes available in the market, the demand for ductile iron pipes in particular, is on a rise due to its high dependability and high durability. Ductile iron pipe in view of its inherent features like high ductility and bursting strength, higher corrosion & abrasion resistance, easy laying and long service life is the preferred choice over other types of pipes for water and sewerage transportation.

With the continued focus of the Government in this sector, the growing demand for ductile iron pipes is likely to continue in medium and long term. As such future of the Industry appears to be bright.

SHARE CAPITAL

The Issued, Subscribed and Paid-up Share Capital of the Company is Rs.35,69,55,322/- comprising of 35,69,55,322 Equity Shares of Re.1/- each as on 31 March 2018. During the year under review, the Company has not issued any shares. 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 2018, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

FINANCE

Debentures

As on 31 March 2018, the Company has the following Secured Redeemable Non-Convertible Debentures (NCDs):

Series of Debentures	Amount (Rs. in Crore)
Series IV – 11.00%	50.00
Series VI – 11.75%	125.00
Series VII – 12.00%	75.00
Total	250.00

The Debenture Trustee for each of the aforesaid series of Debentures is as follows:

Axis Trustee Services Limited
Axis House, Bombay Dyeing Mills Compound,
Pandurang Budhkar Marg, Worli, Mumbai 400 025

Contact Person: Chief Operating Officer
Ph: (022) 6226 0075/74, Fax: (022) 4325 3000
E-mail Id: debenturetrustee@axistrustee.com

The Company has been regular in payment of interest on its NCDs.

Credit Rating

Credit Analysis & Research Limited ('CARE') has reaffirmed the Company's credit rating for the long-term borrowings as "CARE BBB+" and for short-term borrowings as "CARE A2".

The Credit Rating for Series IV is "BWR A+" from Brickwork Ratings India Pvt. Ltd. and "CARE BBB+" from CARE Ratings Limited. Further the Credit Rating for Series VI & Series VII is "IVR A" from Infomerics Valuation and Rating Pvt. Ltd. and "BWR A+" from Brickwork Ratings India Pvt. Ltd.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

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, the Company had filed its claims for compensation for Parbatpur Coal Block, under the Coal Mines (Special Provisions) Act, 2015 and pending the acceptance and recovery of the same, the Company had filed a Writ Petition before the Hon'ble High Court at Delhi, hearing of which had concluded and the judgment reserved since April 2015. The Company secured interim payments of Rs.82.40 Crore against the claimed amount. Thereafter, on 9 March 2017, the Hon'ble High Court pronounced the judgment, wherein the contentions raised by the Company have been accepted in-principle. As per the said judgment, Ministry of Coal has to interpret and work the Act in the manner indicated in the judgment. In line with the same, the Company has duly filed a revised claim with Ministry of Coal vide letter dated 4 April 2017 amounting to Rs.1,342.13 Crore (earlier claim being Rs.1,220.70 Crore as on 31 March 2014) towards compensation for mine infrastructure and Rs.189.63 Crore towards compensation for land.

The Ministry of Coal had sought for certain information in prescribed format which has been submitted on 22 February 2018 and Ministry of Coal is yet to take a final decision on the revised compensation in light of judgment dated 9 March 2017.

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

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. 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 with functional heads.

The Internal Auditors 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

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

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 owner takes corrective actions in their respective areas and thereby strengthens 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 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 Companies (Indian Accounting Standards) Rules, 2015 and as amended from time to time.

The Company had the following Subsidiaries, Associate Companies and Joint Ventures as on 31 March 2018 :

Sl. No.	Name of the Company	Status
1.	Electrosteel Algerie 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.	Mahadev Vyapaar Pvt. Ltd.	Subsidiary
10.	Electrosteel Bahrain Holding S.P.C. Company	Subsidiary
11.	WaterFab LLC (subsidiary of Electrosteel USA, LLC)	Subsidiary
12.	Electrosteel Bahrain Trading W.L.L (subsidiary of Electrosteel Bahrain Holding S.P.C. Company)	Subsidiary
13.	Electrosteel Steels Limited	Associate Company
14.	Electrosteel Thermal Power Limited	Associate Company
15.	Srikalahasthi Pipes Limited	Associate Company
16.	North Dhadhu Mining Company Private Limited	Joint Venture
17.	Domco Private Limited	Joint Venture

The Company has formulated a policy on determining material subsidiaries of the Company, which has been uploaded on the Company's website at the web-link: http://repository.electrosteelcastings.com/investors/pdf/policy-on-material-subsidiary.pdf

A Report on the highlights of the performance of each of the Company's subsidiaries, associates and joint venture of the Company and their contribution to the overall performance of the Company for the Financial Year ended 31 March 2018 pursuant to the provisions of Section 129(3) of the Act read with Rule 8 of Companies (Accounts) Rules, 2014 is given in Annexure 2. The statement containing salient features of financial statement of subsidiaries, associate companies and joint venture for the Financial Year ended 31 March 2018 pursuant to the said Section read with Rule 5 of the said Rules are given in the 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. These documents will also be available for inspection during business hours by the Members at the Registered Office of the Company.

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 with the Company with effect from 1 April 2014 ("Appointed Date"). Mahadev Vyapaar Pvt Ltd had filed an application before the Hon'ble High Court at Calcutta, which has sanctioned the said Scheme. The application filed by the Company before the Hon'ble High Court at Orissa will be taken up by the National Company Law Tribunal, Kolkata Bench ("NCLT, Kolkata") as per Notification No. S.O. 3677(E) dated 7 December 2016 and Rule 3 of Companies (Transfer of Pending Proceedings) Rules, 2016. However, the application filed before the Hon'ble High Court at Orissa has not yet been transferred to NCLT, Kolkata.

REPORT ON CORPORATE GOVERNANCE

The Company is committed in maintaining the highest standards of Corporate Governance and adheres to the stipulations prescribed set out under SEBI (Listing Obligations and Disclosures Requirements) Regulation, 2015 ('Listing Regulations'). A Report on Corporate Governance for the year under review together with the Auditors' Certificate thereon is annexed as Annexure 3 forming part of this Report.

MEETINGS OF THE BOARD

The details of Board Meetings held during the Financial Year 2017-18 have been furnished in the Corporate Governance Report forming part of this Report and annexed as Annexure 3.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Naresh Chandra (DIN: 00015833), Non-Executive Director ceased to be the Director of the Company due to demise on 9 July 2017. The Board expresses their deep condolences and 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.

The Board of Directors has on the recommendation of Nomination & Remuneration Committee (NRC) has re-appointed Mr. Uddhav Kejriwal (DIN: 00066077) as the Whole-time Director of the Company for a period of 5 (five) years with effect from 16 June 2018, subject to the approval of the Members.

Mr. Mahendra Kumar Jalan (DIN: 00311883) and Ms. Nityangi Kejriwal (DIN: 071294444), retires by rotation at the forthcoming AGM and being eligible, offer themselves for re-appointment.

Mr. Pradip Kumar Khaitan (DIN: 00004821) and Mr. Binod Kumar Khaitan (DIN: 00128502) was appointed as Independent Directors of the Company for a period of 5 (five) years with effect from 28 August 2014. Their term will expire on 27 August 2019. Pursuant to the provisions of the Act and based on the recommendation of NRC and performance evaluation by NRC and Board at their respective meetings, the Board recommends their re-appointment as the Independent Directors for a second term of 5 (five) consecutive years with effect from 28 August 2019, to the Members of the Company at the 63rd AGM.

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 re-appointed are given in the Notice for the forthcoming AGM.

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 2018, the applicable accounting standards had been followed and there were no material departures requiring any explanation;

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

b) they had 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 had 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 had prepared annual accounts on a 'going concern' basis;

e) they had laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively; and

f) they had 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. Ram Krishna Agarwal and Mr. Amrendra Prasad Verma, Independent Directors have given declarations that they meet the criteria of independence as laid down in Section 149(6) of the Act and the Rules made thereunder.

DETAILS OF BOARD COMMITTEES & ADOPTION OF POLICIES

There are 5 Board Committees as on 31 March 2018 viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Banking and Authorisation 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.

The Banking and Authorisation Committee comprises of Mr. Binod Kumar Khaitan as the Chairman with Mr. Shermadevi Yegnaswami Rajagopalan, Mr. Mayank Kejriwal and Mr. Uddhav Kejriwal as the members as on 31 March 2018. 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, 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.

Vigil Mechanism

The Company has adopted Whistle Blower Policy and established a Vigil Mechanism in compliance with provisions of Section 177(9) of the Act and Regulation 22 of the Listing Regulations for the Directors and employees to report genuine concerns and grievances. This mechanism provides adequate safeguards against victimisation of employees and Directors and also provide 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 through a web-link i.e. http://repository.electrosteelcastings.com/investors/pdf/vigil-2016.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. The Nomination and Remuneration Policy is available at the Company's website and can be accessed through a web-link i.e. http://repository.electrosteelcastings.com/investors/pdf/nominationRemunerationPolicy.pdf

The Nomination & Remuneration Policy aims to enable the Company to attract, retain and motivate highly qualified members for the Board and other executive level. 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, KMPs & all employees are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the Company and the remuneration to directors, key managerial personnel and employees involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals. The policy lays down the procedure for the selection and appointment of Board Members and KMPs and also the appointment of executives other than Board Members, compensation structure for Executive Directors, Non-Executive Directors and KMPs and the process for performance evaluation of the Board.

Corporate Social Responsibility Policy

In accordance with the requirements of Section 135 of the Act, read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has Corporate Social Responsibility (CSR) Committee in place. The CSR Committee has developed and implemented the Corporate Social Responsibility Policy. A 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 as Annexure 4 to this Report.

Policy on Board Diversity and Succession Plan

A Policy on Board Diversity and Succession Plan was devised by the Nomination and Remuneration Committee to ensure adequate diversity in the Board of Directors of the Company.

FORMAL ANNUAL EVALUATION AND ITS CRITERIA

The Nomination and Remuneration Committee of the Board has formulated and laid down criteria for annual evaluation of Directors pursuant to provisions of Section 178 of the Act and Listing Regulations and as per requirements of Section 134 of the Act, the manner of evaluation is disclosed below –

A. The Board shall evaluate the roles, functions, duties of the Independent Directors (IDs) of the Company. Each ID shall be evaluated by all other Directors but not by the Director being evaluated. The Board shall also review the manner in which IDs follow guidelines of professional conduct as specified in Schedule IV to the Act. The adherence of Section 149 and aforesaid Schedule IV by the IDs shall also be reviewed by the Board.

B. Performance review of all the Non Independent Directors of the Company on the basis of the activities undertaken by them, expectations of Board and level of participation.

C. Performance review of Chairman of the Company in terms of the level of competence of Chairman in steering the Company.

D. The review and assessment of the flow of information by the Company to the Board and the manner in which deliberations take place, the manner of placing Agenda and contents therein.

E. The review of the performance of Directors individually, its own performance as well as evaluation of working of its Committees shall be carried out by the Board.

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

F. On the basis of performance evaluation, it shall be determined by the Nomination & Remuneration Committee and Board whether to extend or continue the term of appointment of ID subject to all other applicable compliances.

Further, in terms of the requirements of the Act and the Listing Regulations, the Board had carried out an annual evaluation of its own performance, the performance of Directors individually as well as evaluation of the performance and working of its Committees at its meeting based on the criteria formulated by the Nomination & Remuneration Committee.

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.

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 2017-18 are being sent to the Members and other entitled thereto, excluding this statement. This statement is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

The disclosures pertaining to the remuneration of Directors, KMPs 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 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 ending 31 March 2018 are given below:

1. With respect to the Qualified Opinion expressed by the Auditors in their Report and its consequential references made under the head 'basis of qualified opinion', attention is drawn to Note Nos. 7.2 and 7.4 of the Standalone Financial Statement, which are self-explanatory;
2. As regards the Qualified Opinion expressed by the Auditors in their Report and its consequential references made in para nos. (d), (e), (g) and (i)(i) of their Report and para (I)(b), (I)(c) and (II)(a) of the Annexure to the Auditors' Report of even date, attention is drawn to Note No. 46 of the Standalone Financial Statement, which are self-explanatory;
3. On the Auditors' observation made in para (i)(a) of the Annexure 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;
4. On the Auditors' observation made in para (ix) of Annexure to the Auditors' Report of even date, your Directors have to clarify that External Commercial Borrowings (ECB) funds are being used as per the progress of the respective project(s) for which these amounts were borrowed and pending the completion of the project(s), the balance amounts could only be parked with Authorised Dealer Bank as per the terms of ECB. Hence, the funds were kept in current account with AD Bank for an interim period.

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.

COST AUDITORS

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 relating to Pig Iron, DI Pipe, DI Fittings, CI Pipe, Coke, Sponge Iron & Power Generating units for every Financial Year.

The Cost Audit Report and a Compliance Report for the Financial Year 2016-17 were filed on 30 August 2017.

M/s. S. G. & Associates (Firm Registration Number 000138), Cost Accountants, Kolkata, has been re-appointed as Cost Auditors for Financial Year 2018-19 for all the applicable units and products of the Company. The remuneration proposed to be paid to them for the Financial Year 2018-19 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 AUDITORS

In terms of Section 204 of the Act and Rules framed thereunder, M/s. S. M. Gupta & Co., Practicing Company Secretaries were appointed Secretarial Auditors of the Company for the Financial Year 2017-18. The report of the Secretarial Auditors' is annexed as Annexure 6 to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

INTERNAL AUDITORS

In terms of the provisions of Section 138 of the Act, M/s. Ernst & Young, LLP were appointed as Internal Auditors of the Company for the Financial Year 2017-18. The Audit Committee in consultation with the Internal Auditors 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 Internal Auditors for the Financial Year 2018-19 under the provisions of Section 138 of the Act.

PUBLIC DEPOSITS

During the Financial Year 2017-18, 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 2018 in Form MGT 9 is annexed as Annexure 7 to this Report.

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, inter-alia, of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committees have been set up to redress complaints received regarding sexual harassment. The Company has not received any complaint of sexual harassment during the Financial Year 2017-18.

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

RELATED PARTY TRANSACTIONS

The Company has entered into contracts/arrangements with the related parties during the Financial Year 2017-18 which were in the ordinary course of business and on arm's length basis. Thus provisions of Section 188(1) of the Act are not applicable and the disclosure under 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 http://repository.electrosteelcastings.com/investors/pdf/related-party-transaction-policy-ver3.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 reviews this policy 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 Companies (Accounts) Rules, 2014 is annexed as Annexure 8 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

Pradip Kumar Khaitan
Chairman
DIN : 00004821

Place : Kolkata
Date : 15 May 2018

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.

Industry Outlook

The growth acceleration for the domestic DI Pipe Industry is largely coming from the water and sewerage infrastructure development in Indian urban, sub-urban and rural sector. With only around 31% of India's population currently urbanized, along with high population density, India's urbanization trends have scope to significantly accelerate and likely to be around 40% by 2030. Further, the country faces immense problem of drinking water supplies and has poor transmission and distribution networks for water. To cater this growing need, the Indian pipe market is growing at the rate of 10%-12% every year.

The Central Government in collaboration with State Governments, has initiated a number of major urban development schemes to transform the urban scenario of the country. This initiative is putting large investment on behalf of the Government in the water supply & sewerage system. Under the '100 Smart City Project' Rs.50,000 Crore will be spent to modernize 100 selected cities with latest information technology and all modern amenities including 24 hours water supply. Many projects are already on. State and private stakeholders are also part of this mission.

The other major initiative is Atal Mission for Rejuvenation and Urban Transformation Yojna (AMRUT). Under AMRUT, 500 Small City will undergo infrastructure rejuvenation. Rs.50,000 Crore will be provided as central assistance over a 5 (five) year period and matching grant is to be provided by the State. A major part of the investment will be spent on water supply and sewerage.

Another Rs.20,000 Crore is being spent 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 so that the rivers remain clean as far as possible.

On the export market, the Company after establishing its position in European, South East Asian and Gulf markets, is continuously expanding the business to new countries like Tanzania, Zambia, Congo, Nigeria, Senegal, Morocco in Africa, Vietnam, Cambodia, Myanmar in South East Asia. The Company will continue to maintain its emphasis on the Gulf markets where it has a historically strong presence.

Demand drivers for DI Pipes

The following factors would drive the demand for DI Pipes:

1. Thrust of the Government to provide drinking water and sanitation to 100% population and making funds available to achieve it.
2. The AMRUT schemes and smart city project launched by the Government is resulting in surge in demand for pipes and fittings.

Management Discussion ..... *(Contd.)*

3. The shift towards pipe based irrigation system from canal based irrigation system had opened up a very promising sector.
4. In many cases, DI pipes are now being preferred for conveying bulk Industrial water as it is more sturdy and durable.
5. Limited fresh water availability demands the need to conserve water and reduce leakage from pipelines. So demand for more dependable pipe material like DI pipe is growing.
6. Due to superior quality of pipes followed by dependable after sales service provided, the Company continues to maintain its dominant position in the market against competitors.

More utilities are focussing on life cycle cost rather than initial cost to have more durable water supply solution. Electrosteel Castings Limited with proven credential and with state of the art manufacturing facilities, is well placed to avail this opportunity.

FY 2017-18 vs. FY 2016-17

The Company's Revenue from Operations was reported at Rs.1,943.66 Crore during the year under review as compared to Rs.1,832.08 Crore reported in the previous year. The Export sales increased by around 18% from Rs.506.86 Crore in 2016-17 to Rs.610.22 Crore in 2017-18, due to increase in volume of sales. The Company's profit after tax (PAT) for the FY 2017-18 was reported at Rs.46.99 Crore as against Rs.77.28 Crore for FY 2016-17, mainly due to increase in prices of raw materials. Further an amount of Rs.33.63 Crore was received on sale of fixed asset and same was included under the head other income in FY 2016-17.

B. PRODUCT WISE PERFORMANCE

Ductile Iron (DI) Pipes

The Ductile Iron Pipe Plant, with a total capacity of 2,80,000 TPA produced 2,92,714 MT of DI Pipes during the year 2017-18 compared to 2,80,287 MT in 2016-17. Initiatives continue by the Company to sustain improving productivity and product quality.

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 is sold in India and globally. The sale of DI Pipes contributed to 75.56% of the total revenues of the Company during the year amounting to Rs.1,391.60 Crore.

Cast Iron (CI) Pipes

The Cast Iron Pipe Plant, with a total capacity of 1,08,000 TPA produced 18,616 MT of CI Pipes in 2017-18 compared to 34,473 MT in 2016-17. The capacity utilisation was lower as the demand for Cast Iron Pipes remains low.

The main raw material used in the production of CI pipes is Pig Iron, which is obtained from domestic sources. The CI Pipes produced by the Company is sold mainly to the states in Southern India. The sale of CI Pipes contributed Rs.76.56 Crore to the total revenues of the Company during the year.

DI Fittings & Accessories

DI Fittings & Accessories produced 9,498 MT of DI Fittings in 2017-18 as against 8,510 MT in 2016-17. The Company has enhanced the capacity utilization at it's newly installed facility at Haldia Works and improving the performance of this division. Initiative continued to improve productivity. The sale of DI Fittings and Accessories contributed to Rs.123.31 Crore in the total revenues of the Company during the year.

Power Plant

12 MW Power Plant at Haldia has generated 90.50 million units out of which 60.59 million units were transmitted to SEB grid in 2017-18 as against generation of 84.25 million units and transmission of 59.25 million units in 2016-17.

Captive Coke Oven Plant

The Coke Oven Plant, with a total capacity of 2,25,000 TPA at Haldia, produced 1,50,747 MT of Metallurgical Coke in 2017-18 against 1,67,099 MT in 2016-17, mainly for captive consumption in Blast Furnace at Khardah Works. The production was lower as the demand for surplus, after meeting the captive requirements, was sluggish because volatile price continued during this period. The primary raw material for producing Coke that is Coking Coal was imported mainly from Australia.

Raw Materials Management

The Company's manufacturing facilities are spread across four locations in India. Presently, the business model consists of fully 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 integrated manufacturing facility model 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 has already received 1st stage forest clearance and 2nd stage forest clearance is pending with MOEFCC since September 2014 for want of "Carrying Capacity Study of Saranda by the Ministry of Environment, Forest & Climate Change". As per amended MMDR Act 2015, the sunset date of lease execution was 11 January 2017. The Company has 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, has admitted the said petition and fixed the case for further hearing and adjudication.

Exports

In most export markets, growth remained challenging as is reflected by the world economic situation. Events such increase in ocean freight due to higher oil prices, brexit, elections and unstable governments in west European countries and political instability in the Middle East and Gulf have only added to the pressure. Continuing Anti-dumping/Anti-subsidy duties on our DI Pipes in Europe and delays in the refund process are putting additional pressure.

However, to reduce the adverse impacts of the above, the Company has expanded to many African and South American countries where it is regularly selling its products. New and innovative products in terms of joints, lining and coatings are helping the Company stay ahead of competition. The Company is also trying to improve the performance by reducing costs and price increase in the areas wherever possible.

Quality and Approvals

The Company is continuously increasing its market base all over the world to counter the worldwide stiff competition. In addition to Europe, USA, South East Asia, Middle East and other Asian countries, the Company is expanding its base to different African countries like Mali, Burkina Faso, Niger, Cameroon, Ivory Coast etc.

To maintain the quality requirements of such diverse market, the Company needs to focus on the quality of its product. The Company's product continues to be approved by DVGW of Germany, OVGW of Austria, BSI (UK), IGH (Croatia), UL (USA), FM (USA), NSF etc.

The Company is continuing the System Management Certificates from ISO 9001, ISO 14001 and SA 8000. In addition to above system, the Company is also certified as OHSAS 18001 (Occupational Health and Safety Assessment Series) company. All these certificates will increase the confidence of customer and efficiency of the Company.

After the success of Electrolock Restrained Flexible Joint, keeping in mind the customer need at site, the Company has developed Electrolock Clamp Ring for pipes cut at site. This ring will join two cut-at-site pipes with Electrolock philosophy without compromising the performance.

Management Discussion ..... *(Contd.)*

The Company has secured a lot of orders for Internal Polyurethane Coated pipes, which was developed last year. This product is available both for sewage and drinking water segments.

C. OPPORTUNITIES AND THREATS

Opportunities

As such the future of the Industry appears to be bright. The major reasons for the growth of this Industry is increasing demand for pipes in the municipal water supply & sewerage sector, irrigation sector and power & industry sector. 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 many cities which will require more pipes. The focus of the Government on rural water management will also be a contributing factor. Due to land acquisition problem, more piped water irrigation projects are coming up. A dedicated team for research and development, improved product features, proven quality and sound engineering back-up in providing before sales and after sales solution, put Electrosteel in an advantageous position.

Threats

Increasing cost of raw materials is a real concern as the market price is not escalating at the same pace putting stress over the bottom line. 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 the Company in a difficult spot.

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 2018 and 31 March 2017 are as under :

a) Financials

(Rs. in Crore)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Gross Sales & Income from Operations	**1,943.66**	1,832.08
Profit before Interest, Depreciation & Exceptional Items	**305.13**	373.23
– Finance Expenses	**202.32**	201.05
– Depreciation	**59.22**	63.69
Profit before Exceptional Items & Tax	**43.59**	108.49
Exceptional Items	**–**	–
Profit before Tax	**43.59**	108.49
Tax Expenses	**(3.40)**	31.21
Profit after Tax	**46.99**	77.28

b) Company's Sales mix

(Rs. in Crore)

Product	Turnover	
	Year ended 31 March 2018	Year ended 31 March 2017
Finished goods sold		
D.I. Spun Pipes	**1,391.60**	1,348.25
C.I. Spun Pipes	**76.56**	148.80
Others	**442.98**	295.37

Other Financial Matters

During the year :

1. Net Worth of the Company increased to Rs.2,891.95 Crore as at 31 March 2018 as against Rs.2,864.50 Crore as at 31 March 2017.
2. Gross Fixed Assets including Work in Progress & Capital Advances as at 31 March 2018 increased to Rs.2,983.27 Crore as against Rs.2,976.65 Crore as at 31 March 2017.

F. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's internal control systems 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 and updated periodically 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 the observations and suggestions of the Internal Auditors and takes the necessary corrective actions.

G. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company 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 supported by evolving human resource management systems and processes of the Company. The Company has left no stones unturned for enhancing the capabilities of employees at all level. Further, the Company is strongly focused towards utilisation of its manpower to the optimum level.

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 counselling, workers' participation Collective bargaining, etc.

The Company has been accredited with Social Accountability 8000 certification from British Standard Institute (BSI). The BSI has renewed the Company's agreement after continuing assessment on SA 8000:2008. The SA 8000:2014 recertification audit was conducted successfully by BSI for the Financial Year 2017-18. The Company is taking initiatives to maintain TPM excellence.

Safety & Health

The Company has made Health, Safety & Environment Management an integral and essential part of operations. The Company is committed to provide a safe, healthy, ergonomic, clean & green working environment in all its activities. The Company is seamlessly deploying strategy, heading towards the achievement of goals set for strategic focus in areas of Safety, Health & Environment.

Management Discussion ..... *(Contd.)*

The Company is :

- committed to ensure zero harm to its employees, contractors including their worker and all other concerned people in their work area. This is an integral part of Company's business process and is laid down in the Company's Health & Safety Policies, Standards and working procedures.
- continuing with efforts of building competency, improving safety management and all other process improvements for identifying safety hazards and mitigating risks to ultimately reach its goal of Zero Loss Time Injury. Safety is focused to Zero injury and Zero fatality.
- considering health and safety as a Key Performance Indicator and is effectively maintaining safety and health policy.
- maintaining industrial hygiene & conducting health check-up of all concerned people by the doctors and other trained medical personnel on regular basis.
- focused on providing general safety, process safety, project safety and behavioral safety through various campaigns & training.
- regularly conducting various competitions amongst all employees during celebration of Safety Week/month for further enhancement of safety awareness like Quiz Contest, KYT Contest, Mock drill contest and Safety-Drama Contest etc. Fire safety week and road safety week are also celebrated to create awareness in those areas.
- providing training to all employees on regular basis to maintain the workplace a safe zone.
- giving required importance for review of Hazard Identification and Risk Analysis for reducing the risk potential apart from regular plant safety inspection, implementation of safety committee resolutions etc.
- implementing safety integration in design, maintenance, operation and other processes based on evaluation of unsafe acts & conditions.

Environment

Providing green and clean environment is a prime focus of the Company. The Company having ISO-14001 certification, has established and implemented Environmental Management System (EMS) across the organisation through following activities :

- Concerted efforts have been put over many years with a view to conduct various operations in an environment friendly manner. These have resulted in reduction of emissions and discharge levels, increase in utilisation of solid wastes and green cover.
- Suitable efficient pollution control devices are installed in different operations. Such devices are being monitored regularly as per schedule by Environment Department. The Plants are effectively maintaining the air pollution control devices and regularly upgrading them in order to maintain the norms which are becoming stringent day by day.
- Several initiatives are taken for conservation of natural resources through various treatment, rain water harvesting & recycling operations which are implemented within the plant to reduce the water consumption and also to reduce the waste water generation.
- More than 85% of the treated waste water is being recycled inside the plant which reduces the water consumption.
- Extensive afforestation programme has been religiously followed in all the units of the Company. Plantation of trees is a regular phenomenon throughout the year.
- Permanent ambient air quality monitoring stations have been installed for continuous monitoring of air quality. It is working for conservation of energy which is considered as a part of sustainable development. Various activities have been taken to reduce energy consumptions in the process.
- Taken initiatives for implementing good housekeeping practices through 5S principle. Environmental related kaizens have been taken for more environment friendly operations.

- Provide proper training to all level of employees on environmental awareness, applicable legal requirements and its compliance, operational control procedures of environmental sensitive activities.
- Involving employees and local people in different Environment Awareness programmes and World Environment Day Celebration.

Management review at different layer is being done on regular basis for checking the adequacy and effectiveness of the established EMS.

Waste Minimization

The Company has adopted 4 "R"s namely Reuse, Recycle, Reprocess and Reduce concept. Techno commercial suitability has been judged as a continuous process for the same and work is being done.

Some initiatives taken and in continuation are as follows :

- Collection, handling, storing and disposal of hazardous and non-hazardous waste are done in environmentally safe manner in accordance with legal directives.
- Reuse of packing waste towards conservation of natural resources.
- Proper management of bio-medical wastes, e-wastes and plastic waste as per the guideline of latest rules and requirement.

The Company is an ISO-14001 certified company and EMS linked to ISO-14001 is a set of processes and practices that enables the Company to reduce its environmental impacts and increase its operating efficiency. Implementation of EMS has helped the units to ensure that their performance remain within the regulatory requirement and always improve towards green and clean environment for the society.

Corporate Social Responsibility

CSR activity, for the Company is a setup of planned activities, taking into consideration the capabilities of the Company with a target on the 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

- Supporting preventive, curative and responsive health projects along with medical aid to the poor.
- Construction of specialty clinic of eye hospital.
- Construction and renovation of school buildings to promote education to the tribal and deprived people living in remote areas.
- Undertaking rural development and economic development projects.

Besides the above, the Company undertake the following activities in and around its units:

- Setting of drinking water kiosks in local area during the summer season.
- Carrying out development work in local schools and sports clubs to promote education & sports activities.
- Providing medical help through the Charitable Medical Centers.
- Arranging regular Blood Donation and Medical Camps through agencies and helping local people with Blood Cards.

Management Discussion ..... *(Contd.)*

Information Technology

The Company is up with multiple initiatives to make the organisation digitally transformed in a true sense. The Company embraced couple of cloud-based business applications in service mode (OPEX) directly impacting positively to the revenue critical operations.

The Company is graduating to hybrid model of cloud solution by migrating the mission critical business application SAP from its owned on-premises servers to vendor provided on-premises servers as a service. The employee portal application which also integrates with business application like SAP has been migrated to Amazon Web Services cloud.

Electrosteel has gone big bang into digital marketing to improve its visibility in the digital space. Strategically it has been taken up to augment improved branding. Exclusive captive analytics team has been created to continuously explore information compiled from unstructured and disparate data sources.

The Company has standardized on Qlikview as the analytical tool to assist decision making process across the functions and has implemented periodic checks to prevent data security threats and attacks.

H. OUTLOOK

Electrosteel Castings is the first to start manufacturing Ductile Iron Pipes and Fittings in India, in 1994. Electrosteel is well known for innovation and for 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 are accepted in Europe, Africa, Middle East, Far East and in USA. With this outlook, the Company is hopeful of having comfortable order position to sustain in domestic market in 2018-19.

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.

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 an important element 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, 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 the 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.

Management Discussion ..... *(Contd.)*

Industrial Risk

The Company ardently believes in recognizing 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 give 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.

One of the crucial factors in the smooth operation of the plant which is achieved by virtue of public relation and liaisoning 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. 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 for 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.

The Company has established a proper Environmental Management System supported by policies and procedures to maintain strict adherence in respect of monitoring and reviewing compliance of various applicable laws related to the environment. This system is upgraded with time with different improvements.

The Company is having appropriate pollution control equipments, effluent treatment plants, waste treatment & recycling systems, dust control systems installed in the plants which are being operated & maintained satisfactorily as per required efficiency. Regular monitoring of those is being done. Permanent ambient air quality monitoring stations have been installed for continuous monitoring of air quality.

An exclusive Environment Management Cell (EMC) is working to monitor and analyze different aspects of environment control and for ongoing compliance of applicable legal requirements and also strictly adhering to the requirements of ISO 14001:2004 standards.

EMC alongwith 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 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 export 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 experts 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.

Annexure – 2

Report on Performance and Financial Position of the

Subsidiaries, Associates and Joint Ventures

of the Company for the year ended 31 March 2018

There are 12 Subsidiaries, 3 Associates and 2 Joint Venture (JV) companies of the Company as on 31 March 2018. 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 2018 are summarised below:

A. SUBSIDIARIES

1. Electrosteel Algerie SPA, Algeria

Electrosteel Algerie 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 6.84 million on a total income of DZD 49.41 million during the year under review as compared to a profit of DZD 7.90 million on a total income of DZD 37.67 million during the previous year. It is expected that the sales would improve thereby improving the results in 2018-19.

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 47,871 on a turnover of GBP 12.38 million during the year under review as compared to a profit of GBP 482,321 on a turnover of GBP 15.07 million during the previous year. The outlook for the next year in respect of volume and profitability is expected to be positive.

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 128,987 on a total income of AED 18.40 million during the year under review as compared to a profit of AED 1,833,074 on a total income of AED 30.22 million during the previous year. The outlook of the Company for the next Financial Year 2018-19 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 3,386,986 on a total income of QAR 16.33 million during the year under review as compared to a loss of QAR 167,750 on a total income of QAR 3.55 million earned in the previous year. The outlook of the Company for the next Financial Year 2018-19 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, Germany and other countries located in Mainland Europe. This subsidiary has earned a profit of 513,924 on a turnover of Euro 52.99 million during the year under review as compared to a profit of Euro 638,907 on a turnover of Euro 51.77 million during the previous year. The Financial Year 2018-19 will be challenging due to overall economic situation in Europe.

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 17,826 on a turnover of Euro 1.62 million during the year under review as compared to a profit of Euro 8,280 on a turnover of Euro 2.18 million. The outlook for the Financial Year 2018-19 in respect of volume is expected to be positive.

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 179,193 on a consolidated turnover of USD 5.16 million during the year under review as compared to a consolidated loss of USD 189,371 on a consolidated turnover of USD 6.51 million during the previous year. The outlook for the Financial Year 2018-19 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 not been much of activity through this subsidiary during the Financial Year 2017-18.

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 the Saudi Arabia and Bahrain market. This subsidiary has made a consolidated profit of BHD 277,568 on a turnover of BHD 2.99 million as compared to profit of BHD 144,029 on a total income of BHD 2.23 million. The performance of the Company was improved due to enhanced sales volume and margin. The outlook for the next Financial Year 2018-19 appears positive.

10. Mahadev Vyapaar Pvt Ltd, India

This wholly owned subsidiary is being amalgamated with the Company. The status of the amalgamation has been provided in the Report of the Directors. This subsidiary had earned a profit after tax of Rs.8.42 lakh during the year under review as compared to the profit after tax of Rs.8.70 lakh earned in the previous year.

B. ASSOCIATES

1. Electrosteel Steels Limited, India

Electrosteel Steels Limited (ESL) is an associate of the Company. ESL envisaged 2.51 Million Ton Per Annum (MTPA) Greenfield Integrated Steel & Ductile Iron Pipe Plant in Bokaro, Jharkhand which is under construction and erection. At present, out of envisaged installed capacity of 2.51 MTPA, ESL constructed 1.50 MTPA plant, which is running at the current operational capacity of about 1.50 MTPA. ESL at present, selling TMT bars, Billets, Pig Iron, Wire Rod and Ductile Iron Pipes. It is listed on BSE Limited and National Stock Exchange of India Limited.

The status of ESL has been covered under Note no. 7.1(b) of the Notes on Consolidated Financial Statements for the year ended 31 March 2018.

2. 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.1,50,598.02 lakh during the Financial Year 2017-18 as against Rs.1,20,340.14 lakh achieved in the previous year, registering an increase of about 25%. During the

Subsidiaries, Associates ..... *(Contd.)*

year under review, with the ramp up of production enhancement facilities commissioned in the last quarter of the previous year, SPL has achieved higher Ductile Iron Pipes production of 2,75,047 MT, thereby achieving more than 90% of the installed capacity in the first year of enhancement.

During the year under review, SPL has demonstrated a relatively better performance, in spite of the challenges thrown by global and domestic markets for volatile raw material markets. The sales volume achieved during the year was at 2,75,484 MT which is up by about 20% vis-a-vis Financial Year 2016-17, thereby increasing its market share particularly in southern states. The EBITDA and profit after tax stood at Rs.27,926.41 lakh and Rs.14,740.15 lakh respectively.

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

Given the Government's focus on infrastructural projects in the country, huge investments in water infrastructure development, improving sanitation coverage in the country, water conservation schemes and increasing number of housing units are expected to drive growth for Ductile Iron Pipes in the domestic market. With the major initiatives already undertaken by the Government in this space like Smart Cities Mission, Pradhan Mantri Awas Yojana or Housing for all by 2022 Mission, Heritage City Development and Augmentation Yojana, JNNURM, Swatch Bharat Mission etc., the Company's order book position continues to be comfortable and the Company is optimistic of maintaining its growth.

3. Electrosteel Thermal Power Limited, India

Electrosteel Thermal Power Limited (ETPL), an associate of the Company, is yet to commence operations. ETPL had reported a loss after tax of Rs.0.23 lakh during the year 2017-18 as compared to a loss after tax of Rs.0.22 lakh in the previous year.

C. JOINT VENTURES

1. Domco Private Limited, India

The status of Domco Private Limited, a JV entity, has been covered under Note no 7.3 of the Notes on Consolidated Financial Statements for the year ended 31 March 2018.

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 7.2 of the Notes on Consolidated Financial Statements for the year ended 31 March 2018.

Annexure – 3

Report on Corporate Governance of the Company

for the year ended 31 March 2018

[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 the Corporate Governance is based on the belief that effective Corporate Governance practices constitute a strong foundation on which successful commercial enterprises are built to last. Good Corporate Governance is indispensable to resilient and vibrant capital markets and is, therefore, an important instrument of investor protection. The Company is committed to maintain high standards and continues to practise good Corporate Governance to add long-term value. The Company lays great emphasis on a corporate culture of conscience, integrity, fairness, transparency, accountability and responsibility for efficient and ethical conduct of its business.

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 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 Directors and Senior Management;
- Code of Conduct for regulating, monitoring and reporting trading by Insiders;
- Vigil Mechanism Policy;
- Related Party Transaction Policy;
- Nomination and Remuneration Policy;
- Corporate Social Responsibility Policy;
- Policy on Material Subsidiaries;
- Policy on Board Diversity and Succession Plan;
- 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 outside Directorship and Committee Positions held as on 31 March 2018

The Board of Directors of the Company consists of 11 (eleven) members which comprise of :

- Four Independent Non-Executive Directors;
- Three Promoter Executive Directors;
- One Promoter Non-Executive Director, also being the Woman Director;
- Two Non-Independent Non-Executive Directors; and
- One Non-Promoter Executive Director.

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

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

The composition of the Board as on 31 March 2018 was pursuant to the provisions of the Act and the Regulation 17 of the Listing Regulations.

Name of the Director	Category	Number of outside Directorship(s) held			Outside Committee Position(s) held[1]	
		Public Companies	Private Companies	Foreign Companies	As Member	As Chairman
Mr. Pradip Kumar Khaitan	Chairman, Independent, Non Executive	9	–	–	3	2
Mr. Binod Kumar Khaitan	Independent, Non Executive	1	1	–	–	1
Mr. Ram Krishna Agarwal	Independent, Non Executive	6	1	1	4	3
Mr. Amrendra Prasad Verma	Independent, Non Executive	3	–	–	2	1
Mr. Umang Kejriwal	Promoter, Executive	3	2	–	–	–
Mr. Mayank Kejriwal	Promoter, Executive	7	5	–	–	–
Mr. Uddhav Kejriwal	Promoter, Executive	3	10	–	–	–
Ms. Nityangi Kejriwal	Promoter, Non Independent, Non Executive	–	1	–	–	–
Mr. Shermadevi Yegnaswami Rajagopalan	Non Independent, Non Executive	1	–	–	2	–
Mr. Vyas Mitre Ralli	Non Independent, Non Executive	–	–	–	–	–
Mr. Mahendra Kumar Jalan	Non Promoter, Executive	1	5	10	–	–

Notes :

1. For this purpose, only two Committees viz. the Audit Committee and the Stakeholders' Relationship Committee have been considered. This excludes Committee positions held in private limited companies, foreign companies and companies under Section 8 of the Act.
2. Mr. Naresh Chandra, Non-Executive Director ceased to be the Director of the Company due to demise on 9 July 2017.
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 is a Director. Necessary disclosures regarding Committee positions in other public companies as on 31 March 2018 have been made by the Directors.
4. Mr. Umang Kejriwal, Mr. Mayank Kejriwal, Mr. Uddhav Kejriwal and Ms. Nityangi Kejriwal are related to each other.

2.2 Attendance of Directors at the Board Meetings during the Financial Year ended 31 March 2018 and at the last Annual General Meeting

During the Financial Year ended 31 March 2018, 4 (four) 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 15 September 2017
Mr. Pradip Kumar Khaitan	4	3	No
Mr. Binod Kumar Khaitan	4	4	Yes
Mr. Ram Krishna Agarwal	4	4	No
Mr. Amrendra Prasad Verma	4	3	No
Mr. Umang Kejriwal	4	3	No
Mr. Mayank Kejriwal	4	4	No
Mr. Uddhav Kejriwal	4	4	No
Ms. Nityangi Kejriwal	4	3	No
Mr. Naresh Chandra[1]	1	0	–
Mr. Shermadevi Yegnaswami Rajagopalan	4	4	No
Mr. Vyas Mitre Ralli	4	3	No
Mr. Mahendra Kumar Jalan	4	4	Yes

Note :

1. Mr. Naresh Chandra, Non-Executive Director ceased to be the Director of the Company due to demise on 9 July 2017.

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 2017-18, information as mentioned in Schedule II Part A of 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
19 May 2017	12	10
3 August 2017	11	10
8 November 2017	11	9
2 February 2018	11	10

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 2018 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	1,000
Mr. Amrendra Prasad Verma	Nil
Ms. Nityangi Kejriwal	Nil
Mr. Shermadevi Yegnaswami Rajagopalan	5,100
Mr. Vyas Mitre Ralli	5,000

None of the Non-Executive or Independent Directors hold any convertible instruments and/or Stock Options of the Company as on 31 March 2018.

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 under the web-link http://repository.electrosteelcastings.com/investors/pdf/familiarisation-programme-for-id.pdf. Further at the time of 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 disclosed on the website of the Company.

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 of the Listing Regulations.

The Committee comprises of the following Directors as on 31 March 2018 :

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

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 62nd Annual General Meeting of the Company held on 15 September 2017 to answer shareholder queries. The Company Secretary acts as the Secretary to the 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. 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. Review and monitor the auditor's independence and performance, and effectiveness of audit process;

viii. Approval or any subsequent modification of transactions of the listed entity 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. Reviewing the functioning of the whistle blower mechanism;

xix. Approval of appointment of Chief Financial Officer (i.e., the whole-time Finance Director or any other person

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

heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

xx. 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.

f) The statement of deviations :

i. 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.

ii. 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 2017-18, 4 (four) Audit Committee meetings were held on 19 May 2017, 3 August 2017, 8 November 2017 and 2 February 2018. The gap between any two consecutive meetings did not exceed 120 days.

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	4	4
Mr. Naresh Chandra[1]	1	0
Mr. Amrendra Prasad Verma[2]	2	1

Notes :

1. Mr. Naresh Chandra ceased to be the Director of the Company due to demise on 9 July 2017.
2. Mr. Amrendra Prasad Verma was appointed as a member of the Committee with effect from 3 August 2017.

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 comprises of the following Directors as on 31 March 2018 :

Mr. Binod Kumar Khaitan, Chairman – Independent Director

Mr. Pradip Kumar Khaitan – Independent Director

Mr. Ram Krishna Agarwal - Independent Director

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

All members of Nomination and Remuneration Committee (NRC) are Non-Executive Directors. Mr. Binod Kumar Khaitan, the Chairperson of the Committee was present at the 62nd Annual General Meeting of the Company held on 15 September 2017 to answer shareholder queries. The Company Secretary acts as the Secretary to the NRC.

The terms of reference of the NRC is to formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board, a policy relating to the remuneration of the Directors, Key Managerial Personnel (KMP) and other employees; identifying persons who are qualified to become Directors and who may be appointed in senior management; recommend to the Board their appointment and removal; formulate criteria for evaluation of Independent Directors and the Policy on Board Diversity.

The NRC of the Company has formulated the Nomination and Remuneration Policy of the Company. The Policy applies to appointment of the Directors, KMPs and Senior Management Personnel as well as determining the remuneration payable to them. The Committee had also formulated the Policy on Board Diversity & Succession Plan.

During the Financial Year 2017-18, 3 (three) Nomination and Remuneration Committee meetings were held on 19 May 2017, 8 November 2017 and 2 February 2018.

Name of the Director	No. of meetings	
	Held	Attended
Mr. Binod Kumar Khaitan	3	3
Mr. Pradip Kumar Khaitan	3	2
Mr. Ram Krishna Agarwal	3	3
Mr. Shermadevi Yegnaswami Rajagopalan	3	3

The Board of Directors has laid down the criteria for performance evaluation of Independent Directors of the Company. The following is the extract of the criteria :

"Each Independent director shall be evaluated by all other directors of the Board but not by him/her.

The Board shall evaluate the roles, functions, duties of the Independent Directors (ID) of the Company. The Board shall also review the manner in which ID follows guidelines of professional conduct as specified in part I of schedule IV of Companies Act, 2013. The adherence of Section 149 and Schedule IV of the Companies Act, 2013 shall also be reviewed by the Board."

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 comprises of the following Directors as on 31 March 2018 :
Mr. Binod Kumar Khaitan, Chairman – Independent Director
Mr. Mayank Kejriwal – Joint Managing Director
Mr. Vyas Mitre Ralli – Non Executive Non Independent Director
Mr. Mahendra Kumar Jalan – Whole-time Director

Mr. Binod Kumar Khaitan, Non-Executive Independent Director is the Chairperson of the Committee. Mr. Khaitan was present at the 62nd Annual General Meeting of the Company held on 15 September 2017. Mrs. Subhra Giri Patnaik, Company Secretary acts as the Secretary to Stakeholders' Relationship Committee.

The terms of reference of Stakeholders' Relationship Committee includes approval for issuance of share certificate to the Shareholders, redressal of grievances of security holders and investors on issues like share transfer, non-receipt of

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

Annual Report / dividends, amongst others. The Company Secretary of the Company is responsible for monitoring the share transfer process and reporting to the Stakeholders' Relationship Committee.

During the Financial Year 2017-18, 4 (four) Stakeholders' Relationship Committee meetings were held on 19 May 2017, 3 August 2017, 8 November 2017 and 2 February 2018.

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

At the beginning of the year under review, there was no complaint remaining unresolved. During the period under review, 4 (four) investors complaints were received by the Registrar & Share Transfer Agent of the Company, which were duly resolved.

There was no pending complaint at the end of the year. There were no shares pending transfer as on 31 March 2018.

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 2018, the CSR Committee of the Company is 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 Members of the Committee.

The terms of reference of the CSR Committee are as follows :

i. Formulate and recommend to the Board, a CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of 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 2017-18 forms a part of the Report of the Directors.

During the Financial Year 2017-18, 3 (three) CSR Committee meetings were held on 19 May 2017, 3 August 2017 and 2 February 2018.

Name of the Director	No. of meetings	
	Held	Attended
Mr. Shermadevi Yegnaswami Rajagopalan	3	3
Mr. Pradip Kumar Khaitan	3	2
Mr. Umang Kejriwal	3	3

7. Remuneration of Directors

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

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 through a web-link i.e.http://repository.electrosteelcastings.com/investors/pdf/nominationRemunerationPolicy.pdf.

Details of remuneration paid to Directors during the Financial Year 2017-18

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

(In Rupees)

Name of the Director	Sitting Fees[1]	Commission paid/ payable[2]	Total
Mr. Pradip Kumar Khaitan	4,30,000	6,00,000	10,30,000
Mr. Binod Kumar Khaitan	6,30,000	6,00,000	12,30,000
Mr. Ram Krishna Agarwal	5,10,000	12,00,000	17,10,000
Mr. Amrendra Prasad Verma	2,50,000	6,00,000	8,50,000
Mr. Naresh Chandra[3]	-	-	-
Ms. Nityangi Kejriwal	1,50,000	6,00,000	7,50,000
Mr. Shermadevi Yegnaswami Rajagopalan	3,40,000	6,00,000	9,40,000
Mr. Vyas Mitre Ralli	2,10,000	6,00,000	8,10,000
Total	**25,20,000**	**48,00,000**	**73,20,000**

Notes :

1. 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 meetings was fixed at Rs.20,000 per meeting. The Directors are also entitled to reimbursement of expenses for participation in Board and other meetings.
2. The Members at the 59th AGM of the Company held on 28 August 2014 had approved payment and distribution of Commission amongst Directors (other than Executive Directors) for a period of 5 years commencing from 1 April 2014, in such amounts or proportions and in such manner as may be directed and 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.
3. Mr. Naresh Chandra, Non-Executive Director ceased to be the Director of the Company due to demise on 9 July 2017.

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

ii. Remuneration paid to Executive Directors :

(In Rupees)

Name of the Director & Designation	Relationship with other Directors	Salary	Perquisites	Commission Paid/ Payable	Total	Service Contract etc.
Mr. Umang Kejriwal, Managing Director	See Note[1]	1,80,00,000	61,58,886	–	2,41,58,886	Tenure of 5 years w.e.f. 1 April 2017
Mr. Mayank Kejriwal, Joint Managing Director	See Note[1]	6,29,736	13,65,926	–	19,95,662	Tenure of 5 years w.e.f. 1 April 2017
Mr. Uddhav Kejriwal, Whole-time Director	See Note[1]	82,75,000	23,79,122	–	1,06,54,122	Tenure of 5 years w.e.f. 16 June 2013
Mr. Mahendra Kumar Jalan, Whole-time Director	See Note[1]	46,18,065	1,11,47,217	–	1,57,65,282	Tenure of 5 years w.e.f 22 January 2015
Total		**3,15,22,801**	**2,10,51,151**	**–**	**5,25,73,952**	

Notes :

1. Mr. Umang Kejriwal and Mr. Mayank Kejriwal are brothers. Mr. Mayank Kejriwal is the father of Mr. Uddhav Kejriwal. Ms. Nityangi Kejriwal is the daughter of Mr. Umang Kejriwal. Apart from this, none of the other Directors are in any way related to any other Director.
2. Mr. Umang Kejriwal and Mr. Mayank Kejriwal were re-appointed as the Managing Director and Joint Managing Director respectively, for a period of 5 (five) years with effect from 1 April 2017. The appointments may be terminated by either party giving 1 (one) month notice in writing.
3. 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 its 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 Indian subsidiary companies.

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
2016-17	Rathod Colony, Rajgangpur Sundergarh, Odisha - 770 017	15 September 2017*	11.30 A.M.	No
2015-16	Rathod Colony, Rajgangpur Sundergarh, Odisha - 770 017	9 September 2016	11.30 A.M.	Yes, 1 (One)
2014-15	Rathod Colony, Rajgangpur Sundergarh, Odisha - 770 017	11 September 2015	11.30 A.M.	Yes, 3 (Three)

*M/s. Bihani Rashmi & Co., Chartered Accountants were appointed as the Scrutinizer for validating the e-voting and Ballot results tendered for and at the AGM held on 15 September 2017 and submitting Report thereon.

b. There was no special resolution passed last year through postal ballot.

c. 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.

11. General Shareholder Information

a) Date, time and venue of the next Annual General Meeting	14 September 2018, at 11.30 A.M., at Rathod Colony, Rajgangpur, Sundergarh, Odisha 770 017, India
b) Financial Year	1 April 2017 to 31 March 2018
c) Book Closure Dates for Dividend	8 September 2018 to 14 September 2018 (both days inclusive)
d) Dividend Payment Date	On or before 13 October 2018
e) Listing at Stock Exchanges i) Equity Shares & its Stock Codes at Stock Exchanges	a) BSE Limited (BSE) P. J. Towers, Dalal Street, Mumbai 400 001 (Scrip Code – 500128) b) National Stock Exchange of India Limited (NSE) Exchange Plaza, 5th Floor Bandra Kurla Complex, Bandra (East), Mumbai 400 051 (Symbol – ELECTCAST) ISIN for Equity Shares - INE086A01029
ii) Secured Redeemable Non- Convertible Debentures (NCDs)	There are 3 series of NCDs outstanding as on 31 March 2018. The details of said NCDs are : 1. Series IV - 11.00% Redeemable Secured Non-Convertible Debentures of Rs.10,00,000 each, listed on Wholesale Debt Market segment of National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 Stock Code – ELCA18; ISIN INE086A07125 2. Series VI - 11.75% Unlisted Secured Redeemable Non-Convertible Debentures of Rs.1,00,00,000 each ISIN INE086A07141

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

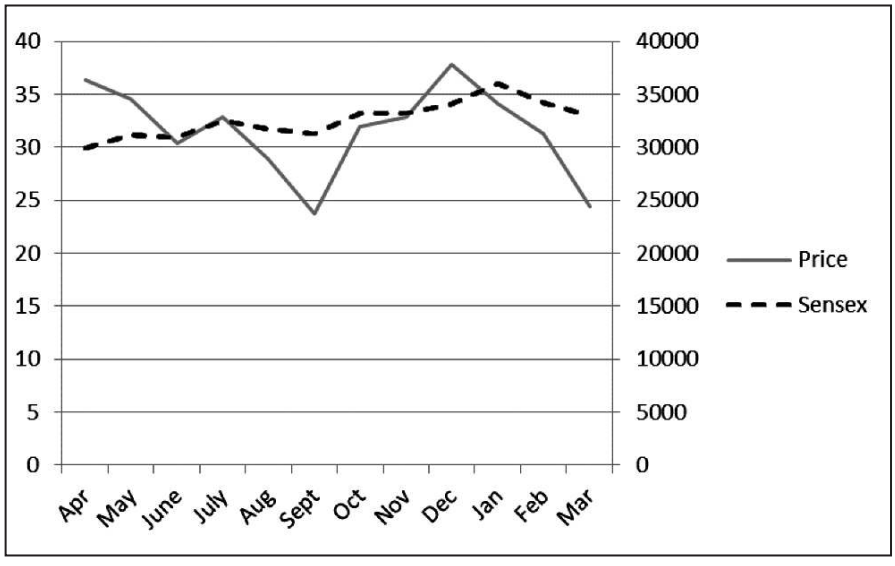
		3. Series VII – 12.00% Unlisted Secured Redeemable Non-Convertible Debentures of Rs.1,00,00,000 each ISIN INE086A07158
f)	Listing Fee to Stock Exchanges	Annual Listing Fees paid to BSE and NSE within timelines

g) Market Price data for the Scrip of the Company during the Financial Year 2017-18 :

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-17	40.60	34.00	58,16,705	40.65	34.00	1,76,68,311
May-17	38.70	32.20	35,31,018	38.50	32.00	1,09,77,446
Jun-17	36.65	28.20	31,56,989	36.70	28.25	1,05,35,022
Jul-17	34.70	30.40	19,68,538	34.85	30.40	78,72,414
Aug-17	33.60	24.50	22,97,632	33.65	24.45	91,27,383
Sep-17	29.95	23.50	15,31,041	28.95	23.65	64,66,280
Oct-17	34.80	23.60	35,68,456	34.80	23.00	1,25,96,239
Nov-17	36.85	29.40	41,15,916	36.95	29.40	1,26,74,621
Dec-17	38.40	30.00	39,97,552	38.40	29.10	1,85,03,220
Jan-18	44.60	32.50	69,32,596	44.55	33.50	2,81,78,478
Feb-18	35.60	29.55	15,36,726	35.60	28.10	73,84,007
Mar-18	31.35	24.35	25,81,524	31.45	24.45	57,32,819

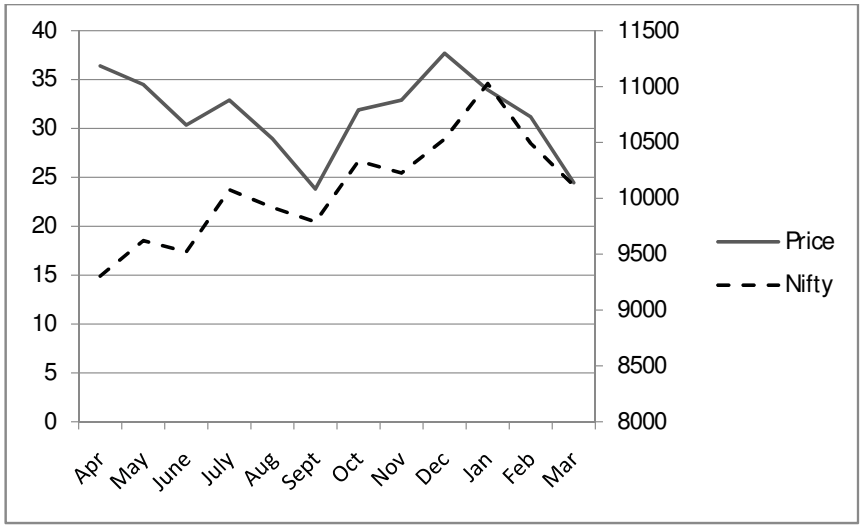
h) Share price performance in comparison to broad based indices - BSE Sensex and NSE Nifty for the Financial Year 2017-18 :

i) In comparison with BSE Sensex #



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

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.

i)	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.
j)	Registrar and Share Transfer Agent for physical & dematerialised shares	Maheshwari Datamatics Pvt. Ltd., Corporate 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
k)	Share transfer system	Share transfers in physical form are registered and returned within the period of 15 days from the date of lodgment if the documents are complete in all respect.

l) Distribution of shareholding as on 31 March 2018 :

Equity Shares held	No. of Shareholders	% of Total Shareholders	No. of Shares held	% of Shares held
Upto 500	36,271	66.69	72,08,671	2.02
501 to 1,000	7,863	14.46	69,13,071	1.94
1,001 to 2,000	4,615	8.49	76,16,705	2.13
2,001 to 3,000	1,569	2.88	41,12,710	1.15
3,001 to 4,000	877	1.61	32,37,898	0.91
4,001 to 5,000	768	1.41	36,82,454	1.03
5,001 to 10,000	1,177	2.16	90,02,851	2.52
10,001 and Above	1,246	2.29	31,51,80,962	88.30
Total	**54,386**	**100.00**	**35,69,55,322**	**100.00**

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

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

m)	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 2018, 99.34% of the shares of the Company stand dematerialized.
n)	Outstanding ADRs / 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 2018.
o)	Commodity price risk or foreign exchange risk and hedging activities	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 & others, which exposes it to the price risk on account of procurement of commodities. 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. 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)	Plant locations:	Unit 1 : 30, B.T. Road, Sukchar, Khardah 24-Parganas (North), West Bengal 700 115 Unit 2 : Gummidipoondi Taluk, P.O. Elavur, District Tiruvallur, Tamil Nadu 601 201 Unit 3 : Haldia, Kasberia P.O. Khanjan Chawk, Haldia, Midnapore (East), West Bengal 721 635 Unit 4 : Bansberia Works, Saptagram Panchayat, P.O. Adconnagar, Chak Bansberia, West Bengal 712 121

q) Address for Correspondence:	Ms. Subhra Giri Patnaik Company Secretary Electrosteel Castings Limited G.K. Tower, 19 Camac Street, Kolkata 700 017 Phone: (033) 2283 9990 Email:companysecretary@electrosteel.com

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 materially significant related party transactions are presented in the Notes to the Financial Statements.

B. Penalties/Strictures imposed by Stock Exchanges/SEBI 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 Listing Agreement read with Section 21 of Securities Contract (Regulation) Act, 1956. The Company has filed an appeal before the Securities Appellate Tribunal against the aforesaid order and the same is pending as on the date of the report.

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 - http://repository.electrosteelcastings.com/investors/pdf/vigil-2016.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 has adopted C, D & E of the Non-Mandatory requirements as provided in Part E of Schedule II to the Listing Regulations and not adopted A & B since they are discretionary requirements.

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: http://repository.electrosteelcastings.com/investors/pdf/policy-on-material-subsidiary.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 http://repository.electrosteelcastings.com/investors/pdf/related-party-transaction-policy-ver3.pdf.

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

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

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

A) Modified opinion(s) in audit report

It has always been the Company's endeavor to present unqualified Financial Statements. However, the Company has an investment of Rs.60,592.88 lakhs in equity shares of Electrosteel Steels Limited (ESL), an associate company. ESL was referred to the Hon'ble National Company Law Tribunal (NCLT) for Corporate Insolvency Resolution Process (CIRP). The Resolution Professional appointed by NCLT and the Committee of Creditors of ESL had approved a resolution plan, which has also been approved by NCLT, for the acquisition of ESL by a bidder which has been subsequently challenged by another bidder and status quo has been granted and the matter was pending before the Hon'ble National Company Law Appellate Tribunal (NCLAT). Pending decision of NCLAT and in absence of any communication of resolution plan as approved above, the Company's investment in ESL has been carried forward at its carrying value and no impairment in value thereof has been considered necessary. Further, advances and trade receivable amounting to Rs.21,151.25 lakhs receivable from ESL along with mortgage of certain land & building of the Company situated at Elavur, Tamil Nadu, in the favour of one of the lenders of ESL has been carried forward at their carrying value in view of pendency of resolution proceedings.

The North Dhadhu Coal Block located in the State of Jharkhand was allocated to the Company, Adhunik Alloys & Power Limited, Jharkhand Ispat Pvt. Ltd. and Pawanjay Steel & Power Limited (collectively referred to as venturers) for venturing 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.822.81 lakh in equity shares of NDMCPL.

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, 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.5,603.00 lakhs issued for the same. The Company's share in the Bank Guarantee is Rs.2,745.00 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. Pending final judgement & acceptance of claim and in the view of the management that the compensation to be received in terms of ordinance is expected to cover the cost incurred by the Joint venture company, no provision in the respect of Company's investment in NDMCPL and amount of Bank Guarantee, has been considered necessary.

Further, in terms of the Hon'ble Supreme Court Order referred above, allotment of Parbatpur coal block (coal block/ mines) to the Company which was under advanced stage of implementation, had been cancelled with effect from 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 same 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 was 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 it's judgement on 9 March 2017. Accordingly, based on the said judgement, the Company has claimed Rs.1,53,176.00 lakhs towards compensation

against the said coal block now being allotted to SAIL, acceptance whereof was awaited. Aggrieved due to delay in acceptance of claim, on a petition filed by the Company before the Hon'ble High Court, the Court had directed to Ministry of Commerce to expedite the matter and the matter has been pending before the Court. Pending acceptance of the Company's claim and pending determination of the amount of the claim, the consequential adjustments arising there against would be given effect to on final acceptance/settlement of the claim.

B) Separate posts of Chairperson and Chief Executive Officer

The position of the Chairman and Managing Director are separate. Mr. Pradip Kumar Khaitan is the Chairman and Mr. Umang Kejriwal is the Managing Director of the Company.

C) Reporting of Internal Auditor

The Internal Auditor reports directly to the Audit Committee.

15. The Company is in compliance with the requirements stipulated Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations, as applicable, with regard to corporate governance.

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 Managing Director to this effect is annexed hereto. The Code of Conduct is available on the Company's website viz., www.electrosteelcastings.com.

17. Prevention of Insider Trading & Code of Conduct for Fair Disclosure

The Company has adopted a Code of Conduct for Regulating, Monitoring and Reporting Trading by Insiders ('the Code') in securities of the Company. The Code requires pre-clearance for dealing in the Company's securities and prohibits the purchase or sale of securities of the Company by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed.

The Designated Persons falling under the Code of the Company have affirmed compliance with the Code.

The Company has also adopted a Code of Practices and Procedures for Fair Disclosure and Conduct of Unpublished Price Sensitive Information to formulate a stated framework and policy for prompt and fair disclosure of events and occurrences that could impact price discovery in the market for securities of the Company.

18. Disclosure with respect to demat suspense account/unclaimed suspense account

As on 31 March 2018, there are no shares lying in the demat suspense account/unclaimed suspense account.

For and on behalf of the Board of Directors

Pradip Kumar Khaitan
Chairman
DIN : 00004821

Place : Kolkata
Date : 15 May 2018

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 2017-18.

Umang Kejriwal
Managing Director
DIN : 00065173

Place : Kolkata
Date : 15 May 2018

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 31st March, 2018 as stipulated in regulations 17 to 27 and clause (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 ("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 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, 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 31st March, 2018.

Independent Auditors' Certificate ..... *(Contd.)*

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

Place : Kolkata
Dated : 15 May 2018

Annexure – 4

Annual Report on Corporate Social Responsibility (CSR) Activities

for the Financial Year 2017-18

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 http://repository.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) 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 of 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.7,770.42 Lakh.

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above) : Rs.156 Lakh (approx.)

Corporate Social Responsibility (CSR) Activities ..... *(Contd.)*

5. Details of CSR spent during the Financial Year :
   (a) Total amount to be spent for the financial year: Rs.156 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 31.03.2018) (in Rs.)	Amount Spent (Direct or through Implem-enting Agency)
					1) Direct expenditure on Projects or programs	2) Overheads		
1.	Construction of the speciality clinic of Rotary Hooghly Eye Hospital	Clause (i) – Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water	Adcconagar, Hooghly – 712 121, West Bengal	30,00,000	20,00,000	--	20,00,000	Rotary Club of Hooghly Welfare Trust Unit: Rotary Hooghly Eye Hospital
2.	Preventive and curative health care support to the poor		Bokaro, Jharkhand		10,00,000	--	10,00,000	Sparsh Trust
3.	Construction of school building, reconstruction/ renovation/ repairs of school to promote education to the tribal and deprived people living in remote areas	Clause (ii) – Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects	Naxalbari (Darjeeling) and Sitai (Coochbehar), West Bengal	76,00,000	75,00,000	--	75,00,000	Upekshit Kshetra Utthan Nyas
4.	Promotion of quality education		Bokaro, Jharkhand		1,00,000	--	1,00,000	Sparsh Trust
5.	Rural Development Projects	Clause (x) –Rural development projects	Tiruvannamalai District, Tamil Nadu	50,00,000	50,00,000	--	50,00,000	Srinivasan Services Trust
	Total			**1,56,00,000**	**1,56,00,000**	–	**1,56,00,000**	

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.

Umang Kejriwal
Managing Director

Shermadevi Yegnaswami Rajagopalan
Chairman of CSR Committee

Annexure – 5B

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 2017-18 is as under:

Name of the Director	Ratio of remuneration of each Director to Median remuneration
Pradip Kumar Khaitan, Chairman, Independent Director	3.00
Binod Kumar Khaitan, Independent Director	3.59
Ram Krishna Agarwal, Independent Director	4.99
Amrendra Prasad Verma, Independent Director	2.48
Naresh Chandra, Non-Executive Non Independent Director (upto 9 July 2017)	0.00
Shermadevi Yegnaswami Rajagopalan, Non-Executive Non Independent Director	2.74
Vyas Mitre Ralli, Non-Executive Non Independent Director	2.36
Nityangi Kejriwal, Non-Executive Non Independent Director	2.19
Umang Kejriwal, Managing Director	70.43
Mayank Kejriwal, Joint Managing Director	5.82
Uddhav Kejriwal, Whole-time Director	31.06
Mahendra Kumar Jalan, Whole-time Director	45.96

(ii) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the Financial Year 2017-18 is as under:

Name	% increase in Remuneration during the Financial Year 2017-18
Pradip Kumar Khaitan, Chairman, Independent Director	4.04
Binod Kumar Khaitan, Independent Director	10.81
Ram Krishna Agarwal, Independent Director	2.40
Amrendra Prasad Verma, Independent Director	325.00
Naresh Chandra, Non-Executive Non Independent Director (upto 9 July 2017)	(100.00)
Shermadevi Yegnaswami Rajagopalan, Non-Executive Non Independent Director	0.00
Vyas Mitre Ralli, Non-Executive Non Independent Director	(1.22)
Nityangi Kejriwal, Non-Executive Non Independent Director	(6.25)
Umang Kejriwal, Managing Director	(19.27)
Mayank Kejriwal, Joint Managing Director	(76.20)
Uddhav Kejriwal, Whole-time Director	(55.47)

Disclosure pursuant to Section 197(12) of the Companies Act, 2013 ..... *(Contd.)*

Name	% increase in Remuneration during the Financial Year 2017-18
Mahendra Kumar Jalan, Whole-time Director	6.28
Subhra Giri Patnaik, Company Secretary	11.89
Brij Mohan Soni, Chief Financial Officer	12.67

Notes :

1. Mr. Amrendra Prasad Verma was appointed as an Independent Director with effect from 22 December 2016. Therefore his remuneration for the current year is not comparable with the previous year.
2. Mr. Naresh Chandra, Non-Executive Director ceased to be the Director of the Company due to demise on 9 July 2017. Therefore his remuneration for the current year is not comparable with the previous year.

(iii) The percentage increase in the median remuneration of employees in the Financial Year 2017-18: 3.00%.

(iv) The number of permanent employees on the rolls of Company: 1526 as on 31 March 2018.

(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. 2017-18 was around 3.01% and the percentage decrease in managerial remuneration for the said Financial Year was 31.78%. 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.

Annexure – 6

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED – 31.03.2018

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

To,
The Members
ELECTROSTEEL CASTINGS LIMITED
Regd.Office - Rathod Colony,
Rajgangpur
Sundergarh
Odisha - 770017

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"). Secretarial Audit was conducted in accordance with the Guidance Note issued by the Institute of Company Secretaries of India (A statutory body constituted under the Company Secretaries Act, 1980) and in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

The Company's Management is responsible for preparation and maintenance of secretarial records and for devising proper systems to ensure compliance with the provisions of applicable laws and regulations.

Our responsibility is to express an opinion on the secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.

We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and read with the Statutory Auditors' Report on Financial Statements and Compliance of the conditions of Corporate Governance and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion and to the best of our information, knowledge and belief and according to the explanations given to us, the Company has, during the audit period covering the financial year ended on 31.03.2018 generally complied with the applicable 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 **ELECTROSTEEL CASTINGS LIMITED** for the financial year ended on 31.03.2018 according to the applicable provisions of:

1. The Companies Act, 2013 (the Act) and the Rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 (`SCRA') and the Rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign

Secretarial Audit Report ..... *(Contd.)*

Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the extent applicable to the Company –**As reported to us, there were no FDI transaction in the company during the year under review.**

5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") to the extent applicable to the company:-
   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; - **Not applicable as no new equity shares were issued during the year.**
   d) The Securities and Exchange Board of India (Share based employee benefits) Regulations, 2014; - **Not applicable as no instances were reported during the year.**
   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; -**Not applicable as no debt securities were listed during the year.**
   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **The Company has appointed a SEBI authorized Category I Registrar and Share Transfer Agent**.
   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;-**Not applicable as no delisting was done during the year.**
   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;-**Not applicable as no buy-back was done during the year**.
6. The following other Laws specifically applicable to the Company to the extent applicable to it –
   a) The Factories Act, 1948 and Rules
   b) W. B. Fire Services Act, 1950
   c) Explosive Act, 1984
   d) Petroleum Act, 1934

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

i. Secretarial Standards issued by the Institute of Company Secretaries of India.

ii. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended. During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that as far as we have been able to ascertain –

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors 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.

2. Adequate notice is given to all directors to schedule the Board 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.

3. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

4. 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.

It is stated that the compliance of all the applicable provisions of the Companies Act, 2013 and other laws is the responsibility of the management. We have relied on the representation made by the company and its Officers for systems and mechanism set-up by the company for compliances under applicable laws. Our examination, on a test-check basis, was limited to procedures followed by the Company for ensuring the compliance with the said provisions. We 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 its affairs. We further state that this is neither an audit nor an expression of opinion on the financial activities/ statements of the Company. Moreover, we have not covered any matter related to any other law which may be applicable to the Company except the aforementioned corporate laws of the Union of India.

(S.M.Gupta)
Partner
S. M. Gupta & Co.
Company Secretaries
Firm Registration No. P1993WB046600
Membership No.: FCS-896
C P No. : 2053

Place : Kolkata
Date : 15.05.2018
Enclo : Annexure 'A' forming an integral part of this Report

Annexure – 'A'

To,
The Members
ELECTROSTEEL CASTINGS LIMITED
Regd.Office - Rathod Colony,
Rajgangpur, Sundergarh
Odisha- 770017

Our report of even date is to be read along with this letter.

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

(S.M.Gupta)
Partner
S. M. Gupta & Co.
Company Secretaries
Firm Registration No. P1993WB046600
Membership No.: FCS-896
C P No. : 2053

Place : Kolkata
Date : 15.05.2018

Annexure – 7

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the Financial Year ended on 31 March 2018

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

I. REGISTRATION AND OTHER DETAILS :

i)	CIN	:	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, Corporate 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	75.56%

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/Associate	% of shares held	Applicable Section
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 Algerie 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.	Mahadev Vyapaar Pvt Ltd 25 Strand Road, Marshall House, Room No. 766, Kolkata 700 001, India	U51109WB2005PTC106882	Subsidiary	100%	Section 2(87) of the Companies Act, 2013
8.	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
9.	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
10.	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

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/Associate	% of shares held	Applicable Section
11.	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
12.	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. 11	100%*	Section 2(87) of the Companies Act, 2013
13.	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
14.	Electrosteel Steels Limited 801, Uma Shanti Apartments, Kanke Road, Ranchi, Jharkhand 834 008, India	L27310JH2006PLC012663	Associate	45.23%	Section 2(6) of the Companies Act, 2013
15.	Electrosteel Thermal Power Limited 801, Uma Shanti Apartments, Kanke Road, Ranchi, Jharkhand 834 008, India	U45207JH2006PLC012662	Associate	30%	Section 2(6) of the Companies Act, 2013
16.	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
17.	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

*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.

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

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-04-2017)				No. of Shares held at the end of the year (As on 31-03-2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	4,09,52,003	0	4,09,52,003	11.47	4,09,80,703	0	4,09,80,703	11.48	0.01
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.	14,82,74,369	0	14,82,74,369	41.54	14,82,74,369	0	14,82,74,369	41.54	0.00
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
Sub-total (A)(1)	18,92,26,372	0	18,92,26,372	53.01	18,92,55,072	0	18,92,55,072	53.02	0.01
(2) Foreign									
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
Sub-total (A)(2)	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	18,92,26,372	0	18,92,26,372	53.01	18,92,55,072	0	18,92,55,072	53.02	0.01
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	30,30,851	200	30,31,051	0.85	30,30,851	200	30,31,051	0.85	0.00
b) Banks / FI	8,91,201	10,120	9,01,321	0.25	5,84,715	9,580	5,94,295	0.17	(0.08)
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	2,43,34,235	0	2,43,34,235	6.82	2,04,31,031	0	2,04,31,031	5.72	(1.10)
g) FIIs	4,29,033	0	4,29,033	0.12	0	0	0	0.00	(0.12)
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others - Foreign Portfolio Investor	31,02,531	0	31,02,531	0.87	31,86,646	0	31,86,646	0.89	0.02
Sub-total (B)(1)	3,17,87,851	10,320	3,17,98,171	8.91	2,72,33,243	9,780	2,72,43,023	7.63	(1.28)

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-04-2017)				No. of Shares held at the end of the year (As on 31-03-2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	1,95,78,823	79,480	1,96,58,303	5.51	1,74,95,792	71,140	1,75,66,932	4.92	(0.59)
ii) Overseas	2,74,80,414	0	2,74,80,414	7.70	2,74,80,414	0	2,74,80,414	7.70	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	6,21,23,778	29,51,061	6,50,74,839	18.23	6,07,05,536	21,78,246	6,28,83,782	17.62	(0.61)
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	1,95,45,402	0	1,95,45,402	5.47	2,86,42,270	0	2,86,42,270	8.02	2.55
c) Others (specify)									
i) Trusts	54,400	63,310	1,17,710	0.03	59,390	63,310	1,22,700	0.03	0.00
ii) Clearing Member	22,95,541	0	22,95,541	0.64	11,05,916	0	11,05,916	0.31	(0.33)
iii) NRI/OBC	17,07,141	44,160	17,51,301	0.49	19,00,432	34,800	19,35,232	0.54	0.05
iv) NBFCs registered with RBI	7,269	0	7,269	0.00	13,550	0	13,550	0.00	0.00
v) Investor Education and Protection Fund Authority Ministry of Corporate Affairs	0	0	0	0.00	7,06,431	0	7,06,431	0.20	0.20
Sub-total (B)(2)	13,27,92,768	31,38,011	13,59,30,779	38.08	13,81,09,731	23,47,496	14,04,57,227	39.35	1.27
Total Public Shareholding (B)=(B)(1)+(B)(2)	16,45,80,619	31,48,331	16,77,28,950	46.99	16,53,42,974	23,57,276	16,77,00,250	46.98	0.01
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	**35,38,06,991**	**31,48,331**	**35,69,55,322**	**100.00**	**35,45,98,046**	**23,57,276**	**35,69,55,322**	**100.00**	**0.00**

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2017)			Shareholding at the end of the year (As on 31-03-2018)			% 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.	3,67,31,833	10.29	0.00	3,67,31,833	10.29	0.00	0.00
2.	Murari Investment & Trading Company Ltd	3,00,53,080	8.42	4.58	3,00,53,080	8.42	4.58	0.00
3.	Electrocast Sales India Limited	2,98,99,981	8.38	0.00	2,98,99,981	8.38	0.00	0.00
4.	G. K. Investments Limited	2,17,39,560	6.09	4.58	2,17,39,560	6.09	4.58	0.00
5.	Uttam Commercial Company Ltd.	1,85,90,570	5.21	0.00	1,85,90,570	5.21	0.00	0.00

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

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2017)			Shareholding at the end of the year (As on 31-03-2018)			% 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	
6.	Umang Kejriwal - Trustee of Sreeji Family Benefit Trust	1,47,44,555	4.13	0.00	1,75,13,527	4.91	0.00	0.78
7.	Mayank Kejriwal - Trustee of Sreeji Family Benefit Trust	1,47,44,555	4.13	0.00	1,75,13,526	4.91	0.00	0.78
8.	Malay Commercial Enterprises Limited	37,48,190	1.05	0.00	37,48,190	1.05	0.00	0.00
9.	Sri Gopal Investment Ventures Ltd.	37,32,885	1.05	0.00	37,32,885	1.05	0.00	0.00
10.	Mayank Kejriwal	35,74,310	1.00	0.00	0	0.00	0.00	(1.00)
11.	Uddhav Kejriwal	32,29,540	0.90	0.00	32,29,540	0.90	0.00	0.00
12.	Cubbon Marketing Pvt. Limited	25,00,000	0.70	0.00	25,00,000	0.70	0.00	0.00
13.	Uddhav Kejriwal HUF	15,54,550	0.44	0.00	15,54,550	0.44	0.00	0.00
14.	Mayank Kejriwal HUF	10,22,940	0.29	0.00	0	0.00	0.00	(0.29)
15.	Shashwat Kejriwal	7,44,310	0.21	0.00	7,73,010	0.22	0.00	0.01
16.	Ghanshyam Kejriwal	5,76,100	0.16	0.00	0	0.00	0.00	(0.16)
17.	Uma Kejriwal	3,36,000	0.09	0.00	0	0.00	0.00	(0.09)
18.	Quinline Dealcomm Private Limited	3,19,962	0.09	0.00	3,19,962	0.09	0.00	0.00
19.	Escal Finance Services Ltd.	2,50,000	0.07	0.00	2,50,000	0.07	0.00	0.00
20.	Ellenbarrie Developers Pvt. Ltd.	2,13,308	0.06	0.00	2,13,308	0.06	0.00	0.00
21.	Global Exports Ltd.	2,00,000	0.06	0.00	2,00,000	0.06	0.00	0.00
22.	Pallavi Kejriwal	1,87,950	0.05	0.00	1,87,950	0.05	0.00	0.00
23.	Greenchip Trexim Pvt. Limited	1,65,000	0.05	0.00	1,65,000	0.05	0.00	0.00
24.	Samriddhi Kejriwal	1,57,100	0.04	0.00	1,57,100	0.04	0.00	0.00
25.	Calcutta Diagnostics Centre (P) Ltd	1,30,000	0.04	0.00	1,30,000	0.04	0.00	0.00
26.	Mayank Kejriwal, Aarti Kejriwal - Trustee of Priya Manjari Trust	27,000	0.01	0.00	27,000	0.01	0.00	0.00
27.	Aarti Kejriwal	26,593	0.01	0.00	0	0.00	0.00	(0.01)
28.	Uddhav Kejriwal, Pallavi Kejriwal - Trustee of Samriddhi Trust	24,500	0.01	0.00	24,500	0.01	0.00	0.00
29.	Umang Kejriwal	1,000	0.00	0.00	0	0.00	0.00	0.00
30.	Nityangi Kejriwal	1,000	0.00	0.00	0	0.00	0.00	0.00
	Total	**18,92,26,372**	**53.01**	**9.15**	**18,92,55,072**	**53.02**	**9.15**	**0.01**

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during 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	18,92,26,372	53.01		
	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.	02.06.2017 – Transfer - Shashwat Kejriwal	10,000	0.00	18,92,36,372	53.01
2.	09.06.2017 – Transfer - Shashwat Kejriwal	4,500	0.00	18,92,40,872	53.02
3.	23.06.2017 – Transfer - Shashwat Kejriwal	10,000	0.00	18,92,50,872	53.02
4.	30.06.2017 – Transfer - Shashwat Kejriwal	4,200	0.00	18,92,55,072	53.02
5.	25.08.2017 – Inter se transfer				
	Mayank Kejriwal, Trustee, Sreeji Family Benefit Trust	27,68,971	0.78		
	Umang Kejriwal, Trustee, Sreeji Family Benefit Trust	27,68,972	0.78		
	Mayank Kejriwal	(35,74,310)	(1.00)		
	Mayank Kejriwal HUF	(10,22,940)	(0.29)		
	Ghanshyam Kejriwal	(5,76,100)	(0.16)		
	Uma Kejriwal	(3,36,000)	(0.09)		
	Aarti Kejriwal	(26,593)	(0.01)		
	Umang Kejriwal	(1,000)	(0.00)		
	Nityangi Kejriwal	(1,000)	(0.00)		
	At the end of the year			18,92,55,072	53.02

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	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the Company	Date[1]	Increase/ Decrease	Reason	No. of shares	% of total shares of the Company
1.	Stemcor Metals Limited	1,92,43,836	5.39	01.04.2017 31.03.2018	No change during the year		1,92,43,836	5.39
2.	General Insurance Corporation of India	97,00,000	2.72	01.04.2017				
				07.04.2017	(50,000)	Transfer	96,50,000	2.70
				14.04.2017	(50,000)	Transfer	96,00,000	2.69
				29.12.2017	(3,00,000)	Transfer	93,00,000	2.61
				05.01.2018	(5,00,000)	Transfer	88,00,000	2.47
				12.01.2018	(3,00,000)	Transfer	85,00,000	2.38
				19.01.2018	(38,829)	Transfer	84,61,171	2.37
				25.01.2018	(3,88,704)	Transfer	80,72,467	2.26

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	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the Company	Date[1]	Increase/ Decrease	Reason	No. of shares	% of total shares of the Company
				02.02.2018	(2,01,383)	Transfer	78,71,084	2.21
				31.03.2018			78,71,084	2.21
3.	PGS Invest Corp	82,36,578	2.31	01.04.2017	No change during the year			
				31.03.2018			82,36,578	2.31
4.	United India Insurance Company Limited	65,79,481	1.84	01.04.2017	No change during the year			
				31.03.2018			65,79,481	1.84
5.	The New India Assurance Company Limited[2]	38,56,280	1.08	01.04.2017				
				02.06.2017	(75,000)	Transfer	37,81,280	1.06
				09.06.2017	(3,13,559)	Transfer	34,67,721	0.97
				16.06.2017	(93,583)	Transfer	33,74,138	0.95
				23.06.2017	(1,11,279)	Transfer	32,62,859	0.91
				30.06.2017	(3,88,721)	Transfer	28,74,138	0.81
				17.11.2017	(1,00,000)	Transfer	27,74,138	0.78
				24.11.2017	(2,20,000)	Transfer	25,54,138	0.72
				01.12.2017	(1,80,000)	Transfer	23,74,138	0.67
				08.12.2017	(2,25,000)	Transfer	21,49,138	0.60
				15.12.2017	(3,02,146)	Transfer	18,46,992	0.52
				22.12.2017	(65,000)	Transfer	17,81,992	0.50
				31.03.2018			17,81,992	0.50
6.	Life Insurance Corporation of India	37,93,318	1.06	01.04.2017	No change during the year			
				31.03.2018			37,93,318	1.06
7.	ICICI Prudential Dynamic Plan	30,30,851	0.85	01.04.2017	No change during the year			
				31.03.2018			30,30,851	0.85
8.	Koushik Sekhar	18,46,878	0.52	01.04.2017				
				26.05.2017	1,90,000	Transfer	20,36,878	0.57
				23.06.2017	35,500	Transfer	20,72,378	0.58
				30.06.2017	52,500	Transfer	21,24,878	0.60
				14.07.2017	1,50,000	Transfer	22,74,878	0.64
				21.07.2017	37,500	Transfer	23,12,378	0.65
				31.03.2018			23,12,378	0.65
9.	S. Shyam	36,78,476	1.03	01.04.2017				
				26.05.2017	1,05,000	Transfer	37,83,476	1.06
				09.06.2017	2,706	Transfer	37,86,182	1.06
				16.06.2017	1,40,747	Transfer	39,26,929	1.10
				30.06.2017	78,083	Transfer	40,05,012	1.12
				07.07.2017	25,325	Transfer	40,30,337	1.13
				18.08.2017	4,00,000	Transfer	44,30,337	1.24
				31.03.2018			44,30,337	1.24

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	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the Company	Date[1]	Increase/ Decrease	Reason	No. of shares	% of total shares of the Company
10.	Shivasaran Enterprises & Advisory LLP	22,69,050	0.64	01.04.2017				
				05.05.2017	1,30,894	Transfer	23,99,944	0.67
				12.05.2017	56	Transfer	24,00,000	0.67
				02.06.2017	2,31,460	Transfer	26,31,460	0.74
				09.06.2017	1,52,500	Transfer	27,83,960	0.78
				16.06.2017	1,00,000	Transfer	28,83,960	0.81
				23.06.2017	17,040	Transfer	29,01,000	0.81
				31.03.2018			29,01,000	0.81
11.	Vijaya S[3]	3,05,652	0.09	01.04.2017				
				14.04.2017	1,40,000	Transfer	4,45,652	0.12
				05.05.2017	2,000	Transfer	4,47,652	0.13
				19.05.2017	5,18,636	Transfer	9,66,288	0.27
				26.05.2017	2,20,738	Transfer	11,87,026	0.33
				02.06.2017	2,09,355	Transfer	13,96,381	0.39
				09.06.2017	1,40,576	Transfer	15,36,957	0.43
				16.06.2017	2,10,607	Transfer	17,47,564	0.49
				23.06.2017	4,16,705	Transfer	21,64,269	0.61
				31.03.2018			21,64,269	0.61

Notes :

1. The Company is listed and 99.34% shareholding is in demat form as on 31 March 2018. 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. Ceased to be in the list of top 10 shareholders as on 31.03.2018. The details are provided above as the shareholder was appearing in the list of top 10 shareholders as on 01.04.2017.
3. Not in the list of top 10 shareholders as on 01.04.2017. The details are provided above as the shareholder was one of the top 10 shareholders as on 31.03.2018.

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

v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name of the Director/KMP	Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding during the year			Cumulative Shareholding during the year	
	For each of the Directors and KMP	No. of shares	% of total shares of the Company	Date	Increase/ Decrease	Reason	No. of shares	% of total shares of the Company[1]
1.	Pradip Kumar Khaitan, Chairman - Independent Director	0	0.00	01.04.2017 31.03.2018	No change during the year		0	0.00
2.	Umang Kejriwal, Managing Director	1,000	0.00	01.04.2017				
				25.08.2017	(1,000)	Transfer	0	0.00
				31.03.2018			0	0.00
3.	Mayank Kejriwal, Joint Managing Director	35,74,310	1.00	01.04.2017				
				25.08.2017	(35,74,310)	Transfer	0	0.00
				31.03.2018			0	0.00
4.	Uddhav Kejriwal, Whole-time Director	32,29,540	0.90	01.04.2017	No change during the year			
				31.03.2018			32,29,540	0.90
5.	Binod Kumar Khaitan, Independent Director	2,000	0.00	01.04.2017	No change during the year			
				31.03.2018			2,000	0.00
6.	Amrendra Prasad Verma, Independent Director	0	0.00	01.04.2017	No change during the year			
				31.03.2018			0	0.00
7.	Ram Krishna Agarwal, Independent Director	1,000	0.00	01.04.2017	No change during the year			
				31.03.2018			1,000	0.00
8.	Naresh Chandra, Non-Executive Director[2]	1,000	0.00	01.04.2017				
				05.01.2018	(1,000)	Transfer	0	0.00
				31.03.2018			0	0.00
9.	Shermadevi Yegnaswami Rajagopalan, Non-Executive Director	5,100	0.00	01.04.2017	No change during the year			
				31.03.2018			5,100	0.00
10.	Mahendra Kumar Jalan, Whole-time Director	1,750	0.00	01.04.2017	No change during the year			
				31.03.2018			1,750	0.00
11.	Nityangi Kejriwal, Non-Executive Director	1,000	0.00	01.04.2017				
				25.08.2017	(1,000)	Transfer	0	0.00
				31.03.2018				
12.	Vyas Mitre Ralli, Non-Executive Director	5,000	0.00	01.04.2017	No change during the year			
				31.03.2018			5,000	0.00
13.	Brij Mohan Soni, Chief Financial Officer	1,000	0.00	01.04.2017	No change during the year			
				31.03.2018			1,000	0.00
14.	Subhra Giri Patnaik, Company Secretary	0	0.00	01.04.2017	No change during the year			
				31.03.2018			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. Naresh Chandra ceased to be the Director of the Company with effect from 9 July 2017.

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
Indebtedness at the beginning of the financial year (01.04.2017)				
i) Principal Amount[1]	1,82,021.84	9,711.45	–	1,91,733.29
ii) Interest due but not paid	88.73	–	–	88.73
iii) Interest accrued but not due	1,095.07	71.26	–	1,166.33
Total (i+ii+iii)	**1,83,205.64**	**9,782.71**	**–**	**1,92,988.35**
Change in Indebtedness during the financial year				
Additions	37,644.49	8,100.47	–	45,744.96
Reduction	80,036.37	3,253.73	–	83,290.10
Net Change	**(42,391.88)**	**4,846.74**	**–**	**(37,545.14)**
Indebtedness at the end of the financial year (31.03.2018)				
i) Principal Amount	1,39,782	14,629.45	–	1,54,412.24
ii) Interest due but not paid	38.24	–	–	38.24
iii) Interest accrued but not due	992.73	–	–	992.73
Total (i+ii+iii)	**1,40,813.76**	**14,629.45**	**–**	**1,55,443.21**

Notes : 1. Includes Rs.1,351.06 lakh towards bill discounted with Banks.
2. Figures in bracket represent negative figures.

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				
		Umang Kejriwal	Mayank Kejriwal	Uddhav Kejriwal	Mahendra Kumar Jalan	Total Amount
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	1,97,50,000	12,74,168	85,40,000	1,42,52,252	4,38,16,420
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	14,07,686	3,96,926	7,47,694	7,61,333	33,13,639
	(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 (A)	2,11,57,686	16,71,094	92,87,694	1,50,13,585	4,71,30,059
	Ceiling as per the Act	Rs.533.34 Lakh (10% of the net profits calculated as per Section 198 of the Companies Act, 2013)				

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

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	Naresh Chandra**	Shermadevi Yegnaswami Rajagopalan	Nityangi Kejriwal	Vyas Mitre Ralli	
1.	Independent Directors									
	(a) Fee for attending board/ committee/ other meetings	4,30,000	6,30,000	5,10,000	2,50,000	–	–	–	–	18,20,000
	(b) Commission	6,00,000	6,00,000	12,00,000	6,00,000	–	–	–	–	30,00,000
	(c) Others, please specify	–	–	–	–	–	–	–	–	–
	Total (1)	10,30,000	12,30,000	17,10,000	8,50,000	–	–	–	–	48,20,000
2.	Other Non-Executive Directors									
	(a) Fee for attending board/ committee meetings	–	–	–	–	–	3,40,000	1,50,000	2,10,000	7,00,000
	(b) Commission	–	–	–	–	–	6,00,000	6,00,000	6,00,000	18,00,000
	(c) Others, please specify	–	–	–	–	–	–	–	–	–
	Total (2)	–	–	–	–	–	9,40,000	7,50,000	8,10,000	25,00,000
	Total (B)=(1+2)	10,30,000	12,30,000	17,10,000	8,50,000	–	9,40,000	7,50,000	8,10,000	73,20,000
	Total Managerial Remuneration * (A+B)									5,44,50,059
	Overall Ceiling as per the Act	Rs.586.67 Lakh (being 11% of the net profits calculated as per Section 198 of the Companies Act, 2013)								

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

** Mr. Naresh Chandra resigned from the Board of Directors of the Company with effect from 9 July 2017.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Amount in Rs.

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Chief Executive Officer	Chief Financial Officer	Company Secretary
			Brij Mohan Soni	Subhra Giri Patnaik
1.	Gross salary	Not applicable		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961		62,76,000	32,26,611
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961		2,25,396	45,000
	(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		65,01,396	32,71,611

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)
A.	**COMPANY**					
	Penalty	–	–	–	–	–
	Punishment	–	–	–	–	–
	Compounding	–	–	–	–	–
B.	**DIRECTORS**					
	Penalty	–	–	–	–	–
	Punishment	–	–	–	–	–
	Compounding	–	–	–	–	–
C.	**OTHER OFFICERS IN DEFAULT**					
	Penalty	–	–	–	–	–
	Punishment	–	–	–	–	–
	Compounding	–	–	–	–	–

Annexure – 8

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:

- In Khardah Works, Dilute Oxygen Combustion technology has been introduced in Annealing Furnace to reduce fuel oil consumption by approximately 35%.
- VVVF drives have been installed in cooling tower fans of Ductile Iron Works to reduce energy consumption of these fans by approximately 30% in Khardah Works.
- Improvement of Induction Furnace coil insulation by special insulators have resulted in saving energy consumption in these furnaces by approximately 2%.
- Installation of energy efficient LED lights replacing conventional lamps in Khardah Works Personnel and Administration building, Stores, 48 B.T. Road & 49 B.T. Road premises have resulted in reduction of lighting energy consumption by 30% - 50% in these areas.
- Usage of recovered heat from Annealing Furnace flue gas has been used in pattern cluster drying ovens of Khardah Fittings Plant, thus eliminating electrical heating requirement saving approximately one lakh units per annum.
- Conventional lights in Haldia Power Plant and material handling area of Coke Oven and Sponge Iron Plant have been replaced with energy efficient LED lights to save approximately 40% energy consumption for these lighting applications.
- At ABC section of Kiln-2 of Haldia Sponge Iron Plant, instead of running two fans, single fan has been introduced with variable speed control, thus saving approximately 36,500 units per annum.
- Energy Management System (as per ISO 50001:2011) has been successfully implemented in Khardah Works and Bansberia Works.

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

Installation of roof-top solar panels for supplying power to Khardah Works office buildings has been planned. Survey of rooftop spaces have been done and rooftop solar installation capacity has been estimated. It will be implemented in 2018-19.

iii) The capital investment on energy conservation equipments:

The Company has made a total capital investment amounting to Rs.33 lakh during the financial year 2017-18 on energy conservation equipments.

B) TECHNOLOGY ABSORPTION

i) The efforts made towards technology absorption

The Paint Plant of the Company has developed a number of paints with international quality and has been successful in replacing some imported paints. In Pipe Joints and paint, the Company has developed product superior to that available in the market and applied patent for them.

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

A number of imported paints is substituted by the paint developed by the Company in-house. This has helped the Company to improve its bottom-line.

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 2017-18 amounted to Rs.115.65 Lakh.

C) FOREIGN EXCHANGE EARNINGS & OUTGO

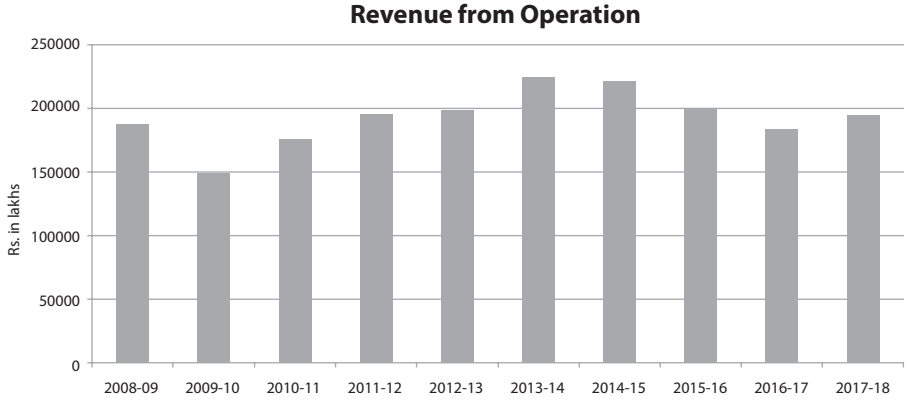
The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflow is given below:

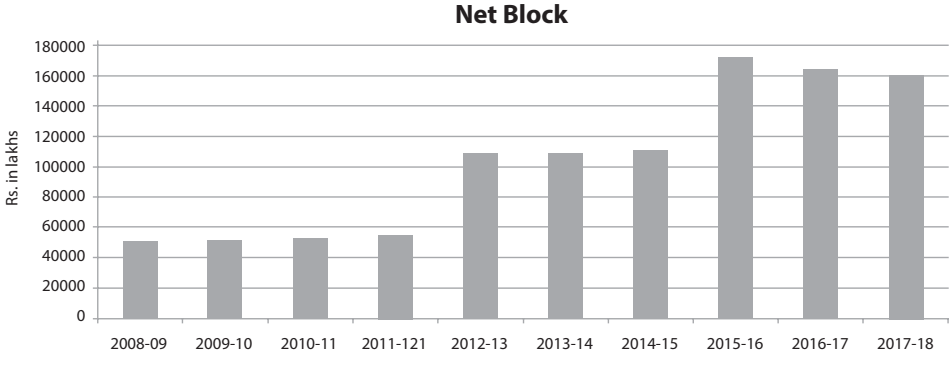
Foreign Exchange Earned :	Rs.561.41 Crore
Foreign Exchange Outgo :	Rs.470.79 Crore

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
2008-09	189557.52	35843.45	5212.48	6865.54	14039.41	78184.12	50688.80	243673.62
2009-10	146664.11	40428.63	5230.06	10162.78	20628.89	84200.94	52462.54	287267.53
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





Independent Auditors' Report

To The Members of Electrosteel Castings Limited

Report on the Standalone Financial Statements

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

Management's Responsibility for the Standalone Ind AS Financial Statements

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

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

Auditors' Responsibility

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

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

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

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

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 Ind AS financial statements.

Basis for Qualified Opinion

Attention is drawn to the following notes to the standalone Ind AS financial statement:

a) Note No. 7.2 in respect of Company's financial exposure of Rs. 817,44.13 lacs in Electrosteel Steels Limited (ESL), an associate company, along with mortgage of certain fixed assets of the Company in favour of a Lender of ESL, which has been carried forward at their carrying value. Pending completion of resolution proceedings, no impairment has been provided in respect to above exposure and the impact of which is not presently ascertainable.

b) Note No. 7.4 in respect of cancellation of North Dhadhu Coal block and non impairment in the value of the Investment and share of Bank guarantee in the Joint Venture Company, pending determination of the claim for compensation.

c) Note no. 46 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 acceptance of claim, disclosures as per Indian Accounting standard will be given effect on final settlement 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.

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

Qualified Opinion

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 Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2018, and its Profit (financial performance including other comprehensive income) and its Cash Flows and the changes in equity for the year ended on that date.

Others Matter

The comparative financial information of the company for the year

Independent Auditors' Report *(Contd.)*

ended 31st March 2017 are based on the previously issued standalone financial statements prepared in accordance with the Ind As that were audited by the erstwhile auditors. The audit report dated 19th May 2017 on the audited standalone financial statement of the Company for the year ended 31st March 2017 issued by erstwhile auditors expressed a modified opinion.

Report on Other Legal and Regulatory Requirements

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

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

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branch not visited by us;

c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and with the returns received from the branch not visited by us;

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;

e) The matters described in the Basis for Qualified opinion paragraph above, in the event of being decided unfavourably, 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, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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; ; and

i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :

   i. Except for the matters dealt with in the basis for 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 Ind AS financial statement as required in terms of the Ind AS and provisions of the Companies Act, 2013. Refer Note No. 53 to the standalone Ind AS financial statements

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts- Refer Note no. 44 to the standalone Ind AS financial statements;

   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's Registration No. : 302049E

(Gopal Jain)
Partner
Membership No. : 59147

Place : Kolkata
Date : 15 May 2018

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

i. a. The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets 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. 46(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 of the Ind AS financial statements)

(Amount Rs. In Lakhs)

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

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. 46(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 not material.

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

IV. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.

V. The Company has not accepted any deposits from public covered under Sections 73 to 76 or any other relevant provisions of the Act and rules framed there under.

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 2018 for a period of more than six months from the date they became payable.

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, 2018, are as follows :

Name of the Statute	Nature of Dues	Amount (Rs. in lakhs)	Period to which the Amount relates	Forum where dispute is pending
Sales Tax Act	Sales Tax	574.81	2004-06 & 2008-13	Tribunal
		4685.86	1974-78, 85-87, 1997-98, 1999-00, 1989-93, 2006-13	West Bengal Appellate & Revisional Board (WBA&RB)
		1199.21	2008-09	Fast Track Court
		75.52	2013-14	Commissioner
		247.21	2002-03	Spl. Commissioner
		1258.00	2013-15	Addl. Commissioner
		0.05	2010-12	Jt. Commissioner
		39.68	2008-11, 2013-14	Dy. Commissioner (A)
Central Excise Act	Excise Duty	541.90	1998-1999 to 2014-2015	CESTAT(Tribunal)
		58.24	2005-2006 to 2014-2015	Commissioner (Appeal)
		10.77	2008-2009	Addl. Director Gen. DRI
		3441.92	2002-2003 to 2004-2005	Commissioner
		227.48	2004-2005 to 2006-2007 and 2015-2016 to 2016-17	Addl. Commissioner
		1.02	2005-2006 to 2006-2007	Asst. Commissioner
Central Excise Act	Service Tax	20.29	2004-05 to 2006-07	Madras High Court
		712.27	2007-2008 to 2011-2016	CESTAT(Tribunal)
		172.70	2005-06 to 2011-12, 2015-18	Commissioner (Appeal)
		394.19	2002-2003 to 2006-2009	Addl. Commissioner

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

		627.57	2003-2004 to 2007-2008	Commissioner
Income Tax Act, 1961	Income Tax	50.46	Assessment year 2014-15	Commissioner (Appeal)

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

IX. In our opinion and according to the information and explanations given to us, the company did not raise any money by way of initial public offer or further public offer (including debt instruments), however term loans raised during the year have been utilised for the purposes for which they were raised except Rs. 1102.52 Lakhs which are lying in bank account (Refer Note No. 15 of the standalone Ind AS financial statements) pending utilization for the intended use.

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 financial statements as required by the applicable accounting standards.

XIV. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

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's Registration No. : 302049E

(Gopal Jain)
Partner
Membership No. : 59147

Place : Kolkata
Date : 15 May 2018

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, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

(Gopal Jain)
Partner
Membership No. : 59147

Place : Kolkata
Date : 15 May 2018

Balance Sheet as at March 31, 2018

(Amount Rs. in lakhs)

	Note No.	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non–current assets			
(a) Property, Plant and Equipment	5	**16,00,41.32**	16,34,86.48
(b) Capital work–in–progress	48 and 49	**12,01,77.59**	12,09,75.85
(c) Other Intangible assets	6	**2,20.17**	5,04.78
(d) Financial Assets		-	
(i) Investments	7	**11,45,97.02**	11,46,06.11
(ii) Trade receivables	8	**1,28.40**	1,08.56
(iii) Loans	9	**21,85.23**	12,11.80
(iv) Other financial assets	10	**36,49.47**	35,60.89
(e) Other non–current assets	11	**4,22.42**	6,24.67
		40,14,21.62	40,50,79.14
Current assets			
(a) Inventories	12	**4,08,32.84**	4,38,53.46
(b) Financial Assets			
(i) Investments	13	**84.15**	90.51
(ii) Trade receivables	14	**5,58,57.80**	4,83,52.04
(iii) Cash and cash equivalents	15	**67,90.37**	2,63,10.13
(iv) Bank balances other than (iii) above	16	**1,32,03.79**	70,37.29
(v) Loans	17	**16,85.64**	14,62.40
(vi) Other financial assets	18	**1,17,52.02**	1,09,74.56
(c) Other current assets	19	**3,05,53.32**	3,43,58.45
		16,07,59.93	17,24,38.84
Total Assets		**56,21,81.55**	57,75,17.98
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	20	**35,69.55**	35,69.55
(b) Other Equity	21	**28,56,25.01**	28,28,80.46
		28,91,94.56	28,64,50.01
Liabilities			
Non–current liabilities			
(a) Financial Liabilities			
(i) Borrowings	22	**8,45,76.28**	11,27,20.27
(b) Provisions	23	**18,67.59**	19,56.16
(c) Deferred tax liabilities (Net)	24	**2,70,79.36**	2,98,20.68
(d) Other non–current liabilities	25	**1,79,73.08**	2,01,20.75
(e) Non–current tax liabilities (Net)	26	**42,19.00**	33,42.15
		13,57,15.31	16,79,60.01
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	27	**4,20,55.21**	5,90,50.34
(ii) Trade payables	28	**2,96,46.00**	2,05,46.26
(iii) Other financial liabilities	29	**3,06,83.14**	2,39,99.79
(b) Other current liabilities	30	**3,14,84.40**	1,59,55.26
(c) Provisions	31	**19,20.46**	26,69.98
(d) Current Tax Liabilities (Net)	32	**14,82.47**	8,86.33
		13,72,71.68	12,31,07.96
Total Equity and Liabilities		**56,21,81.55**	57,75,17.98

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
May 15, 2018

For and on behalf of the Board of Directors

Mahendra Kumar Jalan
Wholetime Director
(DIN : 00311883)

Umang Kejriwal
Managing Director
(DIN : 00065173)

Brij Mohan Soni
Chief Financial Officer

Subhra Giri Patnaik
Company Secretary

Statement of Profit and Loss for the year ended March 31, 2018

(Amount Rs. in lakhs)

Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue From Operations	33	**19,43,66.44**	18,32,07.85
Other Income	34	**79,91.72**	97,03.96
Total income		**20,23,58.16**	19,29,11.81
EXPENSES			
Cost of materials consumed	35	**8,73,14.93**	7,58,72.28
Purchases of stock–in–trade	36	**78,00.88**	56,61.26
Changes in inventories of finished goods, stock–in–trade and work–in–progress	37	**(32.74)**	(14,56.82)
Employee benefits expense	38	**1,88,80.82**	1,84,19.28
Finance costs	39	**2,02,31.83**	2,01,05.16
Depreciation and amortisation expense	40	**59,21.85**	63,68.85
Other expenses	41	**5,78,81.73**	5,70,92.77
Total expenses		**19,79,99.30**	18,20,62.78
Profit before tax		**43,58.86**	1,08,49.03
Tax expense :	42		
Current tax		**25,03.00**	32,02.67
Deferred tax		**(11,18.64)**	(81.94)
Related to earlier year		**(17,24.14)**	–
Profit for the year		**46,98.64**	77,28.30
Other Comprehensive Income	43		
A (i) Items that will not be reclassified to profit or loss			
a) Remeasurements of the defined benefit plans		**14.33**	(1,02.54)
b) Equity instruments through other comprehensive income		**(9.09)**	2.84
(ii) Income tax relating to items that will not be reclassified to profit or loss	42.2	**(1.91)**	34.83
B (i) Items that will be reclassified to profit or loss			
a) Effective portion of Cash flow hedge reserve		**2,90.25**	1,89.05
(ii) Income tax relating to items that will be reclassified to profit or loss	42.2	**(99.55)**	(65.42)
Other Comprehensive Income for the year (net of tax)		**1,94.03**	58.76
Total Comprehensive Income for the year		**48,92.67**	77,87.06
Earnings per equity share of par value of Re. 1 each.	50		
(1) Basic (Rs.)		**1.32**	2.17
(2) Diluted (Rs.)		**1.32**	2.17

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
May 15, 2018

For and on behalf of the Board of Directors

Mahendra Kumar Jalan
Wholetime Director
(DIN : 00311883)

Umang Kejriwal
Managing Director
(DIN : 00065173)

Brij Mohan Soni
Chief Financial Officer

Subhra Giri Patnaik
Company Secretary

Statement of changes in Equity for the year ended March 31, 2018

A. Equity Share Capital	Amount (Rs. in lakhs)
Balance as at April 1, 2016	35,69.55
Changes during the year	–
Balance as at March 31, 2017	35,69.55
Changes during the year	–
Balance as at March 31, 2018	**35,69.55**

B. Other Equity

As at March 31, 2018

(Amount Rs. in lakhs)

Particulars	Reserve & Surplus					Items of Other Comprehensive Income		Total
	Capital Reserve	Securities Premium Reserve	General Reserve	Debenture Redemption Reserve	Retained Earnings	Equity Instrument through Other Comprehensive Income	Effective portion of Cash Flow hedges	
Balance as at April 01, 2017	42,98.28	6,55,90.26	10,10,07.51	62,50.00	10,60,75.39	23.70	(3,64.68)	28,28,80.46
Total Comprehensive Income for the year	–	–	–	–	46,98.64	(7.04)	1,90.70	48,82.30
Re-measurement of defined benefit plans					10.37			10.37
Dividends including dividend distribution tax	–	–	–	–	(21,48.12)	–	–	(21,48.12)
State Capital Investment Subsidy	(1,50.00)	–	–	–	1,50.00	–	–	–
Balance at March 31, 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**

Statement of changes in Equity for the year ended March 31, 2018 (Contd.)

B. Other Equity (Contd.)

As at March 31, 2017

(Amount Rs. in lakhs)

Particulars	Reserve & Surplus					Items of Other Comprehensive Income		Total
	Capital Reserve	Securities Premium Reserve	General Reserve	Debenture Redemption Reserve	Retained Earnings	Equity Instrument through Other Comprehensive Income	Effective portion of Cash Flow hedges	
Balance as at April 1, 2016	41,48.28	6,55,90.26	9,90,07.51	32,60.00	10,55,52.27	21.51	(4,88.31)	27,70,91.52
Total Comprehensive Income for the year	–	–	–	–	77,28.30	2.19	1,23.63	78,54.12
Re-measurement of defined benefit plans	–	–	–	–	(67.06)	–	–	(67.06)
Dividends including dividend distribution tax	–	–	–	–	(21,48.12)	–	–	(21,48.12)
Transfer to Debenture Redemption Reserve from Retained Earnings	–	–	–	50,00.00	(50,00.00)	–	–	–
Transfer from Debenture Redemption Reserve to Retained Earnings	–	–	–	(20,10.00)	20,10.00	–	–	–
Transfer from Retained Earning to General Reserve	–	–	20,00.00	–	(20,00.00)	–	–	–
State Capital Investment Subsidy	1,50.00	–	–	–	–	–	–	1,50.00
Balance at March 31, 2017	**42,98.28**	**6,55,90.26**	**10,10,07.51**	**62,50.00**	**10,60,75.39**	**23.70**	**(3,64.68)**	**28,28,80.46**

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
May 15, 2018

For and on behalf of the Board of Directors

Mahendra Kumar Jalan
Wholetime Director
(DIN : 00311883)

Umang Kejriwal
Managing Director
(DIN : 00065173)

Brij Mohan Soni
Chief Financial Officer

Subhra Giri Patnaik
Company Secretary

Statement of Cash Flow for the year ended March 31, 2018

(Amount Rs. in lakhs)

		For the year ended March 31, 2018		For the year ended March 31, 2017	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Profit before Tax		**43,58.86**		1,08,49.03
	Add : Depreciation and amortisation expenses	**59,21.85**		63,68.85	
	Bad debts	**–**		1,02.10	
	Pipe mould written off	**2,46.39**		1,37.40	
	Property, Plant and Equipment written off	**92.08**		–	
	Provision for others	**90.64**		4,86.92	
	Impairment Allowances for doubtful debts	**–**		3,12.78	
	Fair Valuation of derivative instruments through Statement of Profit & Loss	**(4,71.14)**		3,13.38	
	Finance Cost	**2,02,31.83**	**2,61,11.65**	2,01,05.16	2,78,26.59
			3,04,70.51		3,86,75.62
	Less : Interest Income	**15,38.85**		12,91.06	
	Dividend Income from Investments	**11,61.25**		9,67.38	
	Net gain/(loss) on sale of Current Investments	**–**		93.46	
	Net gain/(loss) on Fair Valuation of current investments	**(6.36)**		1,65.29	
	Net gain/(loss) on derecognition of financial assets at amortised cost	**28.48**		26.84	
	Unrealised on Foreign Exchange Fluctuation and translation	**44,00.45**		23,02.64	
	Provisions / Liabilities no longer required written back	**23,11.44**		5,17.49	
	Profit/(Loss) on sale / discard of Fixed Assets (Net)	**(63.75)**	**93,70.36**	33,63.20	87,27.36
	Operating Profit before Working Capital changes		**2,11,00.15**		2,99,48.26
	Less : Increase/(Decrease) in Inventories	**(30,20.62)**		87,61.06	
	Increase/(Decrease) in Trade Receivables	**57,75.05**		(2,10,81.64)	
	Increase/(Decrease) in Loans & advances, other financial and non–financial assets	**(18,66.70)**		(14,90.11)	
	(Increase)/Decrease in Trade Payables, other financial and non–financial liabilities and provisions	**(2,48,74.68)**	**(2,39,86.95)**	(35,53.12)	(1,73,63.81)
	Cash generated from Operations		**4,50,87.10**		4,73,12.07
	Less : Direct Taxes paid (Net)		**10,70.97**		27,92.81
	Net cash flow from Operating activities		**4,40,16.13**		4,45,19.26
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of Property, Plant and Equipment, Intangible Assets and movements in Capital work in progress	**(19,27.39)**		(26,70.21)	
	Realisation of Property, Plant and Equipment, Intangible Assets	**49.73**		1,39,24.45	
	(Purchase)/Sale of Investment (net)	**–**		4,34.73	
	State capital investment subsidy	**–**		1,50.00	
	Interest received	**14,67.28**		13,18.34	
	Dividend received	**11,61.25**		9,67.38	
	Bank Balances Other than Cash and Cash Equivalents	**(62,55.08)**	**(55,04.21)**	(64,32.92)	76,91.77
	Net Cash flow from Investing activities		**(55,04.21)**		76,91.77

Statement of Cash Flow for the year ended March 31, 2018 (Contd.)

(Amount Rs. in lakhs)

	For the year ended March 31, 2018		For the year ended March 31, 2017	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds/(Repayments) from short term borrowings (net)	**(1,86,38.27)**		(1,69,82.01)	
Proceeds/(Redemption / Repayment) of Long Term Debentures/Term Loan	**(1,68,59.55)**		60,26.79	
Interest and other borrowing cost paid	**(2,01,41.40)**		(2,11,94.52)	
Amount deposited in bank accounts towards unpaid dividend	**(2,32.03)**		(86.07)	
Dividend paid	**(17,84.78)**		(16,98.71)	
Tax on Dividend	**(3,63.34)**	**(5,80,19.37)**	(3,63.34)	(3,42,97.86)
Net cash flow from Financing activities		**(5,80,19.37)**		(3,42,97.86)
Cash and Cash equivalents (A+B+C)		**(1,95,07.45)**		1,79,13.17
Cash and Cash equivalents as at 1st April		**2,63,10.13**		83,98.35
Add/(Less): Unrealised exchange gain/(loss) on Bank balances		**(12.31)**		(1.39)
Cash and Cash equivalents as at 31st March (Refer note no. 15)		**67,90.37**		2,63,10.13

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) The amendments to 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. This amendment has become effective from April 01, 2017 and the required disclosure is made below. There is no other impact on the financial statements due to this amendment.

Particulars	As at 31.03.2017	Cash Flows	Non Cash Changes		As at 31.03.2018
			Foreign Exchange movement & Amortisied cost	Current/Non-current classification	
Borrowings-Non Current	11,27,20.27	31,03.13	(34,66.37)	(2,77,80.75)	8,45,76.28
Other Financial Liabilities	1,99,62.68	(1,99,62.68)	–	2,77,80.75	2,77,80.75
Borrowings-Current	5,90,50.34	(1,86,38.27)	16,43.14	–	4,20,55.21

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
May 15, 2018

For and on behalf of the Board of Directors

Mahendra Kumar Jalan
Wholetime Director
(DIN : 00311883)

Umang Kejriwal
Managing Director
(DIN : 00065173)

Brij Mohan Soni
Chief Financial Officer

Subhra Giri Patnaik
Company Secretary

Notes to Financial Statements for the year ended March 31, 2018

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 & 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.

2. Statement of Compliance and Recent Pronouncements

2.1 Statement of Compliance

The Company excepting as stated in Note 7.2, 7.4 and 46 has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013 ("the Act") with effect from April 1, 2016 and therefore Ind ASs issued, notified and made effective till the financial statements are authorized have been considered for the purpose of preparation of these financial statements.

2.2 Recent Pronouncements

New Standards / Amendments to Existing Standard issued but not yet effective upto the date of issuance of the Company's Financial Statement are disclosed below :

On 28th March, 2018, the Ministry of Corporate Affairs (MCA) has notified Ind AS 115 - Revenue from Contracts with Customers and certain amendment to existing Ind AS. These amendments shall be applicable to the Company from 1st April 2018.

(a) Ind AS 115-Revenue from Contracts with Customers

Ind AS 115 supersedes Ind AS 11, Construction Contracts and Ind AS 18, Revenue. Ind AS 115 requires an entity to report information regarding nature , amount, timing and uncertainty of revenue and cash flows arising from contract with customers. The principle of Ind AS 115 is that an entity should recognise revenue that demonstrates the transfer of promised goods and services to the customers at an amount that reflects the consideration to which the entiry expects to be entitled in exchange for those goods and services.

Based on preliminary assessment performed by the Company, the impact of the application of the standard is not expected to be material.

(b) Amendment to Existing issued Ind AS

i. Ind AS 12 - Income Taxes

ii. Ind AS 21 - The Effects of Changes in Foreign Exchange Rates

iii. Ind AS 28 - Investment in Associates and Joint Ventures and

iv. Ind AS 112 - Disclosure of Interests in Other Entities

The impact of the above standards on the financial statements, as assessed by the Company, is not expected to be material.

3. Significant Accounting Policies

3.1 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.

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.

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

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 Financial Statements for the year ended March 31, 2018 *(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
Buildings	
Non–Factory Building (RCC Frame Structure)	60 Years
Factory Building	30 Years
Roads	
Carpeted Roads–RCC	10 Years
Carpeted Roads–other than RCC	5 Years
Non–Carpeted Roads	3 Years
Plant and machinery	
Other than Continuous Process Plant	15 Years
Sinter Plant, Blast Furnace, Coke Oven	20 Years
Coke Oven Battery Relining	5 Years
Blast Furnance Relining	2 Years
Power Plant	40 Years
Computer equipment	
Servers and networks	6 Years
Others	3 Years
Furniture and fixtures, Electrical Installation and Laboratory Equipment's	10 Years
Office equipment	5 Years
Vehicles	
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.

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

3.5 Leases

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

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

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

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.

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.

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

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 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.

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

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 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.

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

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 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.

Notes to Financial Statements for the year ended March 31, 2018 *(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 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

Sale of goods :

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

Revenue from Turnkey Contracts :

Revenue against Turnkey Contracts undertaken by the Company is recognized progressively on the basis of percentage of completion method. Stage of completion of contracts in progress is determined by reference to the physical proportion of the contract work completed. Estimated loss on project to be undertaken in future years is provided for.

Interest, Dividend and Claims :

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

Other Operating Revenue :

Export incentive and subsidies are recognized when there is reasonable assurance that the Company will comply with the conditions and the incentive will be received.

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

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.

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.

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

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 aound 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 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.

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 Arrangements containing leases and classification of leases

The Company enters into service / hiring arrangements for various assets / services. The determination of lease and classification of the service / hiring arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

4.4 Claims and Compensation

Claims including insurance claims are accounted for on determination of certainity of realisation thereof. Compensation receivable against acquistion of coal mine (Refer Note No. 46) 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 Financial Statements for the year ended March 31, 2018 *(Contd.)*

5. Property, Plant and Equipment : (Amount Rs. in lakhs)

Particulars	Freehold land	Leasehold land	Buildings	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipment	Railway Siding	Live stock	Total
Gross Block										
As at April 1, 2017	**11,82,41.61**	**19,24.39**	**1,11,31.13**	**3,93,17.24**	**1,62.69**	**7,18.11**	**2,97.68**	**33,63.20**	**1.11**	**17,51,57.16**
Additions	–	–	6,22.81	15,27.89	46.80	1,18.63	61.70	–	–	23,77.83
Disposal	(98.75)	–	(1.87)	(7,57.89)	(0.01)	(10.59)	–	–	–	(8,69.11)
Other Adjustments	–	–	2.30	1,47.06	0.01	–	0.03	–	–	1,49.40
As at March 31, 2018	**11,81,42.86**	**19,24.39**	**1,17,54.37**	**4,02,34.30**	**2,09.49**	**8,26.15**	**3,59.41**	**33,63.20**	**1.11**	**17,68,15.28**
Accumulated Depreciation										
As at April 1, 2017	**–**	**57.32**	**26,81.28**	**74,65.78**	**67.56**	**3,34.34**	**85.07**	**9,79.33**	**–**	**1,16,70.68**
Charge for the period	–	29.02	10,24.09	38,69.57	27.01	1,38.07	39.72	4,85.02	–	56,12.50
Disposal	–	–	(0.93)	(5,01.52)	–	(6.77)	–	–	–	(5,09.22)
As at March 31, 2018	**–**	**86.34**	**37,04.44**	**1,08,33.83**	**94.57**	**4,65.64**	**1,24.79**	**14,64.35**	**–**	**1,67,73.96**
Net carrying amount										
As at March 31, 2018	**11,81,42.86**	**18,38.05**	**80,49.93**	**2,94,00.47**	**1,14.92**	**3,60.51**	**2,34.62**	**18,98.85**	**1.11**	**16,00,41.32**

Particulars	Freehold land	Leasehold land	Buildings	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipment	Railway Siding	Live stock	Total
Gross Block										
As at April 1, 2016	11,83,14.21	18,75.33	1,35,02.39	3,86,00.57	1,42.88	6,16.67	2,66.62	33,63.20	1.11	17,66,82.98
Additions	–	49.06	88.79	11,24.47	19.97	1,27.73	31.94	–		14,41.96
Disposal	(72.60)	–	(24,20.00)	(3,24.35)	(0.05)	(26.29)	(0.41)			(28,43.70)
Other Adjustments	–	–	(40.05)	(83.45)	(0.11)	–	(0.47)	–		(1,24.08)
As at March 31, 2017	11,82,41.61	19,24.39	1,11,31.13	3,93,17.24	1,62.69	7,18.11	2,97.68	33,63.20	1.11	17,51,57.16
Accumulated Depreciation										
As at April 1, 2016	–	28.47	15,88.03	36,91.62	35.96	1,91.34	42.23	4,91.57	–	60,69.22
Charge for the period	–	28.85	13,52.15	39,59.24	31.62	1,56.32	42.90	4,87.76		60,58.84
Disposal		–	(2,58.90)	(1,85.08)	(0.02)	(13.32)	(0.06)	–		(4,57.38)
As at March 31, 2017	–	57.32	26,81.28	74,65.78	67.56	3,34.34	85.07	9,79.33	–	1,16,70.68
Net carrying amount										
As at March 31, 2017	11,82,41.61	18,67.07	84,49.85	3,18,51.46	95.13	3,83.77	2,12.61	23,83.87	1.11	16,34,86.48

Notes :

5.1 Plant and Equipments of Rs.4,13.68 lakhs (previous year Rs.4,17.94 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 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.

5.4 Other adjustments includes Rs.66.68 lakhs (previous year nil) being interest capitalized during the year and Rs.82.72 lakhs [previous year Rs.(1,24.08) lakhs] representing foreign exchange fluctuation.

5.5 Land with factory buildings of Rs.2,95,93.21 lakhs (previous year Rs.2,97,11.81 lakhs) at Elavur plant of the Company are mortgaged in the favour of lender to Electrosteel Steels Limited, an associate of the Company.

5.6 Refer note no 22 to financial statements in respect of charge created against borrowings.

5.7 Refer note 46 dealing with coal mine assets and note no 47(a) in respect of Iron-ore and manganese Ore mine.

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

6. Other Intangible Assets

(Amount Rs. in lakhs)

Particulars	Computer Softwares	Mining Rights	Right to Use under wagon investment scheme	Total
Gross Block				
As at April 1, 2017	2,51.39	8.13	8,65.14	11,24.66
Additions	24.74	–	–	24.74
Disposal	–	–	–	–
As at March 31, 2018	**2,76.13**	**8.13**	**8,65.14**	**11,49.40**
Accumulated Depreciation				
As at April 1, 2017	1,10.37	3.06	5,06.45	6,19.88
Charge for the period	54.58	1.53	2,53.23	3,09.35
As at March 31, 2018	**1,64.95**	**4.59**	**7,59.68**	**9,29.23**
Net carrying amount				
As at March 31, 2018	**1,11.18**	**3.54**	**1,05.46**	**2,20.17**

Particulars	Computers Softwares	Mining Rights	Right to Use under wagon investment scheme	Total
Gross Block				
As at April 1, 2016	2,48.01	8.13	8,65.14	11,21.28
Additions	3.38	–	–	3.38
Disposal	–	–	–	–
As at March 31, 2017	2,51.39	8.13	8,65.14	11,24.66
Accumulated Depreciation				
As at April 1, 2016	55.12	1.53	2,53.22	3,09.87
Charge for the period	55.25	1.53	2,53.23	3,10.01
As at March 31, 2017	1,10.37	3.06	5,06.45	6,19.88
Net carrying amount				
As at March 31, 2017	1,41.02	5.07	3,58.69	5,04.78

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 46 dealing with coal mine assets.

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

7. NON–CURRENT INVESTMENTS

(Fully paid up except otherwise stated) (Amount Rs. in lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Holding	Value	Holding	Value
Investments in Equity Instruments				
Investment measured at Cost/Deemed Cost				
Quoted				
Associates				
Srikalahasthi Pipes Limited (Face value of Rs.10/- each)	**1,93,01,218**	**4,55,29.64**	1,93,01,218	4,55,29.64
Electrosteel Steels Ltd. (Face value Rs. 10/-each) (Refer Note no. 7.1 and 7.2)	**1,08,98,00,000**	**6,05,92.88**	1,08,98,00,000	6,05,92.88
		10,61,22.52		10,61,22.52
Unquoted				
Associates				
Electrosteel Thermal Power Ltd. (Face value of Rs. 10/– each)	**15,000**	**1.50**	15,000	1.50
Subsidiaries				
Electrosteel Europe SA (Face value of Euro 10 each)	**3,80,000**	**23,23.41**	3,80,000	23,23.41
Electrosteel Algeria SPA (Face value of 1000 Algerian Dinar each)	**82,500**	**9,14.41**	82,500	9,14.41
Electrosteel Castings (UK) Ltd. (Face value of GBP 1 each)	**11,00,000**	**10,59.26**	11,00,000	10,59.26
Electrosteel USA, LLC	**#**	**14,45.60**	#	14,45.60
Electrosteel Trading S.A.Spain (Face Value of Euro 1 each)	**65,000**	**45.10**	65,000	45.10
Mahadev Vyapaar Private Ltd(Face Value of Rs 10/- each)	**10,000**	**12,03.00**	10,000	12,03.00
Electrosteel Castings Gulf FZE (Face Value of UAE Dirham 1000000 each)	**1**	**1,50.60**	1	1,50.60
Electrosteel Brasil LTDA Tubos E Conexoes Duteis (Face Value of BRL 1 each)	**1,50,000**	**45.05**	1,50,000	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)	**2,500**	**4,14.83**	2,500	4,14.83
Joint Venture				
Domco Pvt Ltd (Face value of Rs 100/- each)	**30,000**	**30.00**	30,000	30.00
Less: Impairment in value of Investment (Refer Note no. 7.3)		**(30.00)**		(30.00)
North Dhadhu Mining Company Pvt Ltd (Face value of Rs.10/- each) (Refer Note no. 7.4)	**82,28,053**	**8,22.81**	82,28,053	8,22.81
		84,40.41		84,40.41
		11,45,62.93		11,45,62.93
Investment designated at Fair Value through Other Comprehensive Income				
Quoted				
R.G. Ispat Limited (Face value of Rs. 10/– each)*	**50**	**–**	50	–
		–		–
Unquoted				
Rainbow Steels Limited (Face value of Rs.10/- each)	**100**	**0.01**	100	0.01
MSTC Limited (Face value of Rs. 10/- each)	**1,000**	**2.93**	1,000	8.32
Singardo International Pte Ltd. (Face value of SGD 1 each)	**25,000**	**19.11**	25,000	20.39
N Marshall Hi-tech Engineers Pvt. Ltd. (Face value of Rs.10/- each)	**50,000**	**12.04**	50,000	14.46
		34.09		43.18
		34.09		43.18
		11,45,97.02		11,46,06.11

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Holding	Value	Holding	Value
Investments in Preference Shares				
Mukand Limited (0.01% Cumulative Redeemable Preference Shares face value of Rs. 10/– each)	**16**	**–**	16	–
Total–Non–Current Investments		**11,45,97.02**		11,46,06.11
#Towards 100% Capital Contribution				
Aggregate amount of Quoted Investments		**10,61,22.52**		10,61,22.52
Aggregate amount of Market value of Quoted Investments		**8,82,95.47**		12,32,73.02
Aggregate amount of Unquoted Investments		**84,74.50**		84,83.59
Aggregate amount of Impairment in value of Investments		**30.00**		30.00

* Figures below rounding off limit

7.1 866750000 Equity shares of Rs 10/- each fully paid up of Electrosteel Steels Limited (ESL) held by the Company as Investment have been pledged in favour of lenders of Electrosteel Steels Limited for securing financial assistance to ESL.

7.2 The company has an Investment of Rs.6,05,92.88 lakhs in equity shares of Electrosteel Steels Limited (ESL), an associate company. ESL was referred to Hon'ble National Company Law Tribunal (NCLT) for Corporate Insolvency Resolution Process (CIRP). The Resolution Professional appointed by NCLT and the Committee of Creditors of ESL had approved a resolution plan, which has also been approved by NCLT, for the acquisition of ESL to a bidder which has been subsequently challenged by another bidder and status quo has been granted and the matter is pending before the Hon'ble National Company Law Appellate Tribunal (NCLAT). Pending decision of NCLAT and in absence of any communication of resolution plan as approved above, the Company's investment in ESL has been carried forward at its carrying value and no impairment in value thereof has been considered necessary. Further, Advances and Trade receivable amounting to Rs.2,11,51.25 lakhs receivable from ESL along with mortgage of certain land & Building of the company situated at Elavur, Tamilnadu, in the favour of one of the lenders of ESL has been carried forward at their carrying value in view of pendency of resolution proceedings.

7.3 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 interalia on various matters including for forfeiture of the Company's investment in equity shares of the DPL. The matter was later transfered 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.

Pending final outcome of the above matter, the amounts have been fully provided for in the financial statements. The other venturers since not providing the financial statements of DPL, and thereby necessary disclosures could not be provided in these financial statements.

7.4 (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 venturing 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 encashement 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. Pending final judgement & acceptance of claim and in the view of the management that the compensation to be received in terms of ordinance is expected to cover the cost incurred by the Joint venture company, no provision in the respect of Company's investment in NDMCPL and amount of Bank Guarantee, has been considered necessary.

7.5 Particulars of investments as required in terms of section 186(4) of the Companies Act, 2013 have been disclosed under note 7 & 13.

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

7.6 **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	
		As at March 31, 2018	As at March 31, 2017
Subsidiary			
Electrosteel Europe SA	France	**100.00%**	100.00%
Electrosteel Algerie 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%**	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	**49.00%**	49.00%
Electrosteel Brasil LTDA. Tubos e Conexoes Duteis	Brazil	**100.00%**	100.00%
Electrosteel Bahrain Holding SPC Company	Bahrain	**100.00%**	100.00%
Associate			
Srikalahasthi Pipes Limited	India	**41.33%**	48.54%
Electrosteel Steels Limited	India	**45.23%**	45.23%
Electrosteel Thermal Power Limited	India	**30.00%**	30.00%
Joint Ventures			
North Dhadhu Mining Company Private Limited	India	**48.98%**	48.98%
Domco Private Limited	India	**50.00%**	50.00%

7.7 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.

Non Current Assets

8. Trade Receivables

Particulars	Ref. note no.	As at March 31, 2018	As at March 31, 2017
Unsecured, Considered Good			
Long Term Trade Receivables	14.1	**1,28.40**	1,08.56
		1,08.56	1,08.56

9. Loans

Particulars	Ref. note no.	As at March 31, 2018	As at March 31, 2017
Unsecured, Considered Good			
Security Deposits	9.1 and 27.1	**21,85.23**	12,11.80
		21,85.23	12,11.80

9.1 Security deposits include Rs.5,57.50 lakhs (previous year Rs.5,22.66 lakhs) with private limited companies in which directors are interested as a member / director, Rs.2,00.18 lakhs (previous year Rs.1,98.68 lakhs) with related parties. Also include Rs.9,99.35 lakhs (previous year Rs.1,10.70 lakhs) lying with customer interms of agreement/ order towards supplies of goods.

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

10. Other Financial Assets

Particulars	As at March 31, 2018	As at March 31, 2017
Fixed Deposit with Banks (having maturity of more than 1 year from Balance Sheet date)	**36,49.47**	35,60.89
	36,49.47	35,60.89

11. Other Non–Current Assets

Particulars	Ref. note no.	As at March 31, 2018	As at March 31, 2017
Capital Advances	11.1	**1,85.12**	4,07.26
Prepaid expenses		**2,35.37**	2,14.86
Others	11.2	**1.93**	2.55
		4,22.42	6,24.67

11.1 Capital advances includes Rs. 5.27 lakhs (previous year Rs. 5.27 lakhs) paid to related party (Refer note no. 54).

11.2 Including loans and advance to employees amounting to Rs. 1.93 lakhs (previous year Rs. 2.11 lakhs).

12. Inventories (At lower of cost or Net Realisable Value)

Particulars	As at March 31, 2018	As at March 31, 2017
Raw materials	**1,49,18.44**	1,83,38.91
Raw materials in transit	**38,75.84**	37,32.28
Process stock	**85,98.36**	81,72.92
Finished goods	**80,30.95**	83,07.63
Stock-in-trade (in respect of goods acquired for trading)	**1,58.82**	–
Stores and spares	**51,30.64**	50,87.47
Stores and spares in transit	**1,19.79**	6.92
	4,08,32.84	4,36,46.13
Work–in–progress (Turnkey Projects)	**–**	2,74.84
Less : Progress payment received	**–**	67.51
	–	2,07.33
	4,08,32.84	4,38,53.46

12.1. Refer note no. 27.1 to Financial Statements in respect of charge created against borrowings.

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

13. CURRENT INVESTMENTS

(Fully paid up except otherwise stated)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Holding	Value	Holding	Value
Investment measured at fair value through Profit and Loss				
Investment in Equity Instruments				
Equity Shares (Quoted)				
Manganese Ore India Ltd (Face value of Rs 10/- each)*	**7588**	**14.85**	3794	11.90
Reliance Industries Ltd (Face value of Rs 10/- each)*	**1000**	**8.83**	500	6.60
Andhra Bank (Face value of Rs 10/- each)	**5000**	**2.08**	5000	2.90
3I Infotech Ltd. (Face value of Rs 10/- each)	**60000**	**3.03**	60000	3.03
BGR Energy Systems Ltd. (Face value of Rs 10/- each)	**1500**	**1.53**	1500	2.07
Bharat Heavy Electricals Ltd. (Face value of Rs 2/- each)*	**18750**	**15.25**	12500	20.36
GTL Infrastructure Ltd. (Face value of Rs 10/- each)	**60000**	**1.56**	60000	3.45
Garden Silk Mills Ltd. (Face value of Rs 10/- each)	**1000**	**0.32**	1000	0.32
Jyoti Structures Ltd. (Face value of Rs 2/- each)	**5000**	**0.40**	5000	0.41
National Aluminium Company Ltd. (Face value of Rs 5/- each)	**2500**	**1.66**	2500	1.91
Punjab National Bank (Face value of Rs 2/- each)	**10000**	**9.53**	10000	14.99
Pilani Investment and Industries Corporation Ltd. (Face value of Rs 10/- each)	**700**	**17.98**	700	15.04
Vedanta Ltd (Face value of Rs 1/- each)	**2000**	**5.56**	2000	5.50
Tata Teleservices (Maharashtra) Ltd. (Face value of Rs 10/- each)	**28333**	**1.57**	28333	2.03
Total		**84.15**		90.51
* Increase in holding due to issuance of bonus shares				
Aggregate amount of Quoted Investments				
– In Equity Shares		**84.15**		90.51
		84.15		90.51
Aggregate amount of Market value of Quoted Investments				
– In Equity Shares		**84.15**		90.51
		84.15		90.51

14. Trade Receivables

Particulars	Ref. note no.	As at March 31, 2018	As at March 31, 2017
UNSECURED			
Considered good		**5,58,57.80**	4,83,52.04
Considered doubtful		**3,12.78**	3,12.78
Less : Impairment allowances for doubtful debts	14.2	**(3,12.78)**	(3,12.78)
		5,58,57.80	4,83,52.04

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

14.1 Ageing of Trade Receivable

Particulars	As at March 31, 2018	As at March 31, 2017
Within the credit period	**4,33,49.18**	3,86,18.55
1-180 days past due	**81,95.52**	79,09.70
More than 180 days past due	**44,41.50**	19,32.35
Total	**5,59,86.20**	4,84,60.60
Current Trade Receivable	**5,58,57.80**	4,83,52.04
Non Current Trade Receivable	**1,28.40**	1,08.56
Total	**5,59,86.20**	4,84,60.60

14.2 Movement of Impairment allowances for doubtful debts

Particulars	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the year	**3,12.78**	3,12.78
Recognised during the year	**–**	–
Reversal during the year	**–**	–
Balance at the end of the year	**3,12.78**	312.78

14.3 Balances of Trade Receivables including for Turnkey Contracts, Trade payable and Advances 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. 27.1 to Financial Statements in respect of charge created against borrowings.

15. Cash and Cash Equivalents

Particulars	Ref. note no.	As at March 31, 2018	As at March 31, 2017
Balances with banks			
In current and cash credit accounts	15.1	**67,82.22**	2,33,03.83
Cash on hand		**8.15**	6.30
Fixed Deposits with Banks (having original maturity of less than 3 months)		**–**	30,00.00
		67,90.37	2,63,10.13

15.1 Includes bank balance of Rs.11,02.52 lakhs (previous year Rs.15,90.41 lakhs) in respect of External Commercial Borrowings loan pending utilisation for intended use.

15.2 Refer note no. 27.1 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, 2018	As at March 31, 2017
Other balance with banks			
In Fixed Deposit Escrow account	23.1	**5,36.93**	5,36.93
In dividend accounts		**98.40**	3,30.43
Fixed deposits with Banks(having original maturity of more than 3 months)	16.1	**1,25,68.46**	61,69.93
		1,32,03.79	70,37.29

16.1 Fixed Deposits with banks include Fixed Deposit of Rs.1,25,68.46 lakhs (previous year Rs.61,66.88 lakhs) have been pledged with Banks against guarantee issued by them.

16.2 Refer note no. 27.1 to Financial Statements in respect of charge created against borrowings.

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

17. Loans

Particulars	Ref. note no.	As at March 31, 2018	As at March 31, 2017
Unsecured, Considered Good			
Security Deposits	17.1	**16,85.64**	14,62.40
		16,85.64	14,62.40
Considered Doubtful			
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	7.3 and 17.2	**7,10.62**	7,10.62
		–	–
		16,85.64	14,62.40

17.1 Include Rs.16,22.12 lakhs (previous year Rs.3,95.27 lakhs) lying with customer interms of agreement/order towards supplies of goods.

17.2 Movement of Allowances for doubtful advances

Particulars	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the year	**7,10.62**	7,10.62
Recognised during the year	**–**	–
Reversal during the year	**–**	–
Balance at the end of the year	**7,10.62**	7,10.62

17.3 Refer note no. 27.1 to Financial Statements in respect of charge created against borrowings.

18. Other Financial Assets

Particulars	Ref. note no.	As at March 31, 2018	As at March 31, 2017
Interest receivable		**42.48**	18.39
Claim receivable	46	**93,16.85**	93,16.85
Export rebate Claim receivable		**–**	5,28.73
Export incentive receivable		**20,59.30**	11,02.33
Others	18.1	**3,33.39**	8.26
		1,17,52.02	1,09,74.56

18.1 Includes Rs.161.43 lakhs (previous year Nil) receivable from Directors of the company towards recovery of excess remuneration paid.

18.2 Refer note no. 27.1 to Financial Statements in respect of charge created against borrowings.

19. Other Current Assets

Particulars	Ref. note no.	As at March 31, 2018	As at March 31, 2017
Loans and Advances to related parties	7.2, 19.2 and 54	**1,81,28.42**	2,13,89.76
Advances for supply of goods and rendering of services		**12,26.39**	10,09.24
Loans and advances to employees		**49.98**	49.88
Balance with Government authorities		**46,08.61**	54,59.04
Prepaid expenses		**10,06.24**	3,05.07
Incentive/Subsidy receivable		**55,25.32**	53,68.10
Others		**8.36**	7,77.36
		3,05,53.32	3,43,58.45

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

19.1 Disclosure of Loans and Advances as per the Regulation 34(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) are as follows:

	Outstanding at the year end	Maximum Amount outstanding during the year	Outstanding at the year end	Maximum Amount outstanding during the year
	March 31, 2018	**2017–18**	March 31, 2017	2016–17
Loans and advances in the nature of loans to Subsidiaries and Associates:				
(a) Mahadev Vyapaar Private Limited	3,81.44	4,00.47	3,98.89	4,16.20
Loans and advances in the nature of loans to Firms/ Companies in which directors are interested				
Loans and advance in the nature of loans and loanee has invested in :				
(a) Shares of Parent Company	–	–	–	–
(b) Shares of a Subsidiary (including sub/fellow subsidiary)	–	–	–	–

19.2 The above advances have been given for general corporate purpose. Refer note no.54 and 58

19.3 Refer note no.27.1 to Financial Statements in respect of charge created against borrowings.

20. Equity Share Capital

Particulars	**As at March 31, 2018**	As at March 31, 2017
Authorised		
Equity shares, Rs. 1/– par value		
500,000,000 (Previous Year 500,000,000) equity shares	**50,00.00**	50,00.00
Issued, Subscribed and Paid–up		
Equity shares, Rs. 1/– par value		
356,955,322 (Previous Year 356955322) equity shares fully paid up	**35,69.55**	35,69.55
	35,69.55	35,69.55

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 Reconciliation of the number of equity shares outstandings

Particulars	**As at March 31, 2018**	As at March 31, 2017
Number of shares at the beginning	**356955322**	356955322
Add: Addition during the year	**–**	–
Number of shares at the end	**356955322**	356955322

20.3 Shareholders holding more than 5% equity shares (No. of Shares)

Particulars	**As at March 31, 2018**	As at March 31, 2017
G. K. & Sons Private Ltd	**36731833**	36731833
Umang Kejriwal-Trustee of Sreeji Family Benefit Trust/Mayank Kejriwal -Trustee of Sreeji Family Benefit Trust	**35027053**	29489110
Murari Investment & Trading Company Ltd.	**30053080**	30053080
Electrocast Sales India Ltd.	**29899981**	29899981
G.K.Investments Ltd.	**21739560**	21739560
Stemcor Metals Ltd.	**19243836**	19243836
Uttam Commercial Company Ltd.	**18590570**	18590570

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

21. Other Equity

Particulars	As at March 31, 2018	As at March 31, 2017
Capital Reserve	**41,48.28**	42,98.28
Securities Premium Reserve	**6,55,90.26**	6,55,90.26
General Reserve	**10,10,07.51**	10,10,07.51
Debenture Redemption Reserve	**62,50.00**	62,50.00
Retained Earnings	**10,87,86.28**	10,60,75.39
Other Comprehensive Income		
Equity instrument through other comprehensive income	**16.66**	23.70
Effective portion of cash flow hedge	**(1,73.98)**	(3,64.68)
	28,56,25.01	28,28,80.46

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 Reserve**

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

21.4 **General Reserve**

The reserve arises on transfer portion of the net profit pursuant to the provisions of Companies Act.

21.5 **Debenture Redemption Reserve**

Debenture Redemption Reserve is required to be created out of the profits available for payment of dividend in terms of Section 71 of the Companies Act, 2013, which is equal to 25% of the face value of the debentures issued and outstanding. This reserve will be released on redemption of the debentures.

21.6 **Retained Earnings**

Retained earnings generally represents the undistributed profit/ amount of accumulated earnings of the company. This includes Rs. 7,76,12.03 lakhs (previous year Rs. 7,60,45.52 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 Subsequent to Balance Sheet date, the Board of Directors has recommended a dividend of Re.0.30 per share to be paid on fully paid equity shares in respect of the financial year ended March 31, 2018. This equity dividend is subject to approval by shareholders at the ensuing Annual General Meeting and has not been included as a liability in these financial statements. The total estimated equity dividend to be paid is Rs.1070.87 lakhs and the dividend distribution tax thereon amounts to Rs. 220.12 lakhs.

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

22. Borrowings

Particulars	Ref. note no.	As at March 31, 2018		As at March 31, 2017	
		Non Current	Current	Non Current	Current
SECURED BORROWINGS					
Non Convertible Debentures					
11.75% Non Convertible Debentures	22.1.1	**99,31.19**	**25,00.00**	1,24,08.06	–
12.00% Non Convertible Debentures	22.1.2	**74,56.22**	**–**	74,44.65	–
11.00% Non Convertible Debentures	22.1.3	**–**	**49,91.90**	49,61.94	–
Term loan from banks					
External Commercial Borrowing	22.2.1	**2,84,75.80**	**1,42,37.90**	4,59,68.62	1,53,22.87
FCNR Loan	22.2.2	**62,35.19**	**17,32.62**	78,23.92	17,23.98
Rupee Loan	22.2.3 , 22.2.4 & 22.2.5	**2,16,35.36**	**26,00.00**	2,40,56.87	20,00.00
Term loan from a financial institutions	22.3.1	**26,98.54**	**8,33.33**	35,27.23	8,33.33
		7,64,32.30	**2,68,95.75**	10,61,91.29	1,98,80.18
UNSECURED BORROWINGS					
Term loan from financial institutions	22.4.1 , 22.4.2 & 22.4.3	**81,43.98**	**8,85.00**	65,28.98	82.50
		81,43.98	**8,85.00**	65,28.98	82.50
		8,45,76.28	**2,77,80.75**	11,27,20.27	1,99,62.68

22.1.1 11.75% Non Convertible Debentures (privately placed) is to be secured by first pari-passu charge on company's Property, Plant and Equipment and other intangible assets (immovable and movable) including land and buildings both present and future other than assets located at Elavur. These debentures were allotted on March 7, 2017 and are redeemable in 20 equal quarterly instalments at the end of 5th quarter from the date of allotment. However, there is a Put and Call option available to the investor / issuer which can be exercised at the end of three years from the date of allotment and every 12 months thereafter.

22.1.2 12.00% Non Convertible Debentures (privately placed) is to be secured by second pari-passu charge on company's Property, Plant and Equipment and other intangible assets (immovable and movable) including land and buildings both present and future other than assets located at Elavur. These debentures were allotted on March 7, 2017 and are redeemable in 16 equal quarterly instalments at the end of 9th quarter from the date of allotment. However, there is a Put and Call option available to the investor / issuer which can be exercised at the end of three years from the date of allotment and every 12 months thereafter.

22.1.3 11.00% Non Convertible Debentures (privately placed) are secured by second pari-passu charge on company's Property, Plant and Equipment and other intangible assets (immovable and movable) including land and buildings both present and future other than assets located at Elavur. These debentures were allotted on July 5, 2013 and are redeemable at par at the end of 5th year from the date of allotment.

22.2.1 External Commercial Borrowings of USD1,39.00 million is repayable in 12 semi annual instalments from August 29, 2015. The outstanding as on March 31, 2018 is Rs.4,27,13.70 lakhs (previous year Rs.6,12,91.49 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 assets located at Elavur.

22.2.2 FCNR Loan of USD16.62 million 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 and Vadgaon(Pune). FCNR Loan is repayable in 25 equal quarterly instalments starting from Dec, 2016. The interest rate ranges from 3M Libor + 275 to 325 basis points. The outstanding as on March 31, 2018 is Rs.79,67.81 lakhs (previous year Rs.95,47.90 lakhs).

22.2.3 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 assets located at Elavur and Vadgaon (Pune). Rupee Term Loan is repayable in 25 equal quarterly instalments starting from July, 2017. The interest rate ranges from 9.00% p.a to 10.00% p.a. The outstanding as on March 31, 2018 Rs.40,25.95 lakhs (previous year Rs.44,95.09 lakhs).

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

22.2.4 Rupee Term Loan of Rs.2,00,00.00 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 assets located at Elavur. Term Loan is repayable in 28 quarterly instalments starting from June,2015. The interest rate ranges from 12.50% p.a to 13.50% p.a. The outstanding as on March 31, 2018 is Rs.1,87,25.96 lakhs (previous year Rs.1,91,05.01 lakhs)

22.2.5 Rupee Term Loan of Rs.40,00.00 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 assets located at Elavur and Vadgaon (Pune). Rupee Term Loan is repayable in 16 equal quarterly installments starting from Dec, 2015. The interest rate ranges from 10.50% p.a to 12.00% p.a. The outstanding as on March 31, 2018 is Rs.14,83.45 lakhs (previous year Rs.24,56.77 lakhs)

22.3.1 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. Term Loan is repayable in 24 equal quarterly installments starting from July, 2016. The interest rate ranges from 11.00% p.a to 12.00% p.a. The outstanding as on March 31, 2018 is Rs.35,31.87 lakhs (previous year Rs.43,60.56 lakhs)

22.4.1 Term Loan of Rs.41,00.00 lakhs from a financial institution is repayable in 16 quarterly instalments starting from June, 2018. The interest rate ranges from 11.00% p.a to 12.00 % p.a. The outstanding as on March 31, 2018 is Rs.41,00.00 lakhs (previous year Rs.41,00.00 lakhs)

22.4.2 Term Loan of Rs.33,00.00 lakhs from a financial institution is repayable in 16 quarterly instalments starting from March, 2018. The interest rate ranges from 11.00% p.a to 12.00 % p.a. The outstanding as on March 31, 2018, is Rs.24,28.98 lakhs (previous year Rs.25,11.48 lakhs)

22.4.3 Term Loan of Rs.25,00.00 lakhs from a financial institution is repayable in 16 quarterly instalments starting from March, 2019. The interest rate ranges from 11.00% p.a to 12.00 % p.a. The outstanding as on March 31, 2018, is Rs.25,00.00 lakhs (previous year NIL)

22.5 The outstanding balances disclosed in Note no. 22.1 to 22.4 are based on the amortised cost in accordance with Ind AS 109 "Financial Instruments".

23. Provisions

Particulars	**Ref. note no.**	**As at March 31, 2018**	As at March 31, 2017
Provision for employee benefits	45	**13,07.61**	13,96.18
Provision for mine closure and restoration charges	23.1	**5,59.98**	5,59.98
		18,67.59	19,56.16

23.1 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 16 and 46)

23.2 Movement in Mine closure and Restoration Obligation provision are provided below:

Particulars	**(Amount Rs. in lakhs)**
As at March 31, 2016	**4,98.02**
Provision during the year	61,96.00
As at April 1, 2017	**5,59.98**
Provision during the year	–
As at March 31, 2018	**5,59.98**

Particulars	**As at March 31, 2018**	As at March 31, 2017
Current	**–**	–
Non current	**5,59.98**	5,59.98

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

24. Deferred Tax Liabilities

The following is the analysis of deferred tax (assets)/liabilities presented in the Balance Sheet:

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred tax Assets	**(45,21.48)**	(42,22.27)
Deferred tax Liabilities	**3,16,00.84**	3,40,42.95
Net Deferred Tax (Assets)/Liabilities	**2,70,79.36**	2,98,20.68

Components of Deferred tax (Assets)/ Liabilities as at March 31, 2018 are given below:

Particulars	As at April 1, 2017	Charge/ (Credit) recognised in profit or loss	Charge/ (Credit) recognised in other comprehensive income	As at March , 31 2018
Deferred Tax Assets:				
Fair valuation of Financial Assets	(8,16.47)	3,22.60	–	**(4,93.87)**
Provision for Other Items u/s 43B of Income Tax Act, 1961	(17,54.50)	(6,81.85)	–	**(24,36.35)**
Provision for Employee benefits u/s 43B of Income Tax Act, 1961	(7,67.42)	4.96	–	**(7,62.46)**
Carried forward unabsorbed Long Term Capital Loss under Income Tax Act, 1961	(5,83.30)	(5.69)	–	**(5,88.99)**
Derivative instruments designated at fair value through P&L A/c	–	(42.74)	–	**(42.74)**
Remeasurement of defined benefit obligations through OCI	(1,07.57)	–	3.96	**(1,03.61)**
Derivative instruments designated at fair value through OCI (Cash flow hedge reserve)	(1,93.01)	–	99.55	**(93.46)**
Total Deferred Tax Assets	**(42,22.27)**	**(4,02.72)**	**1,03.51**	**(45,21.48)**
Deferred Tax Liabilities:				
Fair valuation of Financial Liabilities	5,23.60	(1,32.87)	-	**3,90.73**
Temporary difference with respect to Property, Plant & Equipment	3,32,88.38	(23,85.45)	-	**3,09,02.93**
Fair valuation of Derivative instruments designated through P&L A/c	2,23.87	78.26	-	**3,02.13**
Investments designated at fair value through OCI	7.10	-	(2.05)	**5.05**
Total Deferred Tax Liabilities	**3,40,42.95**	**(24,40.06)**	**(2.05)**	**3,16,00.84**
NET DEFERRED TAX (ASSETS)/ LIABILITIES	**2,98,20.68**	**(28,42.78)**	**1,01.46**	**2,70,79.36**

Components of Deferred tax (Assets)/ Liabilities as at March 31, 2017 are given below :

Particulars	As at April 1, 2016	Charge/ (Credit) recognised in profit or loss	Charge/ (Credit) recognised in other comprehensive income	As at March , 31 2017
Deferred Tax Assets:				
Fair valuation of Financial Assets	(8,54.13)	**37.66**	–	(8,16.47)
Provision for Other Items u/s 43B of Income Tax Act, 1961	(11,77.89)	**(5,76.61)**	–	(17,54.50)
Provision for Employee benefits u/s 43B of Income Tax Act, 1961	(4,52.46)	**(3,14.96)**	–	(7,67.42)
Carried forward unabsorbed Long Term Capital Loss under Income Tax Act, 1961	(4,81.38)	**(1,01.92)**	–	(5,83.30)
Remeasurement of defined benefit obligations through OCI	(72.09)	**–**	(35.48)	(1,07.57)
Derivative instruments designated at fair value through OCI (CFHR)	(2,58.43)	**–**	65.42	(1,93.01)
Total Deferred Tax Assets	**(32,96.38)**	**(9,55.83)**	**29.94**	**(42,22.27)**

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	As at April 1, 2016	Charge/ (Credit) recognised in profit or loss	Charge/ (Credit) recognised in other comprehensive income	As at March , 31 2017
Deferred Tax Liabilities:				
Fair valuation of Financial Liabilities	4,09.44	1,14.16	–	**5,23.60**
Temporary difference with respect to Property, Plant & Equipment	3,27,24.95	5,63.44	–	**3,32,88.38**
Fair valuation of Derivative instruments designated through P&L A/c	27.58	1,96.29	–	**2,23.87**
Investments designated at fair value through OCI	6.45	–	0.65	**7.10**
Total Deferred Tax Liabilities	**3,31,68.42**	**8,73.89**	**0.65**	**3,40,42.95**
NET DEFERRED TAX (ASSETS)/ LIABILITIES	**2,98,72.04**	**(81.94)**	**30.59**	**2,98,20.68**

25. Other Non–Current Liabilities

Particulars	Ref. note no.	As at March 31, 2018	As at March 31, 2017
Advance from customers	25.1	**1,78,69.44**	2,00,32.57
Liability for Finance Lease Obligation		**8.89**	9.46
Others		**94.75**	78.72
		1,79,73.08	2,01,20.75

25.1 Advance from customers amounting to Rs.1,78,47.89 lakhs (previous year Rs. 2,00,32.57 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.

26. Non Current Tax Liabilities (Net)

Particulars	Ref. note no.	As at March 31, 2018	As at March 31, 2017
Provision for taxation (net of advance tax)	26.1	**42,19.00**	33,42.15
		42,19.00	33,42.15

26.1 Includes Rs. 11,37.01 lakhs (net) [previous year Rs. 8,44.18 lakhs (net)] being interest received pertaining to Assessment Years 2003-04 to 2011-12 as the Income Tax Department has filed an appeal before the Kolkata High Court against the order of the the Income Tax Appellate Tribunal, Kolkata and the said appeal is pending.

Further includes Rs. 97.55 lakhs (net) (previous year Nil) being interest received pertaining to Assessment Year 2012-13 and Assessment Year 2013-14 as the Income Tax Department has filed an appeal before the Income Tax Appellate Tribunal, Kolkata against the order of the Commissioner of Income Tax (Appeals) and the said appeal is pending.

27. Borrowings

Particulars	Ref. note no.	As at March 31, 2018	As at March 31, 2017
SECURED			
Repayable on demand from banks	27.1		
Indian Currency		**1,74,23.10**	2,59,67.81
Foreign Currency		**1,90,31.64**	2,99,82.56
		3,64,54.74	5,59,50.37
UNSECURED			
Repayable on demand from banks	54	**1,00.47**	99.97
From related parties		**55,00.00**	30,00.00
From Others		**56,00.47**	30,99.97
		4,20,55.21	5,90,50.34

27.1 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 joint 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 Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

28. Trade Payables

Particulars	Ref. note no.	As at March 31, 2018	As at March 31, 2017
Payable for Goods and Services			
Due to Micro and Small Enterprises	28.1	**–**	–
Others	28.2	**2,96,46.00**	2,05,46.26
		2,96,46.00	2,05,46.26

28.1 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 available with the company regarding the status of suppliers.

Particulars	As at March 31, 2018	As at March 31, 2017
a) Principal & Interest amount remaining unpaid but not due as at year end	**Nil**	Nil
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	**Nil**	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	**Nil**	Nil
d) Interest accrued and remaining unpaid as at year end	**Nil**	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	**Nil**	Nil

28.2 Including acceptances of Rs. 95,67.18 lakhs (previous year Rs. 24,49.58 lakhs).

29. Other Financial Liabilities

Particulars	Ref. note no.	As at March 31, 2018	As at March 31, 2017
Current maturities of long-term debt			
Secured	22	**2,68,95.75**	1,98,80.18
Unsecured	22	**8,85.00**	82.50
Interest accrued but not due on borrowings		**9,92.73**	11,66.33
Interest accrued and due on borrowings		**38.24**	88.73
Employee related liability		**10,07.37**	10,63.27
Derivatives at fair value through profit & loss		**1,03.84**	5,74.98
Unclaimed dividends	29.1	**98.40**	3,30.43
Credit balances in current account with banks		**1,95.81**	0.59
Capital vendors		**3,79.33**	7,13.98
Others		**86.67**	98.80
		3,06,83.14	2,39,99.79

29.1 The same is not due for payment to investor education and protection fund.

30. Other Current Liabilities

Particulars	Ref. note no.	As at March 31, 2018	As at March 31, 2017
Advance from customers	30.1 and 54	**2,21,94.10**	98,78.10
Statutory Payables		**92,74.76**	60,62.79
Others		**15.54**	14.37
		3,14,84.40	1,59,55.26

30.1 Advance from customers amounting to Rs.26,04.34 lakhs (previous year Rs. 24,27.99 lakhs) received as interest bearing and Rs. 4,69.27 lakhs (previous year Nil) received from related party against sale of DI Pipes, Fittings and related accessories has been classified and disclosed as aforesaid as per terms of the contract.

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

31. Provisions

Particulars	Ref. note no.	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits	45	**18,19.65**	16,83.06
Other Provisions	31.1	**1,00.81**	9,86.92
		19,20.46	26,69.98

31.1 Other Provisions includes :

(a) Provision relating to indirect taxes in respect of proceeding of various excise duty matter amounting to Nil (previous year Rs. 5,00.00 lakhs)

(b) Provision relating to disputed customer claims/rebates/demands amounting to Rs. 90.63 lakhs (previous year Rs. 4,76.74 lakhs)

31.2 Movement in other provisions are provided below:

Particulars	(Amount Rs. In lakhs)
As at March 31, 2016	7,17.68
Provision during the year	4,86.92
Reversal/Utilisation during the year	(2,17.68)
As at April 1, 2017	9,86.92
Provision during the year	90.63
Reversal/Utilisation during the year	(9,76.74)
As at March 31, 2018	1,00.81

Particulars	As at March 31, 2018	As at March 31, 2017
Current	**1,00.81**	9,86.92

32. Current Tax Liabilities (Net)

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for taxation (net of advance tax)	**14,82.47**	8,86.33
	14,82.47	8,86.33

33. Revenue From Operations

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of products (including Excise Duty)	**19,09,49.30**	17,91,91.27
Sale of services	**1,64.21**	50.80
Other operating revenues		
Incentive / Subsidy	**28,64.02**	28,53.55
Others	**3,88.91**	11,12.23
	19,43,66.44	18,32,07.85

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

34. Other Income

Particulars	Ref. note no.	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest Income			
On loans, deposits, overdue debts etc.		**13,05.13**	11,07.16
On Financial Assets measured at amortised cost		**1,86.24**	1,83.90
Others		**47.48**	–
Dividend income			
Current investments		**2.96**	0.74
Non current investments		**11,58.29**	9,66.64
Net gain/(loss) on sale / redemption of Current investments (net)		**–**	93.46
Net gain/(loss) on fair valuation of Current investments through profit and loss (net)		**–**	32.42
Profit/(loss) on sale of fixed assets (net)	34.1	**–**	33,63.20
Net gain/(loss) on derecognition of financial assets at amortised cost		**28.48**	26.84
Net gain/(loss) on foreign currency transaction and translation		**28,78.68**	22,08.75
Net gain/(loss) on Derivative Instruments on fair valuation through profit and loss		**–**	11,20.41
Provision no longer required written back		**23,11.44**	5,17.49
Miscellaneous income		**73.02**	82.95
		79,91.72	97,03.96

34.1 Includes Rs Nil (previous year Rs.33,58.90 lakhs) representing profit on sale of property situated at Chennai.

35. Cost of materials consumed

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
Raw materials consumed	35.1	**8,73,14.93**	7,58,72.28
		8,73,14.93	7,58,72.28

35.1 Cost of material consumed includes Rs. 49,74.01 lakhs (previous year Rs.8,67.96 lakhs) in relation to cost of goods sold for raw materials.

36. Purchases of Stock In Trade

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Coke and coal	**12,83.18**	24,89.03
Rubber gaskets	**24,14.46**	21,55.47
DI Pipes	**32,38.63**	2,54.96
DI fittings	**5,17.17**	4,99.92
Others	**3,47.44**	2,61.88
	78,00.88	56,61.26

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

37. Changes in inventories of Finished Goods, Stock–in–Trade and Work–in–Progress

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening stock		
Finished	**83,07.63**	1,07,33.89
Process	**81,72.92**	42,89.29
Work in Progress (Turnkey Projects)	**2,74.84**	2,75.39
	1,67,55.39	1,52,98.57
Less : Closing Stock		
Finished	**81,89.77**	83,07.63
Process	**85,98.36**	81,72.92
Work in Progress (Turnkey Projects)	**–**	2,74.84
	1,67,88.13	1,67,55.39
	(32.74)	(14,56.82)

38. Employee Benefits Expense

Particulars	Ref. note no.	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries and wages	45	**1,72,16.39**	1,68,01.98
Contribution to provident and other funds	45	**8,04.69**	7,98.14
Staff welfare expenses		**8,59.74**	8,19.16
		1,88,80.82	1,84,19.28

39. Finance Costs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest expense	**1,59,10.11**	1,45,62.61
Net (gain)/loss on foreign currency transactions and translation	**5,31.60**	5,62.44
Other borrowing cost	**37,90.12**	49,80.11
	2,02,31.83	2,01,05.16

40. Depreciation and Amortisation Expenses

Particulars	Ref. note no.	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation Expenses	5	**56,12.50**	60,58.84
Amortisation Expenses	6	**3,09.35**	3,10.01
		59,21.85	63,68.85

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

41. Other Expenses

Particulars	Ref. note no.	For the year ended March 31, 2018	For the year ended March 31, 2017
Consumption of stores and spare parts	41.2	**1,33,12.82**	1,30,71.90
Power and fuel		**1,50,21.81**	1,46,53.44
Material Handling Charges		**21,06.18**	20,90.10
Rent	41.5(B)	**14,34.76**	9,08.84
Repairs to buildings		**3,59.68**	2,94.13
Repairs to machinery		**6,04.22**	6,87.61
Insurance		**2,63.33**	2,74.43
Rates and taxes		**3,41.60**	3,31.94
Directors fees and commission		**74.42**	98.63
Packing & forwarding charges (net of realisation Rs.80,06.41 lakhs (previous year Rs.83,78.85 lakhs)]		**67,42.48**	52,36.11
Commission to selling agents		**51,56.59**	49,29.03
Excise duty paid and on stock		**5,22.96**	38,51.54
Bad debts		**–**	1,02.10
Loss on sale of fixed assets (net)		**63.75**	–
Impairment Allowances for doubtful debts		**–**	3,12.78
Net Loss/(Gain) on fair valuation of Derivative Instruments through Profit and Loss		**22,31.68**	–
Net Loss/(Gain) on fair valuation of Current investments through Profit and Loss (net)		**6.36**	–
Miscellaneous expenses	41.1 & 41.4	**96,39.09**	1,02,50.19
		5,78,81.73	5,70,92.77

		For the year ended March 31, 2018	For the year ended March 31, 2017
41.1	Miscellaneous expenses includes Auditor's Remuneration		
	(a) Audit Fees	**17.00**	16.00
	(b) Certification charges*	**31.01**	25.60
	(c) Reimbursement of expenses	**0.16**	–
	* Includes Rs.13.76 lakhs paid in current year to erstwhile Auditor.		
41.2	Stores and spares consumption include pipe moulds written off	**2,46.39**	1,37.40

41.3 During the year, the Company has incurred Rs. 1,15.65 lakhs (previous year Rs. 1,02.06 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.

41.4 During the year, the Company has incurred Rs. 1,56.00 lakhs (previous year Rs.2,10.00 lakhs) on account of Corporate Social Responsibility (CSR) included under Other Miscellaneous Expenses.

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Gross amount required to be spent by the Company during the year		
(b) Amount spent during the year on :		
(i) Construction / acquisition of any assets		
- In Cash	–	–
- Yet to be paid in cash	–	–
Total	–	–
(ii) On purpose other than (i) above		
- In Cash	**1,56.00**	2,10.00
- Yet to be paid in cash	–	–
Total	**1,56.00**	2,10.00

41.5 **Obligation under leases**

A. Finance Lease disclosures :

The leasehold lands are located at Kashberia, Haldia, East Mednipur, West Bengal and has been classified under finance lease having lease term for a period of 90 years.

The net carrying amount of the leasehold land is Rs. 12,11.24 lakhs as at March 31, 2018 (previous year Rs.12,26.81 lakhs).

Finance Lease Liabilities

Particulars	Minimum Lease payments		Present value of Minimum Lease Payments	
	As at March 31, 2018	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017
Not later than one year	**3.15**	3.00	**0.54**	0.57
Later than one year and not later than five years	**18.29**	17.41	**2.24**	2.38
Later than five years	**23,63.46**	23,67.48	**6.11**	6.50

B. Operating Lease disclosures :

The Company has certain operating lease arrangements for office accommodations etc. with tenure extending upto 9 yrs. Term of certain lease arrangements include escalation clause for rent on expiry of 36 months from the commencement date of such lease and deposit/ refund of security deposit etc. Expenditure incurred on account of rent during the year and recognized in the Profit and Loss account amounts to Rs. 4,73.52 lakhs (previous year Rs. 6,09.20 lakhs).

42. Tax Expenses

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current tax		
In respect of the current year	**25,03.00**	32,02.67
Total Current tax expense recognised in the current year	**25,03.00**	32,02.67
Deferred tax		
In respect of the current year	**(11,18.64)**	(81.94)
In respect of the earlier year	**(17,24.14)**	-
Total Deferred tax expense recognised in the current year	**(28,42.78)**	(81.94)
Total Tax expense recognised in the current year	**(3,39.78)**	31,20.73

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

42.1 **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, 2018**	For the year ended March 31, 2017
Profit before tax	**43,58.86**	1,08,49.03
Income tax expense calculated at 34.608%	**15,08.52**	37,54.63
Less : Effect of income Exempt from taxation/ deductible for computing taxable profit		
Dividend	**(4,01.81)**	(3,34.79)
Long Term Capital Gain	**–**	(1,01.92)
Effect of other adjustments in respect of earlier year	**(17,24.14)**	–
Add : Effect of expenses that are not deductible in determining taxable profit		
CSR Expenditure	**3.81**	3.46
Donation u/s 80–G	**51.27**	8.70
Effect of other adjustments	**2,22.57**	(2,09.35)
Income tax expense recognised in profit and loss	**(3,39.78)**	31,20.73

The tax rate used for reconciliations above is 34.608% as applicable for corporate entities on taxable profits under the Indian tax laws.

42.2 **Income tax recognised in other comprehensive income**

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Deferred tax		
Arising on income and expenses recognised in other comprehensive income:		
Net fair value gain on investments in equity shares at FVTOCI	**2.05**	(0.65)
Remeasurement of defined benefit obligation	**(3.96)**	35.48
Derivative instrument designated at fair value through Cash Flow Hedge Reserve	**(99.55)**	(65.42)
Total income tax recognised in other comprehensive income	**(1,01.46)**	(30.59)
Bifurcation of the income tax recognised in other comprehensive income into:-		
Items that will not be reclassified to profit or loss	**(1.91)**	34.83
Items that may be reclassified to profit or loss	**(99.55)**	(65.42)

43. Components of Other Comprehensive Income

Particulars	**Ref. note no.**	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Items that will not be reclassified to Statement of Profit and Loss			
Remeasurement of defined benefit plans	45	**14.33**	(102.54)
Equity Instrument through other Comprehensive Income		**(9.09)**	2.84
		5.24	(99.70)
Items that will be reclassified to Statement of Profit and Loss			
Effective portion of Cash flow hedge reserve		**2,90.25**	1,89.05
		2,90.25	1,89.05

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

44. FINANCIAL INSTRUMENTS

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

(Amount Rs. in lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets (Current and Non–Current)				
Financial Assets measured at Amortised Cost				
Trade receivables	**5,59,86.20**	**5,59,86.20**	4,84,60.60	4,84,60.60
Cash and cash equivalents	**67,90.37**	**67,90.37**	2,63,10.13	2,63,10.13
Bank Balances Other than Cash and Cash Equivalents	**1,32,03.79**	**1,32,03.79**	70,37.29	70,37.29
Loans	**38,70.87**	**38,70.87**	26,74.20	26,74.20
Other Financial Assets	**1,54,01.49**	**1,54,01.49**	1,45,35.45	1,45,35.45
Financial Assets measured at Fair Value through Profit and Loss Account				
Investment in Equity Instruments	**84.15**	**84.15**	90.51	90.51
Financial Assets measured at Fair Value through Other Comprehensive Income				
Investment in Equity Instruments other than Subsidiaries, Associates and Joint Venture	**34.09**	**34.09**	43.18	43.18
Financial Liabilities (Current and Non–Current)				
Financial Liabilities measured at Amortised Cost				
Borrowings – fixed rate	**5,86,19.97**	**5,94,97.20**	7,22,96.79	7,28,18.18
Borrowings – floating rate	**9,57,92.26**	**9,57,92.26**	11,94,36.50	11,94,36.50
Trade Payables	**2,96,46.00**	**2,96,46.00**	2,05,46.26	2,05,46.26
Other Financial Liabilities	**27,98.55**	**27,98.55**	34,62.13	34,62.13
Financial Liabilities measured at Fair Value through Profit and Loss Account				
Derivative Instruments	**(2,93.67)**	**(2,93.67)**	(1,89.86)	(1,89.86)
Financial Liabilities measured at Fair Value through Other Comprehensive Income				
Derivative Instruments	**3,97.51**	**3,97.51**	7,64.84	7,64.84

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.

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

The fair value of derivative financial instruments is determined based on observable market inputs including currency spot and forward rates, yield curves, currency volatility etc. These derivatives are estimated by using the pricing models, where the inputs to those models are based on readily observable market parameters, 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.

Fair value hierarchy

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	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
		Quoted Price in active market	Significant observable inputs	Significant unobservable inputs
Financial Assets				
Trade Receivables	**1,28.40** **(1,08.56)**	– –	1,28.40 (1,08.56)	– –
Security Deposits	**21,85.23** **(12,11.80)**	– –	21,85.23 (12,11.80)	– –
Investment in Equity Instruments (Current)	**84.15** **(90.51)**	84.15 (90.51)	–	–
Investment in Equity Instruments other than Subsidiaries, Associates and Joint Venture (Non-Current)	**34.09** **(43.18)**	– –	– –	34.09 (43.18)
Financial Liabilities				
Borrowings - fixed rate	**5,86,19.97** (72,296.79)	– –	5,86,19.97 (72,296.79)	– –
Derivative Instrument	1,03.84 (5,74.98)	– –	1,03.84 (5,74.98)	– –

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

During the year ended March 31, 2018 and March 31, 2017, there were no transfers between Level 1, Level 2 and Level 3.

The Inputs used in fair valuation measurement are as follows:

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

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

Unquoted investments in shares have been valued based on the amount available to shareholder's as per the latest audited financial statements. There were no external unobservable inputs or assumptions used in such valuation.

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.

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

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

Underlying Purpose	**Category**	**As at March 31, 2018**		As at March 31, 2017		Currency
		No. of deals	**Amount in Foreign Currency**	No. of deals	Amount in Foreign Currency	
Export Receivables	Forward	**36**	**2,76,17,906**	29	2,54,48,235	USD/INR
Export Receivables	Forward	**4**	**15,37,714**	8	30,00,000	GBP/USD
Export Receivables	Forward	**29**	**1,89,16,226**	21	1,72,81,537	EURO/USD
Export Receivables	Forward	**1**	**5,00,000**	1	10,00,000	EURO/INR
Export Receivables	Forward	**4**	**16,12,951**	2	10,49,302	USD/SGD
Imports & Other payables	Forward	**5**	**92,78,789**	2	12,56,415	USD/INR
External Commercial Borrowings Principal & Interest payment	Forward	**2**	**10,00,000**	1	12,50,000	USD/INR
Buyers Credit	Option	**6**	**1,45,79,772**	18	4,13,02,641	USD
External Commercial Borrowings Principal & Interest payment	Option	**4**	**2,18,00,000**	4	1,15,00,000	USD
External Commercial Borrowings Interest payment	Interest Rate Swap	**14**	**4,08,00,000**	14	5,44,00,000	USD
External Commercial Borrowings Interest payment	Interest Rate Cap	**3**	**76,50,000**	3	1,02,00,000	USD
FCNR Loan Principal and Interest Payment	Currency and Interest Rate Swap	**1**	**1,26,28,399**	1	1,52,87,009	USD

(b) Un hedged Foreign Currency exposures are as follows : – Amount in Foreign Currency

Nature	**Currency**	**As at March 31, 2018**	As at March 31, 2017
Payables			
ECB Payable (include accrued interest)	USD	**4,30,66,707**	8,22,20,760
Buyer's Credit / Suppliers Credit /Acceptances (includes accrued interest)	USD	**31,21,172**	7,63,086
Imports & Other payables	USD	**82,56,442**	22,86,272
Imports & Other payables	EURO	**7,07,206**	1,12,229
Imports & Other payables	GBP	**32,369**	21,414
Imports & Other payables	AED	**5,68,412**	1,18,960
Imports & Other payables	HKD	**–**	21,592
Imports & Other payables	AUD	**2,000**	8,970
Receivable			
Exports & Other receivables	GBP	**10,03,968**	64,412
Exports & Other receivables	SGD	**11,38,852**	10,74,904
Exports & Other receivables	USD	**91,06,901**	17,93,182
Exports & Other receivables	EURO	**26,38,133**	15,54,852
Exports & Other receivables	AED	**1,53,087**	–

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

(c) The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet date :

(Amount Rs. in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Not later than one month	**(1,24.02)**	(1,66.72)
Later than one month and not later than three months	**(60.87)**	(4,64.43)
Later than three months and not later than one year	**(1,03.77)**	4,56.40
Later than one year	**1,84.82**	(4,00.23)

d) The 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 continues to exist, no hedge ineffectiveness arises requiring recognition through statement of profit and loss. The Currency Swap is measured at fair value through Other comprehensive income (OCI).

e) The following table provides the reconciliation of cash flow hedge reserve:

(Amount Rs. in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the period	**(3,64.68)**	(4,88.31)
Gain/(loss) recognised in OCI during the period	**3,67.32**	(26.40)
Amount reclassified to Profit and Loss account during the period	**(77.07)**	2,15.45
Tax impact on above	**(99.55)**	(65.42)
Balance at the end of period	**(1,73.98)**	(3,64.68)

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, 2018 and March 31, 2017 the maximum amount of recourse obligation in respect of financial assets are Rs 29,04.98 lakhs and Rs. 13,51.06 lakhs respectively.

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.

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.

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.

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

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

As at March 31, 2018 (Amount Rs. in lakhs)

Particulars	Trade receivables	Loans and borrowings	Trade payables & Other Current Liabilities	Net Assets/ (Liabilities)
USD	**75,81.46**	**6,97,13.15**	**2,27,30.50**	**(8,48,62.19)**
EURO	**1,76,80.01**	**–**	**5,67.86**	**1,71,12.15**
GBP	**23,21.47**	**–**	**29.56**	**22,91.90**
SGD	**13,68.24**	**–**	**–**	**13,68.24**
AED	**2.72**	**1,00.47**	**0.40**	**(98.15)**
AUD	**–**	**–**	**1.00**	**(1.00)**
TOTAL	**2,89,53.89**	**6,98,13.62**	**2,33,29.33**	**(6,41,89.05)**

As at March 31, 2017 (Amount Rs. in lakhs)

Particulars	Trade receivables	Loans and borrowings	Trade payables & Other Current Liabilities	Net Assets/ (Liabilities)
USD	40,08.04	10,08,21.95	2,47,57.26	(12,15,71.17)
EURO	1,36,97.70	–	77.50	1,36,20.20
GBP	23,39.88	–	17.42	23,22.46
SGD	9,86.21	–	–	9,86.21
AED	–	99.97	21.01	(1,20.98)
HKD	–	–	1.80	(1.80)
TOTAL	**2,10,31.83**	**10,09,21.92**	**2,48,74.99**	**(10,47,65.08)**

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 company depending upon the remaining period of maturity of the installments falling due for payment.

Sensitivity analysis resulting in profit or loss mainly from USD, EURO, GBP & SGD denominated receivables and payables are as follows:

(Amount Rs. in lakhs)

Particulars	Effect on Profit before tax	
	For the year ended March 31, 2018	For the year ended March 31, 2017
RECEIVABLES (Weakening of INR by 5%)		
USD	**4,94.19**	1,80.21
EURO	**1,05.92**	44.55
GBP	**45.85**	–
SGD	**29.80**	23.76
PAYABLES (Weakening of INR by 5%)		
USD	**(17,91.76)**	(30,40.64)
EURO	**(28.39)**	(5.40)
GBP	**(1.48)**	(0.81)

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

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

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, 2018, after taking into account interest rate swaps, approximately 63.57% (March 31, 2017: 60.81%) 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.

(Amount Rs. in lakhs)

Nature of Borrowing	**Increase in basis points**	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Rupee Loan	+0.50	**2,25.05**	2,42.49
Foreign Currency Loan	+0.25	**27.85**	65.04

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.

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.

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, 2018 and March 31, 2017.

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

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.

LIQUIDITY RISK

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's objective is to maintain optimum level of liquidity to meet it's cash and collateral requirements at all times. The company's assets represented by

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

financial instruments comprising of receivables, and those relating to Parbatpur Coal mines (refer note no. 46) 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.

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, 2018 (Amount Rs. in lakhs)

Particulars	Total Borrowings	Floating rate borrowings	Fixed rate borrowings	Interest free borrowings	Weighted average Interest Rate (%)
INR	8,45,98.61	4,50,10.29	3,95,88.32	–	11.45%
USD	6,97,13.16	5,06,81.51	1,90,31.65	–	5.02%
AED	1,00.47	–	–	1,00.47	0.00%
Total	**15,44,12.24**	**9,56,91.80**	**5,86,19.97**	**1,00.47**	

As at March 31, 2017 (Amount Rs. in lakhs)

Particulars	Total Borrowings	Floating rate borrowings	Fixed rate borrowings	Interest free borrowings	Weighted average Interest Rate (%)
INR	9,08,11.37	4,84,97.14	4,23,14.22	–	11.79%
USD	10,08,21.95	7,08,39.39	2,99,82.56	–	4.22%
AED	99.97	–	–	99.97	0.00%
Total	**19,17,33.29**	**11,93,36.53**	**7,22,96.79**	**99.97**	

Maturity Analysis of Financial Liabilities

As at March 31, 2018 (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)	15,51,69.02	82,14.10	4,47,09.26	1,71,02.24	8,51,43.42	15,51,69.02
Non interest bearing borrowings	1,00.47	1,00.47	–	–	–	1,00.47
Other Liabilities	27,98.55	27,98.55	–	–	–	27,98.55
Trade and other payables	2,96,46.00	2,96,46.00	–	–	–	2,96,46.00

*Include Rs.857.25 lakhs as Prepaid Finance Charges.

As at March 31, 2017 (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)	19,28,41.19	13,75,39.69	4,46,61.19	32,54.08	73,86.23	19,28,41.19
Non interest bearing borrowings	99.97	99.97	–	–	–	99.97
Other Liabilities	34,62.13	34,62.13	–	–	–	34,62.13
Trade and other payables	2,05,46.26	2,05,46.26	–	–	–	2,05,46.26

*Include Rs.12,07.88 lakhs as Prepaid Finance Charges.

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

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.

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, 2018**	As at March 31, 2017
Borrowings	**15,44,12.23**	19,17,33.29
Less Cash and Cash Equivalents	**67,90.37**	2,63,10.13
Net Debt	**14,76,21.86**	16,54,23.16
Equity	**28,91,94.56**	28,64,50.01
Equity and Net Debt	**43,68,16.42**	45,18,73.17
Gearing Ratio	**0.34**	0.37

45. 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, 2018**	For the year ended March 31, 2017
Employer's Contribution to Provident Fund	**2,86.60**	2,73.14
Employer's Contribution to Pension Fund	**2,07.98**	2,07.16
Employer's Contribution to Superannuation Fund	**44.66**	50.15

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)	
	2017–18	2016–17
i) Change in the fair value of the defined benefit obligation :		
Liability at the beginning of the year	**27,47.75**	23,09.60
Interest Cost	**2,06.56**	1,84.77
Current Service Cost	**1,69.12**	1,71.09
Actuarial (gain) / loss on obligations	**(53.18)**	1,53.62
Benefits paid	**(1,65.12)**	(71.33)
Liability at the end of the year	**29,05.13**	27,47.75

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

		Gratuity (Funded)	
		2017–18	2016–17
ii)	**Changes in the Fair Value of Plan Asset**		
	Fair value of Plan Assets at the beginning of the year	**16,98.18**	12,38.54
	Expected Return on Plan Assets	**1,31.64**	92.89
	Contributions by the Company	**3,65.50**	3,87.00
	Benefits paid	**(1,65.12)**	(71.33)
	Actuarial gain / (loss) on Plan Assets	**(23.26)**	51.08
	Fair value of Plan Assets at the end of the year	**20,06.94**	16,98.18
iii)	**Actual return on Plan Asset**		
	Expected return on Plan assets	**1,31.64**	92.89
	Actuarial gain / (loss) on Plan Assets	**(23.26)**	51.08
	Actual Return on Plan Assets	**1,08.38**	143.97
iv)	**Amount Recognized in Balance Sheet**		
	Liability at the end of the year	**29,05.13**	27,47.75
	Fair value of Plan Assets at the end of the year	**20,06.94**	16,98.18
		8,98.19	10,49.57
v)	**Components of Defined Benefit Cost**		
	Current Service Cost	**1,69.12**	1,71.09
	Interest Cost	**2,06.56**	1,84.77
	Expected Return on Plan Assets	**(1,31.64)**	(92.89)
	Net Actuarial (gain) / loss on remeasurement recognised in OCI	**(29.92)**	1,02.54
	Total Defined Benefit Cost recognised in Profit and Loss and OCI	**2,14.12**	3,65.52
vi)	**Balance Sheet Reconciliation**		
	Opening Net Liability	**10,49.57**	10,71.06
	Expenses as above	**2,14.12**	3,65.52
	Employers Contribution	**(3,65.50)**	(3,87.00)
	Amount Recognized in Balance Sheet	**8,98.19**	10,49.57

vii) Percentage allocation of plan assets in respect of fund managed by insurer/trust is as follows :

Particulars	**As at March 31, 2018**	As at March 31, 2017
G-Sec/ Corporate Securities	**81.99%**	76.13%
Equity	**3.33%**	3.64%
Fixed Deposit and other assets	**14.68%**	20.23%

Notes to Financial Statements for the year ended March 31, 2018 *(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, 2018 is given below: (Amount Rs. in lakhs)

Particulars	**As at March 31, 2018**	As at March 31, 2017
Privileged Leave	**12,87.05**	12,75.67
Sick Leave	**8,50.70**	6,62.70
Principal Actuarial assumptions as at the Balance Sheet date		
Discount Rate	**7.75%**	7.50%
Rate of Return on Plan Assets	**7.75%**	7.50%
Salary Escalation Rate	**6.00%**	6.00%
Withdrawal Rate	**1-8 %**	1-8 %
Rate of Return on Plan Assets	**7.75%**	7.50%

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.

Recognised in Other Comprehensive Income

Particulars	**As at March 31, 2018**	As at March 31, 2017
Remeasurement – Acturial loss/(gain)	**14.33**	(1,02.54)
For the year ended March 31, 2018	**14.33**	(1,02.54)

Sensitivity Analysis :

Particulars	**Change in Assumption**	**Effect in Gratuity Obligation**
For the year ended 31st March, 2017		
Discount Rate	+1%	25,69.80
	–1%	29,51.21
Salary Growth Rate	+1%	29,50.36
	–1%	25,69.28
Withdrawal Rate	+1%	27,67.53
	–1%	27,25.75
For the year ended 31st March, 2018		
Discount Rate	**+1%**	**27,22.36**
	–1%	**31,13.16**
Salary Growth Rate	**+1%**	**31,12.25**
	–1%	**27,21.97**
Withdrawal Rate	**+1%**	**29,28.59**
	–1%	**28,79.12**

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 Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

History of experience adjustments is as follows :

Particulars	Gratuity
For the year ended March 31, 2017	
Plan Liabilities - (loss)/gain	(66.86)
Plan Assets - (loss)/gain	(51.09)
For the year ended March 31, 2018	
Plan Liabilities - (loss)/gain	**7.93**
Plan Assets - (loss)/gain	**23.26**

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

Particulars	Gratuity
01 Apr 2017 to 31 Mar 2018	1,38.83
01 Apr 2018 to 31 Mar 2019	9,95.61
01 Apr 2019 to 31 Mar 2020	1,45.08
01 Apr 2020 to 31 Mar 2021	1,45.21
01 Apr 2021 to 31 Mar 2022	1,48.31
01 Apr 2022 Onwards	9,81.02

Particulars	As at March 31, 2018	As at March 31, 2017
Average no of people employed	**1557**	1577

46(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 same 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 it's 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 now being allotted to SAIL, 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 court had directed to ministry of commerce to expedite the matter and the matter has been pending before the court.

Pending acceptance of the Company's claim 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 head of accounts;

(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 against sale of assets, advances etc. amounting to Rs. 654.92 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 Financial Statements for the year ended March 31, 2018 *(Contd.)*

46(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, 2018**		As at March 31, 2017	
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: 48)	**3,34,93.90**		3,34,93.90	
Mine Development including overburden removal expenses (Net) (Refer Note No: 49)	**8,69,09.74**	**12,04,03.64**	8,66,86.76	12,01,80.66
Other Property, Plant and Equipment		**22,43.99**		22,43.99
Capital Advance		**1,08.94**		3,31.92
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	–
Sub Total		**12,88,84.11**		12,88,84.11
Other Recoverable		**95,14.74**		95,14.74
Less: Compensation received		**(83,12.34)**		(83,12.34)
Less: Cenvat credit utilised/wirtten off		**(50.01)**		–
Less: Sale of Assets and other realisations		**(6,54.92)**		(6,33.83)
Total		**12,93,81.58**		**12,94,52.68**

46(c). Due to reasons stated in note no. 46(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. 46(b) considering the circumstances and objective of the financial statements.

47(a). Due to delay in grant of forest, environment and other clearences 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. 61,10.38 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.

47(b). Capital work in progress and security deposits includes a sum of Rs. 40,66.42 lacs and Rs. 30.04 lacs respectively towards construction of railway siding in Haldia, West Bengal. The railways authorities have withdrawn permission for the railways siding which is contested by the company. The company is also exploring alternate avenues to utilise the siding and hence carried at book value.

48. Capital work in progress includes plant and equipments and other assets amounting to Rs.3,22,13.31 lakhs (previous year Rs. 3,28,51.74 lakhs) under installation and capital and other expenditure incured pending completion thereof. (refer note no. 46 and 47).

49. 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. 46 and 47). The details of these expenses are as follows :

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	**As at March 31, 2018**	As at March 31, 2017
Balance brought forward	**8,81,24.11**	8,77,38.64
Add:		
Salaries and Wages	**–**	3,69.01
Contribution to Provident and Other Funds	**–**	10.40
Staff welfare expenses	**–**	6.06
Total preoperative/development expenses	**8,81,24.11**	8,81,24.11
Add: Opening stock 64,502MT(March 31, 2017 64,502MT)	**14,46.25**	14,46.25
Less: Closing stock 64,502MT(March 31, 2017 64,502MT)	**(14,46.25)**	(14,46.25)
Less: Allocated/Transferred during the year to assets capitalised	**(1,59.83)**	–
Total preoperative and development expenses carried forward pending allocation	**8,79,64.28**	8,81,24.11

50. Calculation of Earning Per Share is as follows :

	Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
(a)	Net profit for basic and diluted earnings per share as per Statement of Profit and Loss	**46,98.64**	77,28.30
	Net profit for basic and diluted earnings per share	**46,98.64**	77,28.30
(b)	Weighted average number of equity shares for calculation of basic and diluted earnings per share (Face value Rs. 1/– per share)		
	Number of equity shares outstanding as on 31st March	**356955322**	356955322
	Number of equity shares considered in calculating basic and diluted EPS	**356955322**	356955322
(c)	Weighted average number of equity shares outstanding	**356955322**	356955322
(d)	Earnings per share (EPS) of Equity Share of Re 1 each :		
	i) Basic (Rs.)	**1.32**	2.17
	ii) Diluted (Rs.)	**1.32**	2.17

51. As regards construction contracts in progress as on March 31, 2018, aggregate amount of costs incurred and recognised profit (less recognized losses) upto the year end (to the extent ascertained by the management), aggregate amount of advances received and aggregate amount of retentions are Nil, Nil and Rs 1,28.41 lakhs respectively.(previous year are Rs 25,00.99 lakhs, Rs 20,59.55 lakhs and Rs 1,14.24 lakhs respectively).

51.(i) The amount of contract revenue recognised as revenue Rs.1,64.21 lakhs (previous year Rs.50.80 lakhs).

52. Commitments

Particulars	**As at March 31, 2018**		As at March 31, 2017	
(a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances):		**12,03.50**		4,97.24
(b) Other commitments	**in million**	**Rs. in lakhs**	in million	Rs. in lakhs
i) Forward contract outstanding				
In USD	**27.62**	**1,79,98.59**	27.95	1,81,27.19
In Euro	**19.42**	**1,55,90.44**	18.28	1,26,24.03
In GBP	**1.54**	**14,04.48**	3.00	24,40.44
In SGD	**1.61**	**8,01.98**	1.05	4,87.16

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

53.(i) Contingent Liabilities not provided for in respect of :

Particulars	As at March 31, 2018	As at March 31, 2017
a) Various show cause notices/demands issued/ raised, which in the opinion of the management are not tenable and are pending with various forum / authorities:		
i) Sales Tax	**81,74.19**	85,09.19
ii) Excise, Custom Duty and Service tax [net of provision of Nil (previous year Rs. 5,00.00 lakhs)	**62,77.54**	98,84.25
iii) Income Tax	**50.46**	7,14.16
b) Penalty for non compliance of listing agreement and disputed by the Company.	**1,00.00**	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.	**92.51**	92.51
d) Demand of Tamilnadu Electricity Board disputed by the Company.	**8.20**	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.	**2,61.74**	2,61.74
f) Standby Letter of Credit issued by banks on behalf of the company in favour of Subsidiary Companies	**1,01,13.22**	1,12,26.36
g) Financial Guarantees given by banks on behalf of the Company	**50,82.50**	38,51.19
h) The Company has disputed downward revision in the prices affected by the purchaser subsequent to sale of certain specified materials. In the opinion of the management and also on the merit of the case, as advised legally no liability is likely to arise. The matter is subjudice and pending final determination in this respect is presently not ascertainable.		

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, 2018	As at March 31, 2017
a) Claims Under Target Plus Scheme pending completion of legal clearances.	**3,55.00**	3,55.00
b) Benefits under Industrial Promotion Scheme **	**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, 2018.

Notes to Financial Statements for the year ended March 31, 2018 *(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 Algerie 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 Electrosteel Thermal Power Limited
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. Naresh Chandra -Director (Deceased on September 9, 2017) Dr. Jamshed Jiji Irani – Director (upto October 4, 2016) Mr. Ram Krishna Agarwal – Director Mr. S Y Rajagopalan – Director Mr. Vyas Mitre Ralli – Director Mr. S.Y. Ganapathy (Brother of Mr. S. Y. Rajagopalan) (Deceased on September 4, 2017) Mr. Amrendra Prasad Verma – Director Umang Kejriwal HUF Ms. Nityangi Kejriwal - Director Mr. Brij Mohan Soni-Chief Financial Officer Ms. Priya Manjari Todi -Daughter of Mr. Mayank Kejriwal - KMP,Sister of Mr Uddhav Kejriwal KMP Ms. Priya Sakhi Kejriwal Mehta -Daughter of Mr Umang Kejriwal (MD) 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 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 Financial Statements for the year ended March 31, 2018 *(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 March 31, 2018	Outstanding as on March 31, 2017
Sale								
Electrosteel Europe SA	2,60,00.21	–	–	–	–	2,60,00.21	1,79,04.78	–
Electrosteel Castings (UK) Ltd	43,73.86	–	–	–	–	43,73.86	22,78.23	–
Electrosteel USA, LLC	6,67.89	–	–	–	–	6,67.89	11.31	–
Electrosteel Castings Gulf FZE	18,23.14	–	–	–	–	18,23.14	11,85.95	–
Electrosteel Bahrain Trading WLL	38,09.77	–	–	–	–	38,09.77	4,62.72	–
Electrosteel Doha for Trading LLC	20,23.94	–	–	–	–	20,23.94	1,79.24	–
Electrosteel Steels Limited	–	61,18.53	–	–	–	61,18.53	28,98.92	–
Srikalahasthi Pipes Limited	–	4,04.03	–	–	–	4,04.03	2.88	–
Total	**3,86,98.81**	**65,22.56**	**–**	**–**	**–**	**4,52,21.37**	**2,49,24.03**	**–**
Previous Year								
Electrosteel Europe SA	2,32,15.34	–	–	–	–	2,32,15.34	–	1,31,04.64
Electrosteel Castings (UK) Ltd	51,25.74	–	–	–	–	51,25.74	–	2,3,75.29
Electrosteel USA, LLC	11,85.97	–	–	–	–	11,85.97	–	4,73.45
Electrosteel Castings Gulf FZE	26,05.26	–	–	–	–	26,05.26	–	6,52.24
Electrosteel Bahrain Trading WLL	23,62.64	–	–	–	–	23,62.64	–	11,34.78
Electrosteel Doha for Trading LLC	2,70.10	–	–	–	–	2,70.10	–	10.51
Electrosteel Steels Limited	–	19,96.33	–	–	–	19,96.33	–	91.36
Srikalahasthi Pipes Limited	–	28,72.68	–	–	–	28,72.68	–	–
Purchase								
Srikalahasthi Pipes Limited	–	17,98.35	–	–	–	17,98.35	2,89.72	–
Electrosteel Steels Limited	–	57,34.17	–	–	–	57,34.17	–	–
Total	**–**	**75,32.52**	**–**	**–**	**–**	**75,32.52**	**2,89.72**	**–**
Previous Year								
Electrosteel USA, LLC	3.18	–	–	–	–	3.18	–	–
Srikalahasthi Pipes Limited	–	54,02.74	–	–	–	54,02.74	–	1,26.77
Electrosteel Steels Limited	–	8,50.19	–	–	–	8,50.19	–	–
Gaushree Enterprises	–	–	–	–	0.22	0.22	–	0.15
Remuneration								
Mr. Umang Kejriwal	–	–	–	2,41.59	–	2,41.59	(70.92)	–
Mr. Mayank Kejriwal	–	–	–	19.96	–	19.96	(61.50)	–
Mr. Uddhav Kejriwal	–	–	–	1,06.54	–	1,06.54	(29.01)	–
Mr. Mahendra Kumar Jalan	–	–	–	1,57.65	–	1,57.65	–	–
Mr. S.Y. Ganapathy	–	–	–	16.51	–	16.51	–	–
Mr. Brij Mohan Soni	–	–	–	72.18	–	72.18	–	–
Ms. Priya Manjari Todi	–	–	–	7.00	–	7.00	–	–
Ms. Priya Sakhi Kejriwal Mehta	–	–	–	3.95	–	3.95	–	–
Ms. Nityangi Kejriwal	–	–	–	7.50	–	7.50	6.00	–
Mr. Ram Krishna Agarwal	–	–	–	17.10	–	17.10	12.00	–
Mr. Vyas Mitre Ralli	–	–	–	8.10	–	8.10	6.00	–
Mr. S Y Rajagopalan	–	–	–	9.40	–	9.40	6.00	–

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	Subsidiary	Associate	Joint Venture	KMP & Close members of family	KMP have control	Total	Outstanding as on March 31, 2018	Outstanding as on March 31, 2017
Mr. Binod Khaitan	–	–	–	12.30	–	12.30	6.00	–
Mr. Pradeep Kr. Khaitan	–	–	–	10.30	–	10.30	6.00	–
Mr. Amrendra Prasad Verma	–	–	–	8.50	–	8.50	6.00	–
Total	**–**	**–**	**–**	**6,98.58**	**–**	**6,98.58**	**(1,13.43)**	**–**
Previous Year								
Mr. Umang Kejriwal	–	–	–	2,99.25	–	2,99.25	–	1,20.00
Mr. Mayank Kejriwal	–	–	–	83.86	–	83.86	–	–
Mr. Uddhav Kejriwal	–	–	–	2,39.24	–	2,39.24	–	85.00
Mr. Mahendra Kumar Jalan	–	–	–	1,48.34	–	1,48.34	–	–
Ms. Priya Manjari Todi	–	–	–	7.15	–	7.15	–	–
Ms. Nityangi Kejriwal	–	–	–	8.00	–	8.00	–	6.00
Mr. Brij Mohan Soni	–	–	–	64.07	–	64.07	–	–
Mr. Ram Krishna Agarwal	–	–	–	16.70	–	16.70	–	12.00
Mr. Vyas Mitre Ralli	–	–	–	8.20	–	8.20	–	6.00
Mr. S.Y. Ganapathy	–	–	–	37.97	–	37.97	–	–
Mr. S Y. Rajagopalan	–	–	–	9.40	–	9.40	–	6.00
Mr. Naresh Chandra	–	–	–	15.00	–	15.00	–	12.00
Mr. Binod Khaitan	–	–	–	11.10	–	11.10	–	6.00
Mr. Pradeep Kr. Khaitan	–	–	–	9.90	–	9.90	–	6.00
Dr. Jamshed Jiji Irani	–	–	–	6.50	–	6.50	–	6.00
Mr. Amrendra Prasad Verma	–	–	–	2.00	–	2.00	–	1.50
Rent Paid								
Tulsi Highrise Private Limited	–	–	–	–	52.01	52.01	–	–
Sri Gopal Investments Ventures Ltd	–	–	–	–	21.00	21.00	–	–
Mahadev Vyapaar Private Limited	18.00	–	–	–	–	18.00	–	–
Sree Khemisati Constructions Private Limited	–	–	–	–	7.20	7.20	–	–
Badrinath Industries Limited	–	–	–	–	30.00	30.00	–	–
Total	**18.00**	**–**	**–**	**–**	**1,10.21**	**1,28.21**	**–**	**–**
Previous Year								
Tulsi Highrise Private Limited	–	–	–	–	52.01	52.01	–	–
Sri Gopal Investments Ventures Ltd.	–	–	–	–	18.00	18.00	–	–
Mahadev Vyapaar Private Limited	18.00	–	–	–	–	18.00	–	–
Umang Kejriwal HUF	–	–	–	8.78	–	8.78	–	–
Sree Khemisati Constructions Private Limited	–	–	–	–	7.20	7.20	–	–
Badrinath Industries Ltd.	–	–	–	–	30.00	30.00	–	–
Service Charges Paid								
Ultimo Logistics Pvt. Ltd.	–	–	–	–	1,35.53	1,35.53	–	–
Sree Khemisati Constructions Private Limited	–	–	–	–	2,71.66	2,71.66	4.37	–
Krsna Logistics Private Limited	–	–	–	–	1,68.12	1,68.12	1.20	–
Global Exports Ltd.	–	–	–	–	90.00	90.00	–	–
Anirudh jalan	–	–	–	1.80	–	1.80	0.15	–
Sri Gopal Investments Ventures Ltd	–	–	–	–	2.76	2.76	0.11	–
Total	**–**	**–**	**–**	**1.80**	**6,68.07**	**6,69.87**	**5.83**	**–**
Previous Year								

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	Subsidiary	Associate	Joint Venture	KMP & Close members of family	KMP have control	Total	Outstanding as on March 31, 2018	Outstanding as on March 31, 2017
Ultimo Logistics Pvt. Ltd.	–	–	–	–	7,67.12	7,67.12	–	7.83
Sree Khemisati Constructions Private Limited	–	–	–	–	2,68.94	2,68.94	–	3.74
Krsna Logistics Private Limited	–	–	–	–	11,96.55	11,96.55	–	2,80.81
Global Exports Ltd.	–	–	–	–	90.00	90.00	–	–
Anirudh jalan	–	–	–	1.80	–	1.80	–	0.15
Sri Gopal Investments Ventures Ltd.	–	–	–	–	2.07	2.07	–	–
Service Charges Received								
Electrosteel Steels Limited	–	2,10.21	–	–	–	2,10.21	4,65.93	–
Electrosteel Europe SA	29.47	–	–	–	–	29.47	29.32	–
Electrosteel Castings (UK) Ltd	19.38	–	–	–	–	19.38	19.24	–
Electrosteel USA, LLC	11.95	–	–	–	–	11.95	11.99	–
Total	**60.80**	**2,10.21**	**–**	**–**	**–**	**2,71.01**	**5,26.48**	**–**
Previous Year								
Electrosteel Europe SA	26.95	–	–	–	–	26.95	–	29.63
Electrosteel Castings (UK) Limited	18.52	–	–	–	–	18.52	–	20.44
Electrosteel Steels Limited	–	9,81.63	–	–	–	9,81.63	–	5,97.44
Electrosteel USA, LLC	4.49	–	–	–	–	4.49	–	–
Loan Taken								
Electrosteel Castings Gulf Fze	–	–	–	–	–	–	1,00.47	–
Total	**–**	**–**	**–**	**–**	**–**	**–**	**1,00.47**	**–**
Previous Year								
Tulsi Highrise Private Limited	–	–	–	–	10,00.00	10,00.00	–	–
Electrosteel Castings Gulf Fze	–	–	–	–	–	–	–	99.97
Reimbursements of expenses paid								
Electrosteel Europe SA	19.18	–	–	–	–	19.18	11.34	–
Electrosteel Castings (UK) Ltd	2.05	–	–	–	–	2.05	–	–
Total	**21.23**	**–**	**–**	**–**	**–**	**21.23**	**11.34**	**–**
Previous Year								
Electrosteel Europe SA	1,39.65	–	–	–	–	1,39.65	–	34.16
Electrosteel Castings (UK) Limited	27.25	–	–	–	–	27.25	–	–
Srikalahasthi Pipes Limited	–	0.75	–	–	–	0.75	–	–
Reimbursements of expenses received								
Electrosteel Castings (UK) Ltd	36.16	–	–	–	–	36.16	23.99	–
Electrosteel Europe SA	62.27	–	–	–	–	62.27	61.95	–
Srikalahasthi Pipes Limited	–	13.67	–	–	–	13.67	–	–
Electrosteel Steels Limited	–	–	–	–	–	–	5.89	–
Electrosteel USA, LLC	28.72	–	–	–	–	28.72	28.81	–
Total	**1,27.15**	**13.67**	**–**	**–**	**–**	**1,40.82**	**1,20.64**	**–**
Previous Year								
Electrosteel Castings (UK) Ltd	94.44	–	–	–	–	94.44	–	31.96
Electrosteel Europe SA	1,44.41	–	–	–	–	1,44.41	–	1,53.15
Srikalahasthi Pipes Limited	–	14.98	–	–	–	14.98	–	–
Electrosteel Steels Limited	–	16.82	–	–	–	16.82	–	5.89
Electrosteel USA, LLC	47.07	–	–	–	–	47.07	–	–

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	Subsidiary	Associate	Joint Venture	KMP & Close members of family	KMP have control	Total	Outstanding as on March 31, 2018	Outstanding as on March 31, 2017
Corporate Guarantee, Standby Letter of Credit and Letter of Comfort								
Electrosteel Europe SA	–	–	–	–	–	–	35,27.48	–
Electrosteel Algerie SPA	–	–	–	–	–	–	17,59.59	–
Electrosteel Castings (UK) Ltd	–	–	–	–	–	–	31,96.90	–
Electrosteel USA, LLC	–	–	–	–	–	–	16,29.25	–
Total	–	–	–	–	–	–	1,01,13.22	–
Previous Year								
Electrosteel Europe SA	–	–	–	–	–	–	–	44,88.47
Electrosteel Algeria SPA	–	–	–	–	–	–	–	22,69.58
Electrosteel Castings (UK) Limited	–	–	–	–	–	–	–	28,47.18
Electrosteel USA, LLC	1,665.25	–	–	–	–	16,65.25	–	16,21.13
Commission								
Electrosteel Doha for Trading LLC	3,86.02	–	–	–	–	3,86.02	4,37.38	–
Electrosteel Algeria SPA	8.64	–	–	–	–	8.64	8.64	–
Electrosteel Castings Gulf Fze	34.62	–	–	–	–	34.62	35.03	–
Total	**4,29.28**	**–**	**–**	**–**	**–**	**4,29.28**	**4,81.05**	**–**
Previous Year								
Electrosteel Doha for Trading LLC	1,36.82	–	–	–	–	1,36.82	–	47.26
Electrosteel Algeria SPA	–	–	–	–	–	–	–	1.05
Electrosteel Castings Gulf Fze	85.09	–	–	–	–	85.09	–	81.71
Electrosteel USA, LLC	28.39	–	–	–	–	28.39	–	–
Security Deposits								
Sri Gopal Investments Venturess Ltd	–	–	–	–	1.50	1.50	10.50	–
Electrosteel Thermal Coal Limited	–	–	–	–	–	–	1,89.68	–
Tulsi Highrise Private Limited							2,85.00	
Total	**–**	**–**	**–**	**–**	**1.50**	**1.50**	**4,85.18**	**–**
Previous Year								
Sri Gopal Investments Ventures Ltd.	–	–	–	–	–	–	–	9.00
Electrosteel Thermal Coal Limited	–	–	–	–	–	–	–	1,89.68
Tulsi Highrise Private Limited	–	–	–	–	–	–	–	2,55.47
Dividend Received								
Srikalahasthi Pipes Limited	–	11,58.07	–	–	–	11,58.07	–	–
Total	**–**	**11,58.07**	**–**	**–**	**–**	**11,58.07**	**–**	**–**
Previous Year								
Srikalahasthi Pipes Limited	–	9,65.06	–	–	–	9,65.06	–	–
Rent Receipts								
Electrosteel Steels Limited	–	0.15	–	–	–	0.15	–	–
Total	**–**	**0.15**	**–**	**–**	**–**	**0.15**	**–**	**–**
Previous Year								
Srikalahasthi Pipes Limited	–	0.36	–	–	–	0.36	–	–
Electrosteel Steels Limited	–	0.60	–	–	–	0.60	–	0.21
Sale of Fixed Asset								
Total	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Previous Year								

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	Subsidiary	Associate	Joint Venture	KMP & Close members of family	KMP have control	Total	Outstanding as on March 31, 2018	Outstanding as on March 31, 2017
Srikalahasthi Pipes Limited	–	55,20.00	–	–	–	55,20.00	–	–
Advances Given								
Electrosteel Steels Limited	–	–	–	–	–	–	1,77,80.51	–
Mahadev Vyapaar Private Limited	–	–	–	–	–	–	3,81.44	–
Electrosteel Thermal Power Limited	–	–	–	–	–	–	5.27	–
Electrosteel Thermal Coal Limited	–	–	–	–	–	–	1.00	–
Total	**–**	**–**	**–**	**–**	**–**	**–**	**1,81,68.22**	**–**
Previous Year								
Electrosteel Steels Limited	–	–	–	–	–	–	–	2,08,62.24
Mahadev Vyapaar Private Limited	–	–	–	–	–	–	–	3,98.89
Electrosteel Thermal Power Limited	–	–	–	–	–	–	–	5.27
Electrosteel Thermal Coal Limited	–	–	–	–	–	–	–	1.00
Advances Taken								
Electrosteel Doha for Trading LLC	4,83.47	–	–	–	–	4,83.47	4,69.27	–
Total	**4,83.47**	**–**	**–**	**–**	**–**	**4,83.47**	**4,69.27**	**–**
Previous Year								
Interest Paid								
Total	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Previous Year								
Srikalahasthi Pipes Limited	–	3,13.40	–	–	–	313.40	–	–
G. K. & Sons Private Limited	–	–	–	–	91.21	91.21	–	–
Electrocast Sales India Limited	–	–	–	–	45.48	45.48	–	–
Uttam Commercial Company Limited					45.48	45.48		
Tulsi Highrise Private Limited	–	–	–	–	55.63	55.63	–	–
Employee Welfare Expenses	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Gaushree Enterprises	–	–	–	–	0.11	0.11	0.11	–
Total	**–**	**–**	**–**	**–**	**0.11**	**0.11**	**0.11**	**–**
Previous Year								
Gaushree Enterprises	–	–	–	–	2.91	2.91	–	0.46
Previous Year								

C. Details of compensation paid to KMP during the year are as follows :

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Short–term employee benefits	**5,78.98**	8,17.79
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 the employees together.

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

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.

54.1 In respect of the above parties, there is no provision for doubtful debts as on March 31,2018 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. 7, 13 and 19.2)

b) Details of Corporate Guarantee/ Standby Letter of Credit given by the Company are as follows : (Amount Rs. in lakhs)

Name of the Company	Date of Undertaking	Purpose	As at March 31, 2018	As at March 31, 2017
Electrosteel Europe SA	August 12, 2015	Short Term Loan Facility	**24,05.10**	20,71.60
	August 12, 2015	Short Term Loan Facility	**11,22.38**	24,16.87
Electrosteel Algerie SPA	March 30, 2016	Working capital facility	**17,59.59**	22,69.58
Electrosteel Castings (UK) Ltd.	May 31, 2015	Short Term Loan Facility	**13,70.10**	28,47.18
	January 1, 2018	Short Term Loan Facility	**18,26.80**	-
Electrosteel USA LLC	August 20, 2016	Working capital facility	**16,29.25**	16,21.13

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	2017-18			2016-17		
	Within India	**Outside India**	**Total**	Within India	Outside India	Total
Sales (gross)	**13,00,91.88**	**6,10,21.63**	**19,11,13.51**	12,85,56.01	5,06,86.06	17,92,42.07
Non–Current Assets other than financial instruments	**28,08,61.50**	**–**	**28,08,61.50**	28,55,91.78	–	28,55,91.78

56. Post the applicability of Goods and Service Tax (GST) with effect from July 01, 2017, revenue from operations is disclosed net of GST. Accordingly, the revenue from operations and other expenses for the year ended March 31, 2018 are not comparable with the previous periods presented in the Financial Statements. The impact of the same however is not significant.

57. 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 31st March, 2018 the net exchange difference of Rs. 7.12 lakhs [previous year Rs. 1,24.08 lakhs (net credit)] on foreign currency loans have been adjusted in the carrying amount of fixed assets/capital work in progress. The unamortised balance is Rs. 2,66,33.54 lakhs (previous year Rs. 2,68,19.56 lakhs)

Notes to Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

58. The Board of Directors of the Company, at its meeting held on August 11, 2014 had approved the Scheme of Amalgamation ("the Scheme") of its wholly owned subsidiary, Mahadev Vyapaar Private Limited with the Company with effect from April 1, 2014 ("Appointed Date"). Mahadev Vyapaar Private Limited had filed an application before the Hon'ble High Court at Calcutta, which has sanctioned the said Scheme. The application filed by the Company before the Hon'ble High Court at Orissa will be taken by the National Company Law Tribunal, Kolkata Bench ("NCLT") as per Notification no.S.O. 3677(E) dated December 7, 2016 and Rule 3 of Companies (Transfer of Pending Proceedings) Rules, 2016. The said application is yet to be transferred to NCLT. No effect of the Scheme has therefore been given in these financial statements.

59. These financial statements have been approved by the Board of Directors of the Company on 15th May 2018 for issue to the shareholders for their adoption.

59.1 The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

As per our report of even date

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

Gopal Jain
Partner
(Membership No. 059147)

Kolkata
May 15, 2018

For and on behalf of the Board of Directors

Mahendra Kumar Jalan Wholetime Director (DIN : 00311883)	Umang Kejriwal Managing Director (DIN : 00065173)
Brij Mohan Soni Chief Financial Officer	Subhra Giri Patnaik Company Secretary

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, 2018

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 Algerie SPA*	January 21, 2004	N.A.	DZD	2017–18	0.57	1,677.02	(1,133.34)	2,042.12	1,498.44	–	573.55	391.55	–	391.55	–	391.55	–	100%	Algeria
2	Electrosteel Castings (UK) Limited	January 17, 2005	N.A.	GBP	2017–18	91.34	1,004.69	252.12	10,945.29	9,688.48	–	11,105.48	266.54	14.41	252.13	–	252.13	–	100%	United Kingdom
3	Electrosteel Europe S.A.	December 24, 2001	N.A.	EURO	2017–18	80.17	3,046.29	2,858.61	34,807.47	28,902.57	0.45	42,481.05	411.99	163.31	248.68	–	248.68	–	100%	France
4	Electrosteel USA, LLC#	September 30, 2008	N.A.	USD	2017–18	65.17	1,955.10	(1,292.41)	2,979.21	2,316.52	–	3,364.29	116.78	–	116.78	–	116.78	–	100%	USA
5	Electrosteel Trading S.A, Spain	December 13, 2011	N.A.	EURO	2017–18	80.17	52.11	42.54	866.08	771.43	–	1,376.16	15.95	5.23	10.72	–	10.72	–	100%	Spain
6	Electrosteel Doha for Trading LLC	September 30, 2012	N.A.	QAR	2017–18	17.90	35.79	736.78	1,480.10	707.53	–	2,905.79	664.95	58.80	606.15	–	606.15	–	49%	Qatar
7	Electrosteel Castings Gulf Fze	August 2, 2012	N.A.	AED	2017–18	17.74	177.45	1,219.51	2,726.68	1,329.72	–	3,264.32	22.89	–	22.89	–	22.89	–	100%	UAE
8	Electrosteel Brasil LTDA. Tubos e Conexoes Duteis	January 22, 2013	N.A.	BRL	2017–18	19.72	29.57	(96.42)	0.58	67.43	–	4.89	(6.36)	–	(6.36)	–	(6.36)	–	100%	Brasil
9	Mahadev Vyapaar Private Limited	August 26, 2011	N.A.	RS.	2017–18	–	1.00	1,583.78	1,986.10	401.32	–	–	9.10	0.40	8.70	–	8.70	–	100%	India
10	Electrosteel Bahrain Holding S.P.C Company ##	March 17, 2015	N.A.	BHD	2017–18	172.94	432.36	699.28	1,709.96	578.32	–	5,173.71	480.03	–	480.03	–	480.03	–	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, 2018.

* The financial year of the company is calendar year as per host country law. However, for the purpose of the consolidation, financial statements 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, 2018	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, 2018	March 30, 2002	1,93,01,218	4,55,29.64	41.33%	Extent of holding more than 20%	N.A	6,27,36.32	58,65.93	–
2	Electrosteel Steels Limited	Ref Note No 7.1(b)	July 30, 2007	1,08,98,00,000	6,05,92.88	45.23%	Extent of holding more than 20%	N.A	–	–	–
3	Electrosteel Thermal Power Limited	March 31,2018	October 31, 2010	15,000	1.50	30.0%	Extent of holding more than 20%	N.A	0.90	(0.07)	–
4	Domco Private Limited	Ref Note No 7.3	August 24, 2005	30,000	30.00	50.00%	Extent of holding more than 20%	Ref Note No 7.3	–	–	–
5	North Dhadhu Mining Company Private Limited	March 31, 2018	October 22, 2008	82,28,053	8,22.81	48.98%	Extent of holding more than 20%	N.A	8,38.13	1.02	–

For and on behalf of the Board of Directors

Mahendra Kumar Jalan
Wholetime Director
(DIN: 00311883)

Umang Kejriwal
Managing Director
(DIN: 00065173)

Brij Mohan Soni
Chief Financial Officer

Subhra Giri Patnaik
Company Secretary

Kolkata
May 15, 2018

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, 2018

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(Amount Rs. in lakhs)

I.

Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
1.	Turnover / Total income	202358.16	Not Ascertainable
2.	Total Expenditure	197999.30	
3.	Net Profit/(Loss) (including other comprehensive income)	4892.67	
4.	Earnings Per Share	1.32	
5.	Total Assets	562181.55	
6.	Total Liabilities	272986.99	
7.	Net Worth (Equity Share Capital plus Other Equity)	289194.56	
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 Para 3 of the Auditors' Report to the following notes of the financial results for the quarter and year ended 31st March 2018 -

Para 3: 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 acceptance of claim, disclosures as per Indian Accounting standard will be given effect on final settlement 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.

Para 3: Note no. 5 in respect of cancellation of North Dhadhu Coal block and non-impairment in the value of the Investment and share of Bank guarantee in the Joint Venture Company, pending determination of the claim for compensation.

Para 3: Note no. 7 in respect of Company's financial exposure of Rs.817,44.13 lakhs in Electrosteel Steel Limited (ESL), an associate company, along with mortgage of certain fixed assets of the company in favour of Lenders of ESL, which has been carried forward at their carrying value. Pending completion of resolution proceedings, no impairment has been provided in respect to above exposures and the impact of which is not presently ascertainable. Impact with respect to above are presently not ascertainable and as such cannot be commented upon by us.

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 and Note no. 5 since financial year 2014-15 and Note no. 7 appeared 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:**

Para 3a – 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 same 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 has pronounced its judgement on March 09, 2017. Accordingly based on the said judgement, the Company has claimed Rs.153176 lakhs 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 court had directed to ministry of commerce to expedite the matter and the matter has been pending before the court. Pending acceptance of the Company's claim 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 head of accounts;

(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 against sale of assets, advances etc. amounting to Rs.654.92 lakhs have been adjusted.

Adjustments arising with respect to above will be given effect to on final acceptance/settlement of the claim.

Para 3b - In terms of the Hon'ble Supreme Court Order as referred above, North Dhadhu Coal Block, allotted in joint venture with other companies, has also been cancelled w.e.f. September 24, 2014. The Company barring initial contribution of Rs.822.81 lakhs and company's share of bank guarantee amounting to Rs.2745.00 lakhs (encashment of which has been stayed by Hon'ble High Court of Jharkhand) has not made any further investments in the said joint venture company . In view of the management, the compensation to be received in terms of the The Coal Mines (Special Provision) ordinance 2014, is expected to cover the cost incurred by the Joint Venture Company and thereby no adjustments requiring any impairment in value of such investment is required at this stage.

Para 3c - The company has an Investment of Rs.605,92.88 lakhs in equity shares of Electrosteel Steels Limited (ESL), an associate company. ESL was referred to Hon'ble National Company Law Tribunal (NCLT) for Corporate Insolvency Resolution Process (CIRP). The Resolution Professional appointed by NCLT and the Committee of Creditors of ESL had approved a resolution plan, which has also been approved by NCLT, for the acquisition of ESL to a bidder which has been subsequently challenged by another bidder and status quo has been granted and the matter is pending before the Hon'ble National Company Law Appellate Tribunal (NCLAT). Pending decision of NCLAT and in absence of any communication of resolution plan as approved above, the Company's investment in ESL has been carried forward at its carrying value and no impairment in value thereof has been considered necessary. Further, Advances and Trade receivable amounting to Rs.2,11,51.25 lakhs receivable from ESL along with mortgage of certain land & Building of the company situated at Elavur, Tamilnadu, in the favour of one of the lenders of ESL, has been carried forward at their carrying value in view of pendency of resolution proceedings.

(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 *Managing Director*
CFO	Brij Mohan Soni *Chief Financial Officer*
Audit Committee Chairman	Binod Kumar Khaitan *Audit Committee Chairman*
Statutory Auditor	For Singhi & Co *Chartered Accountants* Firm's Registration No.: 302049E
	Gopal Jain *(Partner)* Membership No: 59147

Place : Kolkata
Date : May 15, 2018

Independent Auditors' Report

To The Members of Electrosteel Castings Limited

Report on the Consolidated Financial Statements

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, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Cash Flow Statement and the Consolidated Statement of changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory notes for the year ended on that date (hereinafter referred to as "Consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that gives a true and fair view of the state of affairs (consolidated financial position), profit or loss (consolidated financial performance including other comprehensive income), consolidated cash flows and changes in equity of the Group including its Associates and Joint Ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the 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 Ind AS financial statements that gives a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence we have obtained by us and the audit evidence obtained by other auditor's in terms of their reports referred to in sub-paragraph (a) in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated Ind AS financial statements.

Basis for Qualified Opinion

Attention is drawn to the following notes to the consolidated Ind AS financial statements :

a) Note No. 7.1 (b) in respect of holding Company's financial exposure of Rs. 817,44.13 lacs in Electrosteel Steels Limited (ESL), an associate company, along with mortgage of certain fixed assets of the Company in favour of a Lender of ESL, which has been carried forward at their carrying value. Pending completion of resolution proceedings, no impairment has been provided in respect to above exposure and the impact of which is not presently ascertainable.

b) Note No. 7.2 in respect of cancellation of North Dhadhu Coal block and non impairment in the value of the Investment and share of Bank guarantee in the Joint Venture Company, pending determination of the claim for compensation.

c) Note no. 47 in respect to cancellation of coal block allotted to the holding 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 acceptance of claim, disclosures as per Indian Accounting standard will be given effect on final settlement and the balances appearing in the

Consolidated Independent Auditors' Report *(Contd.)*

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.

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

Qualified Opinion

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, *except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph*, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Group its associates and joint ventures as at 31st March, 2018, and their consolidated profit (financial performance including other comprehensive income) and its Cash Flows and the changes in equity for the year ended on that date.

Other Matters

a) We did not audit the financial statements of eleven subsidiaries companies (including two step down subsidiaries) included in the consolidated financial statements for the year ended 31st March, 2018, whose financial statements reflects total assets of Rs. 597,89.07 Lakhs as at 31st March, 2018, total revenue of Rs. 665,09.15 Lakhs for the year ended on that date and net cash flow for the year ended as on that date of Rs. 213.69 lacs, as considered in the consolidated financial results based on audited financial statements by other auditors. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of subsections (3) of section 143 of the Act, in so far as it relates to the aforesaid Subsidiaries, is based solely on the reports of the other auditors

b) As stated in Note No. 61 we did not audit the financial statements of Electrosteel Brasil Ltd. Tubos e Conexoes Duties, a subsidiary of the Holding Company whose financial statements reflect total assets of Rs. 0.58 Lakhs as at March 31, 2018, total revenue of Rs. 4.97 Lakhs and Net cash outflows amounting to Rs. 8.25 Lakhs for the year ended as on that date, as considered in the consolidated Ind AS financial statements. The aforesaid financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated Ind AS financial statement, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

c) The consolidated Ind AS financial statements also include the Group's share of net profit of Rs. 5,856.52 Lakhs and Other Comprehensive Income of Rs. 9.34 Lakhs for the year ended 31st March 2018, as considered in the consolidated Ind AS financial statements, in respect of Srikalahasthi Pipes Limited and Electrosteel Thermal Power Limited, Associates of the Holding Company, whose financial statements have not been audited by us. The aforesaid financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statement, in so far as it relates to the amounts and disclosures included in respect of these associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid associates, is based solely on the reports of the other auditors.

d) We have relied on the unaudited financial statements / financial information of an associate "Electrosteel Steels Limited for the purpose of consolidation as required in terms of Ind AS-28 on "Investments in Associates and Joint Ventures". However in view of negative net worth of the associate based on its unaudited financial statements as on 31st March 2018, there is no impact on these consolidated financial statements. Our report in so far as it relates to the amounts included in respect to above consolidated financial statements is based solely on such unaudited financial statements.

e) The Consolidated Ind AS financial statements also includes Group Share of net profit of Rs. 1.02 Lakhs for the year ended March 31, 2018 in respect of North Dhadhu Mining Company Private Limited, a Joint Venture of the Holding Company whose financial statements have not been audited by us. The aforesaid financial statements are audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated Ind AS financial statement, in so far as it relates to the amounts and disclosures included in respect of the Joint Venture, and our report in terms of sub-section (3) of Section 143 of the Act, is based solely on the reports of other auditors.

f) As stated in Note No. 7.3 of the consolidated Ind AS financial statement regarding non-availability of the financial statement of Domco Private Limited, a joint venture company due to which these have not been consolidated in these Consolidated Ind AS financial statements as required in terms of Ind AS-28, "Investments in Associates and Joint Ventures".

g) As stated in Note No. 60, the consolidated financial results for the year ended 31st March, 2017 have been restated by incorporating the required adjustment in the amount of non current investment and retained earnings as on 31st March 2017 as elaborated in the note. The financial statements for the year ended 31st March 2017 were adopted by the board of directors in their meeting held on

Consolidated Independent Auditors' Report *(Contd.)*

19th May 2017 and audited by the erstwhile auditor and they had issued their modified opinion vide their report dated 19th May 2017. These financial statements were approved by the members in their meeting held on 15th September 2017. Due to above restatement, there is no impact on the total comprehensive income for the year ended 31st March 2018.

h) The comparative figure for year ended 31st March 2017 are based on the previously issued consolidated financial results prepared in accordance with the Ind As that were audited by the erstwhile auditors. The audit report dated 19th May 2017 on the audited consolidated financial results of the company for the year ended 31st March 2017 issued by erstwhile auditors expressed a modified opinion.

Our opinion on the consolidated Ind AS 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 statement certified by the Management.

Report on Other Legal and Regulatory Requirements

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 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 Ind AS financial statements;

b) In our opinion proper books of accounts, as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as appears from our examination of those books and the report of the other auditors;

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income) , the Consolidated Cash Flow Statement and the 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 Ind AS financial statements;

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 unfavourably, 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 , 2018, taken on record by the Board of Directors of the Holding Company and the report of the other statutory auditors of its subsidiary companies and associate companies incorporated in India , none of the directors of group companies and its associates incorporated in India is disqualified as on March 31, 2018, 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 subsidiary company & associate companies incorporated in India. This does not include the report on one Associate and Joint venture Company since these are not available for reasons stated in Note No. 7.1.(b) and 7.3 of the consolidated Ind AS financial statements. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of these companies; and

i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :

i. *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 Ind AS financial statements) on the consolidated financial position of the group and its associates have been disclosed in the consolidated Ind AS financial statement as required in terms of the accounting standards and provisions of the Companies Act, 2013- Refer Note no. 54 of the consolidated Ind AS financial statements;

ii. The Group and its Associates have made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts- Refer Note no. 45 of the consolidated Ind AS 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 associates incorporated in India.

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

(Gopal Jain)
Partner
Membership No. : 59147

Place : Kolkata
Date : 15 May 2018

Annexure "A" to the Independent Auditors' Report

on Consolidated Ind As 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 Ind AS financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Electrosteel Castings Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, its associate companies, 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 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 (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 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 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 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 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 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, its subsidiary companies and associates, 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

Annexure "A" to the Independent Auditors' Report
on Consolidated Ind As Financial Statements *(Contd.)*

were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid reports 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 subsidiary companies and two associates, which are 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 one associate & one Joint Venture as stated in Para (h) of Report on other legal and regulatory requirements, there are no reports from Chartered Accountants in respect of internal financial control system over financial reporting and hence, these could not be considered for the purpose of this report.

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

(Gopal Jain)
Partner
Membership No. : 59147

Place : Kolkata
Date : 15 May 2018

Consolidated Balance Sheet as at March 31, 2018

(Amount Rs. in lakhs)

	Note No.	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non–current assets			
(a) Property, Plant and Equipment	5	**16,72,49.33**	16,98,90.61
(b) Capital work–in–progress	49 and 50	**12,01,77.60**	12,09,75.85
(c) Goodwill on consolidation		**2,16.03**	2,16.03
(d) Other Intangible assets	6	**3,01.82**	5,71.62
(e) Financial Assets			
(i) Investments	7	**6,36,09.91**	5,89,10.03
(ii) Trade receivables	8	**1,28.40**	1,08.56
(iii) Loans	9	**22,22.64**	12,49.11
(iv) Other financial assets	10	**36,49.47**	35,60.89
(f) Other non–current assets	11	**4,22.42**	6,34.98
		35,79,77.62	35,61,17.68
Current assets			
(a) Inventories	12	**6,10,01.79**	6,29,53.49
(b) Financial Assets			
(i) Investments	13	**84.15**	90.51
(ii) Trade receivables	14	**5,24,92.06**	4,58,77.65
(iii) Cash and cash equivalents	15	**93,05.77**	2,86,20.07
(iv) Bank balances other than (iii) above	16	**1,32,03.79**	70,37.29
(v) Loans	17	**51,29.72**	52,08.80
(vi) Other financial assets	18	**1,17,52.01**	1,09,74.56
(c) Other current assets	19	**3,13,34.06**	3,50,56.52
		18,43,03.35	19,58,18.89
Total Assets		**54,22,80.97**	55,19,36.57
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	20	**35,69.55**	35,69.55
(b) Other Equity	21	**24,43,01.58**	23,49,22.04
(c) Non-Controlling Interest	22	**37.72**	21.34
		24,79,08.85	23,85,12.93
Liabilities			
Non–current liabilities			
(a) Financial Liabilities			
(i) Borrowings	23	**8,48,56.07**	11,34,97.38
(b) Provisions	24	**18,71.59**	19,56.16
(c) Deferred tax liabilities (Net)	25	**2,70,80.53**	2,98,24.15
(d) Other non–current liabilities	26	**1,80,23.39**	2,01,20.75
(e) Non–current tax liabilities (Net)	27	**42,19.00**	33,42.15
		13,60,50.58	16,87,40.59
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	28	**5,48,72.83**	7,19,25.83
(ii) Trade payables	29	**3,56,10.00**	2,75,32.61
(iii) Other financial liabilities	30	**3,10,81.99**	2,44,69.93
(b) Other current liabilities	31	**3,30,39.58**	1,70,31.64
(c) Provisions	32	**21,74.98**	28,21.37
(d) Current Tax Liabilities (Net)	33	**15,42.16**	9,01.67
		15,83,21.54	14,46,83.05
Total Equity and Liabilities		**54,22,80.97**	55,19,36.57

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
May 15, 2018

For and on behalf of the Board of Directors

Mahendra Kumar Jalan
Wholetime Director
(DIN : 00311883)

Umang Kejriwal
Managing Director
(DIN : 00065173)

Brij Mohan Soni
Chief Financial Officer

Subhra Giri Patnaik
Company Secretary

Consolidated Statement of Profit and Loss for the year ended March 31, 2018

(Amount Rs. in lakhs)

Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue From Operations	34	**21,85,95.10**	21,17,64.29
Other Income	35	**79,94.57**	1,00,49.27
Total income		**22,65,89.67**	22,18,13.56
EXPENSES			
Cost of materials consumed	36	**8,73,14.93**	7,58,72.28
Purchases of Stock-in-Trade	37	**1,67,83.27**	1,29,18.15
Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	38	**(11,01.68)**	35,90.07
Employee benefits expense	39	**2,37,27.03**	2,37,47.52
Finance costs	40	**2,10,27.73**	2,10,35.19
Depreciation and amortisation expense	41	**62,40.11**	66,90.18
Other expenses	42	**6,61,45.61**	6,68,17.88
Total expenses		**22,01,37.00**	21,06,71.27
Profit before tax		**64,52.67**	1,11,42.29
Tax expense:	43		
Current tax		**27,36.58**	34,22.12
Deferred tax		**(11,20.93)**	(42.64)
Related to earlier year		**(17,24.14)**	–
Profit after tax		**65,61.16**	77,62.81
Add:-Share of Profit/(Loss) in Associates and Joint Venture (Net)		**58,57.54**	66,13.11
Add:- Share of Unrealised Profit/(Loss) in Associates (Net)		**–**	31.44
Profit for the year		**1,24,18.70**	1,44,07.36
Profit for the year attributable to:			
- Owners of the Company		**1,24,02.88**	1,44,08.87
- Non-Controlling Interest		**15.82**	(1.51)
Other Comprehensive Income	44		
A (i) Items that will not be reclassified to profit or loss			
a) Remeasurements of the defined benefit plans		**14.33**	(1,02.54)
b) Equity instruments through other comprehensive income		**(9.09)**	2.84
(ii) Income tax related to items that will not be reclassified to profit or loss	43.2	**(1.91)**	34.83
B (i) Items that will be reclassified to profit or loss			
a) Foreign currency translation differences		**(10,78.03)**	21,16.96
b) Effective portion of cash flow hedge reserve		**2,90.25**	1,89.05
(ii) Income tax related to items that will be reclassified to profit or loss	43.2	**(99.55)**	(65.42)
C Share of Other Comprehensive Income in Associates and Joint Ventures (Net of tax)		**9.34**	(3.34)
Other Comprehensive Income for the year (net of tax)		**(8,74.66)**	21,72.38
Other Comprehensive Income for the year attributable to:			
- Owners of the Company		**(8,75.22)**	21,71.78
- Non-Controlling Interest		**0.56**	0.60
Total Comprehensive Income for the year		**1,15,44.04**	1,65,79.74
Total Comprehensive Income for the year attributable to:			
- Owners of the Company		**1,15,27.66**	1,65,80.65
- Non-Controlling Interest		**16.38**	(0.91)
Earnings per equity share of par value of Re. 1 each.	51		
(1) Basic (Rs.)		**3.47**	4.04
(2) Diluted (Rs.)		**3.47**	4.04

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
May 15, 2018

For and on behalf of the Board of Directors

Mahendra Kumar Jalan
Wholetime Director
(DIN : 00311883)

Umang Kejriwal
Managing Director
(DIN : 00065173)

Brij Mohan Soni
Chief Financial Officer

Subhra Giri Patnaik
Company Secretary

Consolidated Statement of changes in Equity for the year ended March 31, 2018

A. Equity Share Capital	Amount (Rs. in lakhs)
Balance as at April 1, 2016	35,69.55
Changes during the year	–
Balance as at March 31, 2017	35,69.55
Changes during the year	–
Balance as at March 31, 2018	**35,69.55**

B. Other Equity

As at March 31, 2018

(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, 2017	43,17.77	6,55,90.26	10,05,65.95	62,50.00	1,37.48	5,52,48.11	23.69	(3,64.68)	32,51.55	(98.09)	23,49,22.04
Total Comprehensive Income for the year	–	–	–	–	–	1,24,02.88	(7.04)	1,90.70	(10,78.59)	9.34	1,15,17.29
Re-measurement of defined benefit plans	–	–	–	–	–	10.37	–	–	–	–	10.37
Dividends including dividend distribution tax	–	–	–	–	–	(21,48.12)	–	–	–	–	(21,48.12)
Transfer from Exchange difference on translating the financial statements of foreign operations to Statutory Reserve	–	–	–	–	19.12	–	–	–	(19.12)	–	–
Transfer from Retained Earnings to Statutory Reserve	–	–	–	–	14.58	(14.58)	–	–	–	–	–
State Capital Investment Subsidy	(1,50.00)	–	–		–	1,50.00	–	–	–	–	–
Balance at March 31, 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**

Consolidated Statement of changes in Equity for the year ended March 31, 2018 (Contd.)

B. Other Equity *(Contd.)*

As at March 31, 2017

(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, 2016	41,67.77	6,55,90.26	9,85,65.95	32,60.00	1,32.81	7,31,97.11	21.51	(4,88.31)	11,35.18	(94.75)	24,54,87.53
Investment in the value of an associate (refer note no- 60)	–	–	–	–	–	(25,148.03)	–	–	–	–	(25,148.03)
Total Comprehensive Income for the year	–	–	–	–	–	1,44,08.87	2.18	123.63	21,16.36	(3.34)	1,66,47.70
Re-measurement of defined benefit plans	–	–	–	–	–	(67.05)	–	–	–	–	(67.05)
Dividends including dividend distribution tax	–	–	–	–	–	(21,48.12)	–	–	–	–	(21,48.12)
Transfer to Debenture Redemption Reserve from Retained Earnings	–	–	–	50,00.00	–	(50,00.00)	–	–	–	–	–
Transfer from Debenture Redemption Reserve to Retained Earnings	–	–	–	(20,10.00)	–	20,10.00	–	–	–	–	–
Transfer from Retained Earnings to Statutory Reserve	–	–	–	–	4.67	(4.67)	–	–	–	–	–
Transfer from Retained Earnings to General Reserve	–	–	20,00.00	–	–	(20,00.00)	–	–	–	–	–
State Capital Investment Subsidy	1,50.00	–	–	–	–	–	–	–	–	–	1,50.00
Balance at March 31, 2017	**43,17.77**	**6,55,90.26**	**10,05,65.95**	**62,50.00**	**1,37.48**	**5,52,48.11**	**23.69**	**(3,64.68)**	**32,51.55**	**(98.09)**	**23,49,22.04**

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 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
May 15, 2018

For and on behalf of the Board of Directors

Mahendra Kumar Jalan
Wholetime Director
(DIN : 00311883)

Umang Kejriwal
Managing Director
(DIN : 00065173)

Brij Mohan Soni
Chief Financial Officer

Subhra Giri Patnaik
Company Secretary

Consolidated Statement of Cash Flow for the year ended March 31, 2018

(Amount Rs. in lakhs)

		For the year ended March 31, 2018		For the year ended March 31, 2017	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit before Tax		**64,52.67**		1,11,42.29
Add :	Depreciation and amortisation expenses	**62,40.11**		66,90.18	
	Bad debts	**5,62.30**		8,64.20	
	Pipe mould written off	**2,46.39**		1,37.40	
	Property, Plant and Equipment written off	**92.08**		–	
	Provision for others	**1,90.92**		6,22.06	
	Impairment Allowances for doubtful debts	**73.74**		3,63.24	
	Fair Valuation of derivative instruments through Statement of Profit & Loss	**(4,71.14)**		3,13.38	
	Finance Cost	**2,10,27.73**	**2,79,62.13**	2,10,35.19	3,00,25.65
			3,44,14.80		4,11,67.94
Less :	Interest Income	**15,61.49**		13,18.37	
	Dividend Income from Investments	**3.19**		2.32	
	Net gain/(loss) on sale of Current Investments	**–**		93.46	
	Net gain/(loss) on Fair Valuation of current investments	**(6.36)**		1,65.29	
	Net gain/(loss) on derecognition of financial assets at amortised cost	**28.48**		26.84	
	Unrealised Foreign Exchange Fluctuation and translation	**44,00.45**		23,02.64	
	Reversal of Impairment Allowances for doubtful debts	**4,62.38**		5,56.35	
	Provisions / Liabilities no longer required written back	**23,11.44**		5,17.49	
	Profit/(Loss) on sale / discard of Fixed Assets (Net)	**(81.63)**	**86,79.44**	33,75.10	83,57.86
	Operating Profit before Working Capital changes		**2,57,35.36**		3,28,10.08
Less :	Increase/(Decrease) in Inventories	**(19,51.70)**		36,82.71	
	Increase/(Decrease) in Trade Receivables	**47,07.72**		(1,75,31.93)	
	Increase/(Decrease) in Loans and Advances,other financial and non-financial assets	**(23,15.70)**		(26,68.70)	
	(Increase)/Decrease in Trade Payables, other financial and non-financial liabilities and provisions	**(2,25,38.07)**	**(2,20,97.75)**	43,11.30	(1,22,06.62)
	Cash generated from Operations		**4,78,33.11**		4,50,16.70
Less :	Direct Taxes paid		**11,71.77**		28,85.67
	Net cash flow from Operating activities		**4,66,61.34**		4,21,31.03
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of Property, Plant and Equipment, Intangible Assets and movements in Capital work in progress	**(30,91.58)**		(31,77.34)	
	Realisation of Property, Plant and Equipment, Intangible Assets	**1,40.70**		1,39,36.23	
	(Purchase)/Sale of Investment (net)	**–**		4,03.33	
	State capital investment subsidy	**–**		1,50.00	
	Interest received	**14,89.92**		13,45.66	
	Dividend received	**11,61.25**		9,67.38	
	Bank Balances Other than Cash and Cash Equivalents	**(62,55.08)**	**(65,54.79)**	(64,32.92)	71,92.34
	Net Cash flow from Investing activities		**(65,54.79)**		71,92.34

Consolidated Statement of Cash Flow for the year ended March 31, 2018 (Contd.)

(Amount Rs. in lakhs)

	For the year ended March 31, 2018		For the year ended March 31, 2017	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds/(Repayments) from borrowings (net)	**(1,86,96.14)**		(14,496.81)	
Proceeds / (Redemption / Repayment) of Debentures/Term Loan	**(1,74,13.32)**		5,631.68	
Interest and other borrowing cost paid	**(2,09,18.93)**		(22,140.18)	
Amount deposited in bank accounts towards unpaid dividend	**(2,32.03)**		(86.07)	
Dividend paid	**(17,84.78)**		(1,698.71)	
Tax on Dividend	**(3,63.34)**	**(5,94,08.54)**	(363.34)	(33,153.43)
Net cash flow from Financing activities		**(5,94,08.54)**		(33,153.43)
Cash and Cash equivalents (A+B+C)		**(1,93,01.99)**		16,169.94
Cash and Cash equivalents as at 1st April		**2,86,20.07**		12,451.52
Add/(Less): Unrealised exchange gain/(loss) on Bank balances		**(12.31)**		(1.39)
Cash and Cash equivalents as at 31st March (Refer note no. 15)		**93,05.77**		28,620.07

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) The amendments to 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. This amendment has become effective from April 01, 2017 and the required disclosure is made below. There is no other impact on the financial statements due to this amendment.

Particulars	As at 31.03.2017	Cash Flows	Non Cash Changes		As at 31.03.2018
			Foreign Exchange movement & Amortisied cost	Current/Non-current classification	
Borrowings-Non Current	11,34,97.38	28,57.72	(34,65.38)	(2,80,33.65)	84,856.07
Other Financial Liabilities	2,02,71.04	(2,02,71.04)	–	2,80,33.65	28,033.65
Borrowings-Current	7,19,25.83	(1,86,96.14)	16,43.14	–	54,872.83

Significant accounting policies and other accompanying notes (1 to 64) 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
May 15, 2018

For and on behalf of the Board of Directors

Mahendra Kumar Jalan
Wholetime Director
(DIN : 00311883)

Umang Kejriwal
Managing Director
(DIN : 00065173)

Brij Mohan Soni
Chief Financial Officer

Subhra Giri Patnaik
Company Secretary

Notes to Consolidated Financial Statements for the year ended March 31, 2018

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 Metallurgic 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 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, 2018	% of holding as at March 31, 2017
Electrosteel Europe SA	Trading of DI Pipes and Fittings	France	**100%**	100%
Electrosteel Algerie 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 Private Limited	Renting of Immovable Properties	India	**100%**	100%
Electrosteel Trading S.A, Spain	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	**49%**	49%
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%

*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, 2018	% of holding as at March 31, 2017
Srikalahasthi Pipes Limited	Manufacturing of DI Pipes	India	**41.33%**	48.54%
Electrosteel Steels Limited	Manufacturing of Steel products & DI Pipes	India	**45.23%**	45.23%
Electrosteel Thermal Power Limited	Generation of power	India	**30.00%**	30.00%

Investment in Joint Venture

Name of the Company	Principal Activity	Country of Incorporation	% of holding as at March 31, 2018	% of holding as at March 31, 2017
North Dhadhu Mining Company Private Limited	Mining and agglomeration of Hard Coal	India	**48.98%**	48.98%
Domco Private Limited (refer note no. 7.3)	Manufacturing of Coke Oven products	India	**50%**	50%

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

2. Statement of Compliance and Recent Pronouncements

2.1 Statement of Compliance

The Company excepting as stated in Note 7.1 (b), 7.2 & 47 has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013 ("the Act") with effect from April 1, 2016 and therefore Ind ASs issued, notified and made effective till the financial statements are authorized have been considered for the purpose of preparation of these consolidated financial statements.

2.2 Recent Pronouncements

New Standards / Amendments to Existing Standard issued but not yet effective upto the date of issuance of the Group's Financial Statement are disclosed below :

On 28th March, 2018, the Ministry of Corporate Affairs (MCA) has notified Ind AS 115 - Revenue from Contracts with Customers and certain amendment to existing Ind AS. These amendments shall be applicable to the Company from 1st April 2018.

(a) **Ind AS 115-Revenue from Contracts with Customers**

Ind AS 115 supersedes Ind AS 11, Construction Contracts and Ind AS 18, Revenue. Ind AS 115 requires an entity to report information regarding nature , amount, timing and uncertainty of revenue and cash flows arising from contract with customers. The principle of Ind AS 115 is that an entity should recognise revenue that demonstrates the transfer of promised goods and services to the customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

Based on preliminary assessment performed by the Group, the impact of the application of the standard is not expected to be material.

(b) **Amendment to Existing issued Ind AS**

i. Ind AS 12 - Income Taxes

ii. Ind AS 21 - The Effects of Changes in Foreign Exchange Rates

iii. Ind AS 28 - Investment in Associates and Joint Ventures and

iv. Ind AS 112 - Disclosure of Interests in Other Entities

The impact of the above standards on the financial statements, as assessed by the Group, is not expected to be material.

3. Significant Accounting Policies

3.1 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/ 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.

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") 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.

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

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.

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.

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

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 recognises 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 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.

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

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 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.

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.

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

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

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 less accumulated amount of amortisation 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 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

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

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

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

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.

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

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 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-byinstrument 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

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

instrument, excluding dividends, are recognized 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.

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.

(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.

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

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 Group.

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 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

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

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 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 Group 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 Group's policy and is recognised in the Statement of profit and loss.

3.13 Revenue

Sale of goods :

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

Revenue from Turnkey Contracts :

Revenue against Turnkey Contracts undertaken by the Group is recognised progressively on the basis of percentage of completion method.

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

Stage of completion of contracts in progress is determined by reference to the physical proportion of the contract work completed. Estimated loss on project to be undertaken in future years is provided for.

Interest, Dividend and Claims

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

Other Operating Revenue

Export incentive and subsidies are recognized when there is reasonable assurance that the Group will comply with the conditions and the incentive will be received.

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 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 lo

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.

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(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 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 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 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 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.

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

4.3 Arrangements containing leases and classification of leases

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

4.4 Claims and Compensation

Claims including insurance claims are accounted for on determination of certainity of realisation thereof. Compensation receivable against acquistion 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 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 Accouting 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 subsidaries are not material to the Group.

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

5. Property, Plant and Equipment : (Amount Rs. in lakhs)

Particulars	Freehold land	Leasehold land	Buildings	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipment	Railway Siding	Live–stock	Total
Gross Block										
As at April 1, 2017	**12,18,98.67**	**21,14.41**	**1,28,26.51**	**4,01,56.00**	**3,39.87**	**9,12.78**	**4,08.83**	**33,63.20**	**1.11**	**18,20,21.38**
Additions	–	–	8,20.01	16,52.56	82.95	1,24.92	80.89	–	–	27,61.33
Disposal	(98.75)	(4.29)	(1.87)	(8,26.00)	(0.01)	(10.59)	–	–	–	(9,41.51)
Other Adjustments	4,61.81	(0.87)	2,17.47	2,30.72	21.36	20.62	13.95	–	–	9,65.06
As at March 31, 2018	**12,22,61.73**	**21,09.25**	**1,38,62.12**	**4,12,13.28**	**4,44.17**	**10,47.73**	**5,03.67**	**33,63.20**	**1.11**	**18,48,06.26**
Accumulated Depreciation										
As at April 1, 2017	**–**	**71.40**	**27,62.87**	**76,86.38**	**1,34.11**	**3,75.39**	**1,21.29**	**9,79.33**	**–**	**1,21,30.77**
Charge for the period	–	41.20	10,77.92	40,05.64	63.46	1,72.77	58.61	4,85.02	–	59,04.62
Disposal	–	(0.39)	(0.94)	(4,64.69)	–	(6.77)	–	–	–	(4,72.79)
Other Adjustments	–	0.07	11.43	(40.46)	12.01	4.57	6.71	–	–	(5.67)
As at March 31, 2018	**–**	**1,12.28**	**38,51.28**	**1,11,86.87**	**2,09.58**	**5,45.96**	**1,86.61**	**14,64.35**	**–**	**1,75,56.93**
Net carrying amount										
As at March 31, 2018	**12,22,61.73**	**19,96.97**	**1,00,10.84**	**3,00,26.41**	**2,34.59**	**5,01.77**	**3,17.06**	**18,98.85**	**1.11**	**16,72,49.33**

Particulars	Freehold land	Leasehold land	Buildings	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipment	Railway Siding	Live–stock	Total
Gross Block										
As at April 1, 2016	12,19,71.27	20,65.35	1,50,69.88	3,92,93.02	2,83.91	7,04.65	3,99.67	33,63.20	1.11	18,31,52.06
Additions	–	49.06	2,16.68	12,70.92	56.12	2,35.48	44.93	–	–	18,73.19
Disposal	(72.60)	–	(24,20.00)	(3,24.49)	(0.05)	(27.35)	(35.30)	–	–	(28,79.79)
Other Adjustments	–	–	(40.05)	(83.45)	(0.11)	–	(0.47)	–	–	(1,24.08)
As at March 31, 2017	12,18,98.67	21,14.41	1,28,26.51	4,01,56.00	3,39.87	9,12.78	4,08.83	33,63.20	1.11	18,20,21.38
Accumulated Depreciation										
As at April 1, 2016	–	29.89	16,20.56	37,89.19	70.23	2,09.91	63.15	4,91.57	–	62,74.50
Charge for the period	–	41.51	14,01.21	40,82.41	63.9	178.8	94.28	4,87.76	–	63,49.87
Disposal	_	–	(2,58.90)	(1,85.22)	(0.02)	(13.32)	(36.14)	–	–	(4,93.60)
As at March 31, 2017	–	71.40	27,62.87	76,86.38	1,34.11	3,75.39	1,21.29	9,79.33	–	1,21,30.77
Net carrying amount										
As at March 31, 2017	12,18,98.67	20,43.01	1,00,63.64	3,24,69.62	2,05.76	5,37.39	2,87.54	23,83.87	1.11	16,98,90.61

Notes :

5.1 Plant and Equipments of Rs.4,13.68 lakhs (previous year Rs.4,17.94 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) in respect of which the execution of conveyance deeds is pending.

5.4 Other adjustments includes Rs.66.68 lakhs (previous year Nil) being interest capitalised during the year and Rs 8,98.38 lakhs [previous year Rs (1,24.08) lakhs] representing foreign exchange fluctuation

5.5 Land with factory buildings of Rs.2,95,93.21 lakhs (previous year Rs. 2,97,11.81 lakhs) at Elavur plant of the Company are mortgaged in the favour of lender to Electrosteel Steel limited, an associate of the Company.

5.6 Refer note no 23 to financial statements in respect of charge created against borrowings.

5.7 Refer note 47 dealing with coal mine assets and note no 48 in respect of Iron-ore and manganese Ore mine.

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

6. Other Intangible Assets

(Amount Rs. in lakhs)

Particulars	Computer Softwares	Mining Rights	Right to use under wagon investment scheme	Total
Gross Block				
As at April 1, 2017	3,79.19	8.13	8,65.14	12,52.46
Additions	62.47	–	–	62.47
Disposal	–	–	–	–
Other Adjustments	10.52	–	–	10.52
As at March 31, 2018	**4,52.18**	**8.13**	**8,65.14**	**13,25.45**
Accumulated Depreciation				
As at April 1, 2017	1,71.32	3.06	5,06.46	6,80.84
Charge for the period	80.73	1.53	2,53.23	3,35.49
Disposal	–	–	–	–
Other Adjustments	7.30	–	–	7.30
As at March 31, 2018	**2,59.35**	**4.59**	**7,59.69**	**10,23.63**
Net carrying amount				
As at March 31, 2018	**1,92.83**	**3.54**	**1,05.45**	**3,01.82**

Particulars	Computers Softwares	Mining Rights	Right to use under wagon investment scheme	Total
Gross Block				
As at April 1, 2016	3,68.65	8.13	8,65.14	12,41.92
Additions	10.54	–	–	10.54
As at March 31, 2017	3,79.19	8.13	8,65.14	12,52.46
Accumulated Depreciation				
As at April 1, 2016	85.77	1.53	2,53.23	3,40.53
Charge for the period	85.55	1.53	2,53.23	3,40.31
As at March 31, 2017	1,71.32	3.06	5,06.46	6,80.84
Net carrying amount				
As at March 31, 2017	2,07.87	5.07	3,58.68	5,71.62

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 10.52 lakhs (previous year Rs Nil) representing foreign exchange fluctuation.

6.3 Refer note no 23 to financial statements in respect of charge created against borrowings.

6.4 Refer note 47 dealing with coal mine assets .

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

7. NON–CURRENT INVESTMENTS

(Fully paid up except otherwise stated) (Amount Rs. in lakhs)

Particulars	As at March 31, 2018			As at March 31, 2017		
	Holding	**Details**	**Value**	Holding	Details	Value
Investments in Equity Instruments						
Quoted						
Associates (Carrying amount determined using equity method of accounting)						
Srikalahasthi Pipes Limited (Face value of Rs.10/- each)	**1,93,01,218**	**5,80,28.46**	**6,27,36.31**	1,93,01,218	5,23,55.02	5,80,28.46
[Cost of acquistion 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)		**58,56.59**			66,41.85	
Add : Other Comprehensive Income		**9.34**			(3.34)	
Less : Dividend received during the year		**11,58.08**			9,65.07	
Electrosteel Steels Ltd. (Face value Rs. 10/-each) (refer note no. 7.1)	**1,08,98,00,000**	**–**	**–**	1,08,98,00,000	–	–
[Cost of acquistion includes goodwill of Rs 70,29.90 lakhs , previous year Rs 70,29.90 lakhs]						
Add : Group share of Profit/(Loss) for the year (Net)		**–**			–	
			6,27,36.31			5,80,28.46
Unquoted						
Associates (Carrying amount determined using equity method of accounting)						
Electrosteel Thermal Power Ltd. (Face value of Rs.10/- each) [Cost of acquistion includes goodwill of Rs 0.70 lakhs (previous year Rs 0.70 lakhs)]	**15,000**	**0.97**	**0.90**	15,000	1.04	0.97
Add : Group share of Profit/(Loss) for the year (Net)		**(0.07)**			(0.07)	
Joint Venture (Carrying amount determined using equity method of accounting)						
Domco Pvt Ltd (Face value of Rs 100/- each)	**30,000**	**30.00**	**–**	30,000	30.00	–
Less: Impairment in value of Investment (refer note no. 7.3)		**(30.00)**			(30.00)	
North Dhadhu Mining Company Pvt Ltd (Face value of Rs.10/- each) (refer note no. 7.2)	**82,28,053**	**8,37.11**	**8,38.13**	82,28,053	8,34.34	8,37.11
Add : Group share of Profit/(Loss) for the year (Net)		**1.02**			2.77	
			8,39.03			8,38.08
			6,35,75.34			5,88,66.54
Investment designated at Fair Value through Other Comprehensive Income						
Quoted						
Others						
R.G. Ispat Limited (Face value of Rs.10/- each)*	**50**		**–**	50		–
Saint Globain-PAM (Face value of Euro 4/- each)	**14**		**0.48**	14		0.26
Von Roll (Face value of Euro 0.071 each)	**10**		**0.01**	10		0.05
			0.49			0.31

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	As at March 31, 2018			As at March 31, 2017		
	Holding	Details	Value	Holding	Details	Value
Unquoted						
Others						
Rainbow Steels Limited (Face value of Rs.10/- each)	**100**		**0.01**	100		0.01
Metal Scrap Trade Corporation Limited. (Face value of Rs. 10/- each)	**1,000**		**2.93**	1,000		8.32
Singardo International Pte Ltd. (Face value of SGD 1 each)	**25,000**		**19.10**	25,000		20.39
N Marshall Hi-tech Engineers Pvt. Ltd. (Face value of Rs.10/- each)	**50,000**		**12.04**	50,000		14.46
			34.08			43.18
			34.57			43.49
			6,36,09.91			5,89,10.03
Investments in Preference Shares						
Others						
Mukand Limited (0.01% Cumulative Redeemable Preference Shares face value of Rs. 10/-each)*	**16**		**–**	16		–
Total -Non -Current Investments			**6,36,09.91**			5,89,10.03
Aggregate amount of Quoted Investments			**6,27,36.80**			5,80,28.77
Aggregate amount of Market value of Quoted Investments			**8,82,95.96**			12,32,73.33
Aggregate amount of Unquoted Investments			**8,73.11**			8,81.26
Aggregate amount of Impairment in value of Investments			**30.00**			30.00

* Figures below rounding off limit

7.1 (a) 866,750,000 Equity shares of Rs 10/- each fully paid up of Electrosteel Steels Limited(ESL) held by the Company as Investment have been pledged in favour of lenders of Electrosteel Steels Limited for securing financial assistance to ESL.

(b) The company has an Investment of Rs. 6,05,92.88 lakhs in equity shares of Electrosteel Steels Limited (ESL), an associate company. ESL was referred to Hon'ble National Company Law Tribunal (NCLT) for Corporate Insolvency Resolution Process (CIRP). The Resolution Professional appointed by NCLT and the Committee of Creditors of ESL had approved a resolution plan, which has also been approved by NCLT, for the acquisition of ESL to a bidder which has been subsequently challenged by another bidder and status quo has been granted and the matter is pending before the Hon'ble National Company Law Appellate Tribunal (NCLAT). Pending decision of NCLAT and in absence of any communication of resolution plan as approved above, the Company's investment in ESL has been carried forward at its carrying value and no impairment in value thereof has been considered necessary. Further, Advances and Trade receivable amounting to Rs. 2,11,51.25 lakhs receivable from ESL along with mortgage of certain land & Building of the company situated at Elavur, Tamilnadu, in the favour of one of the lenders of ESL, has been carried forward at their carrying value in view of pendency of resolution proceedings.

The management certified financial statements of "Electrosteel Steels Limited (ESL)" have been considered for the purpose of the consolidated financial statements.

7.2 (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 venturing 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 encashement of bank guarantee

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

has been granted by the Hon'ble High Court of Jharkhand. The company has also submitted its claim for compensation which is awaiting acceptance. Pending final judgement & acceptance of claim and in the view of the management that the compensation to be received in terms of ordinance is expected to cover the cost incurred by the Joint venture company, no provision in the respect of Company's investment in NDMCPL and amount of Bank Guarantee, has been considered necessary.

7.3 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 interalia 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.

Pending final outcome of the above matter, the amounts have been fully provided for in the financial statements. The other venturers since not providing the financial statements of DPL, and thereby necessary disclosures could not be provided in these financial statements.

7.4 Particulars of investments as required in terms of section 186(4) of the Companies Act,2013 have been disclosed under note 7 & 13.

7.5 The Group has made an irrevocable decision to consider investment in equity instruments not held for trading to be recognised at FVTOCI.

7.6 Summarised financial information for Associates and Joint Ventures

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 and joint ventures.

a) Associates

(Amount Rs. in lakhs)

Summarised financial information	Srikalahasthi Pipes Limited		Electrosteel Steels Limited		Electrosteel Thermal Power Limited	
	As at March 31, 2018	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017
1) Balance Sheet						
(i) Current Assets	**9,47,05.05**	6,35,04.20	**18,63,14.87**	12,17,60.05	**0.83**	1.06
(ii) Non–current assets	**8,74,90.03**	9,21,91.16	**112,54,16.80**	118,01,96.29	**–**	–
(iii) Current liabilities	**4,65,20.10**	5,52,73.91	**90,73,44.48**	66,59,62.38	**0.14**	0.14
(iv) Non–current liabilities	**1,77,96.22**	1,90,67.84	**40,43,87.19**	63,59,93.96	**–**	–

	For the year ended March 31, 2018	For the year ended March 31, 2017	**For the year ended March 31, 2018**	For the year ended March 31, 2017	**For the year ended March 31, 2018**	For the year ended March 31, 2017
2) Statement of Profit and Loss						
(i) Revenue	**15,05,98.02**	12,03,40.14	**35,32,83.37**	27,78,18.19	**–**	–
(ii) Profit or loss from continuing operations	**1,47,40.15**	1,40,23.22	**(11,01,78.69)**	(14,63,47.99)	**(0.23)**	(0.22)
(iii) Other comprehensive income	**22.59**	(6.88)	**(92.24)**	24.91	**–**	–
(iv) Total comprehensive income	**1,47,62.74**	1,40,16.34	**(11,02,70.93)**	(14,63,23.07)	**(0.23)**	(0.22)
(v) Dividend received during the year (Parent's share)	**11,58.07**	9,65.07	**–**	–	–	–

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

b) Joint Venture

Summarised financial information	North Dhadhu Mining Company Private Limited	
	As at March 31, 2018	As at March 31, 2017
1) Balance Sheet		
(i) Non-current assets		
Property, Plant and Equipment and Capital Work in progress	**14,57.40**	14,57.49
Financial Assets- Loans	**12.61**	12.61
(ii) Current Financial Assets.		
Investments	**2,04.62**	2,01.02
Cash and cash equivalents	**1.04**	32.88
(iii) Other current assets	**39.30**	7.04
(iv) Current liabilities		
Other current liabilities	**1.97**	1.92
Provisions	**1.81**	1.07

	For the year ended March 31, 2018	For the year ended March 31, 2017
2) Statement of Profit and Loss		
(i) Other Income	**11.61**	12.34
(ii) Depreciation & Amortisation	**0.09**	0.09
(iii) Profit or loss before tax	**3.90**	5.62
(iv) Tax Expense	**0.74**	1.07
(v) Profit or loss after tax	**3.15**	4.55
(vi) Other comprehensive income.	**–**	–
(vii) Total comprehensive income.	**3.15**	4.55
(viii) Dividend received during the year (Parent's share)	**–**	–

Also refer note no. 7.3 relating to non availability of financial statement of Domco Pvt. Ltd. , 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, 2018 *(Contd.)*

(Amount Rs. in lakhs)

7.7 Reconciliation of the above summarised information to the carrying amount of the interest in Associates and Joint Ventures recognised in the consolidated financial statement.

a) Associates

(Amount Rs. in lakhs)

Particulars	Srikalahasthi Pipes Limited		Electrosteel Steels Limited		Electrosteel Thermal Power Limited	
	As at March 31, 2018	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017
Closing Net Assets	**11,78,78.75**	8,13,53.60	**(16,70,55.54)**	(5,67,84.60)	**0.69**	0.92
Proportion of the Parent's ownership interest in J.V / associates (%)	**41.33%**	48.54%	**45.23%**	45.23%	**30.00%**	30.00%
Proportion of the Parent's ownership interest in J.V / associates (INR)	**4,87,21.22**	3,94,89.01	**(7,55,66.36)**	(2,56,86.10)	**0.20**	0.27
Add/Less: Adjustments						
- Effect of fair value of investment on the date of transition as deemed cost	**1,40,48.08**	1,40,48.08	**(5,04,84.77)**	(5,04,84.77)	**–**	–
- Goodwill on equity accounting	**44,91.37**	44,91.37	**70,29.90**	70,29.90	**0.70**	0.70
- Effect on dilution of shareholding pattern	**(45,24.36)**	–	**–**	–	**–**	–
Net Assets as per Consolidated Financial statement (to the extent of carrying value of investment)	**6,27,36.31**	5,80,28.46	**–**	–	**0.90**	0.97

Note : Group's Share of Losses in excess of the interest in Electrosteel Steels Limited for the financial year ended March 31, 2018 amounting to Rs 4,98,80.26 lakhs (previous year Rs. 6,61,88.19 lakhs) has not been considered in the consolidated financial statements based on management certified account of Electrosteel Steels Limited.

b) Joint Venture

Particulars	North Dhadhu Mining Company Private Limited	
	As at March 31, 2018	As at March 31, 2017
Closing Net Assets	**17,11.19**	17,09.11
Proportion of the Parent's ownership interest in Joint Venture (%)	**48.98%**	48.98%
Proportion of the Parent's ownership interest in Joint Venture (INR)	**8,38.13**	8,37.11
Add/Less : Adjustments		
- Goodwill arising on Equity Accounting	**–**	–
- Others	**–**	–
Net Assets as per Consolidated Financial statement (to the extent of carrying value of investment)	**8,38.13**	8,37.11

8. Trade Receivables

Particulars	Ref. note no.	As at March 31, 2018	As at March 31, 2017
Unsecured, Considered Good			
Long Term Trade Receivables	14.1	**1,28.40**	1,08.56
		1,28.40	1,08.56

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

9. Loans

Particulars	Ref. note no.	As at March 31, 2018	As at March 31, 2017
Unsecured, Considered Good			
Security Deposits	9.1 and 17.1	**22,04.12**	12,30.69
Loans to related parties	9.2	**18.52**	18.42
		22,22.64	12,49.11

9.1 Security deposits include Rs. 5,57.50 lakhs (previous year Rs. 5,22.66 lakhs) with private limited companies in which directors are interested as a member / director and Rs 2,00.18 lakhs (previous year Rs. 1,98.68 lakhs) with related parties.Also includes Rs.9,99.35 lakhs (previous year 1,10.70 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.

10. Other Financial Assets

Particulars	As at March 31, 2018	As at March 31, 2017
Fixed Deposit with Banks (having maturity of more than 1 year from Balance sheet date)	**36,49.47**	35,60.89
	36,49.47	35,60.89

11. Other Non–Current Assets

Particulars	Ref. note no.	As at March 31, 2018	As at March 31, 2017
Capital Advances	11.1	**1,85.12**	4,17.56
Prepaid expenses		**2,35.37**	2,14.86
Others	11.2	**1.93**	2.56
		4,22.42	6,34.98

11.1 Capital advances includes Rs.5.27 lakhs (previous year Rs.5.27 lakhs) paid to related party (Refer note no. 55).

11.2 Includes loans and advance to employees amounting to Rs. 1.93 lakhs (previous year Rs. 5.77 lakhs).

12. Inventories (At lower of Cost or Net Realisable Value)

Particulars	As at March 31, 2018	As at March 31, 2017
Raw materials	**1,49,18.44**	1,83,38.91
Raw materials in transit	**38,75.84**	37,32.28
Process stock	**85,98.37**	81,72.92
Finished goods	**2,48,03.02**	2,39,07.62
Finished goods in transit	**33,96.89**	35,00.04
Stock-in-trade (in respect of goods acquired for trading)	**1,58.82**	–
Stores and spares	**51,30.63**	50,87.47
Stores and spares in transit	**1,19.79**	6.92
	6,10,01.79	6,27,46.16
Work–in–progress (Turnkey Projects)	**–**	2,74.84
Less : Progress payment received	**–**	67.51
	–	2,07.33
	6,10,01.79	6,29,53.49

12.1. Refer note no. 28.1 to Consolidated Financial Statements in respect of charge created against borrowings.

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

13. CURRENT INVESTMENTS

(Fully paid up except otherwise stated)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Holding	Value	Holding	Value
Investment measured at fair value through Profit and Loss				
Investment in Equity Instruments				
Equity Shares (Quoted)				
Manganese Ore India Ltd (Face value of Rs 10/- each)*	**7,588**	**14.85**	3,794	11.90
Reliance Industries Ltd (Face value of Rs 10/- each)*	**1,000**	**8.83**	500	6.60
Andhra Bank (Face value of Rs 10/- each)	**5,000**	**2.08**	5,000	2.90
3I Infotech Ltd. (Face value of Rs 10/- each)	**60,000**	**3.03**	60,000	3.03
BGR Energy Systems Ltd. (Face value of Rs 10/- each)	**1,500**	**1.53**	1,500	2.07
Bharat Heavy Electricals Ltd. (Face value of Rs 2/- each)*	**18,750**	**15.25**	12,500	20.36
GTL Infrastructure Ltd. (Face value of Rs 10/- each)	**60,000**	**1.56**	60,000	3.45
Garden Silk Mills Ltd. (Face value of Rs 10/- each)	**1,000**	**0.32**	1,000	0.32
Jyoti Structures Ltd. (Face value of Rs 2/- each)	**5,000**	**0.40**	5,000	0.41
National Aluminium Company Ltd. (Face value of Rs 5/- each)	**2,500**	**1.66**	2,500	1.91
Punjab National Bank (Face value of Rs 2/- each)	**10,000**	**9.53**	10,000	14.99
Pilani Investment and Industries Corporation Ltd. (Face value of Rs 10/- each)	**700**	**17.98**	700	15.04
Vedanta Ltd (Face value of Rs 1/- each)	**2,000**	**5.56**	2,000	5.50
Tata Teleservices (Maharashtra) Ltd. (Face value of Rs 10/- each)	**28,333**	**1.57**	28,333	2.03
Total		**84.15**		90.51
* Increase in holding due to issuance of bonus shares				
Aggregate amount of Quoted Investments				
- In Equity Shares		**84.15**		90.51
		84.15		90.51
Aggregate amount of Market value of Quoted Investments				
- In Equity Shares		**84.15**		90.51
		84.15		90.51

14. Trade Receivables

Particulars	Ref. note no.	As at March 31, 2018	As at March 31, 2017
UNSECURED			
Considered good		**5,24,92.06**	4,58,77.65
Considered doubtful		**8,81.78**	12,70.42
Less : Impairment allowances for doubtful debts	14.2	**(8,81.78)**	(12,70.42)
		5,24,92.06	4,58,77.65

14.1 Ageing of Trade Receivable

Particulars	As at March 31, 2018	As at March 31, 2017
Within the credit period	**2,07,67.32**	3,53,82.59
1-180 days past due	**81,95.52**	79,09.70
More than 180 days past due	**2,36,57.62**	26,93.92
Total	**5,26,20.46**	4,59,86.21
Current Trade Receivable	**5,24,92.06**	4,58,77.65
Non Current Trade Receivable	**1,28.40**	1,08.56
Total	**5,26,20.46**	4,59,86.21

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

14.2 Movement of Impairment allowances for doubtful debts

Particulars	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the year	**12,70.42**	14,63.53
Recognised during the year	**73.74**	3,63.24
Reversal during the year	**4,62.38**	5,56.35
Balance at the end of the year	**8,81.78**	12,70.42

14.3 Balances of Trade Receivables including for Turnkey Contracts, Trade payable and Advances 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 Consolidated Financial Statements in respect of charge created against borrowings.

15. Cash and Cash Equivalents

Particulars	Ref. note no.	As at March 31, 2018	As at March 31, 2017
Balances with banks			
In current and cash credit accounts	15.1	**90,90.05**	2,55,26.22
Cash on hand		**215.72**	93.85
Fixed Deposits with Banks (having original maturity of less than 3 months)		**–**	30,00.00
		93,05.77	2,86,20.07

15.1 Includes bank balance of Rs. 11,02.52 lakhs (previous year Rs. 15,90.41 lakhs) in respect of External Commercial Borrowings loan pending utilisation for intended use.

15.2 Refer note no. 28.1 and 23.5.2 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, 2018	As at March 31, 2017
Other balance with banks			
In Fixed Deposit Escrow account	24.1	**5,36.93**	5,36.93
In dividend accounts		**98.40**	3,30.43
Fixed deposits with Banks (having original maturity of more than 3 months)	16.1, 16.2 and 28.2	**1,25,68.46**	61,69.93
		1,32,03.79	70,37.29

16.1 Fixed Deposits with banks include Fixed Deposit of Rs. 1,25,68.46 lakhs (previous year Rs. 61,66.88 lakhs) have been pledged with Banks against guarantee issued by them.

16.2 Refer note no. 28.1 to Consolidated Financial Statements in respect of charge created against borrowings.

17. Loans

Particulars	Ref. note no.	As at March 31, 2018	As at March 31, 2017
Unsecured, Considered Good			
Security Deposits	17.1 and 17.2	**51,29.72**	52,08.80
		51,29.72	52,08.80
Considered Doubtful			
Advances to related party	55	**7,00.00**	7,00.00
Others		**10.62**	10.62
		7,10.62	7,10.62
Less : Impairment Allowances for doubtful Advances	7.3 and 17.3	**7,10.62**	7,10.62
		–	–
		51,29.72	52,08.80

17.1 Includes Rs. 16,22.12 lakhs (previous year 13,95.27 lakhs) lying with customer in terms of agreement/ order towards supplies of goods.

17.2 Includes Rs. 27,77.63 lakhs (previous year Rs. 30,67.14 lakhs) lying with banks in terms of agreement with them against Invoices factored.

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

17.3 Movement of Allowances for doubtful advances (Amount Rs. in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the year	**7,10.62**	7,10.62
Recognised during the year	**–**	–
Reversal during the year	**–**	–
Balance at the end of the year	**7,10.62**	7,10.62

17.3 Refer note no.28.1 to Consolidated Financial Statements in respect of charge created against borrowings.

18. Other Financial Assets

Particulars	Ref. note no.	As at March 31, 2018	As at March 31, 2017
Interest receivable		**42.48**	18.39
Claim receivable	47	**93,16.85**	93,16.85
Export rebate Claim receivable		**–**	5,28.73
Export incentive receivable		**20,59.29**	11,02.33
Others	18.2	**3,33.39**	8.26
		1,17,52.01	1,09,74.56

18.1 Refer note no.28.1 to Consolidated Financial Statements in respect of charge created against borrowings.

18.2 Includes Rs. 1,61.43 lakhs (previous year Nil) receivable from Directors of the company towards recovery of excess remuneration paid.

19. Other Current Assets

Particulars	Ref. note no.	As at March 31, 2018	As at March 31, 2017
Loans and Advances to related parties	7.2, 19.2 and 55	**1,77,58.53**	2,09,90.87
Advances for supply of goods and rendering of services		**14,53.71**	12,34.70
Loans and advances to employees		**1,81.66**	91.02
Balance with Government authorities		**50,18.19**	57,32.12
Prepaid expenses		**12,32.23**	7,71.21
Incentive/Subsidy receivable		**55,25.32**	53,68.10
Others		**1,64.42**	8,68.50
		3,13,34.06	3,50,56.52

19.1 All the above advances have been given for general corporate purpose.

19.2 Refer note no.28.1 to Consolidated Financial Statements in respect of charge created against borrowings.

20. Equity Share Capital

Particulars	As at March 31, 2018	As at March 31, 2017
Authorised		
Equity shares, Re 1/- par value		
500,000,000 (previous year 500,000,000) equity shares	**50,00.00**	50,00.00
Issued, Subscribed and Paid-up		
Equity shares, Re 1/- par value		
356,955,322 (previous year 356,955,322 equity shares) equity shares fully paid up	**35,69.55**	35,69.55
	35,69.55	35,69.55

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.

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

20.2 Reconciliation of the number of equity shares outstandings (No. of Shares)

Particulars	As at March 31, 2018	As at March 31, 2017
Number of shares at the beginning	**356955322**	356955322
Add: Addition during the year	**–**	–
Number of shares at the end	**356955322**	356955322

21. Other Equity (Amount Rs. in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Capital Reserve	**41,67.77**	43,17.77
Securities Premium Reserve	**6,55,90.26**	6,55,90.26
General Reserve	**10,05,65.95**	10,05,65.95
Debenture Redemption Reserve	**62,50.00**	62,50.00
Statutory Reserve	**1,71.18**	1,37.48
Retained Earnings	**6,56,48.66**	5,52,48.11
Other Comprehensive Income		
Equity instrument through other comprehensive income	**16.65**	23.69
Effective portion of cash flow hedge	**(1,73.98)**	(3,64.68)
Foreign currency translation reserve	**21,53.84**	32,51.55
Share of Associates/ Joint Venture (net)	**(88.75)**	(98.09)
	24,43,01.58	23,49,22.05

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 Reserve**

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

21.4 **General Reserve**

The reserve arises on transfer portion of the net profit pursuant to the provisions of Companies Act.

21.5 **Debenture Redemption Reserve**

Debenture Redemption Reserve is required to be created out of the profits available for payment of dividend in terms of Section 71 of the Companies Act, 2013, which is equal to 25% of the face value of the debentures issued and outstanding. This reserve will be released on redemption of the debentures.

21.6 **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.

21.7 **Retained Earnings**

Retained earnings generally represents the undistributed profit/ amount of accumulated earnings of the Group. This includes Rs, 9,78,43.09 lakhs (previous year Rs.9,62,76.58 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.

21.8 **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.

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

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.

21.9 Subsequent to Balance Sheet date, the Board of Directors has recommended a dividend of Re. 0.30 per share to be paid on fully paid equity shares in respect of the financial year ended March 31, 2018. This equity dividend is subject to approval by shareholders at the ensuing Annual General Meeting and has not been included as a liability in these consolidated financial statements. The total estimated equity dividend to be paid is Rs. 1070.87 lakhs and the dividend distribution tax thereon amounts to Rs. 220.12 lakhs.

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:- (Amount Rs. in lakhs)

Name of the Subsidiary	Profit/(Loss) allocated to Non-controlling interests		Accumulated Non controlling interests	
	For the year ended March 31, 2018	For the year ended March 31, 2017	**As at March 31, 2018**	As at March 31, 2017
Electrosteel Doha For Trading LLC	**16.38**	(0.91)	**37.72**	21.34

a) Summarised Balance Sheet : (Amount Rs. in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Assets		
(i) Non-current assets		
Property, Plant and Equipment and Capital Work in progress	**0.57**	0.75
(ii) Current assets		
Inventories	**2,88.61**	33.14
Financial Assets	**2,52.72**	1,88.68
Other current assets	**9,38.47**	1,07.42
Liabilities		
Current liabilities		
Financial Liabilities	**2,54.14**	1,03.04
Other current liabilities	**394.66**	0.17
Current Tax Liabilities (Net)	**–**	–
Equity attributable to :		
Owners of the Parent	**7,35.06**	2,05.44
Non controlling interest	**37.72**	21.34

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

b) Summarised Statement of Profit and Loss : (Amount Rs. in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
(i) Revenue	**24,73.31**	4,46.99
(ii) Other Income	**3,86.02**	1,53.02
(iii) Purchases of Stock-in-Trade	**20,32.80**	2,70.10
(iv) Changes in inventories of finished goods , stock-in-trade and work-in-progress	**(2,55.47)**	1,42.77
(v) Employee benefits expense	**1,09.46**	1,15.52
(vi) Depreciation and amortisation	**0.52**	0.51
(vii) Other expenses	**3,86.91**	1,21.29
(viii) Profit/(loss) during the year	**5,27.32**	(50.18)
(ix) Other comprehensive income	**18.68**	19.91
(x) Total comprehensive income	**5,46.00**	(30.27)
Total comprehensive income attributable to :		
Owners of the Parent	**5,29.62**	(29.36)
Non controlling interest	**16.38**	(0.91)

c) Summarised Cash Flow Statement :

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Net cash inflow/(outflow) from operating activities	**32.55**	(31.81)
Net cash inflow/(outflow) from investing activities	**(0.23)**	–
Net cash inflow/(outflow) from financing activities	**–**	–
Net cash inflow/(outflow)	**32.31**	(31.81)
Dividend paid to Non-controlling interests (including tax)	**–**	–

23. Borrowings

Particulars	Ref. note no.	As at March 31, 2018		As at March 31, 2017	
		Non Current	Current	Non Current	Current
SECURED BORROWINGS					
Non Convertible Debentures					
11.75% Non Convertible Debentures	23.1.1	**99,31.19**	**25,00.00**	1,24,08.06	–
12.00% Non Convertible Debentures	23.1.2	**74,56.22**	**–**	74,44.65	–
11.00% Non Convertible Debentures	23.1.3	**–**	**49,91.90**	49,61.94	–
Term loan from banks					
External Commercial Borrowing	23.2.1	**2,84,75.80**	**1,42,37.90**	4,59,68.62	1,53,22.87
FCNR Loan	23.2.2	**62,35.19**	**17,32.62**	78,23.92	17,23.98
Rupee Loan	23.2.3, 23.2.4 and 23.2.5	**2,16,35.36**	**26,00.00**	2,40,56.87	20,00.00
Term loan from a financial institutions	23.3.1	**26,98.54**	**8,33.33**	35,27.23	8,33.33
Finance Lease	23.4	**17.00**	**12.41**	29.26	11.43
Others	23.5.1 and 23.5.2	**2,62.79**	**2,40.50**	7,47.85	2,96.93
		7,67,12.09	**2,71,48.66**	10,69,68.40	2,01,88.54
UNSECURED BORROWINGS					
Term loan from financial institutions	23.6.1, 23.6.2 and 23.6.3	**81,43.98**	**8,85.00**	65,28.98	82.50
		81,43.98	**8,85.00**	65,28.98	82.50
		8,48,56.07	**2,80,33.66**	11,34,97.38	2,02,71.04

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

23.1.1 11.75% Non Convertible Debentures (privately placed) is to be secured by first pari-passu charge on company's Property, Plant and Equipment and other intangible assets (immovable and movable) including land and buildings both present and future other than assets located at Elavur. These debentures were allotted on March 7, 2017 and are redeemable in 20 equal quarterly installments at the end of 5th quarter from the date of allotment. However, there is a Put and Call option available to the investor / issuer which can be exercised at the end of three years from the date of allotment and every 12 months thereafter.

23.1.2 12.00% Non Convertible Debentures (privately placed) is to be secured by second pari-passu charge on company's Property, Plant and Equipment and other intangible assets (immovable and movable) including land and buildings both present and future other than assets located at Elavur. These debentures were allotted on March 7, 2017 and are redeemable in 16 equal quarterly installments at the end of 9th quarter from the date of allotment. However, there is a Put and Call option available to the investor / issuer which can be exercised at the end of three years from the date of allotment and every 12 months thereafter.

23.1.3 11.00% Non Convertible Debentures (privately placed) are secured by second pari-passu charge on company's Property, Plant and Equipment and other intangible assets (immovable and movable) including land and buildings both present and future other than assets located at Elavur. These debentures were allotted on July 5, 2013 and are redeemable at par at the end of 5th year from the date of allotment.

23.2.1 External Commercial Borrowings of USD 1,39.00 million is repayable in 12 semi annual installments from August 29, 2015. The outstanding as on March 31, 2018 is Rs 4,27,13.70 lakhs (previous year Rs 6,12,91.49 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 assets located at Elavur.

23.2.2 FCNR Loan of USD 16.62 million 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 and Vadgaon(Pune). FCNR Loan is repayable in 25 equal quarterly installments starting from Dec, 2016. The interest rate ranges from 3M Libor + 275 to 325 basis points. The outstanding as on March 31, 2018 is Rs 79,67.81 lakhs (previous year Rs 95,47.90 lakhs).

23.2.3 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 assets located at Elavur and Vadgaon (Pune). Rupee Term Loan is repayable in 25 equal quarterly installments starting from July,2017. The interest rate ranges from 9.00% p.a to 10.00% p.a. The outstanding as on March 31, 2018 Rs 40,25.95 lakhs (previous year Rs 44,95.09 lakhs).

23.2.4 Rupee Term Loan of Rs 2,00,00.00 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 assets located at Elavur. Term Loan is repayable in 28 quarterly installments starting from June,2015. The interest rate ranges from 12.50% pea to 13.50% p.a. The outstanding as on March 31, 2018 is Rs 1,87,25.96 lakhs (previous year Rs 1,91,05.01 lakhs).

23.2.5 Rupee Term Loan of Rs 40,00.00 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 assets located at Elavur and Vadgaon (Pune). Rupee Term Loan is repayable in 16 equal quarterly installments starting from Dec,2015. The interest rate ranges from 10.50% p.a to 12.00% p.a. The outstanding as on March 31, 2018 is Rs 14,83.45 lakhs (previous year Rs 24,56.77 lakhs).

23.3.1 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. Term Loan is repayable in 24 equal quarterly installments starting from July, 2016. The interest rate ranges from 11.00% p.a to 12.00% p.a. The outstanding as on March 31, 2018 is Rs 35,31.87 lakhs (previous year Rs 43,60.56 lakhs).

23.4 In case of one subsidiary, obligation under finance lease is secured by lessor's title to the leased asset. The interest rate is 3.88% per annum.

23.5.1 Loan from others includes Rs 9,04.82 lakhs which is repayable in 120 equal monthly installments of Rs 7.48 lakhs from 25th October 2011. The outstanding as on March 31, 2018 is Rs NIL (March 31, 2017: Rs 4,03.96 lakhs). The said loan is secured over the stockyard of one of the subsidiary.

23.5.2 Loan from others includes Rs 10,05.85 lakhs which is repayable in 60 equal monthly installments of Rs 20.04 lakhs from 2nd April 2015. The outstanding as on March 31, 2018 is Rs 5,03.28 lakhs (March 31, 2017 Rs 6,40.82 lakhs). The said loan is secured against cash deposit by one of the subsidiary.

23.6.1 Term Loan of Rs. 41,00.00 lakhs from a financial institution is repayable in 16 quarterly installments starting from June, 2018. The interest rate ranges from 11.00% p.a to 12.00 % p.a. The outstanding as on March 31, 2018 is Rs. 41,00.00 lakhs (previous year Rs 41,00.00 lakhs).

23.6.2 Term Loan of Rs. 33,00.00 lakhs from a financial institution is repayable in 16 quarterly installments starting from March, 2018. The interest rate ranges from 11.00% p.a to 12.00 % p.a. The outstanding as on March 31, 2018, is Rs. 24,28.98 lakhs (previous year Rs. 25,11.48 lakhs).

23.6.3 Term Loan of Rs. 25,00.00 lakhs from a financial institution is repayable in 16 quarterly installments starting from March, 2019. The interest rate ranges from 11.00% p.a to 12.00 % p.a. The outstanding as on March 31, 2018, is Rs. 25,00.00 lakhs (previous year NIL).

23.7 The outstanding balances disclosed in Note no. 23.1 to 23.6 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, 2018 *(Contd.)*

(Amount Rs. in lakhs)

24. Provisions

Particulars	Ref. note no.	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits	46	**13,11.61**	13,96.18
Provision for mine closure and restoration charges	24.1	**5,59.98**	5,59.98
		18,71.59	19,56.16

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 have been considered necessary. (refer note 16 and 47)

24.2 Movement in Mine closure and Restoration Obligation provision are provided below :

Particulars	(Amount Rs. in lakhs)
As at March 31, 2016	**4,98.02**
Provision during the year	61.96
As at April 1, 2017	**559.98**
Provision during the year	–
As at March 31, 2018	**559.98**

Particulars	As at March 31, 2018	As at March 31, 2017
Current	**–**	–
Non current	**5,59.98**	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, 2018	As at March 31, 2017
Deferred tax Assets	**(45,21.49)**	(42,22.27)
Deferred tax Liabilities	**3,16,02.01**	3,40,46.42
Net Deferred Tax (Assets)/Liabilities	**2,70,80.53**	2,98,24.15

Components of Deferred tax (Assets)/ Liabilities as at March 31, 2018 are given below :

Particulars	As at April 1, 2017	Charge/ (Credit) recognised in profit or loss	Charge/ (Credit) recognised in other comprehensive income	As at March , 31 2018
Deferred Tax Assets:				
Fair valuation of Financial Assets	(8,16.47)	3,22.60	–	**(4,93.87)**
Provision for Other Items u/s 43B of Income Tax Act, 1961	(17,54.50)	(6,81.86)	–	**(24,36.36)**
Provision for Employee benefits u/s 43B of Income Tax Act, 1961	(7,67.41)	4.96	–	**(7,62.45)**
Carried forward unabsorbed Long Term Capital Loss under Income Tax Act, 1961	(5,83.30)	(5.69)	–	**(5,88.99)**
Derivative instruments designated at fair value through P&L A/c	–	(42.74)	–	**(42.74)**
Remeasurement of defined benefit obligations through OCI	(1,07.58)		3.96	**(1,03.62)**
Derivative instruments designated at fair value through OCI (Cash Flow Hedge Reserve)	(1,93.01)	–	99.55	**(93.46)**
Other timing differences w.r.t. subsidiaries under various jurisdiction	–	–	–	**–**
Total Deferred Tax Assets	**(42,22.27)**	**(4,02.72)**	**1,03.51**	**(45,21.49)**

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	As at April 1, 2017	Charge/ (Credit) recognised in profit or loss	Charge/ (Credit) recognised in other comprehensive income	As at March , 31 2018
Deferred Tax Liabilities :				
Fair valuation of Financial Liabilities	5,23.60	(1,32.87)	–	**3,90.73**
Temporary difference with respect to Property, Plant & Equipment	3,32,88.39	(23,85.45)	–	**3,09,02.94**
Fair valuation of Derivative instruments designated through P&L A/c	2,23.87	78.26	–	**3,02.13**
Fair valuation of Derivative instruments through Profit and Loss	7.10	–	(2.05)	**5.05**
Other timing differences w.r.t. subsidiaries under various jurisdiction	3.46	(2.29)	–	**1.17**
Total Deferred Tax Liabilities	**3,40,46.41**	**(24,42.35)**	**(2.05)**	**3,16,02.01**
NET DEFERRED TAX (ASSETS)/ LIABILITIES	**2,98,24.15**	**(28,45.07)**	**1,01.47**	**2,70,80.53**

Components of Deferred tax (Assets)/ Liabilities as at March 31, 2017 are given below :

Particulars	As at April 1, 2016	Charge/ (Credit) recognised in profit or loss	Charge/ (Credit) recognised in other comprehensive income	As at March , 31 2017
Deferred Tax Assets:				
Fair valuation of Financial Assets	(8,54.13)	**37.66**	–	(8,16.47)
Provision for Other Items u/s 43B of Income Tax Act, 1961	(11,77.89)	**(5,76.61)**	–	(17,54.50)
Provision for Employee benefits u/s 43B of Income Tax Act, 1961	(4,52.46)	**(3,14.95)**	–	(7,67.41)
Carried forward unabsorbed Long Term Capital Loss under Income Tax Act, 1961	(4,81.38)	**(1,01.92)**	–	(5,83.30)
Remeasurement of defined benefit obligations through OCI	(72.09)	**–**	(35.48)	(1,07.58)
Derivative instruments designated at fair value through OCI (Cash Flow Hedge Reserve)	(2,58.43)	**–**	65.42	(1,93.01)
Other timing differences w.r.t. subsidiaries under various jurisdiction	40.73	**(40.73)**	–	–
Total Deferred Tax Assets	**(32,55.66)**	**(9,96.56)**	**29.94**	**(42,22.27)**

Particulars	As at April 1, 2016	Charge/ (Credit) recognised in profit or loss	Charge/ (Credit) recognised in other comprehensive income	As at March , 31 2017
Deferred Tax Liabilities:				
Fair valuation of Financial Liabilities	4,09.44	1,14.16		**5,23.60**
Temporary difference with respect to Property, Plant & Equipment	3,27,24.95	5,63.44	–	**3,32,88.39**
Fair valuation of Derivative instruments designated through P&L A/c	27.58	1,96.29	–	**2,23.87**
Investments designated at fair value through OCI	6.45		0.65	**7.10**
Other timing differences w.r.t. subsidiaries under various jurisdiction	4.88	(1.42)	–	**3.46**
Total Deferred Tax Liabilities	**3,31,73.30**	**8,72.47**	**0.65**	**3,40,46.42**
NET DEFERRED TAX (ASSETS)/ LIABILITIES	**2,99,17.64**	**(1,24.09)**	**30.59**	**2,98,24.15**

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

26. Other Non–Current Liabilities

Particulars	Ref. note no.	As at March 31, 2018	As at March 31, 2017
Advance from customers	26.1	**1,78,69.44**	2,00,32.57
Liability for finance Lease Obligation		**8.89**	9.46
Others		**1,45.06**	78.72
		1,80,23.39	2,01,20.75

26.1 Advance from Customers amounting to Rs. 1,78,47.89 lakhs (previous year Rs. 2,00,32.57 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, 2018	As at March 31, 2017
Provision for taxation (net of advance tax)	27.1	**42,19.00**	33,42.15
		42,19.00	33,42.15

27.1 Includes Rs. 11,37.01 lakhs (net) [previous year Rs. 8,44.18 lakhs (net)] being interest received pertaining to Assessment Years 2003-04 to 2011-12 as the Income Tax Department has filed an appeal before the Kolkata High Court against the order of the the Income Tax Appellate Tribunal, Kolkata and the said appeal is pending.

Further includes Rs. 97.55 lakhs (net) (previous year Nil) being interest received pertaining to Assessment Year 2012-13 and Assessment Year 2013-14 as the Income Tax Department has filed an appeal before the Income Tax Appellate Tribunal, Kolkata against the order of the Commissioner of Income Tax (Appeals) and the said appeal is pending.

28. Borrowings

Particulars	Ref. note no.	As at March 31, 2018	As at March 31, 2017
SECURED			
Repayable on demand from banks	28.1 to 28.3		
Indian Currency		**1,74,23.10**	2,59,67.81
Foreign Currency		**2,54,38.97**	4,02,76.93
		4,28,62.07	6,62,44.74
UNSECURED			
Repayable on demand from banks			
Foreign Currency		**63,59.24**	26,81.09
From Others		**56,51.52**	30,00.00
		1,20,10.76	56,81.09
		5,48,72.83	7,19,25.83

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 joint 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.

28.2 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.

28.3 Loans repayable on demand being Working Capital facilities from Banks includes Rs 29,68.41 lakhs (previous year: Rs 26,43.81 lakhs) secured over the assets of one of the subsidiary including freehold and lease hold property.

29. Trade Payables

Particulars	Ref. note no.	As at March 31, 2018	As at March 31, 2017
Payable for Goods and Services			
Due to Micro and Small Enterprises	29.1	**–**	–
Others	29.2	**3,56,10.00**	2,75,32.61
		3,56,10.00	2,75,32.61

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

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 available with the company regarding the status of suppliers.

Particulars	As at March 31, 2018	As at March 31, 2017
a) Principal & Interest amount remaining unpaid but not due as at year end	**Nil**	Nil
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	**Nil**	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	**Nil**	Nil
d) Interest accrued and remaining unpaid as at year end	**Nil**	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	**Nil**	Nil

29.2 Including acceptances of Rs. 95,67.18 lakhs (previous year Rs. 24,49.58 lakhs).

30. Other Financial Liabilities

Particulars	Ref. note no.	As at March 31, 2018	As at March 31, 2017
Current maturities of long-term debt			
Secured	23	**2,71,36.24**	2,01,77.11
Unsecured	23	**8,85.00**	82.50
Current maturities of finance lease obligation	23	**12.41**	11.43
Interest accrued but not due on borrowings		**11,36.76**	13,28.11
Interest accrued and due on borrowings		**38.24**	88.73
Employee related liability		**10,07.37**	10,63.27
Derivative at fair value through profit or loss		**1,03.84**	5,74.98
Unclaimed dividends	30.1	**98.4**	3,30.43
Credit balances in current account with banks		**1,95.81**	0.59
Capital vendors		**3,81.26**	7,13.98
Others		**86.66**	98.80
		3,10,81.99	2,44,69.93

30.1 The same is not due for payment to investor education and protection fund.

31. Other Current Liabilities

Particulars	Ref. note no.	As at March 31, 2018	As at March 31, 2017
Advance from customers	31.1	**2,27,05.64**	99,49.42
Statutory Payables		**1,03,18.40**	70,67.85
Others		**15.54**	14.37
		3,30,39.58	1,70,31.64

31.1 Advance from Customers amounting to Rs. 26,04.34 lakhs (previous year Rs. 24,27.99 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.

32. Provisions

Particulars	Ref. note no.	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits	46	**18,23.67**	16,84.24
Other Provisions	32.1	**3,51.31**	11,37.13
		21,74.98	28,21.37

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

32.1 Other Provisions includes :

(a) Provision relating to indirect taxes in respect of proceeding of various excise duty matter amounting to Nil (previous year Rs. 5,00.00 lakhs).

(b) Provision relating to disputed customer claims/rebates/demands amounting to Rs. 90.63 lakhs (previous year Rs. 4,76.74 lakhs).

32.2 Movement in other provisions are provided below:

Particulars	(Amount Rs. In lakhs)
As at March 31, 2016	**7,32.75**
Provision during the year	6,22.06
Reversal/Utilisation during the year	(2,17.68)
As at March 31, 2017	**11,37.13**
Provision during the year	1,90.92
Reversal/Utilisation during the year	(9,76.74)
As at March 31, 2018	**3,51.31**

Particulars	**As at March 31, 2018**	As at March 31, 2017
Current	**3,51.31**	11,37.13

33. Current Tax Liabilities (Net)

Particulars	**As at March 31, 2018**	As at March 31, 2017
Provision for taxation (net of advance tax)	**15,42.16**	9,01.67
	15,42.16	9,01.67

34. Revenue From Operations

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Sale of products (including Excise Duty)	**21,51,77.97**	20,77,97.67
Sale of services	**164.20**	50.80
Other operating revenues		
Incentive on Export	**28,64.02**	28,53.55
Others	**3,88.91**	10,62.27
	21,85,95.10	21,17,64.29

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

35. Other Income

Particulars	Ref. note no.	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest Income			
On loans, deposits, overdue debts etc.		**13,27.77**	11,34.47
On Financial Assets measured at amortised cost		**1,86.24**	1,83.90
Others		**47.48**	–
Dividend income			
Current investments		**2.96**	0.74
Non current investments		**0.23**	1.58
Net gain/(loss) on sale / redemption of Current investments (net)		**–**	93.46
Net gain/(loss) on fair valuation of Current investments through profit or loss (net)		**–**	32.42
Profit/(loss) on sale of fixed assets (net)	35.1	**–**	33,75.10
Net gain/(loss) on derecognition of financial assets at amortised cost		**28.48**	26.84
Net gain/(loss) on foreign currency transaction and translation		**28,78.68**	22,08.75
Net gain/(loss) on Derivative Instruments on fair valuation through profit or loss		**–**	11,20.41
Provision no longer required written back		**23,11.44**	5,17.49
Miscellaneous income		**12,11.29**	13,54.11
		79,94.57	1,00,49.27

35.1 Includes Nil (previous year Rs.33,58.90 lakhs) representing profit on sale of property situated at Chennai.

36. Cost of materials consumed

Particulars	Ref. note no.	For the year ended March 31, 2018	For the year ended March 31, 2017
Raw materials consumed	36.1	**8,73,14.93**	7,58,72.28
		8,73,14.93	7,58,72.28

36.1 Cost of material consumed includes Rs.49,74.01 lakhs (previous year Rs. 8,67.96 lakhs) in relation to cost of goods sold for raw materials.

37. Purchases of Stock In Trade

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
DI Pipes & fittings	**94,99.55**	80,11.78
Coke and coal	**12,83.18**	24,89.03
Rubber gaskets	**24,14.46**	21,55.47
Others	**35,86.08**	2,61.87
	1,67,83.27	1,29,18.15

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

38. Changes in inventories of finished goods, Stock-in-Trade and work-in-progress

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening stock		
Finished	**2,74,07.66**	3,48,80.81
Process	**81,72.92**	42,89.29
Work in Progress (Turnkey Projects)	**2,74.84**	2,75.39
	3,58,55.42	3,94,45.49
Less : Closing Stock		
Finished	**2,83,58.73**	2,74,07.66
Process	**85,98.37**	81,72.92
Work in Progress (Turnkey Projects)	**–**	2,74.84
	3,69,57.10	3,58,55.42
	(11,01.68)	35,90.07

39. Employee Benefits Expense

Particulars	Ref. note no.	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries and wages	46	**2,11,29.48**	2,11,45.51
Contribution to provident and other funds	46	**15,51.78**	15,70.49
Staff welfare expenses		**10,45.77**	10,31.52
		2,37,27.03	2,37,47.52

40. Finance Costs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest expense	**1,67,01.97**	1,61,32.54
Net (gain)/loss on foreign currency transactions and translation	**5,31.60**	5,62.44
Other borrowing cost	**37,94.16**	43,40.21
	2,10,27.73	2,10,35.19

41. Depreciation and Amortisation Expenses

Particulars	Ref. note no.	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation Expenses	5	**59,04.62**	63,49.87
Amortisation Expenses	6	**3,35.49**	3,40.31
		62,40.11	66,90.18

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

42. Other Expenses

Particulars	Ref. note no.	For the year ended March 31, 2018	For the year ended March 31, 2017
Consumption of stores and spare parts	42.2	**1,36,66.27**	1,33,07.18
Power and fuel		**1,51,80.66**	1,48,25.72
Material Handling Charges		**21,06.18**	20,90.10
Rent	42.6(B)	**25,85.77**	21,92.14
Repairs to buildings		**3,59.36**	2,94.13
Repairs to machinery		**6,73.93**	7,79.76
Insurance		**6,59.80**	6,94.52
Rates and taxes		**4,79.08**	4,54.42
Directors fees and commission		**74.42**	98.63
Packing & forwarding charges (net of realisation Rs. 80,06.41 lakhs (Previous year Rs. 83,78.85 lakhs)]		**1,00,11.76**	87,86.44
Commission to selling agents		**51,67.08**	55,41.46
Excise duty paid and on stock		**5,22.96**	38,51.54
Bad debts		**5,62.30**	8,64.20
Loss on sale of fixed assets (net)		**81.63**	–
Less: Reversal of Impairment Allowances for doubtful debts		**(4,62.38)**	(5,56.35)
Impairment Allowances for doubtful debts		**73.74**	3,63.24
Net Loss/(Gain) on fair valuation of Current investments through Profit and Loss (net)		**6.36**	–
Net Loss/(Gain) on fair valuation of Derivative Instruments through Profit and Loss		**22,31.68**	–
Miscellaneous expenses	42.1,42.4 and 42.5	**1,21,65.01**	1,32,30.75
		6,61,45.61	6,68,17.88

		For the year ended March 31, 2018	For the year ended March 31, 2017
42.1	Miscellaneous expenses includes Auditor's Remuneration		
	(a) Audit Fees	**88.34**	88.87
	(b) Certification Charges *	**31.01**	25.60
	(c) Reimbursement of Expenses	**0.16**	–
	* includes Rs. 13.76 lakhs paid in current year to erstwhile Auditor		
42.2	Stores and spares consumption include pipe moulds written off	**2,46.39**	1,37.40

42.3 During the year, the Company has incurred Rs. 1,15.65 lakhs (previous year Rs. 1,02.06 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.

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

42 .4 During the year, the Company has incurred Rs. 1,56.00 lakhs (previous year Rs.2,10.00 lakhs) on account of Corporate Social Responsibility (CSR) included under Other Miscellaneous Expenses.

	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Gross amount required to be spent by the Company during the year		
(b) Amount spent during the year on :		
(i) Construction / acquisition of any assets		
- In Cash	**–**	–
- Yet to be paid in cash	**–**	–
Total	**–**	–
(ii) On purpose other than (i) above		
- In Cash	**1,56.00**	2,10.00
- Yet to be paid in cash	**–**	–
Total	**1,56.00**	2,10.00

42.5 Includes provision for Inventories amounting to Rs. 53.47 lakhs (previous year Rs 1,53.72 lakhs).

42.6 **Obligation under leases**

A. Finance Lease disclosures :

The leasehold lands are located at Kashberia, Haldia, East Mednipur, West Bengal and has been classified under finance lease having lease term for a period of 90 years. In case of one subsidiary, the said entity takes on leases certain equipments under capital lease agreement that matures at various dates.

The net carrying amount of the leasehold land is Rs. 12,11.24 lakhs as at March 31, 2018 (previous year Rs.12,26.81 lakhs).

Finance Lease Liabilities

Particulars	**Minimum Lease payments**		**Present value of Minimum Lease Payments**	
	As at March 31, 2018	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017
Not later than one year	**15.56**	14.43	**12.95**	12.00
Later than one year and not later than five years	**35.29**	46.67	**19.24**	31.64
Later than five years	**23,63.46**	23,67.48	**6.11**	6.50

B. Operating Lease disclosures :

i. The Company has certain operating lease arrangements for office accommodations etc. with tenure extending upto 9 yrs. Term of certain lease arrangements include escalation clause for rent on expiry of 36 months from the commencement date of such lease and deposit/ refund of security deposit etc. Expenditure incurred on account of rent during the year and recognised in the Profit and Loss account amounts to Rs. 15,39.93 lakhs (previous year Rs. 18,11.98 lakhs).

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

ii. With regard to certain other non-cancellable operating leases for premises, the future minimum rentals are as follows :

Particulars	Future Minimum Lease payments	
	As at March 31, 2018	As at March 31, 2017
Not later than one year	**2,08.73**	1,94.01
Later than one year and not later than five years	**11,43.72**	3,89.40
Later than five years	**–**	–

43. Tax Expenses

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Current tax		
In respect of the current year	**27,36.58**	34,22.12
Total Current tax expense recognised in the current year	**27,36.58**	34,22.12
Deferred tax		
In respect of the current year	**(11,20.93)**	(42.64)
In respect of the earlier year	**(17,24.14)**	–
Total Deferred tax expense recognised in the current year	**(28,45.07)**	(42.64)
Total Tax expense recognised in the current year	**(1,08.49)**	33,79.48

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, 2018**	For the year ended March 31, 2017
Profit before tax	**64,52.67**	1,11,42.29
Income tax expense calculated at 34.608%	**22,33.14**	38,56.12
Less : Effect of income Exempt from taxation/ deductible for computing taxable profit		
- Dividend	**(4,01.81)**	(3,34.79)
- Long Term Capital Gain	**–**	(1,01.92)
Effect of other adjustments in respect of earlier year	**(17,24.14)**	
Differences in taxes under various jurisdiction in respect of subsidiaries	**(4,93.33)**	157.26
Add : Effect of expenses that are not deductible in determining taxable profit		
- CSR Expenditure	**3.81**	3.46
- Deduction u/s 80-G	**51.27**	8.70
Effect of other adjustments	**2,22.57**	(2,09.35)
Income tax expense recognised in profit or loss	**(1,08.49)**	33,79.48

The tax rate used for reconciliations above is 34.608% as applicable for corporate entities on taxable profits under the Indian tax laws.

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

43.2 **Income tax recognised in other comprehensive income**

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Deferred tax		
Arising on income and expenses recognised in other comprehensive income:		
Net fair value gain on investments in equity shares at FVTOCI	**2.05**	(0.65)
Remeasurement of defined benefit obligation	**(3.96)**	35.48
Derivative instrument designated at fair value through Cash Flow Hedge Reserve	**(99.55)**	(65.42)
Total income tax recognised in other comprehensive income	**(1,01.46)**	(30.59)
Bifurcation of the income tax recognised in other comprehensive income into:-		
Items that will not be reclassified to profit or loss	**(1.91)**	34.83
Items that may be reclassified to profit or loss	**(99.55)**	(65.42)

44. Components of Other Comprehensive Income

Particulars	Ref. note no.	For the year ended March 31, 2018	For the year ended March 31, 2017
Items that will not be reclassified to Statement of Profit and Loss			
Remeasurement of defined benefit plans	46	**14.33**	(1,02.54)
Net fair value gain on investments in equity shares at FVTOCI		**(9.09)**	2.84
		5.24	(99.70)
Items that will be reclassified to Statement of Profit and Loss			
Effective portion of foreign currency translation reserve		**(10,78.03)**	21,16.96
Effective portion of Cash flow hedge reserve		**2,90.25**	1,89.05
		(7,87.78)	23,06.01

45. FINANCIAL INSTRUMENTS

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets (Current and Non–Current)				
Financial Assets measured at Amortised Cost				
Trade receivables	**5,26,20.46**	**5,26,20.46**	4,59,86.21	4,59,86.21
Cash and cash equivalents	**93,05.77**	**93,05.77**	2,86,20.07	2,86,20.07
Bank Balances Other than Cash and Cash Equivalents	**1,32,03.79**	**1,32,03.79**	70,37.29	70,37.29
Loans	**73,52.36**	**73,52.36**	64,57.91	64,57.91
Other Financial Assets	**1,54,01.48**	**1,54,01.48**	1,45,35.45	1,45,35.45
Financial Assets measured at Fair Value through Profit and Loss Account				
Investment in Equity Instruments	**84.15**	**84.15**	90.51	90.51
Financial Assets measured at Fair Value through Other Comprehensive Income				
Investment in Equity Instruments other than Subsidiaries, Associates and Joint Venture	**34.57**	**34.57**	43.49	43.49
Financial Liabilities (Current and Non-Current)				
Financial Liabilities measured at Amortised Cost				
Borrowings - fixed rate	**6,64,61.74**	**6,73,38.97**	8,07,15.45	8,12,36.85
Borrowings - floating rate	**10,13,00.79**	**10,13,00.79**	12,49,78.78	12,49,78.78
Trade Payables	**3,56,10.00**	**3,56,10.00**	2,75,32.61	2,75,32.61
Other Financial Liabilities	**29,44.52**	**29,44.52**	36,23.93	36,23.93

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Liabilities measured at Fair Value through Profit and Loss Account				
Derivative Instruments	**(2,93.67)**	**(2,93.67)**	(1,89.86)	(1,89.86)
Financial Liabilities measured at Fair Value through Other Comprehensive Income				
Derivative Instruments	**3,97.51**	**3,97.51**	7,64.84	7,64.84

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 goverment 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.

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, 2018 *(Contd.)*

Fair value hierarchy

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	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
		Quoted Price in active market	Significant observable inputs	Significant unobservable inputs
Financial Assets				
Trade Receivables	**1,28.40**	–	1,28.40	–
	(1,08.56)	–	(1,08.56)	–
Security Deposits	**22,04.12**	–	22,04.12	–
	(12,30.69)	–	(12,30.69)	–
Investment in Equity Instruments (Current)	**84.15**	84.15	–	–
	(90.51)	(90.51)		
Investment in Equity Instruments other than Subsidiaries, Associates and Joint Venture (Non-Current)	**34.57**	–	–	34.57
	(43.49)	–	–	(43.49)
Financial Liabilities				
Borrowings - fixed rate	**6,64,61.74**	–	6,64,61.74	–
	(8,07,15.45)	–	(8,07,15.45)	–
Derivative Instrument	**1,03.84**	–	1,03.84	–
	(5,74.98)	–	(5,74.98)	–

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

During the year ended March 31, 2018 and March 31, 2017, there were no transfers between Level 1, Level 2 and Level 3.

The Inputs used in fair valuation measurement are as follows:

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

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 shares have been valued based on the amount available to shareholder's as per the latest audited financial statements. There were no external unobservable inputs or assumptions used in such valuation.

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.

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

(a) The following tables present the aggregate contracted principal amounts of the parent Company's derivative contracts outstanding :

(Amount Rs. in lakhs)

Underlying Purpose	**Category**	**As at March 31, 2018**		As at March 31, 2017		Currency
		No. of deals	**Amount in Foreign Currency**	No. of deals	Amount in Foreign Currency	
Export Receivables	Forward	**36**	**2,76,17,906**	29	2,54,48,235	USD/INR
Export Receivables	Forward	**4**	**15,37,714**	8	30,00,000	GBP/USD
Export Receivables	Forward	**29**	**1,89,16,226**	21	1,72,81,537	EURO/USD
Export Receivables	Forward	**1**	**5,00,000**	1	10,00,000	EURO/INR
Export Receivables	Forward	**4**	**16,12,951**	2	10,49,302	USD/SGD
Imports & Other payables	Forward	**5**	**92,78,789**	2	12,56,415	USD/INR
External Commercial Borrowings Principal & Interest payment	Forward	**2**	**10,00,000**	1	12,50,000	USD/INR
Buyers Credit	Option	**6**	**1,45,79,772**	18	4,13,02,641	USD
External Commercial Borrowings Principal & Interest payment	Option	**4**	**2,18,00,000**	4	1,15,00,000	USD
External Commercial Borrowings Interest payment	Interest Rate Swap	**14**	**4,08,00,000**	14	5,44,00,000	USD
External Commercial Borrowings Interest payment	Interest Rate Cap	**3**	**76,50,000**	3	1,02,00,000	USD
FCNR Loan Principal and Interest Payment	Currency and Interest Rate Swap	**1**	**1,26,28,399**	1	1,52,87,009	USD

(b) Un hedged Foreign Currency exposures are as follows : -

Amount in Foreign Currency

Nature	**Currency**	**As at March 31, 2018**	As at March 31, 2017
Payables			
ECB Payable (include accrued interest)	USD	**4,30,66,707**	8,22,20,760
Buyer's Credit / Suppliers Credit /Acceptances (includes accrued interest)	USD	**31,21,172**	7,63,086
Imports & Other payables	USD	**82,56,442**	22,86,272
Imports & Other payables	EURO	**7,07,206**	1,12,229
Imports & Other payables	GBP	**32,369**	21,414
Imports & Other payables	AED	**5,68,412**	1,18,960
Imports & Other payables	HKD	**–**	21,592
Imports & Other payables	AUD	**2,000**	8,970
Receivable			
Exports & Other receivables	GBP	**10,03,968**	64,412
Exports & Other receivables	SGD	**11,38,852**	10,74,904
Exports & Other receivables	USD	**91,06,901**	17,93,182
Exports & Other receivables	EURO	**26,38,133**	15,54,852
Exports & Other receivables	AED	**1,53,087**	–

(c) 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, 2018**	As at March 31, 2017
Not later than one month	**(1,24.02)**	(1,66.72)
Later than one month and not later than three months	**(60.87)**	(4,64.43)
Later than three months and not later than one year	**(1,03.77)**	4,56.40
Later than one year	**1,84.82**	(4,00.23)

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

d) 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 continues to exist, no hedge ineffectiveness arises requiring recognition through statement of profit and loss. The Currency Swap is measured at fair value through other comprehensive income (OCI).

e) The following table provides the reconciliation of cash flow hedge reserve : (Amount Rs. in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the period	**(3,64.68)**	(4,88.31)
Gain/(loss) recognised in OCI during the period	**3,67.32**	(26.40)
Amount reclassified to Profit and Loss account during the period	**(77.07)**	2,15.45
Tax impact on above	**(99.55)**	(65.42)
Balance at the end of period	**(1,73.98)**	(3,64.68)

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, 2018 and March 31, 2017 the maximum amount of recourse obligation in respect of financial assets are Rs 29,04.98 lakhs and Rs. 13,51.06 lakhs respectively.

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.

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.

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

As at March 31, 2018 (Amount Rs. in lakhs)

Particulars	Trade receivables	Loans and borrowings	Trade payables & Other Current Liabilities	Net Assets/ (Liabilities)
USD	**53,85.40**	**6,97,13.15**	**2,22,49.45**	**(8,65,77.19)**
EURO	**–**	**–**	**5,56.50**	**(5,56.50)**
GBP	**–**	**–**	**29.56**	**(29.56)**
SGD	**13,68.24**	**–**	**–**	**13,68.24**
AED	**2.72**	**–**	**0.40**	**2.32**
AUD	**–**	**–**	**1.00**	**(1.00)**
TOTAL	**67,56.36**	**6,97,13.15**	**2,28,36.91**	**(8,57,93.70)**

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

As at March 31, 2017 (Amount Rs. in lakhs)

Particulars	Trade receivables	Loans and borrowings	Trade payables & Other Current Liabilities	Net Assets/ (Liabilities)
USD	17,37.06	10,08,21.95	2,47,57.26	(12,38,42.15)
EURO	3,22.48	–	77.50	2,44.98
GBP	–	–	17.42	(17.42)
SGD	9,86.21	–	–	9,86.21
AED	–	0.00	21.01	(21.01
HKD	–	–	1.80	(1.80)
TOTAL	**30,45.75**	**10,08,21.95**	**2,48,74.99**	**(12,26,51.19)**

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.

Sensitivity analysis resulting in profit or loss mainly from USD, EURO, GBP & SGD denominated receivables and payables are as follows :

(Amount Rs. in lakhs)

Particulars	Effect on Profit before tax	
	For the year ended March 31, 2018	For the year ended March 31, 2017
RECEIVABLES (Weakening of INR by 5%)		
USD	**4,94.19**	1,80.21
EURO	**1,05.92**	44.55
GBP	**45.85**	–
SGD	**29.80**	23.76
PAYABLES (Weakening of INR by 5%)		
USD	**(17,91.76)**	(30,40.64)
EURO	**(28.39)**	(5.40)
GBP	**(1.48)**	(0.81)

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

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, 2018, after taking into account interest rate swaps, approximately 63.19% (March 31, 2017: 60.77%) 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.

(Amount Rs. in lakhs)

Nature of Borrowing	Increase in basis points	For the year ended March 31, 2018	For the year ended March 31, 2017
Rupee Loan	+0.50	**2,25.05**	2,42.49
Borrowings in local currency by other entity of the Group	+0.25	**33.63**	35.15
Foreign Currency Loan	+0.25	**27.85**	65.04

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.

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

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.

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, 2018 and March 31, 2017.

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

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.

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 it's 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. 47) are largely funded by 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.

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 :

Interest rate and currency of borrowings

As at March 31, 2018 (Amount Rs. in lakhs)

Particulars	Total Borrowings	Floating rate borrowings	Fixed rate borrowings	Weighted average Interest Rate (%)
INR	8,45,98.61	4,50,10.29	3,95,88.32	11.45%
USD	7,12,08.87	5,07,10.90	2,04,97.97	5.01%
GBP	29,68.41	–	29,68.41	2.87%
EUR	74,95.04	40,88.00	34,07.04	2.37%
DZD	14,91.60	14,91.60	–	6.00%
Total	**16,77,62.53**	**10,13,00.79**	**6,64,61.74**	

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

As at March 31, 2017 (Amount Rs. in lakhs

Particulars	Total Borrowings	Floating rate borrowings	Fixed rate borrowings	Weighted average Interest Rate (%)
INR	9,08,11.37	4,84,97.14	42,314.22	11.75%
USD	10,23,21.64	7,08,80.07	31,441.57	4.20%
GBP	26,43.81	–	2,643.81	2.20%
EUR	82,14.34	38,98.50	4,315.84	1.47%
DZD	17,03.07	17,03.07	–	6.00%
Total	**20,56,94.23**	**12,49,78.78**	**8,07,15.45**	

Maturity Analysis of Financial Liabilities

As at March 31, 2018 (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)	16,86,19.78	92,12.65	5,26,72.17	2,14,07.54	8,53,27.42	16,86,19.78
Other Liabilities	29,44.52	29,44.52	–	–	–	29,44.52
Trade and other payables	3,56,10.00	3,56,10.00	–	–	–	3,56,10.00

* Include Rs. 8,57.25 lakhs as Prepaid Finance Charges

As at March 31, 2017 (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)	20,69,02.11	5,48,16.07	1,60,25.02	2,18,75.96	11,41,85.06	20,69,02.11
Other Liabilities	36,23.93	36,23.93	–	–	–	36,23.93
Trade and other payables	2,75,32.61	2,75,32.61	–	–	–	2,75,32.61

* Include Rs. 12,07.88 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 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.

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 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 : (Amount Rs. in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Borrowings	**16,77,62.53**	20,56,94.23
Less Cash and Cash Equivalents	**93,05.77**	2,86,20.07
Net Debt	**15,84,56.76**	17,70,74.16
Equity	**24,79,08.85**	23,85,12.93
Equity and Net Debt	**40,63,65.61**	41,55,87.09
Gearing Ratio	**0.39**	0.43

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

46. Post Retirement Employee Benefits

The Group has adopted Indian Accounting Standard (Ind AS-19) on 'Employee Benefit'. These consolidated financial statement includes the obligations as per requirement of these standard except for those subsidiary incorporated outside India who have determined the valuation/ provision for employee benefit as per the requirement of their respective countries. In the opinion of the management, the impact of this disclosures is not considered material.

The disclosures required under Ind AS 19 on "Employee Benefits" are given below :

a) Defined Contribution Plans

Contribution to Defined Contribution Plan, recognised for the year are as under : (Amount Rs. in lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Employer's Contribution to Provident Fund	**2,86.60**	2,73.14
Employer's Contribution to Pension Fund	**2,07.98**	2,07.16
Employer's Contribution to Superannuation Fund	**44.66**	50.15

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 recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

		Gratuity (Funded)	
		2017–18	2016–17
i)	**Change in the fair value of the defined benefit obligation :**		
	Liability at the beginning of the year	**27,47.75**	23,09.60
	Interest Cost	**2,06.56**	1,84.77
	Current Service Cost	**1,69.12**	1,71.09
	Actuarial (gain) / loss on obligations	**(53.18)**	1,53.62
	Benefits paid	**(1,65.12)**	(71.33)
	Liability at the end of the year	**29,05.13**	27,47.75
ii)	**Changes in the Fair Value of Plan Asset**		
	Fair value of Plan Assets at the beginning of the year	**16,98.18**	12,38.54
	Expected Return on Plan Assets	**1,31.64**	92.89
	Contributions by the Company	**3,65.50**	3,87.00
	Benefits paid	**(1,65.12)**	(71.33)
	Actuarial gain / (loss) on Plan Assets	**(23.26)**	51.08
	Fair value of Plan Assets at the end of the year	**20,06.94**	16,98.18
iii)	**Actual return on Plan Asset**		
	Expected return on Plan assets	**1,31.64**	92.89
	Actuarial gain / (loss) on Plan Assets	**(23.26)**	51.08
	Actual Return on Plan Assets	**1,08.38**	1,43.97
iv)	**Amount Recognised in Balance Sheet**		
	Liability at the end of the year	**29,05.13**	27,47.75
	Fair value of Plan Assets at the end of the year	**20,06.94**	16,98.18
		8,98.19	10,49.57

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

		Gratuity (Funded)	
		2017–18	2016–17
v)	**Components of Defined Benefit Cost**		
	Current Service Cost	**1,69.12**	1,71.09
	Interest Cost	**2,06.56**	1,84.77
	Expected Return on Plan Assets	**(1,31.64)**	(92.89)
	Net Actuarial (gain) / loss on remeasurement recognised in OCI	**(29.92)**	1,02.54
	Total Defined Benefit Cost recognised in Profit and Loss and OCI	**2,14.12**	3,65.52
vi)	**Balance Sheet Reconciliation**		
	Opening Net Liability	**10,49.57**	10,71.06
	Expenses as above	**2,14.12**	3,65.52
	Employers Contribution	**(3,65.50)**	(3,87.00)
	Amount Recognised in Balance Sheet	**8,98.19**	10,49.57

vii) Percentage allocation of plan assets in respect of fund managed by insurer/trust is as follows :

Particulars	**As at March 31, 2018**	As at March 31, 2017
G-Sec/ Corporate Securities	**81.99%**	76.13%
Equity	**3.33%**	3.64%
Fixed Deposit and other assets	**14.68%**	20.23%

Compensated Absences

The obligation for compensated absences is recognised 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, 2018 is given below :

Particulars	**As at March 31, 2018**	As at March 31, 2017
Privileged Leave	**12,87.05**	12,75.67
Sick Leave	**8,50.70**	6,62.70
Principal Actuarial assumptions as at the Balance Sheet date		
Discount Rate	**7.75%**	7.50%
Rate of Return on Plan Assets	**7.75%**	7.50%
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.

Recognised in Other Comprehensive Income

(Amount Rs. in lakhs)

Particulars	**As at March 31, 2018**	As at March 31, 2017
Remeasurement – Acturial loss/(gain)	**14.33**	(1,02.54)
For the year ended March 31, 2018	**14.33**	(1,02.54)

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

Sensitivity Analysis :

Particulars	Change in Assumption	Effect in Gratuity Obligation
For the year ended 31st March, 2017		
Discount Rate	+1%	25,69.80
	-1%	29,51.21
Salary Growth Rate	+1%	29,50.36
	-1%	25,69.28
Withdrawal Rate	+1%	27,67.53
	-1%	27,25.75
For the year ended 31st March, 2018		
Discount Rate	**+1%**	**27,22.36**
	-1%	**31,13.16**
Salary Growth Rate	**+1%**	**31,12.25**
	-1%	**27,21.97**
Withdrawal Rate	**+1%**	**29,28.59**
	-1%	**28,79.12**

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.

History of experience adjustments is as follows :

Particulars	Gratuity
For the year ended March 31, 2017	
Plan Liabilities - (loss)/gain	(66.86)
Plan Assets - (loss)/gain	(51.09)
For the year ended March 31, 2018	
Plan Liabilities - (loss)/gain	**7.93**
Plan Assets - (loss)/gain	**23.26**

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

Particulars	Gratuity
01 Apr 2017 to 31 Mar 2018	1,38.83
01 Apr 2018 to 31 Mar 2019	9,95.61
01 Apr 2019 to 31 Mar 2020	1,45.08
01 Apr 2020 to 31 Mar 2021	1,45.21
01 Apr 2021 to 31 Mar 2022	1,48.31
01 Apr 2022 Onwards	9,81.02

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

Particulars	As at March 31, 2018	As at March 31, 2017
Average no of people employed	**1557**	1577

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 same 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 it's 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 now being allotted to SAIL, 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 court had directed to ministry of commerce to expedite the matter and the matter has been pending before the court.

Pending acceptance of the Company's claim 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 head of accounts;

(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 against sale of assets, advances etc. amounting to Rs. 6,54.92 lakhs have been adjusted. Bank guarantee amounting to Rs. 9,20.00 lakhs (pervious 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.

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, 2018		As at March 31, 2017	
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**	8,66,86.76	12,01,80.66
Other Property, Plant and Equipments		**22,43.99**		22,43.99
Capital Advance		**1,08.94**		3,31.92
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	-
Sub Total		**12,88,84.11**		12,88,84.11
Other Recoverable		**95,14.74**		95,14.74
Less: Compensation received		**(83,12.34)**		(83,12.34)
Less: Cenvat credit utilised/written off		**(50.01)**		-
Less: Sale of Assets and other realisations		**(6,54.92)**		(6,33.83)
Total		**12,93,81.58**		**12,94,52.68**

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

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. 61,10.38 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). Capital work in progress and security deposits includes a sum of Rs. 40,66.42 lakhs and Rs. 30.04 lakhs respectively towards construction of railway siding in Haldia, West Bengal. The railways authorities have withdrawn permission for the railways siding which is contested by the Company. The Company is also exploring alternate avenues to utilise the siding and hence carried at book value.

49. Capital work in progress includes plant and equipments and other assets amounting to Rs.3,22,13.31 lakhs (previous year Rs. 3,28,51.74 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 capitalisation 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. 47 and 48). The details of these expenses are as follows :

(Amount Rs. in lakhs)

Particulars	**As at March 31, 2018**	As at March 31, 2017
Balance brought forward	**8,81,24.11**	8,77,38.64
Add :		
Salaries and Wages	**–**	3,69.01
Contribution to Provident and Other Funds	**–**	10.4
Staff welfare expenses	**–**	6.06
Total preoperative/development expenses	**8,81,24.11**	8,81,24.11
Add : Opening stock 64,502MT(March 31, 2017: 64,502MT)	**14,46.25**	14,46.25
Less : Closing stock 64,502MT(March 31, 2017: 64,502MT)	**(14,46.25)**	(14,46.25)
Less : Allocated/Transferred during the year to assets capitalised	**(1,59.83)**	–
Total preoperative and development expenses carried forward	**8,79,64.28**	8,81,24.11

51. Calculation of Earning Per Share is as follows :

(Amount Rs. in lakhs)

	Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
(a)	Net profit for basic and diluted earnings per share as per Statement of Profit and Loss	**1,24,02.88**	1,44,08.87
	Net profit for basic and diluted earnings per share	**1,24,02.88**	1,44,08.87
(b)	Weighted average number of equity shares for calculation of basic and diluted earnings per share (Face value Re. 1/- per share)		
	No of equity shares outstanding as on 31st March	**35,69,55,322**	35,69,55,322
	Number of equity shares considered in calculating basic and diluted EPS	**35,69,55,322**	35,69,55,322

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

(c)	Weighted average number of equity shares outstanding	**35,69,55,322**	35,69,55,322
(d)	Earnings per share (EPS) of Equity Share of Re 1 each :		
	i) Basic (Rs.)	**3.47**	4.04
	ii) Diluted (Rs.)	**3.47**	4.04

52. As regards construction contracts in progress as on March 31, 2018, aggregate amount of costs incurred and recognised profit (less recognised losses) upto the year end (to the extent ascertained by the management), aggregate amount of advances received and aggregate amount of retentions are Nil , Nil and Rs 1,28.41 lakhs respectively (previous year are Rs 25,00.99 lakhs, Rs 20,59.55 lakhs and Rs 1,14.24 lakhs respectively)

52.(i) The amount of contract revenue recognised as revenue Rs.1,64.21 lakhs (previous year Rs.50.81 lakhs)

53. Commitments

(Amount Rs. in lakhs)

Particulars	**As at March 31, 2018**		As at March 31, 2017	
(a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) :		**12,03.50**		4,97.24
(b) Other commitments	**in million**	**Rs. in lakhs**	in million	Rs. in lakhs
i) Forward contract outstanding				
In USD	**27.62**	**1,79,98.59**	27.95	1,81,27.19
In Euro	**19.42**	**1,55,90.44**	18.28	1,26,24.03
In GBP	**1.54**	**14,04.48**	3.00	24,40.44
In SGD	**1.61**	**8,01.98**	1.05	4,87.16

54.(i) Contingent Liabilities not provided for in respect of :

(Amount Rs. in lakhs)

Particulars	**As at March 31, 2018**	As at March 31, 2017
a) Various show cause notices/demands issued/ raised, which in the opinion of the management are not tenable and are pending with various forum / authorities :		
i) Sales Tax	**81,73.64**	85,09.19
ii) Excise, Custom Duty and Service tax [net of provision of Nil (previous year Rs. 5,00.00 lakhs)	**62,77.52**	98,84.25
iii) Income Tax	**50.46**	7,14.16
b) Penalty for non compliance of listing agreement and disputed by the Company.	**1,00.00**	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.	**92.51**	92.51
d) Demand of Tamilnadu Electricity Board disputed by the Company.	**8.20**	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.	**2,61.74**	2,61.74
f) Standby Letter of Credit issued by banks on behalf of the company in favour of Subsidiary Companies	**1,01,13.22**	1,12,26.36
g) Financial Guarantees given by banks on behalf of the Company		
i) The Company	**50,82.50**	38,51.19
ii) The Subsidiary	**4,18.31**	4,93.86
h) Receivable factored	**27,64.30**	38,60.89
i) The Company has disputed downward revision in the prices affected by the purchaser subsequent to sale of certain specified materials. In the opinion of the management and also on the merit of the case, as advised legally no liability is likely to arise. The matter is subjudice and pending final determination in this respect is presently not ascertainable.		

Note : The Group's pending litigations comprises of claim against the company 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 (i) above is dependent upon the outcome of judgments / decisions.

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

54. (ii) Contingent Assets not provided for in respect of : (Amount Rs. in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
a) Claims under Target Plus Scheme pendng completion of Legal clearances	**3,55.00**	3,55.00
b) Benefit under Industrial Promotion Scheme**	**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, 2018.

55. 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 Electrosteel Thermal Power Limited
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. Naresh Chandra - Director (Deceased on September 9, 2017) Dr. Jamshed Jiji Irani - Director (upto October 4, 2016) Mr. Ram Krishna Agarwal - Director Mr. S Y Rajagopalan - Director Mr. Vyas Mitre Ralli - Director Mr.S.Y. Ganapathy (Brother of Mr.S. Y. Rajagopalan) (Deceased on September 4, 2017) Mr. Amrendra Prasad Verma - Director Umang Kejriwal HUF Ms. Nityangi Kejriwal - Director Mr. Brij Mohan Soni - Chief Financial Officer Ms. Priya Manjari Todi - Daughter of Mr. Mayank Kejriwal - KMP, sister of Mr. Uddhav Kejriwal - KMP Ms. Priya Sakhi Kejriwal Mehta - Daughter of Mr. Umang Kejriwal (MD) Mr. Anirudh Jalan - Son of Mr. Mahendra Kumar Jalan - KMP
4) 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 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, 2018 *(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, 2018	Outstanding as on March 31, 2017
Sale							
Electrosteel Steels Limited	61,18.53	–	–	–	61,18.53	28,98.92	–
Srikalahasthi Pipes Limited	4,04.03	–	–	–	4,04.03	2.88	–
Total	**65,22.56**	**–**	**–**	**–**	**65,22.56**	**29,01.80**	**–**
Previous Year							
Electrosteel Steels Limited	19,96.33	–	–	–	19,96.33	–	91.36
Srikalahasthi Pipes Limited	28,72.68	–	–	–	28,72.68	–	–
Purchase							
Srikalahasthi Pipes Limited	17,98.35	–	–	–	17,98.35	2,89.72	–
Electrosteel Steels Limited	57,34.17	–	–	–	57,34.17	–	–
Total	**75,32.52**	**–**	**–**	**–**	**75,32.52**	**2,89.72**	**–**
Previous Year							
Srikalahasthi Pipes Limited	54,02.74	–	–	–	54,02.74	–	1,26.77
Electrosteel Steels Limited	8,50.19	–	–	–	8,50.19	–	–
Gaushree Enterprises	–	–	–	0.22	0.22	–	0.15
Remuneration							
Mr. Umang Kejriwal	–	–	2,41.59	–	2,41.59	(70.92)	–
Mr. Mayank Kejriwal	–	–	19.96	–	19.96	(61.50)	–
Mr. Uddhav Kejriwal	–	–	1,06.54	–	1,06.54	(29.01)	–
Mr. Mahendra Kumar Jalan	–	–	1,57.65	–	1,57.65	–	–
Mr. S.Y.Ganapathy	–	–	16.51	–	16.51	–	–
Mr. Brij Mohan Soni	–	–	72.18	–	72.18	–	–
Ms. Priya Manjari Todi	–	–	7.00	–	7.00	–	–
Ms. Priya Sakhi Kejriwal Mehta	–	–	3.95	–	3.95	–	–
Ms. Nityangi Kejriwal	–	–	7.50	–	7.50	6.00	–
Mr. Ram Krishna Agarwal	–	–	17.10	–	17.10	12.00	–
Mr. Vyas Mitre Ralli	–	–	8.10	–	8.10	6.00	–
Mr. S.Y. Rajagopalan	–	–	9.40	–	9.40	6.00	–
Mr. Binod Khaitan	–	–	12.30	–	12.30	6.00	–
Mr. Pradeep Kr. Khaitan	–	–	10.30	–	10.30	6.00	–
Mr. Amrendra Prasad Verma	–	–	8.50	–	8.50	6.00	–
Total	**–**	**–**	**6,98.58**	**–**	**6,98.58**	**(1,13.43)**	**–**
Previous Year							
Mr. Umang Kejriwal	–	–	2,99.25	–	2,99.25	–	1,20.00
Mr. Mayank Kejriwal	–	–	83.86	–	83.86	–	–
Mr. Uddhav Kejriwal	–	–	2,39.24	–	2,39.24	–	85.00
Mr. Mahendra Kumar Jalan	–	–	1,48.34	–	1,48.34	–	–
Ms. Priya Manjari Todi	–	–	7.15	–	7.15	–	–
Ms. Nityangi Kejriwal	–	–	8.00	–	8.00	–	6.00
Mr. Brij Mohan Soni	–	–	64.07	–	64.07	–	–
Mr. Ram Krishna Agarwal	–	–	16.70	–	16.70	–	12.00
Mr. Vyas Mitre Ralli	–	–	8.20	–	8.20	–	6.00

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	Associate	Joint Venture	KMP & Close members of family	KMP have control	Total	Outstanding as on March 31, 2018	Outstanding as on March 31, 2017
Mr. S.Y. Ganapathy	–	–	37.97		37.97		
Mr. S.Y. Rajagopalan	–	–	9.40	–	9.40	–	6.00
Mr. Naresh Chandra	–	–	15.00	–	15.00	–	12.00
Mr. Binod Khaitan	–	–	11.10	–	11.10	–	6.00
Mr. Pradeep Kr. Khaitan	–	–	9.90	–	9.90	–	6.00
Dr. Jamshed Jiji Irani	–	–	6.50	–	6.50	–	6.00
Mr. Amrendra Prasad Verma	–	–	2.00	–	2.00	–	1.50
Rent Paid							
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	–	–
Total	**–**	**–**	**–**	**1,10.21**	**1,10.21**	**–**	**–**
Previous Year							
Tulsi Highrise Private Limited	–	–	–	52.01	52.01	–	–
Sri Gopal Investments Ventures Ltd.	–	–	–	18.00	18.00	–	–
Umang Kejriwal HUF	–	–	8.78	–	8.78	–	–
Sree Khemisati Constructions Private Limited	–	–	–	7.20	7.20	–	–
Badrinath Industries Ltd.	–	–	–	30.00	30.00	–	–
Service Charges Paid							
Ultimo Logistics Pvt. Ltd.	–	–	–	1,35.53	1,35.53	–	–
Sree Khemisati Constructions Private Limited	–	–	–	2,71.66	2,71.66	4.37	–
Krsna Logistics Private Limited	–	–	–	1,68.12	1,68.12	1.20	–
Global Exports Ltd.	–	–	–	90.00	90.00	–	–
Anirudh jalan	–	–	1.80	–	1.80	0.15	–
Sri Gopal Investments Ventures Ltd	–	–	–	2.76	2.76	0.11	–
Total	**–**	**–**	**1.80**	**6,68.07**	**6,69.87**	**5.83**	**–**
Previous Year							
Ultimo Logistics Pvt. Ltd.	–	–	–	7,67.12	7,67.12	–	7.83
Sree Khemisati Constructions Private Limited	–	–	–	2,68.94	2,68.94	–	3.74
Krsna Logistics Private Limited	–	–	–	11,96.55	1,196.55	–	2,80.81
Global Exports Ltd.	–	–	–	90.00	90.00	–	–
Anirudh jalan	–	–	1.80	–	1.80	–	0.15
Sri Gopal Investments Ventures Ltd.	–	–	–	2.07	2.07	–	–
Service Charges Received							
Electrosteel Steels Limited	2,10.21	–	–	–	2,10.21	4,65.93	–
Total	**2,10.21**	**–**	**–**	**–**	**2,10.21**	**4,65.93**	**–**
Previous Year							
Electrosteel Steels Limited	9,81.63	–	–	–	9,81.63	–	5,97.44
Loan Taken							
Total	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Previous Year							
Tulsi Highrise Private Limited	–	–	–	10,00.00	10,00.00	–	–
Reimbursements of expenses paid							
Previous Year							

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	Associate	Joint Venture	KMP & Close members of family	KMP have control	Total	Outstanding as on March 31, 2018	Outstanding as on March 31, 2017
Srikalahasthi Pipes Limited	0.75	–	–	–	0.75	–	–
Reimbursements of expenses received							
Srikalahasthi Pipes Limited	13.67	–	–	–	13.67	–	–
Electrosteel Steels Limited	–	–	–	–	–	5.89	–
Total	**13.67**	**–**	**–**	**–**	**13.67**	**5.89**	**–**
Previous Year							
Srikalahasthi Pipes Limited	14.98	–	–	–	14.98	–	–
Electrosteel Steels Limited	16.82	–	–	–	16.82	–	5.89
Security Deposits							
Sri Gopal Investments Ventures Ltd	–	–	–	1.50	1.50	10.50	–
Electrosteel Thermal Coal Limited	–	–	–	–	–	1,89.68	–
Tulsi Highrise Private Limited	–	–	–	–	–	2,85.00	–
Total	**–**	**–**	**–**	**1.50**	**1.50**	**4,85.18**	**–**
Previous Year							
Sri Gopal Investments Ventures Ltd.	–	–	–	–	–	–	9.00
Electrosteel Thermal Coal Limited	–	–	–	–	–	–	1,89.68
Tulsi Highrise Private Limited	–	–	–	–	–	–	2,55.47
Dividend Received							
Srikalahasthi Pipes Limited	11,58.07	–	–	–	11,58.07	–	–
Total	**11,58.07**	**–**	**–**	**–**	**11,58.07**	**–**	**–**
Previous Year							
Srikalahasthi Pipes Limited	9,65.06	–	–	–	9,65.06	–	–
Rent Receipts							
Electrosteel Steels Limited	0.15	–	–	–	0.15	–	–
Total	**0.15**	**–**	**–**	**–**	**0.15**	**–**	**–**
Previous Year							
Srikalahasthi Pipes Limited	0.36	–	–	–	0.36	–	–
Electrosteel Steels Limited	0.60	–	–	–	0.60	–	0.21
Sale of Fixed Asset							
Previous Year							
Srikalahasthi Pipes Limited	55,20.00	–	–	–	55,20.00	–	–
Advances Given							
Electrosteel Steels Limited	–	–	–	–	–	1,77,80.51	–
Electrosteel Thermal Power Limited	–	–	–	–	–	5.27	–
Electrosteel Thermal Coal Limited	–	–	–	–	–	1.00	–
Total	**–**	**–**	**–**	**–**	**–**	**1,77,86.78**	**–**
Previous Year							
Electrosteel Steels Limited	–	–	–	–	–	2,08,62.24	–
Electrosteel Thermal Power Limited	–	–	–	–	–	5.27	–
Electrosteel Thermal Coal Limited	–	–	–	–	–	1.00	–
Interest Paid							
Previous Year							
Srikalahasthi Pipes Limited	3,13.40	–	–	–	3,13.40	–	–
G. K. & Sons Private Limited	–	–	–	91.21	91.21	–	–
Electrocast Sales India Limited	–	–	–	45.48	45.48	–	–

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	Associate	Joint Venture	KMP & Close members of family	KMP have control	Total	Outstanding as on March 31, 2018	Outstanding as on March 31, 2017
Uttam Commercial Company Limited				45.48	45.48		
Tulsi Highrise Private Limited	–	–	–	55.63	55.63	–	–
Employee Welfare Expenses							
Gaushree Enterprises	–	–	–	0.11	0.11	0.11	–
Total	**–**	**–**	**–**	**0.11**	**0.11**	**0.11**	**–**
Previous Year							
Gaushree Enterprises	–	–	–	2.91	2.91	–	0.46

C. Details of compensation paid to KMP during the year are as follows :

(Amount Rs. in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Short–term employee benefits	**5,78.98**	8,17.79
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 the employees together.

D. Terms and conditions of transactions with related parties

a. The transactions with related parties have been entered at an amount whch 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.

55.1 In respect of the above parties ,there is no provision for doubtful debts as on March 31,2018 and no amount has been written off or written back during the year in respect of debt due from/to them.

55.2 The above related party information is as identified by the management.

55.3 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. 7, 13 and 19.1)

b) Details of Corporate Guarantee/ Standby Letter of Credit given by the Company are as follows :

(Amount Rs. in lakhs)

Name of the Company	Date of Undertaking	Purpose	As at March 31, 2018	As at March 31, 2017
Electrosteel Europe SA	August 12, 2015	Short Term Loan Facility	**24,05.10**	20,71.60
	August 12, 2015	Short Term Loan Facility	**11,22.38**	24,16.87
Electrosteel Algerie SPA	March 30, 2016	Working Capital Facility	**17,59.59**	22,69.58
Electrosteel Castings (UK) Ltd.	May 31, 2015	Short Term Loan Facility	**13,70.10**	28,47.18
	January 1, 2018	Short Term Loan Facility	**18,26.80**	–
Electrosteel USA LLC	August 20, 2016	Working Capital Facility	**16,29.25**	16,21.13

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

56. 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 : (Amount Rs. in lakhs)

Particulars	**2017-18**			2016-17		
	Within India	**Outside India**	**Total**	Within India	Outside India	Total
Sales (gross)	**13,00,91.88**	**8,52,50.29**	**21,53,42.17**	12,85,56.01	7,92,92.46	20,78,48.47
Non–Current Assets other than financial instruments	**28,28,10.89**	**55,56.31**	**28,83,67.20**	28,75,47.49	47,41.60	29,22,89.09

57. Post the applicability of Goods and Service Tax (GST) with effect from July 01, 2017, revenue from operations is disclosed net of GST. Accordingly, the revenue from operations and other expenses for the year ended March 31, 2018 are not comparable with the previous periods presented in the Financial Statements. The impact of the same however is not significant.

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 31st March 2018 the net exchange difference of Rs. 7.12 lakhs [previous year Rs. 1,24.08 lakhs (net credit)] on foreign currency loans have been adjusted in the carrying amount of fixed assets / capital work in progress. The unamortised balance is Rs 2,66,33.54 lakhs (previous year Rs 2,68,19.56 lakhs).

59. The Board of Directors of the Company, at its meeting held on August 11, 2014 had approved the Scheme of Amalgamation ("the Scheme") of its wholly owned subsidiary, Mahadev Vyapaar Private Limited with the Company with effect from April 1, 2014 ("Appointed Date"). Mahadev Vyapaar Private Limited had filed an application before the Hon'ble High Court at Calcutta, which has sanctioned the said Scheme. The application filed by the Company before the Hon'ble High Court at Orissa will be taken by the National Company Law Tribunal, Kolkata Bench ("NCLT") as per Notification no.S.O. 3677(E) dated December 7, 2016 and Rule 3 of Companies (Transfer of Pending Proceedings) Rules, 2016. The said application is yet to be transferred to NCLT. No effect of the Scheme has therefore been given in these financial statements.

60. The Company had carried out the impact of Ind As transition from 01st April 2015. While carrying out the impact of Ind As as 01st April 2015, the fair value of Investments in one of the associate "Srikalahasthi Pipes Limited" was inadvertently considered excess by Rs. 2,51,48.03 lakhs in comparison to value of same investment considered in Standalone account as on 01st April 2015 and carried forward till 31st March 2017. The consolidated financial statement for the year ended 31st March, 2017, were adopted by the board and approved by the members. The Company has restated the consolidated financial statement for the year 31st March, 2017 by incorporating the required adjustment and consequently the value of Non- current investment and retained earnings as on 31st March 2017 has been reduced by such amount. There is no impact on the total comprehensive income for the year ended 31st March 2018.

61. The financial statements of Electrosteel Brasil Ltda. Tubos e Conexoes Duteis for the year ended 31st March, 2018 has not been subjected to audit by their auditor.

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(Contd.)*

62. Disclosure of additional information pertaining to the Parent Company, Subsidiaries and Associates as per Schedule III of Companies Act, 2013

(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	
	2017-18		2017-18		2017-18		2017-18	
	As % of Consolidated net assets	Net Assets	As % of Consolidated net assets	Profit/Loss	As % of Consolidated net assets	Other Comprehensive Income	As % of Consolidated net assets	Total Comprehensive Income
Parent	1,16.67	28,91,94.60	37.89	46,98.68	(22.18)	1,94.04	42.44	48,92.72
Subsidiaries								
Indian								
Mahadev Vyapaar Private Limted	0.64	15,93.20	0.07	8.42	–	–	0.07	8.42
Foreign								
Electrosteel Castings (UK) Limited	0.51	12,58.01	(0.92)	(1,14.18)	69.77	(6,10.27)	(6.28)	(7,24.45)
Electrosteel Europe S.A.	2.38	59,03.57	9.64	11,95.72	96.64	(8,45.25)	3.04	3,50.47
Electrosteel Algeria SPA	0.33	8,20.80	0.75	92.61	(37.11)	324.62	3.62	4,17.23
Electrosteel USA, LLC	0.27	6,63.16	1.00	1,24.64	(4.67)	40.81	1.44	1,65.45
Electrosteel Trading S.A. Spain	0.04	94.65	0.07	8.53	(1.40)	12.21	0.18	20.73
Electrosteel Doha For Trading LLC	0.31	7,72.78	4.25	5,27.32	(2.14)	18.68	4.74	5,46.00
Electrosteel Castings Gulf FZE	0.56	13,96.15	0.17	20.65	(0.52)	4.59	0.22	25.24
Electrosteel Brasil Ltda. Tubos e Conexoes Duteis	(0.03)	(83.04)	(0.05)	(6.46)	1.28	(11.20)	(0.15)	(17.66)
Electrosteel Bahrain Holding Company S.P.C	0.46	11,30.61	3.73	4,63.01	1.40	(12.23)	3.91	4,50.79
Non controlling interest in all subsidiaries	(0.02)	(37.72)	(0.13)	(16.38)	–	–	(0.14)	(16.38)
Associates (Investment as per Equity method)								
Indian								
Srikalahasthi Pipes Limited	25.31	6,27,36.31	47.22	58,56.60	(1.07)	9.34	50.89	58,65.93
Electrosteel Steels Limited	–	–	–	–	–	–	–	–
Electrosteel Thermal Power Limited	–	0.90	–	(0.07)	–	–	–	(0.07)
Joint Ventures (Investment as per Equity method)								
Indian								
North Dhadhu Mining Company Private Limited	0.34	8,38.13	0.01	1.02	–	–	0.01	1.02

Name of the Company	Net Assets (Total Assets minus Total Liabilities)		Share in Profit or Loss		Other Comprehensive Income		Total Comprehensive Income	
	2016-17		2016-17		2016-17		2016-17	
	As % of Consolidated net assets	Net Assets	As % of Consolidated net assets	Profit/Loss	As % of Consolidated net assets	Other Comprehensive Income	As % of Consolidated net assets	Total Comprehensive Income
Parent	1,20.11	28,64,50.01	53.64	77,28.30	2.71	58.76	46.96	77,87.06
Subsidiaries								
Indian								
Mahadev Vyapaar Private Limted	0.66	15,84.78	0.06	8.70	-	-	0.05	8.70

Notes to Consolidated Financial Statements for the year ended March 31, 2018 *(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	
	2016-17		2016-17		2016-17		2016-17	
	As % of Consolidated net assets	Net Assets	As % of Consolidated net assets	Profit/Loss	As % of Consolidated net assets	Other Comprehensive Income	As % of Consolidated net assets	Total Comprehensive Income
Foreign								
Electrosteel Castings (UK) Limited	0.83	19,82.46	(0.63)	(90.90)	46.98	10,20.49	5.61	9,29.59
Electrosteel Europe S.A.	2.33	55,53.10	2.27	3,27.27	47.86	10,39.71	8.24	13,66.98
Electrosteel Algeria SPA	0.17	4,03.57	0.26	37.77	1.39	30.13	0.41	67.90
Electrosteel USA, LLC	0.21	4,97.70	(0.13)	(19.14)	0.91	19.69	–	0.55
Electrosteel Trading S.A. Spain	0.03	73.92	0.04	6.26	(0.30)	(6.47)	–	(0.21)
Electrosteel Doha For Trading LLC	0.10	2,26.78	(0.35)	(50.18)	0.92	19.91	(0.18)	(30.27)
Electrosteel Castings Gulf FZE	0.57	13,70.91	2.51	3,61.46	(1.98)	(43.11)	1.92	3,18.35
Electrosteel Brasil Ltda. Tubos e Conexoes Duteis	(0.03)	(65.38)	(0.09)	(12.97)	0.37	7.98	(0.03)	(4.99)
Electrosteel Bahrain Holding Company S.P.C	0.29	6,79.82	1.82	2,61.59	1.32	28.62	1.75	2,90.21
Non controlling interest in all subsidiaries	(0.01)	(21.34)	0.01	0.91	–	–	0.01	0.91
Associates (Investment as per Equity method)								
Indian								
Srikalahasthi Pipes Limited	24.33	5,80,28.46	45.66	65,78.97	(0.15)	(3.34)	39.66	65,75.63
Electrosteel Steels Limited	–	–	–	–	–	–	–	–
Electrosteel Thermal Power Limited	–	0.97	–	(0.07)	–	–	–	(0.07)
Joint Ventures (Investment as per Equity method)								
Indian								
North Dhadhu Mining Company Private Limited	0.35	8,37.11	0.02	2.77	–	–	0.02	2.77

63.1 The financial statement of Domco Private Limited has not been consolidated for reasons referred to in note no. 7.3.

63.2. 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.

64. These consolidated financial statements have been approved by the Board of Directors of the Company on May 15, 2018 for issue to the shareholders for their adoption.

64.1. The Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

As per our report of even date
For Singhi & Co.
Chartered Accountants
(Firm Registration No. 302049E)

Gopal Jain
Partner
(Membership No. 059147)

Kolkata
May 15, 2018

For and on behalf of the Board of Directors

Mahendra Kumar Jalan
Wholetime Director
(DIN : 00311883)

Umang Kejriwal
Managing Director
(DIN : 00065173)

Brij Mohan Soni
Chief Financial Officer

Subhra Giri Patnaik
Company Secretary

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, 2018

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(Amount Rs. in lakhs)

I.

Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
1.	Turnover / Total income	226589.67	Not Ascertainable
2.	Total Expenditure	220137.00	
3.	Net Profit/(Loss) (including other comprehensive income)	11544.04	
4.	Earnings Per Share	3.47	
5.	Total Assets	542280.97	
6.	Total Liabilities	294372.12	
7.	Net Worth (Equity Share Capital plus Other Equity)	247908.85	
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 Para 3 of the Auditors' Report to the following notes of the financial results for the quarter and year ended 31st March 2018 -

Para 3: 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 acceptance of claim, disclosures as per Indian Accounting standard will be given effect on final settlement 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.

Para 3: Note no. 5 in respect of cancellation of North Dhadhu Coal block and non-impairment in the value of the Investment and share of Bank guarantee in the Joint Venture Company, pending determination of the claim for compensation.

Para 3: Note no. 7 in respect of Company's financial exposure of Rs.817,44.13 lakhs in Electrosteel Steel Limited (ESL), an associate company, along with mortgage of certain fixed assets of the company in favour of Lenders of ESL, which has been carried forward at their carrying value. Pending completion of resolution proceedings, no impairment has been provided in respect to above exposures and the impact of which is not presently ascertainable. Impact with respect to above are presently not ascertainable and as such cannot be commented upon by us.

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 and Note no. 5 since financial year 2014-15 and Note no. 7 appeared 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:**

Para 3a – 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 same 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 has pronounced its judgement on March 09, 2017. Accordingly based on the said judgement, the Company has claimed Rs.153176 lakhs 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 court had directed to ministry of commerce to expedite the matter and the matter has been pending before the court. Pending acceptance of the Company's claim 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 head of accounts;

(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 against sale of assets, advances etc. amounting to Rs.654.92 lakhs have been adjusted.

Adjustments arising with respect to above will be given effect to on final acceptance/settlement of the claim.

Para 3b - In terms of the Hon'ble Supreme Court Order as referred above, North Dhadhu Coal Block, allotted in joint venture with other companies, has also been cancelled w.e.f. September 24, 2014. The Company barring initial contribution of Rs.822.81 lakhs and company's share of bank guarantee amounting to Rs.2745.00 lakhs (encashment of which has been stayed by Hon'ble High Court of Jharkhand) has not made any further investments in the said joint venture company . In view of the management, the compensation to be received in terms of the The Coal Mines (Special Provision) ordinance 2014, is expected to cover the cost incurred by the Joint Venture Company and thereby no adjustments requiring any impairment in value of such investment is required at this stage.

Para 3c - The company has an Investment of Rs.605,92.88 lakhs in equity shares of Electrosteel Steels Limited (ESL), an associate company. ESL was referred to Hon'ble National Company Law Tribunal (NCLT) for Corporate Insolvency Resolution Process (CIRP). The Resolution Professional appointed by NCLT and the Committee of Creditors of ESL had approved a resolution plan, which has also been approved by NCLT, for the acquisition of ESL to a bidder which has been subsequently challenged by another bidder and status quo has been granted and the matter is pending before the Hon'ble National Company Law Appellate Tribunal (NCLAT). Pending decision of NCLAT and in absence of any communication of resolution plan as approved above, the Company's investment in ESL has been carried forward at its carrying value and no impairment in value thereof has been considered necessary. Further, Advances and Trade receivable amounting to Rs.2,11,51.25 lakhs receivable from ESL along with mortgage of certain land & Building of the company situated at Elavur, Tamilnadu, in the favour of one of the lenders of ESL, has been carried forward at their carrying value in view of pendency of resolution proceedings.

(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 :

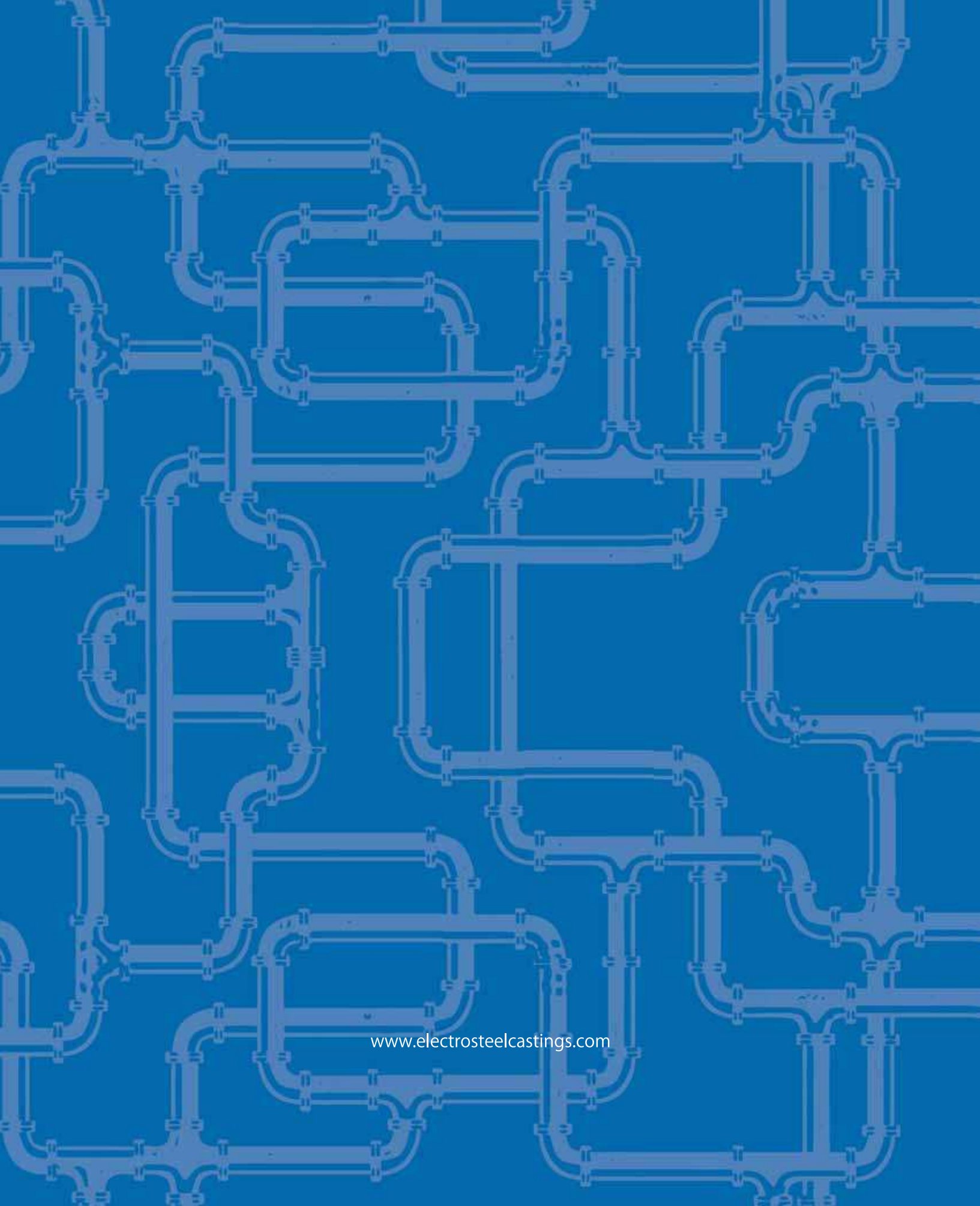
CEO/Managing Director	Umang Kejriwal *Managing Director*
CFO	Brij Mohan Soni *Chief Financial Officer*
Audit Committee Chairman	Binod Kumar Khaitan *Audit Committee Chairman*
Statutory Auditor	For Singhi & Co *Chartered Accountants* Firm's Registration No.: 302049E
	Gopal Jain *(Partner)* Membership No: 59147

Place : Kolkata
Date : May 15, 2018

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