

Independent Auditor's Report

To,
The Board of Directors of
Electrosteel Castings Limited

Report on the audit of the standalone annual financial results

Qualified Opinion

We have audited the accompanying standalone annual financial results of Electrosteel Castings Limited ("the Company") for the year ended 31st March 2022 (the "Statement"), attached herewith, being submitted by the Company pursuant to the requirement of regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulation").

In our opinion and to the best of our information and according to the explanations given to us the aforesaid standalone annual financial Statement:

- (a) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- (b) except for the possible effect of the matter described in 'Basis for Qualified Opinion' paragraph below, gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards (IND AS) and other accounting principles generally accepted in India of the net profit and other comprehensive income and other financial information for the year ended 31st March 2022.

Basis of Qualified Opinion

Attention is drawn to the following notes of the accompanying standalone financial results:

- (a) Note no. 4 in respect to cancellation of coal block allotted to the company in earlier years and non-recognition of the claims receipt thereof & non-carrying of any adjustment in the books of accounts for the reasons stated in the note. Pending finalisation of the matter & as the matter is sub judice, disclosures as per Indian Accounting standard will be given effect on final settlement of the matter & the balances appearing in the books of accounts in respect to such coal block have been carried forward at their carrying cost and disclosed as capital work in progress, property plant & equipment, inventories and other heads of account. The impact and consequential adjustment thereof are not presently ascertainable.
- (b) Note No. 5 in respect to Company's investment amounting to Rs. 8298.26 lakhs in Electrosteel Steels Limited (ESL), the pledge of which was invoked by the lenders of ESL and the same has been set aside by the Hon'ble High Court at Calcutta. The plea of the company to release the pledge is pending before the Hon'ble High Court at Calcutta. Further the Land of Elavur plant of the Company which is mortgaged in favour of a Lender of ESL, who has assigned their rights to another entity and the symbolic possession has been taken in the earlier years, has been disputed by the company as enumerated in the note. Above exposures have been carried forward at their existing carrying value & no impairment has been provided in respect to above and the impact of which is not presently ascertainable.

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

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SA are further described in the *Auditor's Responsibilities for the Audit of Standalone Annual Financial Results* section of our report. We are independent of the company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our ethical responsibilities in accordance with the requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified opinion on the standalone annual financial results.



Management's and Board of Directors' Responsibilities of the Standalone Annual Financial Results

These standalone annual results have been prepared on the basis of the standalone annual financial statements.

The Company's Management and the Board of Directors are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive income of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued there under and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The company's management and the Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Results

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

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

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of standalone financial statements whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Other Matters

- a) The standalone annual financial results include the results for the quarter ended 31st March, 2022 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us as required under the listing regulations.
- b) We draw attention to Note 8 of the accompanying financial results in respect of the Scheme of Arrangement of Srikalahasthi Pipes Limited (SPL) with the Company as approved by the Hon'ble National Company Law Tribunal, Cuttack Bench, wherein the financial information has been restated from the appointed date in line with guidance of General Circular No. 09/2019 dated August 21, 2019 as issued by Ministry of Company Affairs and not from the beginning of the earliest date presented as required in accordance with guidelines of Appendix C of Ind AS 103.



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

(Gopal Jain)
Partner

Membership No.: 059147
UDIN: 22059147AISAFC3943

Place: Kolkata
Date: 10th day of May, 2022



ELECTROSTEEL CASTINGS LIMITED

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(Rs.in lakhs)

STATEMENT OF AUDITED STANDALONE RESULTS FOR THE QUARTER AND YEAR ENDED 31/03/2022

Particulars	3 months ended 31/03/2022	Preceding 3 months ended 31/12/2021	Corresponding 3 months ended in the previous year 31/03/2021	Year to date figures for current year ended 31/03/2022	Year to date figures for previous year ended 31/03/2021
	(Audited) (Refer Note No.11)	(Unaudited)	(Audited) (Refer Note No.11)	(Audited)	(Audited)** Restated
1. Revenue From Operations	155533.19	138961.35	115185.39	501482.77	307570.68
2. Other Income	2894.95	1665.92	2148.20	8032.93	6231.77
3. Total income (1 + 2)	158428.14	140627.27	117333.59	509515.70	313802.45
4. EXPENSES					
(a) Cost of materials consumed	94798.45	71618.99	52576.50	275294.38	140175.04
(b) Purchases of Stock-in-Trade	-	-	-	22.47	237.85
(c) Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	(11786.93)	(3139.30)	4177.53	(24503.06)	5486.60
(d) Employee benefits expense	8290.83	8664.58	7838.00	32591.17	23539.41
(e) Finance costs	5082.00	4294.34	6355.56	18526.53	19889.28
(f) Depreciation and amortization expense	2895.08	2941.81	2595.83	11257.67	7866.60
(g) Other expenses	43867.59	43715.95	35700.21	154466.27	99445.31
Total expenses	143147.02	128096.37	109243.63	467655.43	296640.09
5. Profit / (Loss) before tax (3 - 4)	15281.12	12530.90	8089.96	41860.27	17162.36
6. Tax expense:					
Current tax	3685.00	3044.48	2258.72	10400.00	4906.21
Deferred tax	(208.89)	(30.15)	16.04	(643.34)	(614.02)
Related to earlier year	(456.68)	-	(225.47)	(456.68)	(225.47)
7. Profit / (Loss) for the period (5 - 6)	12261.69	9516.57	6040.67	32560.29	13095.64
8. Other Comprehensive Income					
A (i) Items that will not be reclassified to profit or loss					
a) Remeasurements of the defined benefit plans	(253.27)	26.33	116.75	(174.28)	114.63
b) Equity instruments through other comprehensive income	5350.92	-	2462.95	5350.86	2504.14
(ii) Income tax relating to items that will not be reclassified to profit or loss	63.75	(6.63)	(29.39)	43.88	(38.28)
B (i) Items that will be reclassified to profit or loss	-	-	-	-	-
Other Comprehensive Income for the period (net of tax)	5161.40	19.70	2550.31	5220.46	2580.49
9. Total Comprehensive Income for the period (7 + 8)	17423.09	9536.27	8590.98	37780.75	15676.13
10. Paid-up equity share capital (Face value - Re. 1/-) ##	5946.05	5946.05	5946.05	5946.05	5946.05
11. Other equity excluding revaluation reserve				392796.72	357742.08
12. Earnings per equity share of par value of Re. 1 each.					
(1) Basic (Rs.)	2.06	1.60	1.02	5.48	2.55
(2) Diluted (Rs.)	2.06	1.60	1.02	5.48	2.55

After incorporating the impact of Equity shares issued in lieu of the scheme of arrangement w.e.f. October 01, 2020.

** Based on Restated Financial statements after incorporating the impact of the scheme of arrangement.



(Rs.in lakhs)			
STANDALONE STATEMENT OF ASSETS AND LIABILITIES			
	Particulars	As at March 31, 2022	As at March 31, 2021
		Audited	Audited
A.	ASSETS		
	(1) Non-current assets		
	(a) Property, Plant and Equipment	264543.39	251217.05
	(b) Capital work-in-progress	120769.92	132826.11
	(c) Other Intangible assets	337.40	173.39
	(d) Right-of-use assets	3897.17	4329.68
	(e) Investments in subsidiaries and joint ventures	6368.05	6368.05
	(f) Financial Assets		
	(i) Investments	9506.13	4572.13
	(ii) Other financial assets	4256.02	7832.20
	(g) Other non-current tax assets (Net)	1443.89	1746.88
	(h) Other non-current assets	937.82	705.16
	Total Non-Current assets	412059.79	409770.65
	(2) Current assets		
	(a) Inventories	183358.03	96523.09
	(b) Financial Assets		
	(i) Investments	36172.87	15660.59
	(ii) Trade receivables	104188.79	72949.72
	(iii) Cash and cash equivalents	15214.34	15328.75
	(iv) Bank balances other than (iii) above	30504.10	29748.29
	(v) Loans	5308.00	1730.00
	(vi) Other financial assets	17456.87	21230.79
	(c) Other current assets	15514.20	10604.30
	(d) Assets classified as held for disposal	772.50	-
	Total Current assets	408489.70	263775.53
	Total Assets	820549.49	673546.18
B.	EQUITY AND LIABILITIES		
	Equity		
	(a) Equity Share capital	5946.05	4329.55
	(b) Equity Share Suspense	-	1616.50
	(c) Other Equity	392796.72	357742.08
	Total Equity	398742.77	363688.13
	Liabilities		
	(1) Non-current liabilities		
	(a) Financial Liabilities		
	(i) Borrowings	83819.52	79114.81
	(ii) Lease liabilities	1793.76	2306.04
	(b) Provisions	4157.19	3660.45
	(c) Deferred tax liabilities (Net)	35632.74	36812.82
	(d) Other non-current liabilities	3460.75	4748.85
	(e) Non-current Tax Liabilities (Net)	6215.64	6360.02
	Total Non-current liabilities	135079.60	133002.99
	(2) Current liabilities		
	(a) Financial Liabilities		
	(i) Borrowings	186697.97	106962.60
	(ii) Lease liabilities	563.58	405.12
	(iii) Trade payables		
	(a) Total Outstanding dues of Micro enterprises and small enterprises: and	2663.11	2660.59
	(b) Total Outstanding dues of creditor other than Micro enterprises and small enterprises	53369.38	37398.34
	(iv) Other financial liabilities	3746.24	7948.05
	(b) Other current liabilities	37915.70	19462.44
	(c) Provisions	1426.59	1361.68
	(d) Current Tax Liabilities (Net)	344.55	656.24
	Total Current liabilities	286727.12	176855.06
	Total Equity and Liabilities	820549.49	673546.18



STANDALONE STATEMENT OF CASH FLOW

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	41860.27	17162.36
Add : Depreciation and amortisation expenses	11257.67	7866.60
Sundry balances/Assets / Advances written off	1788.36	38.07
Bad Debts	-	67.27
Credit loss allowance on trade receivables/advances/others	209.09	95.20
Provision for obsolescence of Stores & Spares	242.40	-
(Profit)/Loss on sale / discard of fixed assets (Net)	440.53	247.46
Finance costs	18526.53	19889.28
	74324.85	45366.24
Less: Interest income	3202.28	2962.58
Dividend income from investments	2565.24	1352.14
Deferred Income	25.64	12.82
Net gain/(Loss) on fair valuation of Current Investment	94.54	60.58
Net gain/(Loss) on derecognition of financial assets at amortised cost	1.25	0.12
Fair valuation of derivative instruments through Profit & Loss	702.31	411.28
Unrealised Foreign Exchange Fluctuation and translation	746.95	(776.13)
Profit / (Loss) on sale of Current Investments	166.07	135.21
Profit on sale of Non Current Investment	784.52	16.63
Provisions / Liabilities no longer required written back	949.32	697.97
Operating Profit before Working Capital changes	65086.73	40493.04
Movements in working capital		
Less: Increase/(Decrease) in Inventories	87077.34	8244.70
Increase/(Decrease) in Trade Receivables	30608.56	(14784.42)
Increase/(Decrease) in Loans and Advances, other financial and non-financial assets	1897.43	(3601.63)
(Increase)/Decrease in Trade Payables, other financial and non-financial liabilities and provisions	(32846.57)	(603.98)
	86736.76	(10745.33)
Cash generated From Operations	(21650.03)	51238.37
Less: Direct Taxes paid (Net)	10877.79	4049.04
Net cash flow from Operating Activities (A)	(32527.82)	47189.33
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment, Intangible Assets and movements in Capital work in progress	(19076.37)	(11592.66)
Realisation of Property, Plant and Equipment, Intangible Assets	893.70	66.40
(Purchase) / Sale of Current Investment (Net)	(20251.67)	5,900.85
Sale of Non-Current Investment	1201.32	69.05
(Increase) / Decrease in Inter Corporate Deposits	(3578.00)	1,850.00
Interest received	3266.53	3478.75
Dividend received	2565.24	1352.14
Movement in bank balances other than cash and cash equivalents	4334.28	14733.98
	(30644.97)	15858.51
Net Cash flow from Investing Activities (B)	(30644.97)	15858.51
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/(Repayments) from short term borrowings (net)	77218.18	(17965.39)
Repayment of long term borrowings	(35622.57)	(39778.77)
Proceeds from long term borrowings	41680.00	26156.70
Interest and other borrowing cost paid	(16925.13)	(20620.01)
Interest paid on Lease Liability	(565.99)	(145.44)
Dividend paid	(2726.11)	(1298.86)
	63058.38	(53651.77)
Net cash flow from Financing Activities (C)	63058.38	(53651.77)
D. Net increase/(decrease) in Cash and Cash equivalents (A+B+C)	(114.41)	9396.07
E. Cash and Cash equivalents at the beginning of the year	15328.75	2223.55
F. Cash and Cash equivalents as on 30th September 2020 of Srikalahasthi Pipes Ltd		3709.92
G. Add / (Less) : Unrealised exchange gain / (loss) on bank balances	-	(0.79)
H. Cash and Cash equivalents as at the end of the year	15214.34	15328.75



Notes:

1. The above standalone financial results which have been prepared in accordance with Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI circular dated July 5, 2016, have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on May 10, 2022. These results have been subjected to Audit by the Statutory Auditors.
2. The Company operates mainly in one business segment viz. Pipes and all other activities revolve around the main business.
3. 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 expired on January 11, 2017. The Company filed a writ petition before the Hon'ble High Court at 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, admitted the said petition and fixed the case for further hearing and adjudication. Pending decision of the Hon'ble High Court, Rs. 3453.33 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 and advances.
4. In pursuance of the Order dated September 24, 2014 issued by the Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated October 21, 2014 (Ordinance) for implementing the Order, allotment of Parbatpur coal block (coal block/mines) to the Company which was under advanced stage of implementation, had been cancelled w.e.f. April 01, 2015. In terms of the Ordinance, the Company was allowed to continue the operations in the said block till March 31, 2015. Accordingly, the said block had been handed over to Bharat Coking Coal Limited (BCCL) as per the direction from Coal India Ltd. (CIL) with effect from April 01, 2015 and the same has been subsequently allotted to Steel Authority of India Limited (SAIL). The company also understand that the SAIL has handed over back the said coal block to the custody of BCCL. The Ministry of Coal has once again put up the Parbatpur Coal Block in the list of mines to be auctioned (for commercial mining) and the auction is likely to be concluded soon subject to receiving adequate qualified bids.

Following a petition filed by the Company, the Hon'ble High Court at Delhi had pronounced its judgement on March 09, 2017. Accordingly based on the said judgement, the Company has claimed Rs.153176.00 lakhs towards compensation against the said coal block, acceptance whereof is awaited. Aggrieved due to delay in acceptance of claim and on a petition filed by the Company, the Hon'ble High Court had directed the Nominated Authority appointed under Ministry of Coal to determine the compensation. Earlier the Nominated Authority had upheld its decision of compensation already paid and the same was set aside by the Hon'ble High Court with a direction to the Nominated Authority to reconsider. The Nominated authority further passed an order dated 11.11.2019 awarding an additional compensation of Rs. 180 lakhs and with a further direction to re-determine the value of certain assets by the appropriate authority. The newly appointed Nominated Authority had appointed a valuer to determine the value of those specified assets as per the direction of Nominated Authority dated 11.11.2019. Based on the valuation report submitted to the Nominated Authority, the valuer had recommended a valuation based on total direct / hard cost, for such specified assets, which is under consideration of the Nominated Authority and a final compensation has not been declared as yet. The company has also approached the newly appointed Nominated Authority/ Ministry of Coal to similarly reconsider the compensation determined by the previous Nominated Authority, for land and some other major assets, which is pending at the Ministry. Meanwhile the Company is also exploring other possibilities.

Pending finalisation of the matter as above:

- (i) Rs.128884.11 lakhs incurred pertaining to the coal block till March 31, 2015 after setting off income, stocks etc. there against as per the accounting policy then followed by the Company has continued to be shown as freehold land, capital work in progress, other fixed assets and other respective heads of account;
- (ii) Interest and other finance cost for the year ended March 31, 2016 against the fund borrowed and other expenses directly attributable in this respect amounting to Rs. 9514.74 lakhs has been considered as other recoverable under current assets; and
- (iii) Compensation of Rs. 8312.34 lakhs so far received and net realisations/claims against sale of assets, advances, input credits etc. amounting to Rs. 2083.63 lakhs have been adjusted.

Disclosure as per Indian Accounting Standard and adjustments arising with respect to above will be given effect to on final acceptance/settlement of the claim.

5. The Company holds 198,01,000 equity shares of Rs. 10/- each in Electrosteel Steels Limited (ESL) out of which 173,34,999 equity shares of Rs. 10/- each amounting to Rs. 8298.26 lakhs have been pledged with the consortium of lenders of ESL. The notices issued by the consortium of lenders of ESL for invocation of pledge of company's investment was set aside by the Hon'ble High Court at Calcutta in the earlier year. The plea of the company for release of such pledge is pending before the Hon'ble Court. During the quarter the company has fair valued the equity share of ESL based on the fair valuation report obtained and a gain of Rs. 5350.86 lakhs has been accounted for in other comprehensive income.

Further in the earlier years, certain land amounting to Rs. 29493.58 lakhs of the company, situated at Elavur, Tamilnadu, were mortgaged to a lender (SREI Infrastructure Finance Limited) of ESL and the lender had subsequently assigned the right of the said property to an Asset Reconstruction Company (ARC), although the claims of the said lender were fully discharged by the ESL as per the Resolution Plan approved by NCLT, Kolkata. Further in an earlier year, the ARC had taken the symbolic possession of such land against their alleged claim against the Company as per the notice issued under SARFESI Act. The Company had disputed the assignment of the loan by the lender at Madras High Court. Subsequently, as per direction of the Hon'ble Supreme Court, the Company had filed an application before the Debt Recovery Tribunal (DRT), Chennai for setting aside the SARFESI action and release of the title deeds. The DRT vide its order dated April 8, 2022 uploaded on the website on April 27, 2022 had dismissed the application of the Company. The Company has filed the appeal before the Debt Recovery Appellate Tribunal (DRAT) against the order of DRT and the matter is pending before DRAT. The ARC has also filed an application before the National Company Law Tribunal (NCLT), Cuttack for initiation of Corporate Insolvency and Resolution Process (CIRP) against the Company and the matter is pending before the NCLT, Cuttack.

Pending finalization of the matter, these assets have been carried forward at their carrying book value.



6. As reported earlier, the Railway Authorities had withdrawn the permission of operation of Railway siding under construction which is situated at Haldia, West Bengal. The company has claimed the compensation from the Railway Authorities for the amount incurred for the said siding which was denied and the matter is under arbitration based on the direction of Hon'ble High Court at Calcutta. Pending arbitration proceedings, the company had recognised a charge of Rs. 2318.35 lakhs during the earlier years. During the previous quarter, the Company has charged off the balance amount of Rs. 1778.11 lakhs as an abundant precaution and grouped under other expenses. However the Company continues to pursue its claim with the Railway Authorities.
7. The Company's operations and financial results for the first quarter in the previous year were adversely impacted due to stoppage of operation for more than two months full lockdown due to outbreak of covid 19 pandemic. During the quarter ended June 30, 2021, few state governments had imposed certain restrictions due to surge in covid 19 cases, however there has been no significant impact on the company's operation/result during the year.
8. As reported in the previous quarter, the National Company Law Tribunal (Cuttack Bench) vide its order dated December 09, 2021 has approved the scheme of Arrangement between the Company and Srikalahasthi Pipes Limited (SPL) whereby SPL has been merged with the company w.e.f. October 01, 2020 i.e. the Appointed Date. Necessary filings with the Registrar of the Companies, Cuttack was made on December 31, 2021 and the scheme became effective from the Appointed Date. In view of the above, the previous quarter/year presented in the results have been restated to give impact of the scheme as if the merger of SPL had occurred from the beginning of the appointed date in line with the clarification issued by the Ministry of Corporate Affairs vide circular no. 09/2019 dated August 21, 2019. The merger has been accounted for on the basis of Pooling of Interest method by merging the assets and liabilities at their book values appearing in the books of SPL as at the opening of the Appointed Date. Further in view of merger of SPL with effect from October 1, 2020, the results for the year ended March 31, 2022 are not strictly comparable with the comparative year's result. The difference between the current reported numbers in the results with the previously reported numbers for the quarter and year end March 31, 2021 are solely on account of inclusion of SPL results for the respective quarter/year.
9. The reconciliation of Equity of the company as on 31-03-2021 after giving impact of the scheme of amalgamation is as follows.

Particulars	Rs.in lakhs
Equity of the Company as on 31.03.2021 before the impact of the Scheme	2,60,465.39
Equity share to be issued as per the Scheme	1,616.50
Capital Reserve arisen on Business Combination	(42,539.34)
Reserves of SPL as on October 01, 2020	1,35,379.00
Total Comprehensive Income of SPL*	12,260.88
Tax expense of SPL *	(3,494.30)
Equity as on 31.03.2021 after the impact of the Scheme	3,63,688.13

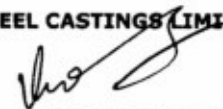
* pertaining to period from October 01, 2020 to March 31, 2021

10. The Board of Directors have recommended a dividend of Re. 0.80 per share (i.e. 80%), subject to approval of the shareholders in the ensuing Annual General Meeting.
11. The figures for the quarter ended March 31, 2022 and March 31, 2021 are the balancing figures between the audited figures in respect of the full financial and the year to date upto December 31 of the respective years which have been subjected to Limited Review by the Statutory Auditors.
12. Previous period figures have been further regrouped/rearranged wherever necessary, to conform to current period's classification in order to comply with the requirements of amended Schedule III to the Companies Act, 2013 effective from April 01, 2021.

Kolkata
May 10, 2022



For ELECTROSTEEL CASTINGS LIMITED


Umang Kejriwal
Managing Director
(DIN: 000065173)

ANNEXURE I

**Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-
with Annual Standalone Audited Financial Results**

**Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2022
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]**

(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	509515.70	Not Ascertainable
	2.	Total Expenditure	467655.43	
	3.	Net Profit/(Loss) (including other comprehensive income)	37780.75	
	4.	Earnings Per Share	5.48	
	5.	Total Assets	820549.49	
	6.	Total Liabilities	820549.49	
	7.	Net Worth (Equity Share Capital plus Other Equity)	398742.77	
	8.	Any other financial item(s) (as felt appropriate by the management)	--	-

II.

Audit Qualification (each audit qualification separately):

a. Details of Audit Qualification:

Attention has been drawn by the Auditors' under the heading "Basis of Qualified Opinion" of the Auditors' Report to the following notes of the financial results for the quarter and year ended 31st March 2022 -

Sub Para (a): Note no. 4 in respect to cancellation of coal block allotted to the company in earlier years and non-recognition of the claims receipt thereof & non-carrying of any adjustment in the books of accounts for the reasons stated in the note. Pending finalisation of the matter & as the matter is sub judice, disclosures as per Indian Accounting standard will be given effect on final settlement of the matter & the balances appearing in the books of accounts in respect to such coal block have been carried forward at their carrying cost and disclosed as capital work in progress, property plant & equipment, inventories and other heads of account. The impact and consequential adjustment thereof are not presently ascertainable.

Sub Para (b): Note No. 5 in respect to Company's investment amounting to Rs. 8298.26 lakhs in Electrosteel Steels Limited (ESL), the pledge of which was invoked by the lenders of ESL and the same has been set aside by the Hon'ble High Court at Calcutta. The plea of the company to release the pledge is pending before the Hon'ble High Court at Calcutta. Further the Land of Elavur plant of the Company which is mortgaged in favour of a Lender of ESL, who has assigned their rights to another entity and the symbolic possession has been taken in the earlier years, has been disputed by the company as enumerated in the note. Above exposures have been carried forward at their existing carrying value & no impairment has been provided in respect to above and the impact of which is not presently ascertainable.



b. **Type of Audit Qualification:** Qualified Opinion / ~~Disclaimer of Opinion~~ / Adverse Opinion

c. **Frequency of qualification:** Whether appeared first time / repetitive / since how long continuing – Note no. 4 since financial year 2014-15 and Note no. 5 since financial year 2017-18.

d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**
N.A

e. **For Audit Qualification(s) where the impact is not quantified by the auditor:**

(i) **Management's estimation on the impact of audit qualification:** N.A

(ii) **If management is unable to estimate the impact, reasons for the same:**

Sub Para (a) – In pursuance of the Order dated September 24, 2014 issued by the Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated October 21, 2014 (Ordinance) for implementing the Order, allotment of Parbatpur coal block (coal block/mines) to the Company which was under advanced stage of implementation, had been cancelled w.e.f. April 01, 2015. In terms of the Ordinance, the Company was allowed to continue the operations in the said block till March 31, 2015. Accordingly, the said block had been handed over to Bharat Coking Coal Limited (BCCL) as per the direction from Coal India Ltd. (CIL) with effect from April 01, 2015 and the same has been subsequently allotted to Steel Authority of India Limited (SAIL). The company also understand that the SAIL has handed over back the said coal block to the custody of BCCL. The Ministry of Coal has once again put up the Parbatpur Coal Block in the list of mines to be auctioned (for commercial mining) and the auction is likely to be concluded soon subject to receiving adequate qualified bids.

Following a petition filed by the Company, the Hon'ble High Court at Delhi had pronounced its judgement on March 09, 2017. Accordingly based on the said judgement, the Company has claimed Rs.153176.00 lakhs towards compensation against the said coal block, acceptance whereof is awaited. Aggrieved due to delay in acceptance of claim and on a petition filed by the Company, the Hon'ble High Court had directed the Nominated Authority appointed under Ministry of Coal to determine the compensation. Earlier the Nominated Authority had upheld its decision of compensation already paid and the same was set aside by the Hon'ble High Court with a direction to the Nominated authority to reconsider. The Nominated authority further passed an order dated 11.11.2019 awarding an additional compensation of Rs. 180 lakhs and with a further direction to re-determine the value of certain assets by the appropriate authority. The newly appointed Nominated Authority had appointed a valuer to determine the value of those specified assets as per the direction of Nominated Authority dated 11.11.2019. Based on the valuation report submitted to the Nominated Authority, the valuer had recommended a valuation based on total direct / hard cost, for such specified assets, which is under consideration of the Nominated Authority and a final compensation has not been declared as yet. The company has also approached the newly appointed Nominated Authority/ Ministry of Coal to similarly reconsider the compensation determined by the previous Nominated Authority, for land and some other major assets, which is pending at the Ministry. Meanwhile the Company is also exploring other possibilities.

Pending finalisation of the matter as above;

(i) Rs.128884.11 lakhs incurred pertaining to the coal block till March 31, 2015 after setting off income, stocks etc. there against as per the accounting policy then followed by the Company has continued to be shown as freehold land, capital work in progress, other fixed assets and other respective heads of account;

(ii) Interest and other finance cost for the year ended March 31, 2016 against the fund borrowed and other expenses directly attributable in this respect amounting to Rs. 9514.74 lakhs has been considered as other recoverable under current assets; and



(iii) Compensation of Rs. 8312.34 lakhs so far received and net realisations/claims against sale of assets, advances, input credits etc. amounting to Rs. 2083.63 lakhs have been adjusted.

Disclosure as per Indian Accounting Standard and adjustments arising with respect to above will be given effect to on final acceptance/settlement of the claim.

Sub Para (b) - In view of approved resolution plan as confirmed by Hon'ble National Company Law Appellate Tribunal (NCLAT) by its order dated August 10, 2018 and pursuant to issuance of additional Equity Shares by Electrosteel Steels Limited (ESL) for giving impact of the resolution plan, ESL had ceased to be an associate of the Company during the quarter ended June 30, 2018. To comply with the requirements of Ind AS 109 "Financial Instruments", the Company had fair valued the investment in ESL and a sum of Rs. 57868.38 lakhs representing difference between the carrying value of said investment and fair value on the date of change of status was considered as exceptional item in statement of Profit and Loss in the quarter ended June 30, 2018.

The Company had elected the option under the said Ind AS to present the subsequent fair value changes of the said investment through Other Comprehensive Income. Further in terms of the approved resolution plan, advances and trade receivable amounting to Rs. 21121.70 lakhs receivable from ESL was written off during the quarter ended September 2018 shown as exceptional item in the statement of Profit and Loss.

During the quarter ending December 2018, shares of ESL were delisted and Vedanta Star Limited (holding company of ESL) has made an exit offer to the shareholders of ESL at a price of Rs. 9.54 per share which was open till December 20, 2019. During the quarter the company has fair valued the equity share of ESL based on the fair valuation report obtained and a gain of Rs. 5350.86 lakhs has been accounted for in other comprehensive income.

Further 1,73,34,999 equity shares of Rs. 10 each in ESL amounting to Rs. 8298.26 lakhs as on March 31, 2022 are pledged with the lenders of the ESL. The notices issued by the consortium of lenders of ESL for invocation of pledge of company's investment was set aside by the Hon'ble High Court at Calcutta in the earlier year. The plea of the company for release of such pledge is pending before the Hon'ble Court.

In the earlier years, certain land amounting to Rs. 29493.58 lakhs (value as at 31-03-2022) of the company, situated at Elavur, Tamilnadu, were mortgaged to a lender (SREI Infrastructure Finance Limited) of ESL and the lender had subsequently assigned the right of the said property to an Asset Reconstruction Company (ARC), although the claims of the said lender were fully discharged by the ESL as per the Resolution Plan approved by NCLT, Kolkata. Further in an earlier year, the ARC had taken the symbolic possession of such land against their alleged claim against the Company as per the notice issued under SARFESI Act. The Company had disputed the assignment of the loan by the lender at Madras High Court. Subsequently, as per direction of the Hon'ble Supreme Court, the Company had filed an application before the Debt Recovery Tribunal (DRT), Chennai for setting aside the SARFESI action and release of the title deeds. The DRT vide its order dated April 8, 2022 uploaded on the website on April 27, 2022 had dismissed the application of the Company. The Company has filed the appeal before the Debt Recovery Appellate Tribunal (DRAT) against the order of DRT and the matter is pending before DRAT. The ARC has also filed an application before the National Company Law Tribunal (NCLT), Cuttack for initiation of Corporate Insolvency and Resolution Process (CIRP) against the Company and the matter is pending before the NCLT, Cuttack. Pending finalization of the matter, these assets have been carried forward at their carrying book value.



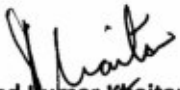
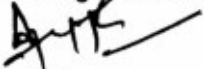
(iii) **Auditors' Comments on (i) or (ii) above:**

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	 Ashutosh Agarwal (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 10, 2022

Independent Auditors' Report

To the Board of Directors of Electrosteel Castings Limited

Report on the audit of the Consolidated Annual Financial Results

Qualified Opinion

We have audited the accompanying consolidated annual financial results ("the Statement") of Electrosteel Castings Limited ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as the 'Group'), for the year ended 31st March, 2022, attached herewith, being submitted by the Parent Company pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate audited financial statements / information of the subsidiaries, the aforesaid consolidated annual financial results:

- a. include the annual financial results of the following entities:

Name of the Subsidiaries	
Electrosteel Trading S.A. Spain	Electrosteel Algeria SPA
Electrosteel Castings Gulf FZE	Electrosteel Castings (UK) Limited
Electrosteel Doha for Trading LLC	Electrosteel USA, LLC
Electrosteel Brasil Ltd. Tubos e Conexoes Duteis	WaterFab LLC (acquired 100% share capital through wholly owned subsidiary Electrosteel USA, LLC)
Electrosteel Bahrain Holding Company S.P.C	Electrosteel Bahrain Trading W.L.L (Subsidiary of Electrosteel Bahrain Holding Company S.P.C)
Electrosteel Europe S.A.	
Name of the Joint Venture Companies	
North Dhadhu Mining Company Private Limited (Refer note 4 below in Other Matters)	Domco Private Limited (Refer note 5 below in Other Matters)

- b. each presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- c. except for the possible effect of the matter described in 'Basis for Qualified Opinion' paragraph below, gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards (IND AS) and other accounting principles generally accepted in India of the net profit and other comprehensive income and other financial information for the year ended 31st March 2022.



Basis for Qualified Opinion

Attention is drawn to the following notes of the accompanying consolidated financial results:

- (a) Note no. 4 in respect to cancellation of coal block allotted to the parent company in earlier years and non-recognition of the claims receipt thereof & non-carrying of any adjustment in the books of accounts for the reasons stated in the note. Pending finalisation of the matter & as the matter is sub judice, disclosures as per Indian Accounting standard will be given effect on final settlement of the matter & the balances appearing in the books of accounts in respect to such coal block have been carried forward at their carrying cost and disclosed as capital work in progress, property plant & equipment, inventories and other heads of account. The impact and consequential adjustment thereof are not presently ascertainable.
- b) Note No. 5 in respect to parent company's investment amounting to Rs. 8298.26 lakhs in Electrosteel Steels Limited (ESL), the pledge of which was invoked by the lenders of ESL and the same has been set aside by the Hon'ble High Court at Calcutta. The plea of the parent company to release the pledge is pending before the Hon'ble High Court at Calcutta. Further the Land of Elavur plant of the parent company which is mortgaged in favour of a Lender of ESL, who has assigned their rights to another entity and the symbolic possession has been taken in the earlier years, has been disputed by the parent company as enumerated in the note. Above exposures have been carried forward at their existing carrying value & no impairment has been provided in respect to above and the impact of which is not presently ascertainable.

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

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Results* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our qualified opinion on the consolidated annual financial results.

Management's and Board of Directors' Responsibilities for the Consolidated Annual Financial Results

These consolidated annual financial results have been prepared on the basis of the consolidated annual financial statements.

The Parent Company's Management and the Board of Directors are responsible for the preparation and presentation of these consolidated annual financial results that give a true and fair view of the consolidated net profit and other comprehensive income and other financial information of the Group in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.

The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of each company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated annual financial results by the Management and the Directors of the Parent Company, as aforesaid.



In preparing the consolidated annual financial results, the Management and the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The respective Company's Management and the Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Results

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

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

- Identify and assess the risks of material misstatement of the consolidated annual financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of consolidated annual financial statements on whether the company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the consolidated annual financial results made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual financial results, including the disclosures, and whether the consolidated annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group to express an opinion on the consolidated annual financial results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results of which we are the independent auditors. For the other entities included in the consolidated annual financial results, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.



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

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

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

We also performed procedures in accordance with the circular No CIR/CFD/CMD1/44/2019 issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.

Other Matters

1. The accompanying Statement includes the audited financial statements and the other financial information, in respect of:
 - (i) 10 (ten) Subsidiaries (including two step down subsidiaries), whose financial statements include total assets of Rs. 96872.76 lakhs as at 31st March, 2022, total revenues of Rs. 33360.93 lakhs and Rs. 125933.72 lakhs, total net profit after tax of Rs. 851.58 lakhs and Rs 3005.69 lakhs, total comprehensive income of Rs. 1061.89 lakhs and Rs. 3486.84 lakhs for the quarter and the year ended 31st March, 2022 respectively, and net cash flows of Rs. 187.06 lakhs for the year ended 31st March, 2022 as considered in the statement which have been audited by their respective independent auditors.
 - (ii) The independent auditors report on the financial statements of above-mentioned subsidiaries have been furnished to us by the management and our opinion on the statement in so far as it relates to the amounts and disclosures included in the respect of these subsidiaries is based solely on the reports of such auditors and the procedures performed by us as stated in paragraph above.
 - (iii) Subsidiaries mentioned in sub-paragraph (i) above are located outside India whose annual financial results have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been reviewed by other auditors under generally accepted auditing standards applicable in their respective countries. The Parent's management has converted the financial results of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. The parent company has also carried out Fit for consolidation adjustment in the financials statements of its subsidiaries. We have reviewed these conversion adjustments made by the parent company's management. Our conclusion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Parent company and reviewed by us.
2. The accompanying statement also includes unaudited financial statement and other unaudited financial information in respect of:
 - (i) 1 (one) Subsidiary, whose financial statement and other financial information reflect total assets of Rs. Nil as at 31st March, 2022 and total revenues of Rs. Nil and Rs. Nil, total net profit / loss after tax of Rs. Nil and Rs. Nil, total comprehensive income of Rs. 0.66 lakhs and Rs. 1.93 lakhs for the quarter and the year ended 31st March, 2022 respectively and net cash outflows of Rs. Nil for the year ended 31st March, 2022.
 - (ii) This unaudited financial statements have been approved and furnished to us by the management and our opinion on the statement, in so far as it relates to the amounts and disclosure included in respect of this subsidiary, is based solely on such unaudited financial statement. In our opinion and according to the information and explanation given to us by the management, these financial statements are not material to the group.



3. Our opinion on the statement is not modified in respect of the matters mentioned in paragraph 1 & 2 above of "other Matters" with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.
4. The investments in North Dhadhu Mining Company Private Limited, a Joint Venture of the Holding Company, has been fully provided in the books. In view of this the results of North Dhadhu Mining Company Private Limited have not been incorporated in the annual consolidated results.
5. As stated in Note No. 7 of the audited consolidated financial results, the financial statements of Domco Private Limited, a joint venture, have not been consolidated in the annual consolidated results, due to non availability of the Statements as required in terms of IND AS-28 on "Investments in Associate and Joint Ventures".
6. The Statement includes the consolidated financial results for the quarter ended 31st March, 2022 being the balancing figures between the audited consolidated figures in respect of the full financial year ended 31st March, 2022 and the published unaudited year to date figures up to the end of third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

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



(Gopal Jain)
Partner

Membership No.: 059147
UDIN: 22059147AIRZWZ2748

Place: Kolkata
Date: 10th May 2022



ELECTROSTEEL CASTINGS LIMITED

CIN: L27310OR1955PLC000310

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

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

Corporate Office: 19, Camac Street, Kolkata 700 017

Website: www.electrosteel.com

E-mail: companysecretary@electrosteel.com

(Rs. in lakhs)

STATEMENT OF AUDITED CONSOLIDATED RESULTS FOR THE QUARTER AND YEAR ENDED 31/03/2022

Particulars	3 months ended 31/03/2022	Preceding 3 months ended 31/12/2021	Corresponding 3 months ended in the previous year 31/03/2021	Year to date figures for current year ended 31/03/2022	Year to date figures for previous year ended 31/03/2021
	(Audited) (Refer Note No. 12)	(Unaudited)	(Audited) (Refer Note No. 12)	(Audited)	(Audited) ** Restated
1. Revenue From Operations	157695.07	143818.31	122979.99	528095.22	347419.75
2. Other Income	857.44	1248.54	1904.01	5575.66	5274.73
3. Total income (1 + 2)	158552.51	145066.85	124884.00	533670.88	352694.48
4. EXPENSES					
(a) Cost of materials consumed .	94798.45	71618.98	52576.50	275294.37	143100.91
(b) Purchases of Stock-in-Trade	3707.96	2925.15	2679.57	11208.34	9818.29
(c) Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	(20894.82)	(8555.63)	3234.61	(38679.33)	7898.21
(d) Employee benefits expense	10403.05	10415.60	9507.58	39769.36	29705.69
(e) Finance costs	5274.37	4485.54	6384.84	19467.99	20836.43
(f) Depreciation and amortization expense	3057.54	2731.92	3166.49	11468.03	8999.27
(g) Other expenses	47947.54	48455.65	38344.46	170713.36	113514.30
Total expenses	144294.09	132077.21	115894.05	489242.12	333873.10
5. Profit / (Loss) before exceptional items and tax (3 - 4)	14258.42	12989.64	8989.95	44428.76	18821.38
6. Exceptional Item	-	-	-	-	(24423.40)
7. Profit / (Loss) before tax (5 + 6)	14258.42	12989.64	8989.95	44428.76	(5602.02)
8. Tax expense:					
Current tax	3884.06	3231.88	2430.40	10952.62	5507.40
Deferred tax	(467.99)	(236.81)	26.28	(1149.49)	(1260.94)
Related to earlier year	(456.68)	325.32	(225.47)	(131.36)	(225.47)
9. Profit / (Loss) after tax (7-8)	11299.03	9669.25	6758.74	34756.99	(9623.01)
10. Add:-Share of Profit/(Loss) in Associate (Net)	-	-	-	-	541.65
11. Profit / (Loss) for the period (9+10)	11299.03	9669.25	6758.74	34756.99	(9081.36)
12. Profit / (Loss) for the period attributable to:					
- Owners of the Company	11292.79	9663.08	6743.54	34727.73	(9119.89)
- Non-Controlling Interest	6.24	6.17	15.20	29.26	38.53
13. Other Comprehensive Income					
A (i) Items that will not be reclassified to profit or loss					
a) Remeasurements of the defined benefit plans	(253.27)	26.33	116.75	(174.28)	114.63
b) Equity instruments through other comprehensive income	5350.92	-	2462.95	5350.86	2504.14
(ii) Income tax relating to items that will not be reclassified to profit or loss	63.75	(6.63)	(29.39)	43.88	(38.28)
B (i) Items that will be reclassified to profit or loss					
- Foreign currency translation differences	210.97	219.02	(253.17)	483.08	153.42
(ii) Income tax relating to item that will be reclassified to profit or loss	-	-	-	-	-
C Share of Other Comprehensive Income in Associate (Net of tax)	-	-	-	-	(2.88)
Other Comprehensive Income (net of tax)	5372.37	238.72	2297.14	5703.54	2731.03
14. Other Comprehensive Income attributable to:					
- Owners of the Company	5372.37	238.72	2297.14	5703.54	2731.03
- Non-Controlling Interest	-	-	-	-	-
15. Total Comprehensive Income for the period (11+13)	16671.40	9907.97	9055.88	40460.53	(6350.33)
16. Total Comprehensive Income attributable to:					
- Owners of the Company	16665.16	9901.80	9040.68	40431.27	(6388.86)
- Non-Controlling Interest	6.24	6.17	15.20	29.26	38.53
17. Paid-up equity share capital (Face value - Re. 1/-) ##	5946.05	5946.05	5946.05	5946.05	5946.05
18. Other equity excluding revaluation reserve				404361.81	366656.64
19. Earnings per equity share of per value of Re. 1 each.					
(1) Basic (Rs.)	1.90	1.63	1.13	5.84	(1.78)
(2) Diluted (Rs.)	1.90	1.63	1.13	5.84	(1.78)

After incorporating the impact of Equity shares issued in lieu of the scheme of arrangement w.e.f. October 01, 2020.

** Based on restated consolidated financial statements after incorporating the impact of scheme of arrangement.



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(Rs. in lakhs)

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

Particulars	As at March 31, 2022	As at March 31, 2021
	(Audited)	(Audited)
A. ASSETS		
(1) Non-current assets		
(a) Property, Plant and Equipment	270311.99	256949.72
(b) Capital work-in-progress	120776.97	133677.92
(c) Goodwill on consolidation	216.03	216.03
(d) Other Intangible assets	408.88	235.14
(e) Right-of-use assets	5384.64	5856.05
(f) Financial Assets		
(i) Investments	9506.87	4572.75
(ii) Loans	21.53	20.77
(iii) Other financial assets	4256.02	7832.20
(g) Non Current Tax Assets (Net)	1443.89	1746.88
(h) Other non-current assets	940.98	705.16
Total Non-Current assets	413267.80	411812.62
(2) Current assets		
(a) Inventories	223773.43	122887.82
(b) Financial Assets		
(i) Investments	36172.87	15660.59
(ii) Trade receivables	94186.42	76875.29
(iii) Cash and cash equivalents	21373.21	21299.01
(iv) Bank balances other than (iii) above	30504.10	29748.29
(v) Loans	5308.00	1730.00
(vi) Other financial assets	18934.58	22778.30
(c) Other current assets	18089.26	12420.72
(d) Assets classified as held for disposal	772.50	-
Total Current assets	449114.37	303400.02
Total Assets	862382.17	715212.64
B. EQUITY AND LIABILITIES		
Equity		
(a) Equity Share capital	5946.05	4329.55
(b) Equity Share Suspense	-	1616.50
(c) Other Equity	404361.81	366656.64
(d) Non-Controlling Interest	140.08	150.91
Total Equity	410447.94	372753.60
LIABILITIES		
(1) Non-current liabilities		
(a) Financial Liabilities		
(i) Borrowings	87717.83	80240.29
(ii) Lease liabilities	2957.54	3588.29
(b) Provisions	4182.01	3681.13
(c) Deferred tax liabilities (Net)	34543.36	36229.57
(d) Other non-current liabilities	3460.75	4748.85
(e) Non-current Tax Liabilities (Net)	6215.64	6360.02
Total Non-current liabilities	139077.13	134848.15
(2) Current liabilities		
(a) Financial Liabilities		
(i) Borrowings	205268.97	129324.54
(ii) Lease liabilities	752.64	599.98
(iii) Trade payables		
(a) Total Outstanding dues of Micro enterprises and small enterprises: and	2663.11	2660.59
(b) Total Outstanding of creditor other than Micro enterprises and small enterprises	60036.96	42286.45
(iv) Other financial liabilities	4173.62	8784.82
(b) Other current liabilities	37699.63	21713.38
(c) Provisions	1600.51	1441.75
(d) Current Tax Liabilities (Net)	661.66	799.38
Total Current liabilities	312857.10	207610.89
Total Equity and Liabilities	862382.17	715212.64



CONSOLIDATED STATEMENT OF CASH FLOW

(Rs. in Lakhs)

	For the year ended March 21, 2022	For the year ended March 21, 2021
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before Tax	44428.76	(5602.02)
Adjustment for:		
Add: Depreciation and amortisation expenses	11468.03	8999.27
Sundry balances/Assets / Advances written off	1788.36	38.07
Bad Debts	403.05	221.95
Credit loss allowances on trade receivables/advances/others	197.42	85.37
Provision for obsolescence of Stores & Spares	242.40	-
Net (gain) /loss on Fair valuation of Investments	-	24296.51
(Profit)/Loss on sale / discard of Fixed Assets (net)	404.07	247.46
Finance costs	19467.99	20836.43
	33971.32	54725.06
Less: Interest Income	3231.63	3072.50
Dividend Income from Investments	-	1.06
Deferred Income	25.64	12.82
Net gain /(loss) on Fair valuation of Current Investments	94.54	-
Net gain/(loss) on derecognition of financial assets at amortised cost	1.25	0.12
Fair Valuation of derivative instruments through Profit & Loss	702.31	993.56
Unrealised Foreign Exchange Fluctuation and translation	746.95	(777.46)
Profit /(Loss) on sale of Current Investment	166.07	135.21
Profit on sale of Non Current Investment	784.52	16.63
Provisions / Liabilities no longer required written back	949.32	697.97
	6702.23	4152.41
Operating Profit before Working Capital changes	71697.85	44970.63
Movements in working capital		
Less: Increase/(Decrease) in Inventories	101128.01	8009.60
Increase/(Decrease) in Trade Receivables	17072.00	(7428.68)
Increase/(Decrease) in Loans and Advances, other financial and non-financial assets	2587.03	(1932.66)
(Increase)/Decrease in Trade Payables, other financial and non-financial liabilities and provisions	(32761.56)	(2713.60)
	88025.48	(4065.34)
Cash generated From Operations	(16327.63)	49035.97
Less: Direct Taxes paid (Net)	11581.76	4633.94
Net cash flow from Operating activities (A)	(27909.39)	44402.03
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment, Intangible Assets and movements in Capital work in progress	(19488.96)	(13240.67)
Realisation of Property, Plant and Equipment, Intangible Assets	1608.03	62.80
Purchase/ Sale of Current Investment (net)	(20251.67)	2901.03
Sale of Non Current Investment	1201.32	69.05
(Increase) / Decrease in Inter Corporate Deposits	(3578.00)	1850.00
Interest received	3295.88	3415.40
Dividend received	-	1352.14
Movement in bank balances other than cash and cash equivalents	4334.28	14749.24
	(32879.12)	11158.99
Net Cash flow from Investing activities (B)	(32879.12)	11158.99
C. CASH FLOW FROM FINANCING ACTIVITIES		
Payment to Minority Interest	(44.57)	-
Proceeds/(Repayments) from short term borrowings (net)	77403.54	(6297.30)
Repayment of Long Term borrowings	(36826.04)	(40744.92)
Proceeds from Long Term borrowings	41680.00	27541.15
Interest and other borrowing cost paid	(17879.62)	(20931.22)
Interest paid on Lease Liability	(744.49)	(206.71)
Dividend paid	(2726.11)	(1298.86)
	60862.71	(41937.86)
Net cash flow from Financing activities (C)	60862.71	(41937.86)
D. Net Increase/ (decrease) in Cash and Cash equivalents (A+B+C)	74.20	13623.16
E. Cash and Cash equivalents at the beginning of the year	21299.01	5945.63
F. Cash and Cash equivalents as at 17th September 2020 of Srikalahasthi Pipes Limited	-	1731.01
G. Add / (Less) : Unrealised exchange gain / (loss) on bank balances	-	(0.79)
H. Cash and Cash equivalents at the end of the year	21373.21	21299.01



Notes:

1. The above consolidated financial results which have been prepared in accordance with Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), have been reviewed by the the Audit Committee and approved by the Board of Directors at their meeting held on May 10, 2022. These consolidated results have been subjected to Audit by the Statutory Auditors of the group.
2. The group operates mainly in one business segment viz. Pipes and all other activities revolve around the main business.
3. 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 expired on January 11, 2017. The parent company filed a writ petition before the Hon'ble High Court at Jharkhand on January 10, 2017, praying inter-alia for direction for grant of said lease in favour of the parent company. The Hon'ble High Court in its order while observed, being not averse in granting relief with respect to cut off date, admitted the said petition and fixed the case for further hearing and adjudication. Pending decision of the Hon'ble High Court, Rs. 3453.33 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 and advances.
4. In pursuance of the Order dated September 24, 2014 issued by the Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated October 21, 2014 (Ordinance) for implementing the Order, allotment of Parbatpur coal block (coal block/mines) to the parent Company which was under advanced stage of implementation, had been cancelled w.e.f. April 01, 2015. In terms of the Ordinance, the parent Company was allowed to continue the operations in the said block till March 31, 2015. Accordingly, the said block had been handed over to Bharat Coking Coal Limited (BCCL) as per the direction from Coal India Ltd. (CIL) with effect from April 01, 2015 and the same has been subsequently allotted to Steel Authority of India Limited (SAIL). The parent company also understand that the SAIL has handed over back the said coal block to the custody of BCCL. The Ministry of Coal has once again put up the Parbatpur Coal Block in the list of mines to be auctioned (for commercial mining) and the auction is likely to be concluded soon subject to receiving adequate qualified bids.

Following a petition filed by the parent Company, the Hon'ble High Court at Delhi had pronounced its judgement on March 09, 2017. Accordingly based on the said judgement, the parent Company has claimed Rs.153176.00 lakhs towards compensation against the said coal block, acceptance whereof is awaited. Aggrieved due to delay in acceptance of claim and on a petition filed by the parent Company, the Hon'ble High Court had directed the Nominated Authority appointed under Ministry of Coal to determine the compensation. Earlier the Nominated Authority had upheld its decision of compensation already paid and the same was set aside by the Hon'ble High Court with a direction to the Nominated Authority to reconsider. The Nominated Authority further passed an order dated 11.11.2019 awarding an additional compensation of Rs. 180 lakhs and with a further direction to re-determine the value of certain assets by the appropriate authority. The newly appointed Nominated Authority had appointed a valuer to determine the value of those specified assets as per the direction of Nominated Authority dated 11.11.2019. Based on the valuation report submitted to the Nominated Authority, the valuer had recommended a valuation based on total direct / hard cost, for such specified assets, which is under consideration of the Nominated Authority and a final compensation has not been declared as yet. The parent company has also approached the newly appointed Nominated Authority/ Ministry of Coal to similarly reconsider the compensation determined by the previous Nominated Authority, for land and some other major assets, which is pending at the Ministry. Meanwhile the parent Company is also exploring other possibilities.

Pending finalisation of the matter as above;

- (i) Rs.128884.11 lakhs incurred pertaining to the coal block till March 31, 2015 after setting off income, stocks etc. there against as per the accounting policy then followed by the parent company has continued to be shown as freehold land, capital work in progress, other fixed assets and other respective heads of account;
- (ii) Interest and other finance cost for the year ended March 31, 2016 against the fund borrowed and other expenses directly attributable in this respect amounting to Rs. 9514.74 lakhs has been considered as other recoverable under current assets; and
- (iii) Compensation of Rs. 8312.34 lakhs so far received and net realisations/claims against sale of assets, advances, input credits etc. amounting to Rs. 2083.63 lakhs have been adjusted.

Disclosure as per Indian Accounting Standard and adjustments arising with respect to above will be given effect to on final acceptance/settlement of the claim.

5. The parent company holds 198,01,000 equity shares of Rs. 10/- each in Electrosteel Steels Limited (ESL) out of which 173,34,999 equity shares of Rs. 10/- each amounting to Rs. 8298.26 lakhs have been pledged with the consortium of lenders of ESL. The notices issued by the consortium of lenders of ESL for invocation of pledge of company's investment was set aside by the Hon'ble High Court at Calcutta in the earlier year. The plea of the parent company for release of the pledge is pending before the Hon'ble Court. During the quarter the parent company has fair valued the equity share of ESL based on the fair valuation report obtained and a gain of Rs. 5350.86 lakhs has been accounted for in other comprehensive income.

Further in the earlier years, certain land amounting to Rs. 29493.58 lakhs of the parent company, situated at Elavur, Tamilnadu, were mortgaged to a lender (SREI Infrastructure Finance Limited) of ESL and the lender had subsequently assigned the right of the said property to an Asset Reconstruction Company (ARC), although the claims of the said lender were fully discharged by the ESL as per the Resolution Plan approved by NCLT, Kolkata. Further in an earlier year the ARC had taken the symbolic possession of such land against their alleged claim against the parent Company as per the notice issued under SARFESI Act. The parent Company had disputed the alleged assignment of the loan by the lender at Madras High Court. Subsequently, as per direction of the Hon'ble Supreme Court, parent Company had filed an application before the Debt Recovery Tribunal (DRT), Chennai for setting aside the SARFESI action and release of the title deeds. The DRT vide its order dated April 8, 2022 uploaded on the website on April 27, 2022 had dismissed the application of the Company. The parent Company has filed the appeal before the Debt Recovery Appellate Tribunal (DRAT) against the order of DRT and the matter is pending before DRAT. The ARC has also filed an application before the National Company Law Tribunal (NCLT), Cuttack for initiation of Corporate Insolvency and Resolution Process (CIRP) against the Company and the matter is pending before the NCLT, Cuttack.

Pending finalization of the matter, these assets have been carried forward at their carrying book value. ;



6. As reported earlier, the Railway Authorities had withdrawn the permission of operation of Railway siding under construction which is situated at Haldia, West Bengal. The parent company has claimed the compensation from the Railway Authorities for the amount incurred for the said siding which was denied and the matter is under arbitration based on the direction of Hon'ble High Court at Calcutta. Pending arbitration proceedings, the parent company had recognised a charge of Rs. 2318.35 lakhs during the earlier years. During the previous quarter, the parent Company has charged off the balance amount of Rs. 1778.11 lakhs as an abundant precaution and grouped under other expenses. However the Company continues to pursue its claim with the Railway Authorities.
7. The parent company has investment of Rs. 730.00 lakhs (including advance of Rs. 700.00 lakhs) in Domco Private Limited (DPL), and has joint control (proportion of ownership interest of the parent Company being 50%). The other Venturers had filed a petition before the Company Law Board, Principal Bench, New Delhi (CLB) on various matters including for forfeiture of the parent Company's investment in equity shares of the DPL. The parent Company had also inter alia filed an arbitration proceeding under Arbitration & Conciliation Act, 1996 against recovery of the said amount against which the ventures also filed their counter claims on the parent Company. The matter is sub judice before the NCLT. Pending final outcome of the above matter, the amounts in equity shares and advance 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 consolidated financial results.
8. The group's operations and financial results for the first quarter in the previous year were adversely impacted due to stoppage of operation in the significant part of the quarter due to outbreak of covid 19 pandemic. During the earlier quarter June 30, 2021, various governments where subsidiaries are based including India, had imposed certain restrictions due to surge in covid 19 cases, however there has been no significant impact on the group's operation/result during the year.
9. As reported in the previous quarter, the National Company Law Tribunal (Cuttack Bench) vide its order dated December 09, 2021 has approved the scheme of Arrangement between the parent Company and its subsidiary "Srikalahasthi Pipes Limited" (SPL) whereby SPL has been merged with the parent company w.e.f. October 01, 2020 i.e. Appointed Date. Necessary filings with the Registrar of the Companies, Cuttack was made on December 31, 2021 and the scheme became effective from the appointed date. In view of the above, the previous quarter/year presented in the consolidated results have been restated to bring in line with the accounting prescribed as per the approved scheme, however the impact of such restatement on the group's results is not material. Further as reported in earlier quarters, SPL became the subsidiary of the Company w.e.f. September 18, 2020 and since then its results have been consolidated in line with the guidelines prescribed under Ind AS 110 "Consolidated Financial Statements". In view of the above, the group results for the year ended March 31, 2022 are not strictly comparable with the comparative year results.
10. The Board of Directors have recommended a dividend of Re. 0.80 per share (i.e. 80%), subject to approval of the shareholders in the ensuing Annual General Meeting.
11. The financial statements of Electrosteel Brasil Ltda.Tubos e Conexoes Dutels, a subsidiary company for the year ended March 31, 2022 has not been subjected to audit by their auditor.
12. The figures for the quarter ended March 31, 2022 and March 31, 2021 are the balancing figures between the audited figures in respect of the full financial and the year to date upto December 31 of the respective years. The figures for the quarter ended March 31, 2022 have been subjected to Limited Review by the Statutory Auditors.
13. Previous period figures have been further regrouped/rearranged wherever necessary, to conform to current period's classification in order to comply with the requirements of amended Schedule III to the Companies Act, 2013 effective from April 01, 2021.

Kolkata
May 10, 2022



For ELECTROSTEEL CASTINGS LIMITED

Umang Kejriwal
Managing Director
(DIN: 000065173)

ANNEXURE I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along with Annual Consolidated Audited Financial Results

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2022
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(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	533670.88	Not Ascertainable
	2.	Total Expenditure	489242.12	
	3.	Net Profit/(Loss) (including other comprehensive income)	40460.53	
	4.	Earnings Per Share	5.84	
	5.	Total Assets	862382.17	
	6.	Total Liabilities	862382.17	
	7.	Net Worth (Equity Share Capital plus Other Equity)	410307.86	
	8.	Any other financial item(s) (as felt appropriate by the management)	--	

II.	<p><u>Audit Qualification (each audit qualification separately):</u></p> <p>a. Details of Audit Qualification:</p> <p>Attention has been drawn by the Auditors' under the heading "Basis of Qualified Opinion" of the Auditors' Report to the following notes of the financial results for the quarter and year ended 31st March 2022 -</p> <p>Sub Para (a): Note no. 4 in respect to cancellation of coal block allotted to the parent company in earlier years and non-recognition of the claims receipt thereof & non-carrying of any adjustment in the books of accounts for the reasons stated in the note. Pending finalisation of the matter & as the matter is sub judice, disclosures as per Indian Accounting standard will be given effect on final settlement of the matter & the balances appearing in the books of accounts in respect to such coal block have been carried forward at their carrying cost and disclosed as capital work in progress, property plant & equipment, inventories and other heads of account. The impact and consequential adjustment thereof are not presently ascertainable.</p> <p>Sub Para (b): Note No. 5 in respect to parent company's investment amounting to Rs. 8298.26 lakhs in Electrosteel Steels Limited (ESL), the pledge of which was invoked by the lenders of ESL and the same has been set aside by the Hon'ble High Court at Calcutta. The plea of the parent company to release the pledge is pending before the Hon'ble High Court at Calcutta. Further the Land of Elavur plant of the parent company which is mortgaged in favour of a Lender of ESL, who has assigned their rights to another entity and the symbolic possession has been taken in the earlier years, has been disputed by the parent company as enumerated in the note. Above exposures have been carried forward at their existing carrying value & no impairment has been provided in respect to above and</p>
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the impact of which is not presently ascertainable.

b. **Type of Audit Qualification:** Qualified Opinion / ~~Disclaimer of Opinion~~ / Adverse Opinion

c. **Frequency of qualification:** Whether appeared first time / repetitive / since how long continuing – Note no. 4 since financial year 2014-15 and Note no. 5 since financial year 2017-18.

d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**
N.A

e. **For Audit Qualification(s) where the impact is not quantified by the auditor:**

(i) **Management's estimation on the impact of audit qualification:** N.A

(ii) **If management is unable to estimate the impact, reasons for the same:**

Sub Para (a) – In pursuance of the Order dated September 24, 2014 issued by the Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated October 21, 2014 (Ordinance) for implementing the Order, allotment of Parbatpur coal block (coal block/mines) to the parent Company which was under advanced stage of implementation, had been cancelled w.e.f. April 01, 2015. In terms of the Ordinance, the parent Company was allowed to continue the operations in the said block till March 31, 2015. Accordingly, the said block had been handed over to Bharat Coking Coal Limited (BCCL) as per the direction from Coal India Ltd. (CIL) with effect from April 01, 2015 and the same has been subsequently allotted to Steel Authority of India Limited (SAIL). The parent company also understand that the SAIL has handed over back the said coal block to the custody of BCCL. The Ministry of Coal has once again put up the Parbatpur Coal Block in the list of mines to be auctioned (for commercial mining) and the auction is likely to be concluded soon subject to receiving adequate qualified bids.

Following a petition filed by the parent Company, the Hon'ble High Court at Delhi had pronounced its judgement on March 09, 2017. Accordingly based on the said judgement, the parent Company has claimed Rs.153176.00 lakhs towards compensation against the said coal block, acceptance whereof is awaited. Aggrieved due to delay in acceptance of claim and on a petition filed by the parent Company, the Hon'ble High Court had directed the Nominated Authority appointed under Ministry of Coal to determine the compensation. Earlier the Nominated Authority had upheld its decision of compensation already paid and the same was set aside by the Hon'ble High Court with a direction to the Nominated Authority to reconsider. The Nominated Authority further passed an order dated 11.11.2019 awarding an additional compensation of Rs. 180 lakhs and with a further direction to re-determine the value of certain assets by the appropriate authority. The newly appointed Nominated Authority had appointed a valuer to determine the value of those specified assets as per the direction of Nominated Authority dated 11.11.2019. Based on the valuation report submitted to the Nominated Authority, the valuer had recommended a valuation based on total direct / hard cost, for such specified assets, which is under consideration of the Nominated Authority and a final compensation has not been declared as yet. The parent company has also approached the newly appointed Nominated Authority/ Ministry of Coal to similarly reconsider the compensation determined by the previous Nominated Authority, for land and some other major assets, which is pending at the Ministry. Meanwhile the parent Company is also exploring other possibilities.

Pending finalisation of the matter as above;

(i) Rs.128884.11 lakhs incurred pertaining to the coal block till March 31, 2015 after setting off income, stocks etc. there against as per the accounting policy then followed by the parent company



has continued to be shown as freehold land, capital work in progress, other fixed assets and other respective heads of account;

(ii) Interest and other finance cost for the year ended March 31, 2016 against the fund borrowed and other expenses directly attributable in this respect amounting to Rs. 9514.74 lakhs has been considered as other recoverable under current assets; and

(iii) Compensation of Rs. 8312.34 lakhs so far received and net realisations/claims against sale of assets, advances, input credits etc. amounting to Rs. 2083.63 lakhs have been adjusted.

Disclosure as per Indian Accounting Standard and adjustments arising with respect to above will be given effect to on final acceptance/settlement of the claim.

Sub Para (b) - In view of approved resolution plan as confirmed by Hon'ble National Company Law Appellate Tribunal (NCLAT) by its order dated August 10, 2018 and pursuant to issuance of additional Equity Shares by Electrosteel Steels Limited (ESL) for giving impact of the resolution plan, ESL had ceased to be an associate of the Company during the quarter ended June 30, 2018. To comply with the requirements of Ind AS 109 "Financial Instruments", the parent Company had fair valued the investment in ESL and a sum of Rs. 57868.38 lakhs representing difference between the carrying value of said investment and fair value on the date of change of status was considered as exceptional item in statement of Profit and Loss in the quarter ended June 30, 2018.

The parent Company had elected the option under the said Ind AS to present the subsequent fair value changes of the said investment through Other Comprehensive Income. Further in terms of the approved resolution plan, advances and trade receivable amounting to Rs. 21121.70 lakhs receivable from ESL was written off during the quarter ended September 2018 shown as exceptional item in the statement of Profit and Loss.

During the quarter ending December 2018, shares of ESL were delisted and Vedanta Star Limited (holding company of ESL) has made an exit offer to the shareholders of ESL at a price of Rs. 9.54 per share which was open till December 20, 2019. During the quarter the parent company has fair valued the equity share of ESL based on the fair valuation report obtained and a gain of Rs. 5350.86 lakhs has been accounted for in other comprehensive income.

Further 1,73,34,999 equity shares of Rs. 10 each in ESL amounting to Rs. 8298.26 lakhs as on March 31, 2022 are pledged with the lenders of the ESL. The notices issued by the consortium of lenders of ESL for invocation of pledge of parent company's investment was set aside by the Hon'ble High Court at Calcutta in the earlier year. The plea of the parent company for release of such pledge is pending before the Hon'ble Court.

In the earlier years, certain land amounting to Rs. 29493.58 lakhs (value as at 31-03-2022) of the parent company, situated at Elavur, Tamilnadu, were mortgaged to a lender (SREI Infrastructure Finance Limited) of ESL and the lender had subsequently assigned the right of the said property to an Asset Reconstruction Company (ARC), although the claims of the said lender were fully discharged by the ESL as per the Resolution Plan approved by NCLT, Kolkata. Further in an earlier year the ARC had taken the symbolic possession of such land against their alleged claim against the parent Company as per the notice issued under SARFESI Act. The parent Company had disputed the alleged assignment of the loan by the lender at Madras High Court. Subsequently, as per direction of the Hon'ble Supreme Court, parent Company had filed an application before the Debt Recovery Tribunal (DRT), Chennai for setting aside the SARFESI action and release of the title deeds. The DRT vide its order dated April 8, 2022 uploaded on the website on April 27, 2022 had dismissed the application of the Company. The parent Company has filed the appeal before the Debt Recovery Appellate Tribunal (DRAT) against the order of DRT and the matter is pending before DRAT. The ARC has also filed an application before the National Company Law Tribunal (NCLT), Cuttack for initiation of



Corporate Insolvency and Resolution Process (CIRP) against the Company and the matter is pending before the NCLT, Cuttack.

Pending finalization of the matter, these assets have been carried forward at their carrying book value.

(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.

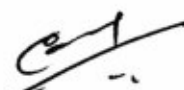
Signatories:

CEO/Managing Director



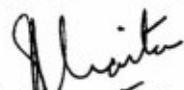
**Umang Kejriwal
(Managing Director)**

CFO



**Ashutosh Agarwal
(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 10, 2022