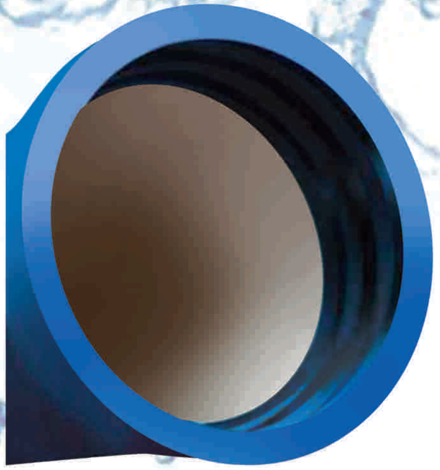
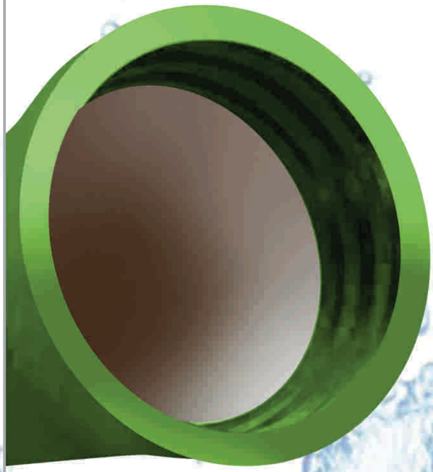
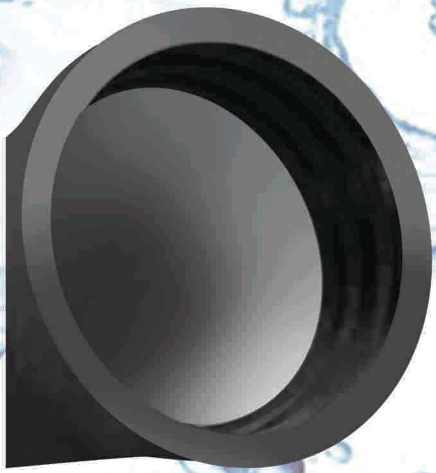
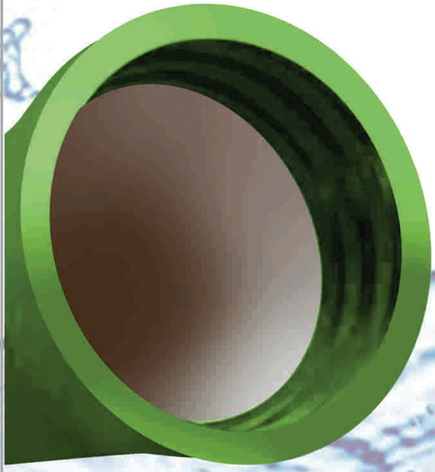


62ND ANNUAL REPORT 2016-2017





ELECTROSTEEL CASTINGS LIMITED



Corporate Information

Chairman	Mr. Pradip Kumar Khaitan
Directors	Mr. Binod Kumar Khaitan Mr. Naresh Chandra (upto 9 July 2017) Mr. Ram Krishna Agarwal Mr. Amrendra Prasad Verma Mr. Shermadevi Yegnaswami Rajagopalan Mr. Vyas Mitre Ralli Ms. Nityangi Kejriwal
Managing Director	Mr. Umang Kejriwal
Joint Managing Director	Mr. Mayank Kejriwal
Whole-time Directors	Mr. Uddhav Kejriwal Mr. Mahendra Kumar Jalan
Chief Financial Officer	Mr. Brij Mohan Soni
Company Secretary	Mrs. Subhra Giri Patnaik
Auditors	Lodha & Co., Chartered Accountants
Solicitors	Khaitan & Co. LLP, Kolkata
Bankers	Axis Bank Limited Bank of India DBS Bank Limited Export-Import Bank of India HDFC Bank Limited ICICI Bank Limited IDBI Bank Limited Kotak Mahindra Bank Limited IndusInd Bank Limited Punjab National Bank Standard Chartered Bank State Bank of India Syndicate Bank Yes Bank Limited
Works	Khardah, West Bengal Haldia, West Bengal Bansberia, West Bengal Elavur, Tamil Nadu
Corporate Office	G.K.Tower, 19 Camac Street, Kolkata 700 017 Tel.: 033 2283 9990 Fax: 033 2289 4339 E-mail Id: companysecretary@electrosteel.com Website: www.electrosteelcastings.com
Registered Office	Rathod Colony, Rajgangpur, Sundergarh, Odisha 770 017
Corporate Identification Number	L27310OR1955PLC000310

Contents

Report of the Directors

Dear Members,

Your Directors are pleased to present the Sixty Second Annual Report together with Audited Annual Financial Statements (including Audited Consolidated Financial Statements) of the Company for the Financial Year ended 31 March 2017.

FINANCIAL RESULTS (Rs. in Crore)

Particulars	Standalone		Consolidated	
	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16
Revenue from Operations	**1834.18**	2016.15	**2119.75**	2204.23
Earnings Before Interest, Taxes, Depreciation and Amortisation	**373.23**	305.95	**409.84**	300.01
Less : Finance Costs	**201.05**	169.08	**210.35**	180.33
Less : Depreciation and Amortisation expense	**63.69**	64.88	**66.90**	67.25
Profit Before Exceptional Item & Tax	**108.49**	71.99	**132.59**	52.43
Exceptional Item	–	–	–	–
Profit Before Tax	**108.49**	71.99	**132.59**	52.43
Less : Tax Expense	**31.21**	16.12	**33.79**	16.92
Profit After Tax	**77.28**	55.87	**98.80**	35.51
Share of Profit/(Loss) in Associates and Joint Ventures	**–**	–	**66.44**	(62.93)
Profit After Tax including share of Associate and Joint Ventures	**77.28**	55.87	**165.24**	(27.42)
Attributable to :				
Owners of the Parent	**–**	–	**165.25**	(27.42)
Non-Controlling Interest	**–**	–	**(0.01)**	0.00
Other Comprehensive Income (net of tax)	**0.59**	(6.05)	**0.55**	(6.14)
Total Comprehensive Income	**77.87**	49.82	**165.79**	(33.56)
Attributable to :				
Owners of the Parent	**–**	–	**165.80**	(33.56)
Non-Controlling Interest	**–**	–	**(0.01)**	–
Opening balance in Retained Earnings	**1056.88**	1019.04	**744.68**	790.30
Profit for the period	**77.28**	55.87	**165.25**	(27.42)
Dividend including dividend distribution tax	**(21.48)**	(27.93)	**(21.48)**	(27.93)
Transfer to Debenture Redemption Reserve	**(50.00)**	–	**(50.00)**	–
Transfer from Debenture Redemption Reserve	**20.10**	34.90	**20.10**	34.90
Transfer to Statutory Reserve	–	–	**(0.05)**	(0.17)
Transfer to General Reserve	**(20.00)**	(25.00)	**(20.00)**	(25.00)
Closing Balance in Retained Earnings	**1062.78**	1056.88	**838.50**	744.68

Note : The above figures are extracted from the Standalone and Consolidated Financial Statements as per the Indian Accounting Standards (Ind AS). For the purpose of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101, First-Time Adoption of Indian Accounting Standards, with 1 April 2015 as the transition date and IGAAP as the previous GAAP.

DIVIDEND

The Directors are pleased to recommend a dividend of Re.0.50 per Equity Share of face value of Re.1 each, i.e. 50%, for the Financial Year ended 31 March 2017. This dividend is subject to the approval of the Members at the ensuing Annual General Meeting (AGM). If approved, the total outlay on account of dividend for the Financial Year 2016-17 would amount to Rs.21.48 Crore (including Rs.3.63 Crore towards Dividend Distribution Tax).

TRANSFER TO RESERVES

The Company proposes to transfer an amount of Rs.20 Crore and Rs.50 Crore to the General Reserve and Debenture Redemption Reserve respectively. An amount of Rs.1,062.78 Crore is proposed to be retained in the Statement of Profit and Loss. On redemption of debentures, the proportionate Debenture Redemption Reserve of Rs.20.10 Crore was transferred to General Reserve.

OPERATIONS

The Company's Revenue from Operations on standalone basis was reported lower at Rs.1,834.18 Crore during the year under review as compared to Rs.2,016.15 Crore reported in the previous year. The Export sales decreased by around 53.52% from Rs.778.13 Crore in 2015-16 to Rs.506.86 Crore in 2016-17, due to slow down of world economy, anti-dumping/anti-subsidy duties on Indian DI pipes by European Commission. The Company's profit after tax (PAT) for the Financial Year 2016-17 was reported at Rs.77.28 Crore as against Rs.55.87 Crore for Financial Year 2015-16, mainly due to optimum utilisation of resources, procurement planning and increase in Other Income.

The Revenue from Operations on consolidated basis, for the year ended 31 March 2017 was down by 3.83% from Rs.2,204.23 Crore in 2015-16 to Rs.2,119.75 Crore in 2016-17. The consolidated PAT for the year ended 31 March 2017 was Rs.165.24 Crore as against loss after tax of Rs.27.42 Crore for the previous Financial Year.

During the year under review, the production of Ductile Iron (DI) Pipes was 2,80,287 MT as against 2,92,467 MT in the previous year. The production of Cast Iron (CI) Pipes at Elavur was 34,473 MT as against 33,639 MT in the previous year.

DI Fittings & Accessories produced 8,510 MT of DI Fittings in 2016-17 as against 6,572 MT in 2015-16. Further, improvement in productivity, product variety & quality etc. is expected at Haldia Fittings Plant in current financial year.

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

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report and there has been no change in the nature of business.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report forms an integral part of this Report and gives details of the overall industry structure, developments, opportunities, threats, performance and state of affairs of the Company's business, internal controls and their adequacy, risk management systems including a section on 'Risk Management' and other material developments during the Financial Year 2016-17 is annexed as Annexure 1 forming part of this Report.

FUTURE PROSPECTS

India is growing at a fast rate. The growth in Gross Domestic Product of the country is sustaining steadily. With economic upliftment, rapid urbanization is taking place all over India, where villages are being transformed to towns, towns into cities and cities into megacities. So the future need for water in India is enormous. The solution is piped supply of

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

surface water in usable form. At the same time disposal need of used water is also growing simultaneously, warranting more investment in the sewerage and waste water sector.

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

The pipe demand for Industrial water supply is also growing with more industrialization. The real estate industry has also seen rapid growth in recent years.

As a result, the Indian pipes business has been growing rapidly due to increasing demand for pipes. Among the several varieties of pipes available in the market, the demand for ductile iron pipes in particular, is on a rise due to its high dependability and high durability. Ductile iron pipe in view of its inherent features like high ductility and bursting strength, higher corrosion & abrasion resistance, easy laying and long service life is the preferred choice over other types of pipes for water and sewerage transportation.

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

SHARE CAPITAL

The Issued, Subscribed and Paid-up Share Capital of the Company is Rs.35,69,55,322/- comprising of 35,69,55,322 Equity shares of Re.1/- each as on 31 March 2017.

FINANCE

Debentures

During the period under review, the Company had on 7 September 2016 made premature redemption of the 3rd and final instalment of 10.75% Secured Redeemable Non-Convertible Debentures (Series III). Further, in order to meet the long term working capital and/or general corporate purpose requirements, the Company had on 7 March 2017 allotted 125 No. Unlisted Secured Redeemable Non-Convertible Debentures of Rs.1,00,00,000 each (Series VI) and 75 No. Unlisted Secured Redeemable Non-Convertible Debentures of Rs.1,00,00,000 each (Series VII) aggregating to Rs.200,00,00,000 (Rupees Two Hundred Crore Only) on Private Placement basis.

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

As on 31 March 2017, the Company has the following Secured Redeemable Non-Convertible Debentures (NCDs):

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

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

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

Contact Person : Chief Operating Officer
Phone : (022) 6226 0075/74
Fax : (022) 4325 3000
Email Id : debenturetrustee@axistrustee.com

Credit Rating

Credit Analysis & Research Limited ('CARE') has revised the Company's credit rating for the long-term borrowings from "CARE A" to "CARE BBB+" and for short-term borrowings from "CARE A1" to "CARE A2".

Global Depositary Receipts (GDRs)

The Company had issued Global Depositary Receipts (GDRs) representing the equity shares and had executed the Deposit Agreement on 5 October 2005 with Citibank N.A. New York, the Depositary. Each GDR was equivalent to one underlying equity share of the Company. During the year under review, Citibank N.A., gave notice to the Company of its resignation as depositary. As the number of GDRs were minimal, the Company did not appoint another depositary and Citibank N.A. proceeded with the termination of the Deposit Agreement. The GDR holders instructed Citibank N.A. to sell their shares on 1 March 2017. During the week ended 10 March 2017, all the GDRs have been sold. As on 31 March 2017, there were no outstanding GDRs.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

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

However, the Company had filed its claims for compensation for Parbatpur Coal Block, under the Coal Mines (Special Provisions) Act, 2015 and pending the acceptance and recovery of the same, the Company had filed a Writ Petition before the Hon'ble High Court at Delhi, hearing of which had concluded and the judgment reserved since April 2015. During the year under review, the Company secured interim payments of Rs.82.40 Crore against the claimed amount. Thereafter, on 9 March 2017, the Hon'ble High Court pronounced the judgment, wherein the contentions raised by the Company have been accepted in-principle and it has been clarified that (1) the definition of 'mine infrastructure' as per the Act is an inclusive definition, i.e. it includes other similar assets also, even though it may not be mentioned by name in the definition of mine infrastructure in the Act, (2) the valuation of the mine infrastructure should be done as on the date of execution of the vesting order or the allotment order, as the case may be, and not up to 2014 (as was originally done by the Ministry of Coal, Government of India) and; (3) land should be valued equal to or very close to the market price.

As per the said judgment, Ministry of Coal has to interpret and work the Act in the manner indicated in the judgment. In line with the same, the Company has duly filed a revised claim with Ministry of Coal vide letter dated 4 April 2017 amounting to Rs.1,342.13 Crore (earlier claim being Rs.1,220.70 Crore as on 31 March 2014) towards compensation for mine infrastructure and Rs.189.63 Crore towards compensation for land.

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

INTERNAL FINANCIAL CONTROLS

The Internal Financial Controls with reference to the Financial Statements are considered to be commensurate with the size, scale and nature of the operations of the Company. There are Standard Operating Procedures (SOPs) in all functional activities for which key manuals have been put in place. The manuals are updated and validated periodically. Approval of all transactions is ensured through a pre-approved Delegation of Authority (DOA) schedule which is in-built into the SAP system wherever required. DOA is reviewed periodically by the management and compliance of DOA is regularly checked by the Auditors. The Company's books of accounts are maintained in SAP and transactions

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

are executed through SAP (ERP) setups to ensure correctness/effectiveness of all transactions, integrity and reliability of reporting. There is adequate MIS (Management Information System) which is reviewed periodically with functional heads.

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

DETAILS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

The Company had the following Subsidiaries, Associate Companies and Joint Ventures as on 31 March 2017 :

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

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

A Report on the highlights of the performance of each of the Company's subsidiaries, associates and joint ventures of the Company and their contribution to the overall performance of the Company for the Financial Year ended 31 March 2017 pursuant to the provisions of Section 129(3) of the Companies Act, 2013 (the Act) read with Rule 8 of Companies (Accounts) Rules, 2014 is given in Annexure 2. The statement containing salient features of financial statement of subsidiaries, associate companies and joint ventures for the financial year ended 31 March 2017 pursuant to the said Section read with Rule 5 of the said Rules are given in the financial statements.

In accordance with Section 136 of the Act, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of each of its subsidiaries, are available on the website of the Company www.electrosteelcastings.com. These documents will also be available for inspection during business hours by the Members at the Registered Office of the Company.

STATUS OF AMALGAMATION OF MAHADEV VYAPAAR PVT LTD

The Board of Directors of the Company, at its meeting held on 11 August 2014 had approved the Scheme of Amalgamation ("the Scheme") of its wholly owned subsidiary, Mahadev Vyapaar Pvt Ltd with the Company with effect from 1 April 2014 ("Appointed Date"). Mahadev Vyapaar Pvt Ltd had filed an application before the Hon'ble High Court at Calcutta, which has sanctioned the said Scheme. The application filed by the Company before the Hon'ble High Court at Orissa is still pending. As per Notification no. S.O. 3677(E) dated 7 December 2016 and Rule 3 of Companies (Transfer of Pending Proceedings) Rules, 2016, the matter will now be taken by the National Company Law Tribunal, Kolkata Bench ("NCLT, Kolkata"). However, the application filed before the Hon'ble High Court at Orissa has not yet been transferred to NCLT, Kolkata.

REPORT ON CORPORATE GOVERNANCE

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

MEETINGS OF THE BOARD

The details of Board Meetings held during the Financial Year 2016-17 have been furnished in the Corporate Governance Report forming part of this Report and annexed as Annexure 3.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Dr. Jamshed Jiji Irani (DIN: 00311104), Independent Director resigned from the Board of the Directors of the Company with effect from 4 October 2016. The Board places on record its appreciation and gratitude for the valuable contributions made by him during his tenure as an Independent Director on the Board of the Company.

Mr. Amrendra Prasad Verma (DIN: 00236108) has been appointed as the Additional Director (Independent) on the Board of the Company with effect from 22 December 2016 for a period of 5 (five) years, subject to the approval of appointment and regularization by the Members in the ensuing AGM of the Company. A declaration has been received from Mr. Verma that he satisfies the criteria of independence as per Section 149(6) of the Act. The Company has also received a notice under Section 160 of the Act from a Member proposing his appointment as an Independent Director of the Company and the same has been included in the notice of the forthcoming AGM.

At the meeting held on 28 January 2017, the Board of Directors had re-appointed Mr. Umang Kejriwal (DIN: 00065173) as the Managing Director of the Company for a period of 5 (five) years with effect from 1 April 2017. His re-appointment is subject to the approval of the Members and the said re-appointment together with the remuneration and terms and conditions are proposed in the notice for the forthcoming AGM for your approval.

Further the Board of Directors on 28 January 2017 had re-appointed Mr. Mayank Kejriwal (DIN: 00065980) as the Joint Managing Director of the Company for a period of 5 (five) years with effect from 1 April 2017. His re-appointment is subject to the approval of the Members and the said re-appointment together with the remuneration and terms and conditions are proposed in the notice for the forthcoming AGM for your approval.

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

Mr. Shermadevi Yegnaswami Rajagopalan and Mr. Vyas Mitre Ralli, retires by rotation at the forthcoming AGM and being eligible, offer themselves for re-appointment.

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

a) in the preparation of annual accounts for the Financial Year ended 31 March 2017, the applicable accounting standards had been followed and there were no material departures requiring any explanation;

b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

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

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

f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

INDEPENDENT DIRECTORS

Declaration by Independent Directors

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

DETAILS OF BOARD COMMITTEES & ADOPTION OF POLICIES

There are 5 Board Committees as on 31 March 2017 viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Banking and Authorisation Committee.

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

The Banking and Authorisation Committee comprises of Mr. Binod Kumar Khaitan as the Chairman, Mr. Shermadevi Yegnaswami Rajagopalan, Mr. Mayank Kejriwal and Mr. Uddhav Kejriwal as the members as on 31 March 2017. The terms of reference for the Committee include taking various decisions pertaining to the opening or closing of bank and demat accounts of the Company, changing the signatories of the Bank Accounts, subscribing/purchasing/selling/dealing in shares and securities and availing broking services, making loans from time to time to subsidiary companies/Joint Ventures/Associates for its working capital requirement, giving guarantee or providing security to any bank in connection with fund based/non-fund based facilities including loan(s) made to Subsidiary Company/Joint Venture/Associate Company by such bank and any other work related to day-to-day operations of the Company.

Vigil Mechanism

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

Nomination and Remuneration Policy

The Board has adopted a Nomination and Remuneration Policy recommended by Nomination and Remuneration Committee in terms of the provisions of Section 178 of the Act. The Nomination and Remuneration Policy has been annexed to this Report as Annexure 4. The criteria of making payments to non-executive directors of the Company forms part of the Nomination & Remuneration Policy.

Corporate Social Responsibility Policy

In accordance with the requirements of Section 135 of the Act, read with Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company has a Corporate Social Responsibility Committee and developed and implemented the Corporate Social Responsibility Policy. A Report on CSR activities/initiatives which includes the contents of the CSR Policy, composition of the Committee and other particulars as specified in Section 135 of the Act read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 are disclosed as Annexure 5 to this Report.

Policy on Board Diversity and Succession Plan

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

FORMAL ANNUAL EVALUATION AND ITS CRITERIA

The Nomination and Remuneration Committee of the Board has formulated and laid down criteria for annual evaluation of Directors pursuant to provisions of Section 178 of the Companies Act, 2013 and Listing Regulations and as per requirements of Section 134 of the Act, the manner of evaluation is disclosed below –

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

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

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

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

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

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

Further, in terms of the requirements of the Act and the Listing Regulations, the Board had carried out an annual evaluation of its own performance, the performance of Directors individually as well as evaluation of the performance

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

and working of its Committees at its meeting based on the criteria formulated by the Nomination & Remuneration Committee.

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

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

The statement pertaining to particulars of employees including their remuneration as required to be reported under the provisions of Section 197(12) of the Act, read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) (the Rules) are provided in Annexure 6A to this Report. However, as per the provisions of Section 136 of the Act, the Reports and Accounts for the Financial Year 2016-17 are being sent to the Members and other entitled thereto, excluding this statement. This statement is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

The disclosures pertaining to the remuneration of Directors, KMPs and employees as required under Section 197(12) of the Act, read with Rule 5(1) of the Rules are provided in Annexure 6B to this Report.

AUDITORS AND AUDITORS' REPORT

The Statutory Auditors of the Company, M/s. Lodha & Co. Chartered Accountants (Firm Registration Number 301051E) holds office till the conclusion of the ensuing AGM of the Company.

The Board has placed on record its appreciation for the services rendered by M/s. Lodha & Co, Chartered Accountants, as Statutory Auditors of the Company.

The Board of Directors on the recommendation of the Audit Committee has proposed the appointment of M/s. Singhi & Co., Chartered Accountants (Firm Registration Number 302049E) as Statutory Auditors of the Company from the conclusion of the 62nd AGM till the conclusion of the 67th AGM, for approval of Members of the Company (subject to ratification by Members at every AGM, if required, under the prevailing law at that time).

The proposed Auditors have confirmed their willingness and eligibility in terms of provisions of Section 139, 141 and other relevant provisions of the Act, the Chartered Accountants Act, 1949 and the Rules and Regulations made thereunder. As required under Regulation 33 of the Listing Regulations, M/s. Singhi & Co., have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

M/s. Singhi & Co., Chartered Accountants have in the past handled audit of companies with large scale operations and have maintained high level of governance, rigour and quality in audit and audit process.

The para wise responses of the management to the opinion/remarks/observations made in the Independent Auditors' Report on the financial statements of the Company for the year ending 31 March 2017 are given below:

1. As regards the Qualified Opinion expressed by the Auditors in their Report and its consequential references made in para nos. (d), (e), (h) and (i)(i) of their Report and para (i)(b), (i)(c) and (ii)(a) of the Annexure to the Auditors' Report of even date, attention is drawn to Note Nos. 46a and 47 of the Standalone Financial Statement, which are self-explanatory;

2. On the Auditors' observation made in para (i)(a) of the Annexure to the Auditors' Report of even date, your Directors wish to inform that all necessary steps are being taken to regularise the maintenance of proper records for furniture and fixtures;
3. On the Auditors' observation made in para (ix) of Annexure to the Auditors' Report of even date, your Directors have to clarify that External Commercial Borrowings (ECB) funds are being used as per the progress of the respective project(s) for which these amounts were borrowed and pending the completion of the project(s), the balance amounts could only be parked with Authorised Dealer Bank as per the terms of ECB.

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

COST AUDITORS

Pursuant to Section 148 of the Act read together with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, the Company is required to carry out audit of the cost accounting records of the Company relating to Pig Iron, DI Pipe, DI Fittings, CI Pipe, Coke, Dolomite, Sponge Iron & Power Generating units for every Financial Year.

The Cost Audit Report and a Compliance Report for the Financial Year 2015-16 were filed on 6 October 2016.

M/s. S. G. & Associates (Firm Registration Number 000138), Cost Accountants, Kolkata, has been re-appointed as Cost Auditors for Financial Year 2017-18 for all the applicable units and products of the Company. The remuneration proposed to be paid to them for the Financial Year 2017-18 requires ratification of the shareholders of the Company. In view of this, your ratification for payment of remuneration to the Cost Auditors is being sought at the ensuing AGM.

SECRETARIAL AUDITORS

In terms of Section 204 of the Act and Rules framed thereunder, M/s. S. M. Gupta & Co., Practicing Company Secretaries were appointed Secretarial Auditors of the Company for the Financial Year 2016-17. The report of the Secretarial Auditors' is annexed as Annexure 7 to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

INTERNAL AUDITORS

In terms of the provisions of Section 138 of the Act, M/s. Chaturvedi & Company, an independent firm of Chartered Accountants were appointed as Internal Auditors of the Company for the Financial Year 2016-17. The Audit Committee in consultation with the Internal Auditors formulates the scope, functioning, periodicity and methodology for conducting the Internal Audit. The Audit Committee inter-alia reviews Internal Audit Reports.

The Board has appointed M/s. Ernst & Young LLP, as Internal Auditors for the Financial Year 2017-18 under the provisions of Section 138 of the Act.

PUBLIC DEPOSITS

During the Financial Year 2016-17, the Company has not accepted any deposit within the meaning of Sections 73 and 76 of the Act, read together with the Companies (Acceptance of Deposits) Rules, 2014.

LOANS, INVESTMENTS, GUARANTEES & SECURITIES

The particulars of loans, guarantees and investments covered under the provisions of Section 186 of the Act are given in Note no. 55.3 to the Standalone Financial Statements of the Company.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return as on the Financial Year ended 31 March 2017 in Form MGT 9 is annexed as Annexure 8 to this Report.

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

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

The Company has in place a Policy in line with requirements, inter-alia, of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committees have been set up to redress complaints received regarding sexual harassment. The Company has not received any complaint of sexual harassment during the Financial Year 2016-17.

RELATED PARTY TRANSACTIONS

The Company has entered into contracts/arrangements with the related parties during the Financial Year 2016-17 which were in the ordinary course of business and on arm's length basis. Thus provisions of Section 188(1) of the Act are not applicable and the disclosure under AOC 2 is not required. However, your attention is drawn to the Related Party disclosure in Note no. 55 of the Standalone Financial Statements.

The Board has approved a policy for Related Party Transactions which has been hosted on the website of the Company. The web-link for the same is http://repository.electrosteelcastings.com/investors/pdf/related-party-transaction-policy-ver3.pdf. The Related Party Transactions, wherever necessary, are carried out by the Company as per this Policy.

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

RISK MANAGEMENT POLICY

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

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

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Pradip Kumar Khaitan
Chairman
DIN : 00004821

Place : Kolkata
Date : 19 May 2017

Annexure – 1

Management
Discussion and Analysis Report

A. INDUSTRY STRUCTURE AND DEVELOPMENT

⏮ Overview

The Company is engaged in the business of manufacturing Ductile Iron (DI) Pipes, Ductile Iron Fittings (DIF) and Cast Iron (CI) Pipes. The Company is the first to set up a Ductile Iron Pipe Plant in India. Today it is India's leading pipeline solution provider. It has a strong brand presence around the Globe. Since 1994, the Company has maintained its edge over its competitors.

⏮ Industry Outlook

Water and sewerage infrastructure development in Indian urban and rural sector has been the key engine of growth acceleration for the DI Pipe Industry. With only around 31% of India's population currently urbanized, along with high population density, India's urbanization trends have scope to significantly accelerate. Further, the country faces immense problem of drinking water supplies and has poor transmission and distribution networks for water. The Indian water and waste water market is growing at the rate of 10%-12% every year.

To improve and sustain the water availability, the Central Government has initiated a number of major urban development schemes to transform the urban scenario of the country. This will result in large investment in the Water Supply & Sewerage System. Under the '100 Smart City Project' Rs.50,000 Crore will be spent to modernize 100 selected cities with latest information technology and all modern amenities including 24 hours Water Supply. Matching grant will come from the State and private stakeholders.

Another major initiative is Atal Mission for Rejuvenation and Urban Transformation Yojna (AMRUT). Under AMRUT, 500 Small City will undergo infrastructure revamping. A major part of the investment will be spent on Water Supply and Sewerage. Rs.50,000 Crore will be provided as central assistance over a 5 (five) year period and matching grant is to be provided by the State. Another Rs.20,000 Crore will be spent under the 'Namami Gange' Scheme where cities on the bank of river Ganga and its tributaries will have modern waste water conveyance and treatment facilities to make the rivers clean.

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

⏮ Demand drivers for DI Pipes

The following factors would drive the demand for DI Pipes:

1. The 500 numbers of AMRUT schemes and 100 smart city project launched by the Government will result in a surge in demand for the products.
2. Thrust of the Government to provide drinking water and sanitation to 100% of the population and make funds available to achieve it.
3. The Prime Minister has announced housing for all by 2022, which will drive growth for piping. India has at present shortage of 59 million houses and need additional 51 million houses (total 110 million) by 2022.

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

4. Low cost housing and rural is picking up in a big way after the recent announcement of subsidy by the Prime Minister.
5. With diminishing fresh water resources, the need to conserve water and reduce leakage has become important. So demand for more dependable pipe material like DI pipe is growing.

More utilities are focussing on life cycle cost rather than initial cost to have a more durable water supply solution.

⏮ FY 2016-17 vs. FY 2015-16

The Company's Revenue from Operations was reported lower at Rs.1,834.18 Crore during the year under review as compared to Rs.2,016.15 Crore reported in the previous year. The Export sales decreased by around 53.52% from Rs.778.13 Crore in 2015-16 to Rs.506.86 Crore in 2016-17, due to slow down of world economy, anti-dumping/anti-subsidy duties on Indian DI pipes by European Commission. The Company's profit after tax (PAT) for the FY 2016-17 was reported at Rs.77.28 Crore as against Rs.55.87 Crore for FY 2015-16, mainly due to optimum utilization of resources, procurement planning and increase in Other Income.

B. PRODUCT WISE PERFORMANCE

⏮ Ductile Iron (DI) Pipes

The Ductile Iron Pipe Plant, with a total capacity of 2,80,000 TPA produced 2,80,287 MT of DI Pipes during the year 2016-17 compared to 2,92,467 MT in 2015-16. The production was impacted by maintenance shut down. Initiatives continue by the Company to sustain improving productivity.

The main raw materials used in the production of DI pipes are Iron Ore and Coke. Iron Ore is mainly procured from Odisha and Jharkhand and Coke is captively produced at Haldia. The DI Pipes produced by the Company is sold in India and globally. The sale of DI Pipes contributed to 75% of the total revenues of the Company during the year amounting to Rs.1,348 Crore.

⏮ Cast Iron (CI) Pipes

The Cast Iron Pipe Plant, with a total capacity of 1,08,000 TPA produced 34,473 MT of CI Pipes in 2016-17 compared to 33,639 MT in 2015-16. The capacity utilisation was lower as the demand for Cast Iron Pipes remains low.

The main raw material used in the production of CI pipes is Pig Iron, which is sourced from domestic sources. The CI Pipes produced by the Company is sold mainly to the states in Southern India. The sale of CI Pipes contributed Rs.148.80 Crore to the total revenues of the Company during the year.

⏮ DI Fittings & Accessories

DI Fittings & Accessories produced 8,510 MT of DI Fittings in 2016-17 as against 6,572 MT in 2015-16. The Company has enhanced the capacity through installation of new facility at Haldia Works for improving the performance of the division which is under operation. Initiative continued to improve productivity. The sale of DI Fittings and Accessories contributed to Rs.109.61 Crore in the total revenues of the Company during the year.

⏮ Power Plant

12 MW Power Plant at Haldia has contributed 82.49 million units in 2016-17 to SEB grid in place of 70.17 million units in 2015-16. Generation increased due to higher availability of steam from Coke Oven and Sponge Iron Boilers for higher running days.

⏮ Captive Coke Oven Plant

The Coke Oven Plant, with a total capacity of 2,25,000 TPA at Haldia, produced 167,099 MT of Metallurgical Coke in 2016-17 against 2,09,492 MT in 2015-16, mainly for captive consumption in Blast Furnace at Khardah Works. The production was lower as the demand for surplus, after meeting the captive requirements, was sluggish because of volatile price during this period. The primary raw material for producing Coke that is Coking Coal was imported from Australia.

Raw Materials Management

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

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

To ensure timely and uninterrupted movement of raw materials, the Company has constructed a private railway siding to reduce transportation cost on raw materials.

Exports

The export market continues to be challenging due to slow down of world economy along with some major events such as strengthening of Indian Rupees, increase in ocean freights, Brexit, etc. in addition to import duty in Europe and continuing Anti-dumping/Anti-subsidy duties on Indian DI Pipes by European Commission.

However, to reduce the adverse impact as aforesaid and improve exports, the Company is continuously trying to target new export markets across the world along with development of new products in terms of joints, lining and coatings. The Company is also trying to improve the performance by reducing costs and price increase in the areas wherever possible.

Quality and Approvals

The Company is facing stiff competition both in Domestic and Export Markets. The Company is dedicated to ensure that quality remains the topmost priority. All the observations and comments of auditors, customers and visitors are taken seriously and actions are taken against each observation. This has helped the Company to be on the path of continual improvement and expanding the business in countries like Tanzania, Uganda, Ethiopia, Madagascar, Ukraine, Vietnam, Indonesia after maintaining strong presence in Europe, USA, South East Asia and Asian Sub Continent.

The Product of the Company continues to be approved by DVGW of Germany, OVGW of Austria, BSI (UK), IGH (Croatia), UL (USA), FM (USA) etc.

New Product Development is crucial for survival in this competitive market. After the huge success of Electrolock restrained Joint in Europe, the Company has started to market it in other countries. The Company is continuously developing different corrosion resistance linings and coatings. The latest one was Internal Polyurethane Coating. This coating is already approved by OFI (Austria) and the product has passed the drinking water requirement of UK and Italy. The Company has already started to supply these products in Europe.

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

The paint manufacturing facility of the Company is not only helping to improve the bottom line but is helping to develop more and more new corrosion resistance paints of international quality and certification of international laboratories.

As a part of continuous improvement in System, the Company is going to shift to ISO 9001:2015 from ISO 9001:2008 next year. The Company is dedicated to maintain the Environment, ensure employee safety and health and discharge the duties of social responsibility and continues to be certified for ISO 14001, OHSAS 18001 and SA 8000.

C. OPPORTUNITIES AND THREATS

Opportunities

The Government of India has announced huge investments in Smart city and AMRUT projects which continue to increase the pipe demand. The major reasons for the growth of this Industry is increasing demand for pipes in the municipal water supply & sewerage sector, irrigation sector and power & industry sector. Due to land acquisition problem, more piped water irrigation projects are coming up. Urban sewerage system needs revamp in many cities which will require more pipes. The focus of the Government on rural water management will also be a contributing factor. Electrosteel Castings, a pioneer in introducing Ductile Iron Pipes in India, with state of the art manufacturing facilities, is well placed to avail this opportunity. A dedicated team for research and development, improved product features and sound engineering back-up in providing before sales and after sales solution, put Electrosteel in an advantageous position.

Threats

Increasing cost of raw materials, manpower, pipe transportation/shipping logistics, coupled with increasingly competitive market with entry of new manufacturers, have created pressure on margins. The export market continues to be very challenging due to slow down of world economy and Anti-dumping/ Anti-subsidy duties imposed on Indian DI Pipes by European Commission in EU countries. However, the Company is foraying into many new countries to maintain exports. However, with focus towards alternate markets, backward integration, cost reduction, de-bottlenecking of logistic constraints and long term planning for raw materials, the Company is confident of achieving sustained growth.

D. RISKS AND CONCERNS

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

E. FINANCIAL PERFORMANCE

The highlight of the operations for the year ended 31 March 2017 and 31 March 2016 are as under:

a) Financials

(Rs. in Crore)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Gross Sales & Income from Operations	**1,834.18**	2,016.15
Profit before Interest, Depreciation & Exceptional Items	**373.23**	305.95
- Finance Expenses	**201.05**	169.08
- Depreciation	**63.69**	64.88
Profit before Exceptional Items & Tax	**108.49**	71.99
Exceptional Items	–	–
Profit before Tax	**108.49**	71.99
Tax Expenses	**31.21**	16.12
Profit after Tax	**77.28**	55.87

b) Company's Sales mix

(Rs. in Crore)

Product	Turnover	
	Year ended 31 March 2017	**Year ended 31 March 2016**
Finished goods sold		
D. I. Spun Pipes	**1,348.25**	1,449.71
C. I. Spun Pipes	**148.80**	142.67
Others	**295.37**	384.88

Other Financial Matters

During the year :

1. Net Worth of the Company increased to Rs.2,864.50 Crore as at 31 March 2017 as against Rs.2,806.61 Crore as at 31 March 2016.
2. Gross Fixed Assets including Work in Progress & Capital Advances as at 31 March 2017 decreased to Rs.2,976.65 Crore as against Rs. 3,060.89 Crore as at 31 March 2016.

F. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

G. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company believes that to achieve continual success, a dedicated and devoted workforce is very much required to get high performance and improved productivity. This has been endlessly supported by evolving human resource management systems and processes of the Company. The Company has left no stones unturned for enhancing the capabilities of employees at all level. Further, the Company is strongly focused towards utilisation of its manpower to the optimum level.

The positive approach and cordial relationship between the Management and Unions has resulted in smooth Industrial Relations during the year under review.

The Company has been accredited with Social Accountability 8000 certification from British Standard Institute (BSI). This year the BSI has renewed the Company's agreement after continuing assessment on SA 8000:2008 and has further granted SA 8000:2014 certification (latest version) after the rigorous Transition Assessment exercise at the Company, on compliance of new standards. The Company is taking initiatives to maintain TPM excellence.

⏮ **Safety & Health**

The Company has made Health, Safety & Environment Management an integral and essential part of operations. The Company is committed to provide a safe, healthy, clean & ergonomic working environment in all spheres of its activities. The Company is strictly monitoring and reviewing compliance of various laws applicable for health & safety at all work places and project works.

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

The Company is :

- focused on providing General Safety, Process Safety and Behavioral Safety through various campaigns & training.
- effectively maintaining established Safety & Health Policy of the Company.
- efficiently conducting various competitions amongst all employees during celebration of Safety Week for further enhancement of safety awareness like Quiz Contest, KYT Contest and Safety-Drama Contest etc.
- regularly monitoring and reviewing operational performance, working to anticipate potential risk issues and provide support for improvements.
- providing training to workmen on regular basis to maintain the workplace a safe zone.
- giving required importance for identification of hazards and risk analysis thereof apart from regular plant safety inspection, implementation of safety committee resolutions etc.

Environment

The Company is committed to have green and clean environment and look for better & greener tomorrow. The Company is having all required facilities for pollution control and to provide environment friendly ambience. All round efforts have been taken to sustain the same. The Company has established and implemented Environmental Management System across the organisation through following activities:

- Appropriate pollution control systems are installed in the plants which are being operated satisfactorily as per required efficiency. Regular monitoring of those is being done.
- Green Belt Development is given top priority for taking its benefit for creating an environment friendly condition from various points. As a part of green belt development programme, sufficient numbers of trees of various types have been planted within the premises. Maintenance of those and new plantation programme is continuing.
- Permanent ambient air quality monitoring stations have been installed for continuous monitoring of air quality.
- An exclusive Environment Management Cell is working to monitor and analyse different aspects of Environment control and for ongoing compliance of applicable legal requirements.
- For conservation of water, various treatment & recycling operations are implemented within the plant to reduce the water consumption and also reduce the waste water generation.
- An exclusive Energy Management Cell is working for Conservation of energy which is considered as a part of continual improvement.
- Several initiatives are taken to create awareness about resource conservation and appropriate Environment Management Programme to optimise the resource consumption.
- Taken initiatives for implementing good housekeeping practices through 5S principle.
- Providing proper awareness and training to employees on best practices of environment control and improvement.
- Involving local people in different Environment Awareness programmes and World Environment Day Celebration.
- Management Review is being done on regular basis for checking the adequacy and effectiveness of the established Environmental Management System.

Waste Minimisation

The Company has adopted 3 "R"s namely Reuse, Recycle and Reduce concept and making its all possible effort to convert wastes into resources. Technological improvement is being done by Engineering Department working with the above principle as a continuous process.

Some initiatives taken and in continuation are as follows :

- Collection, handling, storing and disposal of hazardous and non-hazardous waste are done in environmentally safe manner in compliance with the applicable legal requirements.
- Reuse of packing waste towards conservation of natural resources.
- Continual improvement in waste water treatment is done for higher recycling in operational process to reduce consumption.
- Proper management of bio-medical wastes and e-wastes as per the guideline of latest rules and requirement.

Corporate Social Responsibility

For Electrosteel, Corporate Social Responsibility (CSR) is a setup of planned activities, taking into consideration the capabilities of the Company and the place where it stands with a target on the significant positive impact on its Employees, Environment & Society. It reflects the Company's thinking and progress to date on the issues that affect the sustainability and health of its business and society. The initiative of the Company is an aim to strengthen its operating foundation and enhance continuously on its corporate value in line with CSR activities.

The Company takes into account issues of concern related to stakeholders and also various range of programs that aim at Social & Environmental issues. It also creates and implements community based initiatives to solve issues in areas like education for children, environmental conservation and external cooperation keeping in mind the local culture and society. The environmental practices also include innovative programs designed to protect the environment of nearby communities.

Electrosteel Initiatives

- Setting of drinking water kiosks in local area during the summer season.
- Providing assistance for promoting local culture and festivals.
- Promoting education & sports activities in local schools & sports clubs.
- Providing medical help through the charitable medical centers.
- Motivating local poor but bright students and distribution of educational kits amongst school children.
- Arranging regular Blood Donation and Medical Camps through agencies and helping local people with Blood Cards as and when required.
- Distribution of clothes/blankets to downtrodden people of local area.
- Providing financial help to needy people against their appeals.
- Engaging the Employees through various competitions, sports activities and cultural programmes.

The implementation and monitoring of the CSR activities is in compliance with the CSR objectives of the Company.

Information Technology

The Company continues to focus on the strategic application of information technology to improve operational performance, manage organisational & technical change and optimise business effectiveness.

The Company with its consistent efforts has been able to cover the entire spectrum of business operations under the sphere of SAP ERP application. The Company is soon going to host the SAP application on cloud technology platform to optimise on cost and performance.

The Company has standardized on Qlikview as the analytical tool to assist decision making process across the functions.

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

- As part of improved employee commitment and bonding, employee portal system has been implemented and available to all group employees for better collaboration.
- Employee portal application at group level has been revamped and soon going to be launched from cloud platform.
- A Wide Area Network connecting more than 20 diverse geographic locations across India including manufacturing plants, corporate office and sales offices.
- The Company has implemented periodic checks to prevent data security threats and attacks.

H. OUTLOOK

Electrosteel Castings is the first to start manufacturing Ductile Iron Pipes and Fittings in India, in 1994. Currently, the group has the maximum capacity to produce DI Pipe, DI Fittings and CI Pipes in India. Electrosteel is well known for innovation and for diversity in its product lines. The Company was instrumental in developing various classes of pipes and various types of protective coatings and huge range of fittings. On the strength of quality, comparable to any other prime international manufactures, Electrosteel Castings DI Pipes and Fittings are accepted in Europe, Africa, Middle East, Far East and in USA. With this outlook, the Company is hopeful of having comfortable order position to sustain in domestic market in 2017-18.

CAUTIONARY STATEMENT

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

Risk Management

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

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

Economic Risk

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

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

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

Competitor Risk

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

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

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

Industrial Risk

Labour unrest can erupt anytime in a Company and cause hindrance in the operation of the Plant. The Company recognises people as the primary source of its competitiveness. It continues to pay sincere attention on people development by developing a continuously learning human resource base to help them in improving their potential and fulfilling their aspiration.

A major factor in the smooth operation of the plant is cordial industrial relation. The Company through its experienced team of management has been successful in maintaining an excellent labour relation over the years. As a consequence of such harmonious relations there has not been a single man day lost for more than a decade. Recently Memorandum of Settlement was signed between the unions and the management without any gate meeting, posterings, slogans etc for a period of three years. The Company is optimistic that due to a loyal, devoted and dedicated workforce, the labour relation will continue to strengthen further and play an important role in the success of the Company.

Environmental Risk

Environmental risk can be defined as those which may come for any regulatory & environmental non-compliances arising out of the operation of the Company's plant activities. This may impact the Company's image and also generate financial liabilities.

The Company has proper Environmental Management System supported by policies & procedures to maintain strict adherence in respect of monitoring and reviewing compliance of various applicable laws related to the environment. The Company is having appropriate pollution control equipments, effluent treatment plants, waste treatment & recycling systems, dust control systems installed in the plants which are being operated & maintained satisfactorily as per required efficiency. Regular monitoring of those is being done. Permanent ambient air quality monitoring stations have been installed for continuous monitoring of air quality. An exclusive Environment Management Cell is working to monitor and analyse different aspects of environment control and for ongoing compliance of applicable legal requirements and also strictly adhering to the requirements of ISO 14001:2004 standards. Management Review is being done on regular basis for checking the adequacy and effectiveness of the established Environmental Management System.

Foreign Exchange Risk

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

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

Payment Risk

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

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

Annexure – 2

Report on Performance and Financial Position of the Subsidiaries, Associates and Joint Ventures of the Company for the year ended 31 March 2017

There are 12 Subsidiaries, 3 Associates and 2 Joint Venture (JV) Companies of the Company as on 31 March 2017. The performance and financial position of these Subsidiaries, Associates and JVs of the Company and their contribution to the overall performance of the Company for the Financial Year ended 31 March 2017 are summarised below:

A. SUBSIDIARIES

1. Electrosteel Algerie SPA, Algeria

Electrosteel Algerie SPA is a wholly owned subsidiary engaged in marketing and selling the products of the Company in Algeria and other African countries. This subsidiary has made a profit of DZD 7.90 million on a total income of DZD 37.67 million during the year under review as compared to a loss of DZD 56.55 million on a total income of DZD 79.32 million during the previous year. The profit was due to execution of projects in North West Africa. It was expected that the sales would improve in North & West African region, thereby improving the results in 2017-18.

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

Electrosteel Castings (UK) Ltd. is a wholly owned subsidiary engaged in marketing and selling the products of the Company in United Kingdom. This subsidiary has earned a profit of GBP 482,321 on a turnover of GBP 15.07 million during the year under review as compared to a profit of GBP 122,581 on a turnover of GBP 14.59 million during the previous year. The Financial Year 2017-18 will be challenging due to existing anti-subsidy duty and further imposition of Import Duty from 1 January 2017. The Company is taking measures to maximise selling prices and reduce overheads.

3. Electrosteel Castings Gulf FZE, UAE

Electrosteel Castings Gulf FZE is a wholly owned subsidiary engaged in marketing and selling the products of the Company in United Arab Emirates and other Middle-East countries. This subsidiary has earned a profit of AED 1,833,074 on a total income of AED 30.22 million during the year under review as compared to a profit of AED 4,003,316 on a total income of AED 36.35 million during the previous year. Sales promotional expenses lead to lower profits during the year under review as compared to last year. Due to fall in crude prices and accordingly reduction in number of projects in the region, the outlook for the next financial year will be challenging.

4. Electrosteel Doha for Trading LLC, Qatar

Electrosteel Doha for Trading LLC is a subsidiary engaged in marketing and selling the products of the Company in Qatar. The Company holds 49% stake and controlling interest in this subsidiary. This subsidiary has made a loss of QAR 167,750 on a total income of QAR 3.55 million during the year under review as compared to a loss of QAR 53,754 on a total income of QAR 2.12 million earned in the previous year. Due to fall in crude prices and accordingly reduction in number of projects in the region, the outlook for the next financial year will be challenging.

5. Electrosteel Europe SA, France

Electrosteel Europe SA is a wholly owned subsidiary engaged in marketing and selling the products of the Company in France, Italy, Portugal, Poland, Germany and other countries located in North Europe. This subsidiary has earned

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

a profit of Euro 638,907 on a turnover of Euro 51.77 million during the year under review as compared to a profit of Euro 156,977 on a turnover of Euro 63.40 million during the previous year. There was a steep increase in profit of the subsidiary because of increase in selling prices and reduction in overheads in absolute terms. The Financial Year 2017-18 will be challenging due to existing anti-subsidy duty and further imposition of Import Duty from 1 January 2017 onwards and continuous pressure on selling prices from the competitors. The subsidiary is taking measures to maximise selling prices and reduce costs in order to remain in profit.

6. Electrosteel Trading SA, Spain

Electrosteel Trading SA is a wholly owned subsidiary engaged in marketing and selling the products of the Company in Spain. This subsidiary has earned a profit of Euro 8,123 on a turnover of Euro 2.18 million during the year under review as compared to a profit of Euro 558 on a turnover of Euro 3.05 million during the previous year. The outlook for the Financial Year 2017-18 will be similar to the current year.

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

Electrosteel USA, LLC is a wholly owned subsidiary and this entity along with its wholly owned subsidiary i.e. WaterFab LLC is engaged in marketing and selling the products of the Company in USA. This subsidiary has made a consolidated loss of USD 189,371 on a consolidated turnover of USD 6.51 million during the year under review as compared to a consolidated loss of USD 389,779 on a consolidated turnover of USD 5.15 million during the previous year. The market in general is slow in USA and the Company is facing stiff resistance from its competitors. The outlook for the Financial Year 2017-18 in respect of volume is expected to be positive with breakeven or marginal profits.

8. Electrosteel Brasil LTDA Tubos e Conexoes Duteis, Brazil

Electrosteel Brasil LTDA Tubos e Conexoes Duteis is a wholly owned subsidiary engaged in marketing and selling the products of the Company in Brazil and other South American markets. There has not been much of activity through this subsidiary during the Financial Year 2016-17.

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

Electrosteel Bahrain Holding SPC Company was incorporated as a wholly owned subsidiary to act as the holding company. Electrosteel Bahrain Holding SPC Company incorporated a subsidiary, Electrosteel Bahrain Trading W.L.L (i.e. step down subsidiary of the Company). This subsidiary mainly caters the Saudi Arabia and Bahrain market. This subsidiary has made a consolidated profit of BHD 144,029 on a turnover of BHD 2.23 million as compared to loss of BHD 17,257 on a total income of BHD 0.39 million. The outlook for the Financial Year 2017-18 is challenging due to fall in crude prices and accordingly reduction in number of projects in the region.

10. Mahadev Vyapaar Pvt Ltd, India

This wholly owned subsidiary is being amalgamated with the Company. The status of the amalgamation has been provided in the Report of the Directors. This subsidiary had earned a profit after tax of Rs.8.70 lakh during the year under review as compared to the profit after tax of Rs.7.37 lakh earned in the previous year.

B. ASSOCIATES

1. Electrosteel Steels Limited, India

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

Continuous efforts for reduction of production cost and improvement in operational efficiency has resulted in managing the turnover of the Company. The total income of ESL decreased from Rs.290,447.33 lakh in the Financial Year 2015-16 to Rs.286,782.70 lakh in the Financial Year 2016-17 and loss of the Company increased from Rs.36,799.42 lakh in the Financial Year 2015-16 to Rs.146,347.99 lakh in the Financial Year 2016-17.

The Lenders of ESL had invoked Strategic Debt Restructuring pursuant to RBI Circulars dated 8 June 2015 and 24 September 2015 and implementation thereof was under progress.

Inspite of paucity of working capital requirement, ESL was able to sustain the turnover of the Company vis-à-vis previous financial year. The results were impacted as there has been wide fluctuation in raw material prices especially imported coking coal.

2. Srikalahasthi Pipes Limited, India

Srikalahasthi Pipes Limited (SPL) an associate of the Company is leader in the manufacture of Ductile Iron Pipes in South India. SPL has reported revenue from operations of Rs.1,20,340.14 lakh during the Financial Year 2016-17 as against 117,767.07 lakh achieved in the previous year, registering a marginal increase of about 2%. During the year under review, SPL had undertaken a planned shutdown over thirty days for relining of its Mini Blast Furnace, modernization and expansion of its present capacity of Ductile Iron Pipe Plant, besides induction of Pulverized Coal Injection system (PCI) to reduce the cost of production.

Loss of production due to planned shutdown and steep increase in the prices of coking coal during the 4th quarter of the Financial Year 2016-17 resulted in marginal decrease in the profitability of SPL at Rs.191.22 Crore compared to Rs.209.51 Crore registered in the Financial Year 2015-16.

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

During the year under review, SPL expanded the capacity of its Ductile Iron Pipe Plant from 2,25,000 TPA to 3,00,000 TPA at a cost of Rs.100 Crore. Now that the plant is fully stabilized, the Company will start reaping the benefits of increased capacity from the Financial Year 2017-18.

The continued emphasis of Central and State Governments on drinking water Programs across the country is likely to push demand for Ductile Iron Pipes required for laying of pipeline infrastructure for water supply. With the increased capacity of Ductile Iron Pipes, SPL is placed in a better position to cater to the additional demand in the domestic market. Further use of Ductile Iron Pipe in the non conventional sectors like irrigation schemes will further improve the business prospects and SPL is hopeful of maintaining its growth.

3. Electrosteel Thermal Power Limited, India

Electrosteel Thermal Power Limited (ETPL), an associate of the Company, is yet to commence operations. ETPL had reported a loss after tax of Rs.0.22 lakh during the year 2016-17 as compared to a loss after tax of Rs.0.24 lakh in the previous year.

C. JOINT VENTURES

1. Domco Private Limited, India

The status of Domco Private Limited, a JV entity, has been covered under Note no 7.3 of the Notes on Consolidated Financial Statements for the year ended 31 March 2017.

2. North Dhadhu Mining Company Private Limited, India

The status of North Dhadhu Mining Company Private Limited, a JV entity, has been covered under Note no 7.4 of the Notes on Consolidated Financial Statements for the year ended 31 March 2017.

Annexure – 3

Report on Corporate Governance of the Company

for the year ended 31 March 2017

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

1. Company's philosophy on Corporate Governance in brief

The philosophy of the Company in relation to Corporate Governance is to ensure fairness, transparency, integrity, equity, honesty and accountability in its dealings with its customers, dealers, employees, lenders, government and other stakeholders including shareholders. The Company is committed to achieve and maintain the highest standards of Corporate Governance. The Company has adopted various codes, policies and programs to carry out its operations in a transparent and ethical manner. Some of the important codes, policies and programs adopted in this regard are -

- Code of Conduct for Directors and Senior Management;
- Code of conduct for regulating, monitoring and reporting trading by Insiders;
- Vigil Mechanism Policy;
- Related Party Transaction Policy;
- Nomination and Remuneration Policy;
- Corporate Social Responsibility Policy;
- Policy on Material Subsidiaries;
- Policy on Board Diversity and Succession Plan;
- Policy for determination of Materiality of Events/Information for disclosures;
- Familiarization Program.

2. Board of Directors

2.1 Composition and Category of Directors and number of outside Directorship and Committee Positions held as on 31 March 2017

The Board of Directors of the Company consists of 12 (twelve) members which comprise of:

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

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

The composition of the Board as on 31 March 2017 was pursuant to the provisions of Companies Act, 2013 (the Act) and the Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Name of the Director	Category	Number of outside Directorship(s) held			Outside Committee Position(s) held[1]	
		Public Companies	Private Companies	Foreign Companies	As Member	As Chairman
Mr. Pradip Kumar Khaitan	Chairman, Independent, Non Executive	9	–	–	2	2
Mr. Binod Kumar Khaitan	Independent, Non Executive	1	1	–	–	1
Mr. Ram Krishna Agarwal	Independent, Non Executive	5	1	1	5	–
Mr. Amrendra Prasad Verma[2]	Independent, Non Executive	6	–	–	2	1
Mr. Umang Kejriwal	Promoter, Executive	3	2	–	–	–
Mr. Mayank Kejriwal	Promoter, Executive	7	4	–	2	–
Mr. Uddhav Kejriwal	Promoter, Executive	3	10	–	–	–
Ms. Nityangi Kejriwal	Promoter, Non Independent, Non Executive	–	–	–	–	–
Mr. Naresh Chandra	Non Independent, Non Executive	8	1	1	8	1
Mr. Shermadevi Yegnaswami Rajagopalan	Non Independent, Non Executive	1	–	–	2	–
Mr. Vyas Mitre Ralli	Non Independent, Non Executive	–	–	–	–	–
Mr. Mahendra Kumar Jalan	Non Promoter, Executive	–	5	10	–	–

Notes :

1. For this purpose, only two Committees viz. the Audit Committee and the Stakeholders' Relationship Committee have been considered. This excludes Committee positions held in private limited companies, foreign companies and companies under Section 8 of the Act.
2. Mr. Amrendra Prasad Verma was appointed as an Additional Director (Independent) of the Company with effect from 22 December 2016.
3. Dr. Jamshed Jiji Irani, Independent Director resigned from the Board of Directors with effect from 4 October 2016.
4. None of the Directors on the Board hold directorships in more than ten public companies. Further none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he is a Director. Necessary disclosures regarding Committee positions in other public companies as on 31 March 2017 have been made by the Directors.
5. Mr. Umang Kejriwal, Mr. Mayank Kejriwal, Mr. Uddhav Kejriwal and Ms. Nityangi Kejriwal are related to each other.

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

2.2 Attendance of Directors at the Board Meetings during the Financial Year ended 31 March 2017 and at the last Annual General Meeting

During the Financial Year ended 31 March 2017, 4 (four) Board meetings were held and the gap between any two consecutive meetings held during the year did not exceed 120 days. The attendance details of each Director at the Board meetings and at the last Annual General Meeting (AGM) is given below :

Name of the Director	No. of Board Meetings Held	No. of Board Meetings Attended	Attendance at the last AGM held on 9 September 2016
Mr. Pradip Kumar Khaitan	4	3	No
Mr. Binod Kumar Khaitan	4	3	Yes
Dr. Jamshed Jiji Irani[1]	2	1	No
Mr. Ram Krishna Agarwal	4	4	No
Mr. Amrendra Prasad Verma[2]	1	0	–
Mr. Umang Kejriwal	4	4	No
Mr. Mayank Kejriwal	4	4	No
Mr. Uddhav Kejriwal	4	4	No
Ms. Nityangi Kejriwal	4	4	No
Mr. Naresh Chandra	4	3	No
Mr. Shermadevi Yegnaswami Rajagopalan	4	4	Yes
Mr. Vyas Mitre Ralli	4	4	No
Mr. Mahendra Kumar Jalan	4	3	No

Notes :

1. Dr. Jamshed Jiji Irani, Independent Director resigned with effect from 4 October 2016.
2. Mr. Amrendra Prasad Verma was appointed as an Additional Director (Independent) of the Company with effect from 22 December 2016.

2.3 Information placed before the Board

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

During the year 2016-17, information as mentioned in Schedule II Part A of the Listing Regulations, has been placed before the Board for its consideration, to the extent it is applicable and relevant.

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

2.4 Details of Meeting-wise attendance of Board Members

Date of the Board Meeting	Board Strength	No. of Directors Present
14 May 2016	12	9
27 August 2016	12	12
10 December 2016	11	9
28 January 2017	12	11

2.5 Details of shares/convertible instruments held by the Non-Executive or Independent Directors of the Company as on 31 March 2017 are as follows :

Name of the Director	No. of shares held
Mr. Pradip Kumar Khaitan	Nil
Mr. Binod Kumar Khaitan	2,000
Mr. Ram Krishna Agarwal	1,000
Mr. Amrendra Prasad Verma	Nil
Mr. Naresh Chandra	1,000
Ms. Nityangi Kejriwal	1,000
Mr. Shermadevi Yegnaswami Rajagopalan	5,100
Mr. Vyas Mitre Ralli	5,000

None of the Non-Executive or Independent Directors hold any convertible instruments and/or Stock Options of the Company as on 31 March 2017.

2.6 Details of familiarization programmes imparted to the Independent Directors

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

3. Audit Committee

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

The Committee comprises of the following Directors as on 31 March 2017 :

Mr. Binod Kumar Khaitan, Chairman – Independent Director
Mr. Pradip Kumar Khaitan – Independent Director
Mr. Ram Krishna Agarwal – Independent Director
Mr. Naresh Chandra – Non Executive Non Independent Director

The representatives of Statutory Auditors, Internal Auditors, Cost Auditors as well as the Executives heading the Finance, Accounts and other Departments of the Company are invited to attend meetings as and when required by the Committee. All members of the Audit Committee are financially literate and have accounting and related financial management expertise. Mr. Binod Kumar Khaitan, the Chairperson of the Committee was present at the 61st Annual General Meeting of the Company held on 9 September 2016 to answer shareholder queries. The Company Secretary acts as the Secretary to the Audit Committee.

The broad terms of reference of the Audit Committee include:

i. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

ii. Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;

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

iii. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;

iv. Reviewing, with the management, the annual financial statements and Auditor's Report thereon before submission to the Board for approval;

v. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;

vi. Review and monitor the auditor's independence and performance, and effectiveness of audit process;

vii. Evaluation of internal financial controls and risk management systems;

viii. Reviewing with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems;

ix. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

x. Discussion with internal auditors of any significant findings and follow up there on;

xi. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

xii. Reviewing the functioning of Vigil Mechanism and compliance with statutory requirements etc.

xiii. Review the following information :

a) Management Discussion and Analysis of financial condition and results of operations;

b) Statement of significant Related Party Transactions (as defined by the Audit Committee), submitted by the management;

c) Management letters / letters of internal control weaknesses issued by the Statutory Auditors;

d) Internal Audit Reports relating to internal control weaknesses;

e) The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

f) The statement of deviations:

i. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations.

ii. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(7) of the Listing Regulations.

During the Financial Year 2016-17, 4 (four) Audit Committee meetings were held on 14 May 2016, 27 August 2016, 10 December 2016 and 28 January 2017. The gap between any two consecutive meetings did not exceed 120 days.

Name of the Director	No. of meetings	
	Held	Attended
Mr. Binod Kumar Khaitan	4	3
Mr. Pradip Kumar Khaitan	4	3
Mr. Ram Krishna Agarwal	4	4
Mr. Naresh Chandra	4	3

4. Nomination & Remuneration Committee

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

The Committee comprises of the following Directors as on 31 March 2017:

Mr. Binod Kumar Khaitan, Chairman – Independent Director
Mr. Pradip Kumar Khaitan – Independent Director
Mr. Ram Krishna Agarwal - Independent Director
Mr. Shermadevi Yegnaswami Rajagopalan – Non-Executive Non Independent Director

All members of Nomination and Remuneration Committee are Non-Executive Directors. Mr. Binod Kumar Khaitan, the Chairperson of the Committee was present at the 61st Annual General Meeting of the Company held on 9 September 2016 to answer shareholder queries. The Company Secretary acts as the Secretary to the Nomination and Remuneration Committee.

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

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

During the Financial Year 2016-17, 2 (two) Nomination and Remuneration Committee meetings were held on 14 May 2016 and 28 January 2017.

Name of the Director	**No. of meetings**	
	Held	**Attended**
Mr. Binod Kumar Khaitan	2	2
Mr. Pradip Kumar Khaitan	2	1
Mr. Ram Krishna Agarwal[1]	1	1
Mr. Shermadevi Yegnaswami Rajagopalan	2	2

Note :

1. Mr. Ram Krishna Agarwal was appointed as a member of the Committee with effect from 22 January 2017.

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

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

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

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

5. Stakeholders' Relationship Committee

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

The Stakeholders' Relationship Committee comprises of the following Directors as on 31 March 2017:

Mr. Binod Kumar Khaitan, Chairman – Independent Director
Mr. Mayank Kejriwal – Joint Managing Director
Mr. Vyas Mitre Ralli – Non Executive Non Independent Director
Mr. Mahendra Kumar Jalan – Whole-time Director

Mr. Binod Kumar Khaitan, Non-Executive Independent Director is the Chairperson of the Committee. Mr. Khaitan was present at the 61st Annual General Meeting of the Company held on 9 September 2016. Mrs. Subhra Giri Patnaik, Company Secretary acts as the Secretary to Stakeholders' Relationship Committee.

The terms of reference of Stakeholders' Relationship Committee includes redressal of grievances of security holders and investors on issues like share transfer, non-receipt of Annual Report / dividends, amongst others. The Company Secretary of the Company is responsible for monitoring the share transfer process and reporting to the Stakeholders' Relationship Committee.

During the Financial Year 2016-17, 3 (three) Stakeholders' Relationship Committee meetings were held on 14 May 2016, 27 August 2016 and 28 January 2017.

Name of the Director	No. of meetings	
	Held	Attended
Mr. Binod Kumar Khaitan	3	3
Mr. Mayank Kejriwal	3	3
Mr. Vyas Mitre Ralli[1]	1	1
Mr. Mahendra Kumar Jalan	3	3

Note:
1. Mr. Vyas Mitre Ralli was appointed as a member of the Committee with effect from 22 January 2017.

At the beginning of the year under review, there was no complaint remaining unresolved. During the period under review, 2 (two) investors complaints were received by the Registrar & Share Transfer Agent of the Company, which were duly resolved. There was no complaint which was pending at the end of the year.

There were no shares pending transfer as on 31 March 2017.

6. Remuneration of Directors

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

The criteria for making payments to Non-Executive Directors is laid down in the Nomination and Remuneration Policy of the Company, which is forming a part of the Annual Report.

Details of remuneration paid to Directors during the Financial Year 2016-17

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

(In Rupees)

Name of the Director	Sitting Fees[1]	Commission paid/ payable[2]	Total
Mr. Pradip Kumar Khaitan	3,90,000	6,00,000	9,90,000
Dr. Jamshed Jiji Irani[3]	50,000	6,00,000	6,50,000
Mr. Binod Kumar Khaitan	5,10,000	6,00,000	11,10,000
Mr. Ram Krishna Agarwal	4,70,000	12,00,000	16,70,000
Mr. Amrendra Prasad Verma[4]	50,000	1,50,000	2,00,000
Mr. Naresh Chandra	3,00,000	12,00,000	15,00,000
Ms. Nityangi Kejriwal	2,00,000	6,00,000	8,00,000
Mr. Shermadevi Yegnaswami Rajagopalan	3,40,000	6,00,000	9,40,000
Mr. Vyas Mitre Ralli	2,20,000	6,00,000	8,20,000
Total	**25,30,000**	**61,50,000**	**86,80,000**

Notes :

1. The amount of sitting fees for attending Board and Audit Committee meeting was Rs.50,000 per meeting and for the meeting of Independent Directors of the Company, the sitting fees was fixed at Rs.50,000 per meeting. The fees for attending any other meetings was fixed at Rs.20,000 per meeting. The Directors are also entitled to reimbursement of expenses for participation in Board and other meetings.
2. The Members at the 59th AGM of the Company held on 28 August 2014 had approved payment and distribution of Commission amongst Directors (other than Executive Directors) for a period of 5 years commencing from 1 April 2014, in such amounts or proportions and in such manner as may be directed and decided by the Board, within the ceiling of 1% per annum of the net profits of the Company computed in the manner referred to in Section 198 of the Act.
3. Dr. Jamshed Jiji Irani, Independent Director resigned with effect from 4 October 2016.
4. Mr. Amrendra Prasad Verma was appointed as Additional Director (Independent) of the Company with effect from 22 December 2016.

ii. Remuneration paid to Executive Directors :

(In Rupees)

Name of the Director & Designation	Relationship with other Directors	Salary	Perquisites	Commission Paid/Payable	Total[2]	Service Contract etc.
Mr. Umang Kejriwal, Managing Director	See Note[1]	1,50,00,000	29,25,323	1,20,00,000	2,99,25,323	Tenure of 5 years w.e.f 1 April 2012
Mr. Mayank Kejriwal, Joint Managing Director	See Note[1]	60,00,000	23,86,043	–	83,86,043	Tenure of 5 years w.e.f 1 April 2012
Mr. Uddhav Kejriwal, Whole-time Director	See Note[1]	76,75,000	77,48,616	85,00,000	2,39,23,616	Tenure of 5 years w.e.f 16 June 2013
Mr. Mahendra Kumar Jalan, Whole-time Director	See Note[1]	43,18,065	1,05,15,487	–	1,48,33,552	Tenure of 5 years w.e.f 22 January 2015
Total		**3,29,93,065**	**2,35,75,469**	**2,05,00,000**	**7,70,68,534**	

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

Notes :

1. Mr. Umang Kejriwal and Mr. Mayank Kejriwal are brothers. Mr. Mayank Kejriwal is the father of Mr. Uddhav Kejriwal. Ms. Nityangi Kejriwal is the daughter of Mr. Umang Kejriwal. Apart from this, none of the other Directors are in any way related to any other Director.
2. The abovementioned remuneration is within the limits prescribed under the provisions of the Act.
3. At the meeting held on 28 January 2017, the Board of Directors had approved the re-appointment of Mr. Umang Kejriwal and Mr. Mayank Kejriwal as the Managing Director and Joint Managing Director respectively, for a period of 5 (five) years with effect from 1 April 2017, subject to the approval of the Members.
4. No Stock Options have been granted to any Executive Directors of the Company.

7. Subsidiary companies

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

The Company does not have any material unlisted Indian subsidiary companies.

8. General Body Meetings

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

Year	Location	Date	Time	Whether special resolutions passed
2015-16	Rathod Colony, Rajgangpur Sundergarh, Odisha - 770 017	9 September 2016*	11.30 A.M.	Yes, 1 (One)
2014-15	Rathod Colony, Rajgangpur Sundergarh, Odisha - 770 017	11 September 2015	11.30 A.M.	Yes, 3 (Three)
2013-14	Rathod Colony, Rajgangpur District - Sundergarh, Odisha - 770 017	28 August 2014	11.30 A.M.	Yes, 7 (Seven)

*M/s. Bihani Rashmi & Co., Practicing Chartered Accountants were appointed as the Scrutinizer for the purpose of submitting Report on Voting (including e-voting) at the AGM held on 9 September 2016.

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

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

9. Means of Communication

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

10. General Shareholder Information

a)	Date, time and venue of the next Annual General Meeting	15 September 2017, at 11.30 A.M., at Rathod Colony, Rajgangpur Sundergarh, Odisha - 770 017, India
b)	Financial Year	1 April 2016 to 31 March 2017
c)	Book Closure Dates for Dividend	9 September 2017 to 15 September 2017 (both days inclusive)
d)	Dividend Payment Date	On or before 14 October 2017
e)	Listing at Stock Exchanges i) Equity Shares & its Stock Codes at Stock Exchanges	a) BSE Limited (BSE) P. J. Towers, Dalal Street, Mumbai 400 001 (Scrip Code – 500128) b) National Stock Exchange of India Limited (NSE) Exchange Plaza, 5th Floor Bandra Kurla Complex, Bandra (East), Mumbai 400 051 (Symbol – ELECTCAST) ISIN for Equity Shares - INE086A01029
	ii) Secured Redeemable Non- Convertible Debentures (NCDs)	There are 3 series of NCDs outstanding as on 31 March 2017. The details of said NCDs are : 1. Series IV - 11.00% Redeemable Secured Non-Convertible Debentures of Rs.10,00,000 each, listed on Wholesale Debt Market segment of National Stock Exchange of India Limited Exchange Plaza, 5th Floor, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 Stock Code – ELCA18 ISIN INE086A07125
		2. Series VI - 11.75% Unlisted Secured Redeemable Non-Convertible Debentures of Rs.1,00,00,000 each ISIN INE086A07141
		3. Series VII - 12.00% Unlisted Secured Redeemable Non-Convertible Debentures of Rs.1,00,00,000 each ISIN INE086A07158
f)	Listing Fee to Stock Exchanges	Listing Fees for the Financial Year 2017-18 have been paid to BSE and NSE for both Equity Shares and NCDs.

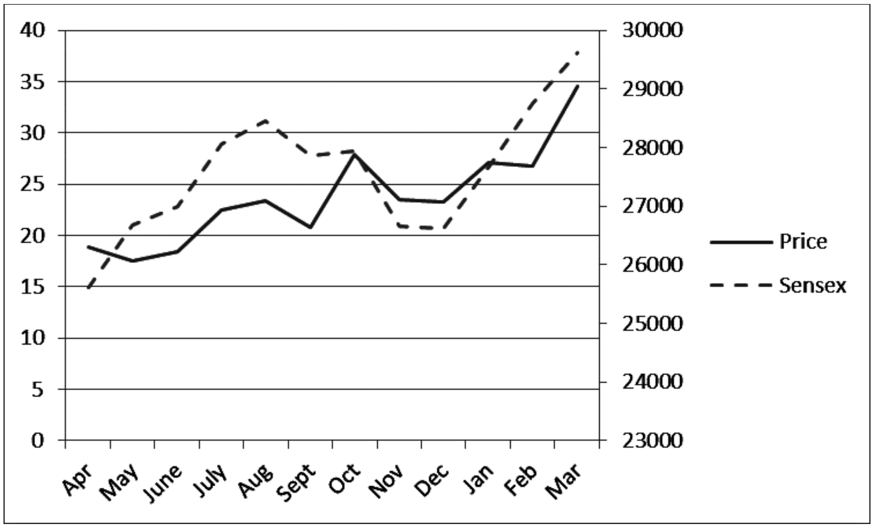
Corporate Governance ..... *(Contd.)*

g) Market Price data for the Scrip of the Company during the Financial Year 2016-17 :

Month	BSE Limited (BSE)			National Stock Exchange of India Limited (NSE)		
	High Price (Rs.)	Low Price (Rs.)	Volume (No.)	High Price (Rs.)	Low Price (Rs.)	Volume (No.)
Apr-16	19.60	18.20	17,40,569	19.60	18.05	53,95,297
May-16	19.60	17.20	10,94,261	19.70	17.10	37,05,604
Jun-16	19.70	17.10	16,59,059	19.70	17.20	53,51,322
Jul-16	23.70	18.45	46,58,530	23.65	18.50	1,25,79,707
Aug-16	24.75	20.85	29,08,819	24.60	20.85	91,45,373
Sep-16	24.60	20.60	29,48,413	26.05	20.65	73,84,024
Oct-16	30.20	20.85	59,60,670	30.25	20.80	1,95,86,625
Nov-16	28.95	20.00	25,53,111	28.40	20.40	74,60,104
Dec-16	23.95	20.90	18,28,835	24.00	20.75	59,42,369
Jan-17	30.30	23.05	43,63,502	30.40	22.80	1,52,04,302
Feb-17	29.25	26.60	18,25,992	29.25	26.50	87,15,297
Mar-17	35.10	26.55	65,05,607	35.00	26.90	2,23,63,270

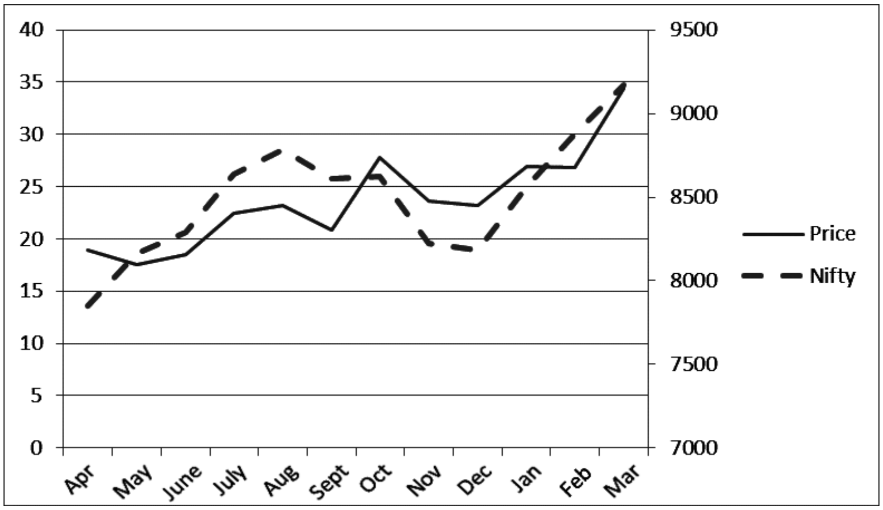
h) Share price performance in comparison to broad based indices - BSE Sensex and NSE Nifty for the Financial Year 2016-17 :

i) In comparison with BSE Sensex #



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

ii) In comparison with NSE Nifty #



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

i)	In case the securities are suspended from trading, the directors report shall explain the reason thereof	Not applicable as none of the securities of the Company are suspended from trading.
j)	Registrar and Share Transfer Agent for physical & dematerialised shares	Maheshwari Datamatics Private Limited, Corporate Office : 23 R. N. Mukherjee Road 5th Floor, Kolkata 700 001 Telephone No. : 033 2248 2248/2243 5029 Fax No. : 033 2248 4787 E-mail Id : mdpldc@yahoo.com
k)	Share transfer system	Share transfers in physical form are registered and returned within the period of 15 days from the date of lodgment if the documents are complete in all respect.

l) Distribution of shareholding as on 31 March 2017 :

Equity Shares held	No. of Shareholders	% of Total Shareholders	No. of Shares held	% of Shares held
Upto 500	37,545	65.60	76,28,912	2.14
501 to 1,000	8,436	14.74	74,26,838	2.08
1,001 to 2,000	5,036	8.80	83,39,506	2.34
2,001 to 3,000	1,751	3.06	46,11,366	1.29
3,001 to 4,000	978	1.71	36,21,762	1.01
4,001 to 5,000	917	1.60	44,12,269	1.24
5,001 to 10,000	1,284	2.24	98,58,196	2.76
10,001 and Above	1,285	2.25	31,10,56,473	87.14
Total	**57,232**	**100.00**	**35,69,55,322**	**100.00**

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

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

m)	Dematerialization of shares and liquidity	As per directives of SEBI, the Company's shares are tradable compulsorily in electronic form. The Company's shares are available for dematerialization at National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The International Securities Identification Number (ISIN) of the Company, as allotted by NSDL and CDSL, is INE086A01029. As on 31 March 2017, 99.12% of the shares of the Company stand dematerialized.
n)	Outstanding ADRs / GDRs / warrants or any convertible instruments, conversion date and likely impact on equity	There are no outstanding ADR/GDR/warrants or any convertible instruments as on 31 March 2017.
o)	Commodity price risk or foreign exchange risk and hedging activities	The Company is exposed to foreign exchange risk on account of import and export transactions entered. Also it is a sizable user of various commodities, including base metals & others, which exposes it to the price risk on account of procurement of commodities. The Company is proactively mitigating these risks by entering into commensurate hedging transactions with banks as per applicable guidelines and risk management plan/policies. The Board monitors the foreign exchange exposures on a quarterly basis and the steps taken by management to limit the risks of adverse exchange rate movement. Similarly, the management monitors commodities/raw materials whose prices are volatile and suitable steps are taken accordingly to minimize risk on the same.
p)	Plant locations:	Unit 1 : 30, B.T. Road, Sukchar, Khardah 24-Parganas (North), West Bengal 700 115 Unit 2 : Gummidipoondi Taluk, P.O. Elavur, District Tiruvallur, Tamil Nadu 601 201 Unit 3 : Haldia, Kasberia P.O. Khanjan Chawk, Haldia, Midnapore (East), West Bengal 721 635 Unit 4 : Bansberia Works, Saptagram Panchayat, P.O. Adconnagar, Chak Bansberia, West Bengal 712 121
q)	Address for Correspondence:	Mrs. Subhra Giri Patnaik Company Secretary Electrosteel Castings Limited G. K. Tower, 19 Camac Street, Kolkata 700 017 Phone : (033) 2283 9990 Email : companysecretary@electrosteel.com

11. Other Disclosures

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

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

B. Penalties/Strictures imposed by Stock Exchanges/SEBI during last 3 years

An adjudication order dated 31 March 2016 has been passed by the Securities and Exchange Board of India (SEBI) imposing a penalty of Rs. 50 Lakh under Section 23A(a) and Rs. 50 Lakh under Section 23E of the Securities Contract (Regulation) Act, 1956 on the Company for violation of Clause 36 of the Listing Agreement read with Section 21 of Securities Contract (Regulation) Act, 1956. The Company has filed an appeal before the Securities Appellate Tribunal against the aforesaid order.

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

C. Vigil Mechanism

The Company has a Whistle Blower Policy towards Vigil Mechanism and the same is hosted on the website of the Company at web-link - http://repository.electrosteelcastings.com/investors/pdf/vigil-2016.pdf. No personnel were denied access to the Audit Committee.

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

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

The Company has adopted C, D & E of the Non-Mandatory requirements as provided in Part E of Schedule II to the Listing Regulations and not adopted A & B since they are discretionary requirements.

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

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

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

The Board has approved a policy for Related Party Transactions which has been hosted on the website of the Company. The web-link for the same is http://repository.electrosteelcastings.com/investors/pdf/related-party-transaction-policy-ver3.pdf.

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

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

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

A) Modified opinion(s) in audit report

It has always been the Company's endeavour to present unqualified Financial Statements. However, in pursuance of the Order dated 24 September 2014 issued by the Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated 21 October 2014 (Ordinance) for implementing the Order, allotment of Parbatpur coal block (coal block/mines) to the Company which was under advanced stage of implementation, has been cancelled with effect from 1 April 2015. In terms of the Ordinance, the Company was allowed to continue the operations in the said block till 31 March 2015. Accordingly, the same had been handed over to Bharat Coking Coal Limited as per the direction from Coal India Ltd. with effect from 1 April 2015 and the same has been subsequently allotted to Steel Authority of India. Following a petition filed by the Company, the Hon'ble High Court at Delhi has pronounced its judgement on 9 March 2017. Accordingly based on the said judgement, the Company has claimed compensation against the said coal block, acceptance whereof is awaited. Pending acceptance of the Company's claim, the consequential adjustments arising thereagainst would be given effect to on final acceptance/settlement of the claim.

Further in terms of the Hon'ble Supreme Court Order as referred above, North Dhadhu Coal Block, allotted in joint venture with other companies, had also been cancelled with effect from 24 September 2014. The Company barring initial contribution of Rs.822.81 lakhs had not made any further investments in the said the joint venture company. In respect of Company's investment in North Dhadhu Coal Block, allotted in joint venture with other companies, in view of the management, the compensation to be received in terms of the ordinance is expected to cover the cost incurred by the Joint Venture Companies and thereby no impairment requiring any adjustments in value of investment is expected to arise. Pending acceptance/settlement of the claim on the matter, impact with respect to above are presently not ascertainable and necessary adjustments could not be given effect to in these financial statements.

B) Separate posts of Chairperson and Chief Executive Officer

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

C) Reporting of Internal Auditor

The Internal Auditor reports directly to the Audit Committee.

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

15. Code of Conduct

A Code of Conduct has been laid down for all Board Members and Senior Management of the Company, which suitably incorporates the duties of independent directors as laid down in the Act. The Board Members and Senior Management of the Company have affirmed compliance with the Code of Conduct of the Company. A declaration signed by the Managing Director to this effect is annexed hereto. The Code of Conduct is available on the Company's website viz., www.electrosteelcastings.com.

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

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

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

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

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

As on 31 March 2017, there are no shares lying in the demat suspense account/unclaimed suspense account.

For and on behalf of the Board of Directors

Pradip Kumar Khaitan
Chairman
DIN : 00004821

Place : Kolkata
Date : 19 May 2017

Declaration for Compliance of Code of Conduct

To
The Members of
Electrosteel Castings Limited

I hereby declare that the Company has obtained affirmation from all the members of Board of Directors and Senior Management Personnel of the Company that they have complied with the 'Code of Conduct of the Company for Board of Directors and Senior Management Personnel' in respect of Financial Year 2016-17.

Umang Kejriwal
Managing Director
DIN : 00065173

Place : Kolkata
Date : 19 May 2017

Independent Auditors' Certificate
on Corporate Governance

To
The Members of
Electrosteel Castings Limited

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

We have examined the compliance of conditions of Corporate Governance by the Company, for the year ended 31st March, 2017 as stipulated in regulations 17 to 27 and clause (b) to (i) of regulation 46(2) and Para C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

Managements' Responsibility

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

Auditor's Responsibility

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

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

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

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

Opinion

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations during the year ended 31st March, 2017.

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

Restriction on use

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

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

R. P. Singh
Partner
Membership No. : 052438

Place : Kolkata
Date : 19th May, 2017

Annexure – 4

Nomination & Remuneration Policy

1. **Preface**

   Nomination & Remuneration Policy (hereinafter referred to as 'the policy') of Electrosteel Castings Limited, comprising members of the Board of Directors ("Board"), Key Managerial Personnel ("KMP") and Senior Executives of the Company (Collectively known as "Executives").

   a. The Board of Directors has adopted the Nomination & Remuneration Policy at the recommendation of the Nomination & Remuneration Committee. The policy shall apply to remuneration earned and appointment of the 'Board, KMPs and other employees' done on and after 1st April, 2014.

   b. This policy was laid down on the basis of an overall assessment of the size of the Company, its organization and the complexity of its activities. The purpose is to have a policy that is consistent and promotes sound and effective risk management and which is aligned with the Company's strategy, values and goals and the interests of customers and investors.

   c. The salient features of the Policy shall be disclosed in Board's Report of the Company.

   d. The Policy will be reviewed at least once in a year by the Nomination and Remuneration Committee of the Board of Directors or as and when the Committee deems fit.

2. **Commencement**

   The Nomination and Remuneration Policy of the Company is formulated in terms of Section 178 of Companies Act, 2013 and Clause 49 of Listing Agreement as revised from time to time. This policy governs Policy relating to directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178 commences on or after 1st April, 2014.

3. **Definitions**

   a) "Board of Directors" or "Board", in relation to a company, means the collective body of the directors of the company;

   b) "Chief Executive Officer" means an officer of a company, who has been designated as such by it;

   c) "Chief Financial Officer" means a person appointed as the Chief Financial Officer of a company;

   d) "Company Secretary" or "Secretary" means a company secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980 who is appointed by a company to perform the functions of a company secretary under this Act;

   e) "Director" means a director appointed to the Board of a company;

   f) "Executives" means persons holding the position of one level below the Key Managerial Personnel

   g) "Senior Management" means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads

h) "Key Managerial Personnel", in relation to a company, means—

(i) the Chief Executive Officer or the managing director or the manager;

(ii) the company secretary;

(iii) the whole-time director;

(iv) the Chief Financial Officer; and

i) "Manager" means an individual who, subject to the superintendence, control and direction of the Board of Directors, has the management of the whole, or substantially the whole, of the affairs of a company, and includes a director or any other person occupying the position of a manager, by whatever name called, whether under a contract of service or not;

j) "Managing Director" means a director who, by virtue of the articles of a company or an agreement with the company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the company and includes a director occupying the position of managing director, by whatever name called.

Explanation-For the purposes of this clause, the power to do administrative acts of a routine nature when so authorised by the Board such as the power to affix the common seal of the company to any document or to draw and endorse any cheque on the account of the company in any bank or to draw and endorse any negotiable instrument or to sign any certificate of share or to direct registration of transfer of any share, shall not be deemed to be included within the substantial powers of management;

k) "Whole-Time Director" includes a director in the whole-time employment of the company;

4. Purpose

This Policy shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, KMPs and Executives.

5. Aims & Objectives

The aims and objectives of this policy may be summarized as follows:

i. The Nomination & Remuneration Policy aims to enable the company to attract, retain and motivate highly qualified members for the Board and other executive level.

ii. The policy seeks to enable the company to provide a well-balanced and performance-related compensation package, taking into account shareholder interests, industry standards and relevant Indian corporate regulations.

iii. The policy will ensure that the interests of Board members, KMPs & all employees are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the company and will be consistent with the "pay-for-performance" principle.

iv. The policy will ensure that remuneration to directors, key managerial personnel and employees involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

6. Selection of Board Members & KMPs

The Nomination & Remuneration Committee of the Board of Directors has the responsibility of identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down in this policy, recommend to the Board their appointment and removal and carry out evaluation of every director's performance, formulate the criteria for determining qualifications, positive attributes and

Nomination & Remuneration Policy ..... *(Contd.)*

independence of a director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other Employees, formulating framework and/or policy for remuneration, terms of employment and any changes, including service contracts, remuneration, policy for and scope of pension arrangements, etc for Executives and reviewing it on a periodic basis; formulating terms for cessation of employment and ensure that any payments made are fair to the individual and the company, that failure is not rewarded and that the duty to mitigate loss is fully recognized.

The Committee shall review the ongoing appropriateness and relevance of the remuneration policy; ensure that all provisions regarding disclosure of remuneration, including pensions, are fulfilled; obtain reliable, up-to-date information about remuneration in other companies; ensure that no director or executive is involved in any decisions as to their own remuneration.

Based on the recommendations of the Committee, the Board evaluates the candidate(s) and decides on the selection of the appropriate member. The Board then makes an invitation (verbal / written) to the new member to join the Board as a Director. On acceptance of the same, the new Director is appointed by the Board.

Procedure for the Selection and Appointment of Executives other than Board Members

a. The Committee shall actively liaise with the relevant departments of the Company to study the requirement for management personnel, and produce a written document thereon;

b. The Committee may conduct a wide-ranging search for candidates for the positions of KMP and Executives within the Company, within enterprises controlled by the Company or within enterprises in which the Company holds equity, and on the human resources market;

c. The professional, academic qualifications, professional titles, detailed work experience and all concurrently held positions of the initial candidates shall be compiled as a written document;

d. A meeting of the Committee shall be convened, and the qualifications of the initial candidates shall be examined on the basis of the conditions for appointment of KMP and Executives;

e. Before the selection of KMP or Executives, the recommendations of and relevant information on the relevant candidate(s) shall be submitted to the Board of Directors;

f. The Committee shall carry out other follow-up tasks based on the decisions of and feedback from the Board of Directors.

7. Compensation Structure

The Managing Director, Key Managerial Personnel and Senior Management Personnel (other than Non-executive Directors) receive Basic Salary and other Perquisites. The Perquisites include other allowances. The total salary includes fixed and variable components.

The Company's policy is that the total fixed salary should be fair and reasonable after taking into account the following factors :

- The scope of duties, the role and nature of responsibilities
- The level of skill, knowledge and experience of individual
- Core performance requirements and expectations of individuals
- The Company's performance and strategy
- Legal and industrial Obligations

Remuneration for Non-Executive Director

Non-executive Directors are remunerated to recognize responsibilities, accountability and associated risks of Directors. The total remuneration of Non-executive Directors may include all, or any combination of following elements:

i. Fees for attending Board, Committee and other meetings as permissible under Section 197 of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 and decided at the Meeting of the Board of Directors

ii. Commission on net profits as permissible under Section 197 of the Companies Act, 2013 and decided by the Board from time to time to be payable to any of the Non-executive Director.

iii. Non-Executive Directors are entitled to be paid all traveling and other expenses they incur for attending to the Company's affairs, including attending and returning from General Meetings of the Company or Meetings of the Board of Directors or Committee of Directors.

Any increase in the maximum aggregate remuneration payable beyond permissible limit under the Companies Act, 2013 shall be subject to the approval of the Shareholders' at the Annual General Meeting by special resolution and/ or of the Central Government, as may be applicable.

Remuneration for Executive Directors and KMPs

Remuneration to be paid to Executive Directors (including Managing Director) and KMPs shall be within the scale as approved by the members of the Company. The elements of total compensation shall be recommended by the Nomination & Remuneration Committee and also be approved by the Board. The same shall be within the overall limits as specified under the Companies Act, 2013.

The Nomination & Remuneration Committee determines the annual variable pay compensation in the form of annual incentive/commission for the Executive Directors of the Company.

Executive Directors will not be paid any sitting fees for any Board/Committee meeting of the Company.

8. Process For Evaluation and approval

The Nomination & Remuneration Committee of the Board is responsible for the evaluation of Board performance. This policy as framed by the Committee shall be recommended to the Board of Directors for its approval.

Annexure – 5

Annual Report on
Corporate Social Responsibility (CSR) Activities
for the Financial Year 2016-17

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

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

   a) The brief outline of the contents of CSR Policy are as follows:

      i) **Area of Operations –** The focus areas would be in the surrounding of the Company's Corporate Office at Kolkata and Plants at Khardah, Bansberia & Haldia in West Bengal, Elavur in Tamil Nadu. However for a wider impact, the Company may extend its outreach to the district or state levels and also to other geographies in the country as may be approved by the CSR Committee/Board from time to time.

      ii) **CSR Interventions –** CSR thrust shall be in the field of Healthcare and Sanitation, Drinking water, Education, Livelihood enhancement, Environmental Sustainability & Rural development projects. It will also undertake programs to promote rural sports and culture, conservation of natural resources, skill development, entrepreneurship building and other community need based infrastructure projects/activities as stated in Schedule VII of the Companies Act, 2013.

      iii) **Approach –** The Company shall follow the process of community need identification and selection of the projects through partnership and for leveraging the Company's CSR initiative and affirmative action for targeted intervention for scheduled castes and tribes etc.

      iv) **Delivery mechanism responsibilities –** The planning, implementation, execution, monitoring and reporting will be done through the CSR Committee with the help of other departments and/or any registered trust/society.

   b) With this firm conviction & commitment, the Company has been undertaking rural development projects with focus on social and environmental care to bring economic and social upliftment in the lives of the people in the surrounding areas where the Company operates as well as at other places across the country. The Company had contributed to various trusts and society(ies) for upliftment of society via providing shelter and mobile health services to BPL & tribal families and medical support to the poor.

2. The Composition of the CSR Committee is :

   Mr. Shermadevi Yegnaswami Rajagopalan, Chairman

   Mr. Pradip Kumar Khaitan, Member

   Mr. Umang Kejriwal, Member

3. Average Net Profit of the Company for last three Financial Years : Rs.10,152.59 Lakh.
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above) : Rs.203.05 Lakh
5. Details of CSR spent during the Financial Year :
   (a) Total amount to be spent for the financial year : Rs.203.05 Lakh
   (b) Amount unspent, if any : NIL
   (c) Manner in which the amount spent during the financial year is detailed below :

Sl. No.	CSR Project or activity identified	Sector in which the Project is covered (Clause no. of Schedule VII to the Companies Act, 2013, as amended)	Projects or Programs 1) Local Area or other 2) Specify the State and District where projects or programs was undertaken	Amount Outlay (budget) projects or programs-wise (in Rs.)	Amount spent on Projects or Programs Sub-heads (in Rs.)		Cumulative expenditure upto the Reporting Period (as on 31.03.2017) (in Rs.)	Amount Spent (Direct or through Implem-enting Agency)
					1) Direct expenditure on Projects or programs	2) Overheads		
1.	Providing shelter & mobile health services to BPL & tribal families	Clause (i) Promoting preventive health care & sanitation	South 24 Parganas & Malda, West Bengal	1,00,00,000	1,00,00,000	–	1,00,00,000	Sahara Health & Education Society
2.	Vocational Training and Placement Centre for the Rural people of the Jajpur District	Clause (ii) employment enhancing vocation skills	Jajpur, Odisha	1,00,00,000	98,00,000	2,00,000	1,00,00,000	Sishu Kalyana Swadhikar Kendra
3.	Health Project along with medical support to the poor	Clause (i) Promoting preventive health care & sanitation	Bokaro, Jharkhand	3,05,000	10,00,000	–	10,00,000	Sparsh Trust
	Total			**2,03,05,000**	**2,08,00,000**	**2,00,000**	**2,10,00,000**	

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

   The implementation and monitoring of CSR Policy is in compliance of CSR objectives and Policy of the Company.

Umang Kejriwal
Managing Director

Shermadevi Yegnaswami Rajagopalan
Chairman of CSR Committee

Annexure – 6B

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

(i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2016-17 is as under :

Name of the Director	Ratio of remuneration of each Director to Median remuneration
Pradip Kumar Khaitan, Chairman, Independent Director	2.97
Jamshed Jiji Irani, Independent Director (resigned with effect from 4 October 2016)	1.95
Binod Kumar Khaitan, Independent Director	3.33
Ram Krishna Agarwal, Independent Director	5.02
Amrendra Prasad Verma, Independent Director (appointed as Additional Director with effect from 22 December 2016)	0.60
Naresh Chandra, Non-Executive Non Independent Director	4.50
Shermadevi Yegnaswami Rajagopalan, Non-Executive Non Independent Director	2.82
Vyas Mitre Ralli, Non-Executive Non Independent Director	2.46
Nityangi Kejriwal, Non-Executive Non Independent Director	2.40
Umang Kejriwal, Managing Director	89.87
Mayank Kejriwal, Joint Managing Director	25.18
Uddhav Kejriwal, Whole-time Director	71.84
Mahendra Kumar Jalan, Whole-time Director	44.55

(ii) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the Financial Year 2016-17 is as under :

Name	% increase in Remuneration during the Financial Year 2016-17
Pradip Kumar Khaitan, Chairman, Independent Director	(5.71)
Jamshed Jiji Irani, Independent Director[1]	(53.57)
Binod Kumar Khaitan, Independent Director	(11.20)
Ram Krishna Agarwal, Independent Director[2]	51.82
Amrendra Prasad Verma, Independent Director[3]	–
Naresh Chandra, Non-Executive Non Independent Director	3.45
Shermadevi Yegnaswami Rajagopalan, Non-Executive Non Independent Director	(2.08)
Vyas Mitre Ralli, Non-Executive Non Independent Director[4]	(93.91)
Nityangi Kejriwal, Non-Executive Non Independent Director	6.67
Umang Kejriwal, Managing Director	(1.07)

Name	% increase in Remuneration during the Financial Year 2016-17
Mayank Kejriwal, Joint Managing Director	3.80
Uddhav Kejriwal, Whole-time Director	11.83
Mahendra Kumar Jalan, Whole-time Director	6.41
Subhra Giri Patnaik, Company Secretary[5]	66.81
Brij Mohan Soni, Chief Financial Officer[5]	171.00

Notes :

1. Dr. Jamshed Jiji Irani resigned from the Board of Directors of the Company with effect from 4 October 2016. Therefore his remuneration for the current year is not comparable with the previous year.
2. Mr. Ram Krishna Agarwal was appointed as an Independent Director with effect from 30 July 2015. Therefore his remuneration for the current year is not comparable with the previous year.
3. Mr. Amrendra Prasad Verma was appointed as an Additional Director (Independent) with effect from 22 December 2016.
4. Mr. Vyas Mitre Ralli retired from office of Whole-time Director of the Company with effect from 1 January 2016 and continue to act as a Non-Executive Director with effect from 1 January 2016. Therefore his remuneration for the current year is not comparable with the previous year.
5. Ms. Subhra Giri Patnaik was appointed as the Company Secretary with effect from 1 August 2015 and Mr. Brij Mohan Soni was appointed as the Chief Financial Officer with effect from 9 November 2015 and therefore, their respective remuneration are not comparable with previous year.

(iii) The percentage increase in the median remuneration of employees in the Financial Year 2016-17: 5.38%.

(iv) The number of permanent employees on the rolls of Company: 1548 as on 31 March 2017.

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

Average % increase in salaries (median remuneration) of employees, other than managerial personnel in the last Financial Year i.e. 2016-17 was around 5.06% and the percentage decrease in managerial remuneration for the said Financial Year was 11.35%. This was due to annual increments, promotions and event based pay revisions of the employees. The remuneration of managerial personnel is linked to profit as per the provisions of the Companies Act, 2013.

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

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

Annexure – 7

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED – 31.03.2017

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

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ELECTROSTEEL CASTINGS LIMITED** (hereinafter called "the Company"). Secretarial Audit was conducted in accordance with the Guidance Note issued by the Institute of Company Secretaries of India (A statutory body constituted under the Company Secretaries Act, 1980) and in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and read with the Statutory Auditors' Report on Financial Statements and Compliance of the conditions of Corporate Governance and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion and to the best of our information, knowledge and belief and according to the explanations given to us, the Company has, during the audit period covering the financial year ended on 31.03.2017 generally complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **ELECTROSTEEL CASTINGS LIMITED** for the financial year ended on 31.03.2017 according to the applicable provisions of :

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 (`SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the extent applicable to the Company–**As reported to us, there were no FDI transaction in the company during the year under review.**
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") to the extent applicable to the company :-
   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; - **Not applicable as no new equity shares were issued during the year.**
   d) The Securities and Exchange Board of India (Share based employee benefits) Regulations, 2014; - **Not applicable as no instances were reported during the year.**
   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - **Not applicable as no debt securities were listed during the year.**
   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - The Company has appointed a SEBI authorized Category I Registrar and Share Transfer Agent.
   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;- **Not applicable as no delisting was done during the year.**
   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;- **Not applicable as no buy-back was done during the year.**
6. The following other laws specifically applicable to the Company to the extent applicable to it –
   a) The Factories Act, 1948 and Rules
   b) W. B. Fire Services Act, 1950
   c) Explosive Act, 1984
   d) Petroleum Act, 1934

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

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

ii. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

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

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and the changes in the composition of Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

4. We further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that as informed to us, during the audit period the company has had the following specific events:

1. The Company has issued and allotted Secured Redeemable Non-Convertible Debentures on 07.03.2017 for Rs.200 Crore on private placement basis. These Debentures are not listed.

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

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

Place : Kolkata
Date : 19.05.2017
Enclo : Annexure 'A' forming an integral part of this Report

Annexure – 'A'

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

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

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

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

Place : Kolkata
Date : 19.05.2017

Annexure – 8

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the Financial Year ended on 31 March 2017

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

I. REGISTRATION AND OTHER DETAILS :

i)	CIN	:	L27310OR1955PLC000310
ii)	Registration Date	:	26 November 1955
iii)	Name of the Company	:	Electrosteel Castings Limited
iv)	Category / Sub-Category of the Company	:	Public Company - Limited by Shares
v)	Address of the Registered Office and contact details	:	Rathod Colony, Rajgangpur, Sundergarh, Odisha 770 017 Telephone No.: 06624 220 332 Fax No.: 06624 220 332 E-mail Id: companysecretary@electrosteel.com
vi)	Whether listed company Yes / No	:	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Maheshwari Datamatics Private Limited, Registered Office: 6, Mangoe Lane, 2nd floor, Kolkata 700 001 Corporate Office: 23 R N Mukherjee Road, 5th Floor, Kolkata 700 001 Telephone No.: 033 2248 2248 Fax No.: 033 2248 4787 E-mail Id: mdpldc@yahoo.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the product/service	% to total turnover of the Company
1.	Ductile Iron Pipes & Cast Iron Pipes	24311	80.40%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/Associate	% of shares held	Applicable Section
1.	Electrosteel Europe S. A Zone Industrielle Nord 9, Rue Galilee F13200, Arles, France	RCS TARASCON 44029044300058	Subsidiary	100%	Section 2(87) of the Companies Act, 2013
2.	Electrosteel Algerie Spa Rua Alioua Fodil Villa No. 130, Cheraga, 16002 Algiers, Algeria	04B96523400/16	Subsidiary	100%	Section 2(87) of the Companies Act, 2013
3.	Electrosteel Castings (UK) Limited Ambrose House, Broombank Road, Trading Estate, Broombank Road, Off Carrwood Road, Chesterfield, Derbyshire, S41 9QJ, UK	04057880	Subsidiary	100%	Section 2(87) of the Companies Act, 2013
4.	Electrosteel USA, LLC 1101, Louisville Road, Savannah, GA 31415, USA	42-1762327	Subsidiary	100%	Section 2(87) of the Companies Act, 2013
5.	Waterfab LLC 270 Doug Baker Blvd, Suite 700-291, Birmingham, 35242, USA	27-1116056	Wholly owned subsidiary of Electrosteel USA, LLC, referred to in Sl. No. 4	100%	Section 2(87) of the Companies Act, 2013
6.	Electrosteel Trading S.A. Spain C/Velazquez, 19-28001, Madrid	A86354305	Subsidiary	100%	Section 2(87) of the Companies Act, 2013
7.	Mahadev Vyapaar Pvt Ltd 25 Strand Road, Marshall House, Room No. 766, Kolkata 700 001, India	U51109WB2005PTC106882	Subsidiary	100%	Section 2(87) of the Companies Act, 2013
8.	Electrosteel Doha for Trading LLC P. O. Box 80368, Building No. 17, Office No 35, Barwa Village, Wakra, Doha, Qatar	CR NO. 57450	Subsidiary	49%	Section 2(87) of the Companies Act, 2013
9.	Electrosteel Castings Gulf FZE P O Box 261462 Jebel Ali Dubai, UAE	Regn no. 153890	Subsidiary	100%	Section 2(87) of the Companies Act, 2013
10.	Electrosteel Brasil Ltda Tubos e Conexoes Duteis Rua Dona Maria Paula, 78, cj 01 sala 4, Bela Vista Sao Paulo, SP CEP 0139-000	17.581.655/0001-01	Subsidiary	100%	Section 2(87) of the Companies Act, 2013

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

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/Associate	% of shares held	Applicable Section
11.	Electrosteel Bahrain Holding S.P.C. Company Flat 1, Building No. 966, Road 5217, Block 952, Area Ras Zuwayed Kingdom of Bahrain	CR No 92991-1	Subsidiary	100%	Section 2(87) of the Companies Act, 2013
12.	Electrosteel Bahrain Trading W.L.L Flat 1, Building No. 966, Road 5217, Block 952, Area Ras Zuwayed Kingdom of Bahrain	CR No 95221-1	Subsidiary of Electrosteel Bahrain Holding S.P.C. Company, referred to in Sl. No. 11	100%*	Section 2(87) of the Companies Act, 2013
13.	Srikalahasthi Pipes Limited Rachgunneri Village, Srikalahasthi Mandal, Chittoor District Andhra Pradesh 517 641, India	L74999AP1991PLC013391	Associate	48.54%	Section 2(6) of the Companies Act, 2013
14.	Electrosteel Steels Limited 801, Uma Shanti Apartments, Kanke Road, Ranchi, Jharkhand 834 008, India	L27310JH2006PLC012663	Associate	45.23%	Section 2(6) of the Companies Act, 2013
15.	Electrosteel Thermal Power Limited 801, Uma Shanti Apartments, Kanke Road, Ranchi, Jharkhand 834 008, India	U45207JH2006PLC012662	Associate	30%	Section 2(6) of the Companies Act, 2013
16.	Domco Private Limited 403 Commerce House, Sarda Babu Street, Ranchi, Jharkhand 834 001, India	U23101JH1988PTC002875	Joint Venture	50%	Section 2(6) of the Companies Act, 2013
17.	North Dhadhu Mining Company Private Limited Sandhya Sukriti Apartment, Flat No. 6C, 6th Floor, Opposite Tagore Hill, Morabadi, Ranchi, Jharkhand 834 008, India	U10100JH2008PTC013349	Joint Venture	48.98%	Section 2(6) of the Companies Act, 2013

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

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

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-04-2016)				No. of Shares held at the end of the year (As on 31-03-2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	4,09,52,003	0	4,09,52,003	11.47	4,09,52,003	0	4,09,52,003	11.47	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	14,82,74,369	0	14,82,74,369	41.54	14,82,74,369	0	14,82,74,369	41.54	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A)(1)	18,92,26,372	0	18,92,26,372	53.01	18,92,26,372	0	18,92,26,372	53.01	0.00
(2) Foreign									
a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A)(2)	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	18,92,26,372	0	18,92,26,372	53.01	18,92,26,372	0	18,92,26,372	53.01	0.00
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	30,02,170	200	30,02,370	0.84	30,30,851	200	30,31,051	0.85	0.01
b) Banks / FI	17,09,313	10,120	17,19,433	0.48	8,91,201	10,120	9,01,321	0.25	(0.23)
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	2,43,34,235	0	2,43,34,235	6.82	2,43,34,235	0	2,43,34,235	6.82	0.00
g) FIIs	29,77,226	0	29,77,226	0.83	4,29,033	0	4,29,033	0.12	(0.71)
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others - Foreign Portfolio Investor	18,36,977	0	18,36,977	0.51	31,02,531	0	31,02,531	0.87	0.36
Sub-total (B)(1)	3,38,59,921	10,320	3,38,70,241	9.49	3,17,87,851	10,320	3,17,98,171	8.91	(0.58)

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

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-04-2016)				No. of Shares held at the end of the year (As on 31-03-2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	1,84,00,695	79,880	1,84,80,575	5.18	1,95,78,823	79,480	1,96,58,303	5.51	0.33
ii) Overseas	2,74,80,414	0	2,74,80,414	7.70	2,74,80,414	0	2,74,80,414	7.70	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	6,48,19,851	30,15,721	6,78,35,572	19.00	6,21,23,778	29,51,061	6,50,74,839	18.23	(0.77)
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	1,62,62,150	0	1,62,62,150	4.56	1,95,45,402	0	1,95,45,402	5.47	0.91
c) Others (specify)									
i) Trusts	54,400	63,310	1,17,710	0.03	54,400	63,310	1,17,710	0.03	0.00
ii) Clearing Member	16,54,571	0	16,54,571	0.46	22,95,541	0	22,95,541	0.64	0.18
iii) NRI/OBC	19,28,557	44,160	19,72,717	0.55	17,07,141	44,160	17,51,301	0.49	(0.06)
iv) NBFCs registered with RBI	50,000	0	50,000	0.01	7,269	0	7,269	0.00	(0.01)
Sub-total (B)(2)	13,06,50,638	32,03,071	13,38,53,709	37.50	13,27,92,768	31,38,011	13,59,30,779	38.08	0.58
Total Public Shareholding (B)=(B)(1)+(B)(2)	16,45,10,559	32,13,391	16,77,23,950	46.99	16,45,80,619	31,48,331	16,77,28,950	46.99	0.00
C. Shares held by Custodian for GDRs & ADRs	5,000	0	5,000	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	**35,37,41,931**	**32,13,391**	**35,69,55,322**	**100.00**	**35,38,06,991**	**31,48,331**	**35,69,55,322**	**100.00**	**0.00**

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2016)			Shareholding at the end of the year (As on 31-03-2017)			% change In share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	G K & Sons Private Ltd.	3,67,31,833	10.29	0.00	3,67,31,833	10.29	0.00	0.00
2.	Murari Investment & Trading Company Ltd	3,00,53,080	8.42	4.58	3,00,53,080	8.42	4.58	0.00
3.	Electrocast Sales India Limited	2,98,99,981	8.38	0.00	2,98,99,981	8.38	0.00	0.00
4.	G. K. Investments Limited	2,17,39,560	6.09	4.58	2,17,39,560	6.09	4.58	0.00
5.	Uttam Commercial Company Ltd.	1,85,90,570	5.21	0.00	1,85,90,570	5.21	0.00	0.00
6.	Umang Kejriwal - Trustee of Sreeji Family Benefit Trust	1,47,44,555	4.13	0.00	1,47,44,555	4.13	0.00	0.00
7.	Mayank Kejriwal - Trustee of Sreeji Family Benefit Trust	1,47,44,555	4.13	0.00	1,47,44,555	4.13	0.00	0.00
8.	Malay Commercial Enterprises Limited	37,48,190	1.05	0.00	37,48,190	1.05	0.00	0.00

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2016)			Shareholding at the end of the year (As on 31-03-2017)			% change In share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
9.	Sri Gopal Investment Ventures Ltd.	37,32,885	1.05	0.00	37,32,885	1.05	0.00	0.00
10.	Mayank Kejriwal	35,74,310	1.00	0.00	35,74,310	1.00	0.00	0.00
11.	Uddhav Kejriwal	32,29,540	0.90	0.00	32,29,540	0.90	0.00	0.00
12.	Cubbon Marketing Pvt. Limited	25,00,000	0.70	0.00	25,00,000	0.70	0.00	0.00
13.	Uddhav Kejriwal HUF	15,54,550	0.44	0.00	15,54,550	0.44	0.00	0.00
14.	Mayank Kejriwal HUF	10,22,940	0.29	0.00	10,22,940	0.29	0.00	0.00
15.	Shashwat Kejriwal	7,44,310	0.21	0.00	7,44,310	0.21	0.00	0.00
16.	Ghanshyam Kejriwal	5,76,100	0.16	0.00	5,76,100	0.16	0.00	0.00
17.	Uma Kejriwal	3,36,000	0.09	0.00	3,36,000	0.09	0.00	0.00
18.	Quinline Dealcomm Private Limited	3,19,962	0.09	0.00	3,19,962	0.09	0.00	0.00
19.	Escal Finance Services Ltd.	2,50,000	0.07	0.00	2,50,000	0.07	0.00	0.00
20.	Ellenbarrie Developers Pvt. Ltd.	2,13,308	0.06	0.00	2,13,308	0.06	0.00	0.00
21.	Global Exports Ltd.	2,00,000	0.06	0.00	2,00,000	0.06	0.00	0.00
22.	Pallavi Kejriwal	1,87,950	0.05	0.00	1,87,950	0.05	0.00	0.00
23.	Greenchip Trexim Pvt. Limited	1,65,000	0.05	0.00	1,65,000	0.05	0.00	0.00
24.	Samriddhi Kejriwal	1,57,100	0.04	0.00	1,57,100	0.04	0.00	0.00
25.	Calcutta Diagnostics Centre (P) Ltd	1,30,000	0.04	0.00	1,30,000	0.04	0.00	0.00
26.	Mayank Kejriwal, Aarti Kejriwal - Trustee of Priya Manjari Trust	27,000	0.01	0.00	27,000	0.01	0.00	0.00
27.	Aarti Kejriwal	26,593	0.01	0.00	26,593	0.01	0.00	0.00
28.	Uddhav Kejriwal, Pallavi Kejriwal - Trustee of Samriddhi Trust	24,500	0.01	0.00	24,500	0.01	0.00	0.00
29.	Umang Kejriwal	1000	0.00	0.00	1000	0.00	0.00	0.00
30.	Nityangi Kejriwal	1000	0.00	0.00	1000	0.00	0.00	0.00
	Total	**18,92,26,372**	**53.01**	**9.15**	**18,92,26,372**	**53.01**	**9.15**	**0.00**

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

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	18,92,26,372	53.01		
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.) :	No change during the year			
	At the end of the year			18,92,26,372	53.01

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

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

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding during the year			Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the Company	Date[1]	Increase/ Decrease	Reason	No. of shares	% of total shares of the Company
1.	Stemcor Metals Limited	1,92,43,836	5.39	01.04.2016	No change			
				31.03.2017	during the year		1,92,43,836	5.39
2.	General Insurance Corporation of India	97,00,000	2.72	01.04.2016	No change			
				31.03.2017	during the year		97,00,000	2.72
3.	PGS Invest Corp	82,36,578	2.31	01.04.2016	No change			
				31.03.2017	during the year		82,36,578	2.31
4.	United India Insurance Company Limited	65,79,481	1.84	01.04.2016	No change			
				31.03.2017	during the year		65,79,481	1.84
5.	The New India Assurance Company Limited	38,56,280	1.08	01.04.2016	No change			
				31.03.2017	during the year		38,56,280	1.08
6.	Life Insurance Corporation of India	37,93,318	1.06	01.04.2016	No change			
				31.03.2017	during the year		37,93,318	1.06
7.	ICICI Prudential Dynamic Plan	30,00,000	0.84	01.04.2016				
				26.08.2016	30,851	Transfer	30,30,851	0.85
				31.03.2017			30,30,851	0.85
8.	Orange Mauritius Investments Limited[2]	26,62,067	0.75	01.04.2016				
				17.02.2017	(4,65,671)	Transfer	21,96,396	0.62
				24.02.2017	(75,723)	Transfer	21,20,673	0.59
				17.03.2017	(9,39,542)	Transfer	11,81,131	0.33
				24.03.2017	(8,60,458)	Transfer	3,20,673	0.09
				31.03.2017			3,20,673	0.09
9.	Koushik Sekhar	14,84,325	0.42	01.04.2016				
				03.06.2016	18,000	Transfer	15,02,325	0.42
				16.09.2016	50,239	Transfer	15,52,564	0.43
				23.09.2016	32,067	Transfer	15,84,631	0.44
				30.09.2016	94,829	Transfer	16,79,460	0.47
				07.10.2016	1,67,418	Transfer	18,46,878	0.52
				31.03.2017			18,46,878	0.52
10.	Subhash P Rathod[2]	14,80,842	0.41	01.04.2016				
				08.04.2016	(3,45,904)	Transfer	11,34,938	0.32
				15.04.2016	(45,988)	Transfer	10,88,950	0.31
				22.04.2016	(2,01,835)	Transfer	8,87,115	0.25
				03.06.2016	(93,504)	Transfer	7,93,611	0.22
				02.09.2016	(1,97,543)	Transfer	5,96,068	0.17
				07.10.2016	(1,49,005)	Transfer	4,47,063	0.13
				14.10.2016	(85,804)	Transfer	3,61,259	0.10
				28.10.2016	(2,28,089)	Transfer	1,33,170	0.04
				06.01.2017	(51,484)	Transfer	81,686	0.02
				13.01.2017	(950)	Transfer	80,736	0.02
				27.01.2017	(42,000)	Transfer	38,736	0.01
				31.03.2017			38,736	0.01

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding during the year			Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the Company	Date[1]	Increase/ Decrease	Reason	No. of shares	% of total shares of the Company
11.	S. Shyam[3]	11,58,444	0.32	01.04.2016				
				30.06.2016	(85,944)	Transfer	10,72,500	0.30
				15.07.2016	(2,00,000)	Transfer	8,72,500	0.24
				29.07.2016	1,66,000	Transfer	10,38,500	0.29
				05.08.2016	2,05,000	Transfer	12,43,500	0.35
				12.08.2016	74,500	Transfer	13,18,000	0.37
				26.08.2016	1,87,333	Transfer	15,05,333	0.42
				02.09.2016	11,60,164	Transfer	26,65,497	0.75
				07.10.2016	1,32,305	Transfer	27,97,802	0.78
				14.10.2016	6,65,674	Transfer	34,63,476	0.97
				21.10.2016	1,00,000	Transfer	35,63,476	1.00
				24.03.2017	10,000	Transfer	35,73,476	1.00
				31.03.2017	1,05,000	Transfer	36,78,476	1.03
12.	Shivasaran Enterprises & Advisory LLP[3]	0	0.00	01.04.2016				
				25.11.2016	50,000	Transfer	50,000	0.01
				30.12.2016	84,596	Transfer	1,34,596	0.04
				06.01.2017	59,347	Transfer	1,93,943	0.05
				13.01.2017	1,26,057	Transfer	3,20,000	0.09
				17.03.2017	1,10,000	Transfer	4,30,000	0.12
				24.03.2017	16,90,000	Transfer	21,20,000	0.59
				31.03.2017	1,49,050	Transfer	22,69,050	0.64

Notes :

1. The Company is listed and 99.12% shareholding is in demat form as on 31 March 2017. The Company receives shareholdings from the depositories for weekend positions only and therefore weekend date and net quantity increase/decrease during the week could only be provided.
2. Ceased to be in the list of top 10 shareholders as on 31.03.2017. The details are provided above as the shareholder was appearing in the list of top 10 shareholders as on 01.04.2016.
3. Not in the list of top 10 shareholders as on 01.04.2016. The details are provided above as the shareholder was one of the top 10 shareholders as on 31.03.2017.

v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name of the Director/KMP	Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding during the year			Cumulative Shareholding during the year	
	For each of the Directors and KMP	No. of shares	% of total shares of the Company	Date	Increase/ Decrease	Reason	No. of shares	% of total shares of the Company[1]
1.	Pradip Kumar Khaitan, Chairman - Independent Director	0	0.00	01.04.2016 31.03.2017	No change during the year		0	0.00
2.	Umang Kejriwal, Managing Director	1,000	0.00	01.04.2016 31.03.2017	No change during the year		1,000	0.00

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

Sl. No.	Name of the Director/KMP	Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding during the year			Cumulative Shareholding during the year	
	For each of the Directors and KMP	No. of shares	% of total shares of the Company	Date	Increase/ Decrease	Reason	No. of shares	% of total shares of the Company[1]
3.	Mayank Kejriwal, Joint Managing Director	35,74,310	1.00	01.04.2016 31.03.2017	No change during the year		35,74,310	1.00
4.	Uddhav Kejriwal, Whole-time Director	32,29,540	0.90	01.04.2016 31.03.2017	No change during the year		32,29,540	0.90
5.	Binod Kumar Khaitan, Independent Director	2,000	0.00	01.04.2016 31.03.2017	No change during the year		2,000	0.00
6.	Jamshed Jiji Irani, Independent Director[2]	1,000	0.00	01.04.2016 31.03.2017	No change during the year		1,000	0.00
7.	Amrendra Prasad Verma, Additional Director (Independent)[3]	0	0.00	01.04.2016 31.03.2017	No change during the year		0	0.00
8.	Ram Krishna Agarwal, Independent Director	1,000	0.00	01.04.2016 31.03.2017	No change during the year		1,000	0.00
9.	Naresh Chandra, Non-Executive Director	1,000	0.00	01.04.2016 31.03.2017	No change during the year		1,000	0.00
10.	Shermadevi Yegnaswami Rajagopalan, Non-Executive Director	5,100	0.00	01.04.2016 31.03.2017	No change during the year		5,100	0.00
11.	Mahendra Kumar Jalan, Whole-time Director	1,750	0.00	01.04.2016 31.03.2017	No change during the year		1,750	0.00
12.	Nityangi Kejriwal, Non-Executive Director	1,000	0.00	01.04.2016 31.03.2017	No change during the year		1,000	0.00
13.	Vyas Mitre Ralli, Non-Executive Director	5,000	0.00	01.04.2016 31.03.2017	No change during the year		5,000	0.00
14.	Brij Mohan Soni, Chief Financial Officer	1,000	0.00	01.04.2016 31.03.2017	No change during the year		1,000	0.00
15.	Subhra Giri Patnaik, Company Secretary	0	0.00	01.04.2016 31.03.2017	No change during the year		0	0.00

Notes :

1. The Company receives shareholdings from the depositories for weekend positions only and therefore weekend date and net quantity increase/ decrease during the week could only be provided.
2. Dr. Jamshed Jiji Irani resigned from the Board of Directors of the Company with effect from 4 October 2016.
3. Mr. Amrendra Prasad Verma was appointed as the Additional Director (Independent) of the Company with effect from 22 December 2016.

V. INDEBTEDNESS

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

Amount (Rs. in Lakh)

	Secured Loan excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2016)				
i) Principal Amount	1,96,848.01	9,802.13	–	2,06,650.14
ii) Interest due but not paid	46.31	–	–	46.31
iii) Interest accrued but not due	1,993.66	143.01	–	2,136.67
Total (i+ii+iii)	**1,98,887.98**	**9,945.14**	**–**	**2,08,833.12**
Change in Indebtedness during the financial year				
Additions	80,133.27	9,782.71	–	89,915.97
Reduction	97,166.66	9,945.14	–	1,07,111.80
Net Change	**(17,033.40)**	**(162.43)**	**–**	**(17,195.83)**
Indebtedness at the end of the financial year (31.03.2017)				
i) Principal Amount	1,80,670.78	9,711.45	–	1,90,382.23
ii) Interest due but not paid	88.73	–	–	88.73
iii) Interest accrued but not due	1,095.07	71.26	–	1,166.33
Total (i+ii+iii)	**1,81,854.58**	**9,782.71**	**–**	**1,91,637.29**

Note : Figures in bracket represent negative figures.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Amount in Rs.

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/Manager				
		Umang Kejriwal	Mayank Kejriwal	Uddhav Kejriwal	Mahendra Kumar Jalan	Total Amount
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	1,50,00,000	60,00,000	1,35,09,166	1,37,08,252	4,82,17,418
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	4,28,423	14,02,043	6,48,882	4,24,034	29,03,382
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	–	–	–	–	–
2.	Stock option	–	–	–	–	–
3.	Sweat Equity	–	–	–	–	–
4.	Commission					
	– as % of profit	1,20,00,000	–	85,00,000	–	2,05,00,000
	– others (specify)	–	–	–	–	–
5.	Others, please specify	–	–	–	–	–
	Total (A)	2,74,28,423	74,02,043	2,26,58,048	1,41,32,286	7,16,20,800
	Ceiling as per the Act	Rs.833.48 Lakh (10% of the net profits calculated as per Section 198 of the Companies Act, 2013)				

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

B. Remuneration to other directors

Amount in Rs.

Sl. No.	Particulars of Remuneration	Name of Directors									Total Amount
		Pradip Kumar Khaitan	Jamshed Jiji Irani**	Binod Kumar Khaitan	Ram Krishna Agarwal	Amrendra Prasad Verma***	Naresh Chandra	Shermadevi Yegnaswami Rajagopalan	Nityangi Kejriwal	Vyas Mitre Ralli	
1.	Independent Directors										
	(a) Fee for attending board/ committee/ other meetings	3,90,000	50,000	5,10,000	4,70,000	50,000	–	–	–	–	14,70,000
	(b) Commission	6,00,000	6,00,000	6,00,000	12,00,000	1,50,000	–	–	–	–	31,50,000
	(c) Others, please specify	–	–	–	–	–	–	–	–	–	–
	Total (1)	9,90,000	6,50,000	11,10,000	16,70,000	2,00,000	–	–	–	–	46,20,000
2.	Other Non-Executive Directors										
	(a) Fee for attending board/ committee meetings	–	–	–	–	–	3,00,000	3,40,000	2,00,000	2,20,000	10,60,000
	(b) Commission	–	–	–	–	–	12,00,000	6,00,000	6,00,000	6,00,000	30,00,000
	(c) Others, please specify	–	–	–	–	–	–	–	–	–	–
	Total (2)	–	–	–	–	–	15,00,000	9,40,000	8,00,000	8,20,000	40,60,000
	Total (B)=(1+2)	9,90,000	6,50,000	11,10,000	16,70,000	2,00,000	15,00,000	9,40,000	8,00,000	8,20,000	86,80,000
	Total Managerial Remuneration * (A+B)										8,03,00,800
	Overall Ceiling as per the Act	Rs.916.83 Lakh (being 11% of the net profits calculated as per Section 198 of the Companies Act, 2013)									

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

** Dr. Jamshed Jiji Irani resigned from the Board of Directors of the Company with effect from 4 October 2016.

***Mr. Amrendra Prasad Verma was appointed as the Additional Director (Independent) of the Company with effect from 22 December 2016.

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

Amount in Rs.

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		Chief Executive Officer	Chief Financial Officer Brij Mohan Soni	Company Secretary Subhra Giri Patnaik	Total
1.	Gross salary	Not applicable			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961		55,02,438	28,51,000	83,53,438
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961		2,07,396	41,000	2,48,396
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961		–	–	–
2.	Stock option		–	–	–
3.	Sweat Equity		–	–	–
4.	Commission				
	– as % of profit		–	–	–
	– others (specify)		–	–	–
5.	Others, please specify		–	–	–
	Total		57,09,834	28,92,000	86,01,834

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

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

Annexure – 9

PARTICULARS ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO

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

A) CONSERVATION OF ENERGY

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

- In Khardah and Bansberia Works, automatic control of cooling tower fans and replacement of conventional aluminum fan blades with FRP blades have resulted in reduction of energy consumption.
- Installation of new Automatic Power Factor Controller with LT Capacitors in Haldia Fittings Plant resulted in improvement of average power factor from 85% to 99% and thus reduction of losses & better utilisation of power from Captive Power Plant.
- Improvement of load factor by approximately 10% in Khardah Annex-1 Plant by optimal utilisation of equipments resulting in reduction of electricity consumption.
- Installation of energy efficient LED lights replacing all conventional lamps in Khardah Administrative Building and Annex-1 new production areas resulted in reduction of lighting energy consumption by approximate 60% in these areas.
- Precision oil flow meters have been installed at seven critical consumption points at Khardah and Bansberia Works for accurate measurement and control of fuel oil consumption.

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

- Modification of Heat treatment furnace at Khardah Works enabling usage of more Blast Furnace Gas (a by-product from the process) has resulted in reduction in specific fuel oil consumption in this furnace by 27% in comparison to last financial year.
- Solar powered street lights have been installed at Bansberia Works including approach road.

iii) The capital investment on energy conservation equipments:

The Company has made capital investments amounting to Rs.44 lakh during the Financial Year 2016-17 on the energy conservation equipments.

B) TECHNOLOGY ABSORPTION

i) The efforts made towards technology absorption

The Paint Plant of the Company has developed a number of paints with international quality and has been successful in replacing some imported paint.

After success of external Polyurethane coated pipes, the Company had developed internal Polyurethane coated pipes which is certified by Austria and successfully marketed in Italy and other countries. This has given the entry to closed niche market.

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

The products of the Company continue to be approved by DVGW of Germany, OVGW of Austria, BSI (UK), IGH (Croatia), UL (USA), FM (USA) etc. A number of imported paint is substituted by the paint developed by the Company’s paint plant.

iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –

a) The details of technology imported – Nil.

b) The year of import – Not Applicable.

c) Whether the technology is fully absorbed – Not Applicable.

d) If not fully absorbed, areas where absorption has not taken place, and the reason thereof – Not Applicable.

As your Company is putting up continuous effort for in-house development of the latest available technology, the absorption of imported technology is avoided.

iv) The expenditure incurred on Research and Development

The expenditure incurred by the Company towards Research and Development during the Financial Year 2016-17 amounted to Rs.102.06 Lakh.

C) FOREIGN EXCHANGE EARNINGS & OUTGO

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

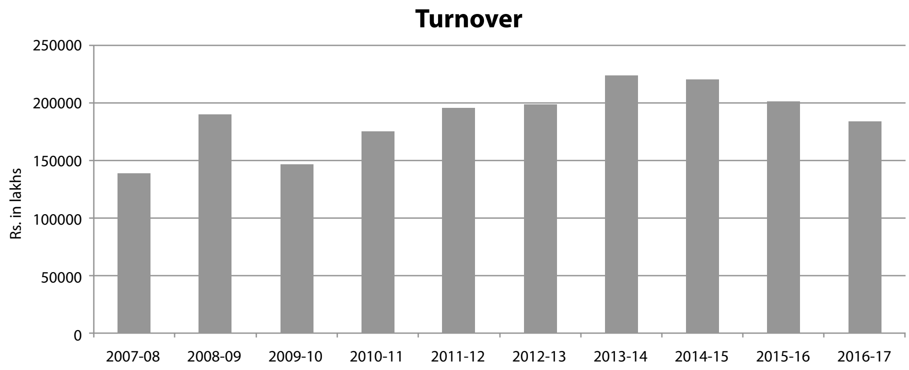
Foreign Exchange Earned during the year	Rs. 480.21 Crore
Foreign Exchange Outgo during the year	Rs. 518.48 Crore

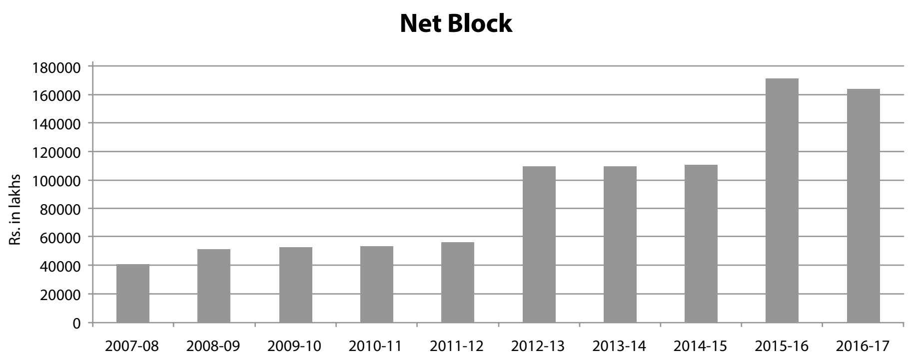
Ten Years Financial Summary

Rs. in Lakhs

Year	Gross Turnover	Earnings before Depreciation, Finance cost and Tax Expense (EBDIT)	Depreciation	Tax	Profit after Tax	Gross Block	Net Block	Capital Employed
2007-08	13,84,42.11	1,13,26.53	36,60.59	-1,56.16	52,01.58	6,27,79.30	4,04,79.08	19,09,43.89
2008-09	18,95,57.52	3,58,43.45	52,12.48	68,65.54	1,40,39.41	7,81,84.12	5,06,88.80	24,36,73.62
2009-10	14,66,64.11	4,04,28.63	52,30.06	1,01,62.78	2,06,28.89	8,42,00.94	5,24,62.54	28,72,67.53
2010-11	17,49,67.18	3,16,98.08	54,41.26	60,25.00	1,54,63.74	9,14,35.90	5,30,84.79	32,00,54.39
2011-12	19,56,71.85	1,77,49.38	54,26.03	-19,79.72	42,38.28	9,91,66.78	5,55,47.65	3,51,714.07
2012-13	19,82,31.53	2,85,30.93	53,08.68	23,75.36	97,22.71	1,58,917.71	10,94,50.41	46,52,27.91
2013-14	22,35,09.05	3,24,75.39	52,96.71	35,40.88	1,00,55.84	16,46,68.04	10,94,62.80	48,71,65.21
2014-15	22,03,28.82	3,09,08.27	67,43.00	23,66.49	72,67.16	17,43,16.05	11,08,80.11	49,99,85.06
2015-16	20,16,15.28	3,05,95.05	64,88.50	16,11.74	55,87.02	17,78,04.26	17,14,25.17	51,71,83.25
2016-17	18,34,18.06	3,73,23.04	63,68.85	31,20.73	77,28.30	17,62,81.82	16,39,91.26	50,66,52.92

Note : Figures for F.Y. 2016-17 and F.Y. 2015-16 are in compliance with Ind AS.





Independent Auditors' Report

To The Members of Electrosteel Castings Limited

Report on the Standalone Financial Statements

We have audited the accompanying Standalone financial statements of Electrosteel Castings Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), and Cash Flow Statement and the Statement of changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory notes for the year ended on that date (hereinfater referred to as "Standalone Ind AS Financial Statements").

Management's Responsibility for the Standalone Ind AS Financial Statements

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

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

Auditors' Responsibility

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

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

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

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

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

Basis for Qualified Opinion

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

a) Note no. 46 dealing with cancellation of coal blocks allotted to the company and non-recognition of the claim for compensation pending acceptance thereof and thereby having impact to the extent indicated in the said note on the balances of capital work in progress, fixed assets, inventories and other heads of account being carried forward under the respective heads. Pending acceptance, the amount finally recoverable against the claim and consequential adjustments thereof are presently not ascertainable.

b) Note No. 47 regarding non-provision of impairment in the value of investments in a joint venture company, pending determination of the claim for compensation against North Dhadhu Coal block.

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

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2017, and its Profit (financial performance including other comprehensive income) and its Cash Flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the

Independent Auditors' Report *(Contd.)*

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

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

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

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

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

d) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) specified under section 133 of the Act;

e) The matter described in the Basis for Qualified opinion paragraph above, in the event of being decided unfavorably, in our opinion, may have an adverse effect on the functioning of the Company;

f) On the basis of the written representations received from the directors as on March 31, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;

g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;

h) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above; and

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

   i. Except for the matters dealt with in the basis for Qualified Opinion paragraph impact whereof are presently not ascertainable, impact of pending litigations (Other than those already recognised in the accounts) on the financial position of the Company have been disclosed in the standalone Ind AS financial statement as required in terms of the Ind AS and provisions of the Companies Act, 2013;

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

   iii. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes (Bank notes of denominations of five hundred and one thousand rupees existing on November 08, 2016) (SBN's) during the period from November 08, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation we report that the disclosure are in accordance with books of account maintained by the Company and as produced to us by the management. Refer Note no. 60 to the standalone Ind AS financial statements;

   iv. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

R. P. Singh
Partner
Membership No. : 52438

Place : Kolkata
Date : May 19, 2017

ANNEXURE “A” TO THE AUDITORS' REPORT OF EVEN DATE

i) a. The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets except in case of furniture and fixture.

b. During the year, fixed assets have been physically verified by the management according to a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets except in respect of fixed assets located at Parbatpur Coal Block for reasons stated in Note No. 46(a). As informed, no material discrepancies were noticed on such verifications.

c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except as detailed below: (Refer Note no. 5.5 of the Ind AS financial statements)

(Amount Rs. In Lakhs)

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

ii) a. As informed, the inventories of the Company except for materials in transit, those lying with third parties and for reasons stated in Note no. 46(a) inventories lying at Parbatpur Coal Block have been physically verified by the management during the year. In our opinion and according to the information and explanations given to us, the frequency of such verification is reasonable.

b. As the Company's inventory of raw materials comprises mostly of bulk materials such as coal, coke, iron ore, etc. requiring technical expertise for quantification, the Company has hired an independent agency for the physical verification of the stock of these materials. Considering the above, in our opinion, the procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

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

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

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

vi) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148 (1) of the Act in respect of the Company's products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed records have been maintained. We have however not made a detailed examination of the said records with a view to determine whether they are accurate or complete.

vii) a. According to the information and explanations given to us, during the year, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other statutory dues as applicable to it.

b. According to the information and explanations given to us, the details of disputed dues of sales tax, income tax, customs duty, wealth tax, excise duty, service tax, and Cess, if any, as at 31st March, 2017, are as follows :

Name of the Statute	Nature of Dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act	Excise Duty	12,07.14	1996-2000 2004-2015	Tribunal
		46.96	2005-2006 2008-2010	Commissioner (Appeals)
The Central Excise Act	Service Tax	6,82.90	2007-2012	Tribunal
		6.86	2009-2010	Commissioner (Appeals)
Sales Tax Act	Sales Tax	29,88.82	1974-1978 1985-1987 1989-1993 1997-1998 1999-2000 2008-2009 2010-2011 2012-2013	West Bengal Appellate & Revisional Board (WBA&RB)
		5,74.81	2004-2006 2008-2012	Tribunal
		29,18.15	2006-2010 2011-2012	Fast Track Court
		75.52	2013-2014	Commissioner
		15,66.66	2012-2014	Addl. Commissioner
		2,47.21	2002-2003	Special Commissioner
		0.05	2010-2012	Joint Commissioner
		62.68	2013-2016	Deputy Commissioner (Appeals)
Income Tax Act, 1961	Income Tax	4,36.86	Assessment Year 2010-2011 2012-2015	Commissioner (Appeals)
		2,77.30	Assessment Year 2011-2012	Tribunal

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

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

ix) In our opinion and according to the information and explanations given to us, the company did not raise any money by way of initial public offer or further public offer (including debt instruments), however term loans raised during the year have been utilised for the purposes for which they were raised except Rs. 15,90.41 Lakhs which are lying in bank account (Refer Note No. 16.2 of the standalone Ind AS financial statements) pending utilization for the intended use.

x) During the course of our examination of books of account carried out in accordance with generally accepted auditing practices in India, we have neither come across any incidence of fraud on or by the Company nor have we been informed of any such cases by the management.

xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

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

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

xv) According to the information and explanations given to us and as represented to us by the management and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

R. P. Singh
Partner
Membership No. : 52438

Place : Kolkata
Date : May 19, 2017

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

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

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

We have audited the internal financial controls over financial reporting of Electrosteel Castings Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

R. P. Singh
Partner
Membership No. : 52438

Place : Kolkata
Date : May 19, 2017

Balance Sheet as at March 31, 2017

(Amount Rs. in lakhs)

	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
Non–current assets				
(a) Property, Plant and Equipment	5	**16,34,86.48**	17,06,13.76	17,25,68.76
(b) Capital work–in–progress	49 and 50	**12,09,75.85**	12,78,41.69	12,76,29.44
(c) Other Intangible assets	6	**5,04.78**	8,11.41	11,00.62
(d) Financial Assets				
(i) Investments	7	**11,46,06.11**	11,46,03.27	11,46,03.27
(ii) Trade receivables	8	**1,08.56**	1,17.21	2,69.40
(iii) Loans	9	**12,11.80**	20,70.48	10,19.16
(iv) Other financial assets	10	**35,60.89**	25,00.50	0.54
(e) Other non–current assets	11	**6,24.67**	7,34.16	10,98.44
		40,50,79.14	41,92,92.48	41,82,89.63
Current assets				
(a) Inventories	12	**4,38,53.46**	3,50,92.41	4,95,78.56
(b) Financial Assets				
(i) Investments	13	**90.51**	2,67.15	7,22.63
(ii) Trade receivables	14	**4,70,00.98**	7,00,92.32	5,80,30.82
(iii) Cash and cash equivalents	15	**2,63,10.13**	83,98.35	78,24.38
(iv) Bank balances other than (iii) above	16	**70,37.29**	15,78.69	1,31,98.04
(v) Loans	17	**14,62.40**	7,86.57	10,97.90
(vi) Other financial assets	18	**1,18,12.81**	1,27,57.92	1,04,16.27
(c) Other current assets	19	**3,43,58.45**	3,44,85.73	3,97,23.51
		17,19,26.03	16,34,59.14	18,05,92.11
Total Assets		**57,70,05.17**	58,27,51.62	59,88,81.74
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	20	**35,69.55**	35,69.55	35,69.55
(b) Other Equity	21	**28,28,80.46**	27,70,91.52	27,49,02.26
		28,64,50.01	28,06,61.07	27,84,71.81
Liabilities				
Non–current liabilities				
(a) Financial Liabilities				
(i) Borrowings	22	**11,27,20.27**	11,40,96.24	12,81,26.69
(ii) Other financial liabilities	23	**–**	1,37.64	1,37.63
(b) Provisions	24	**19,56.16**	15,76.51	12,98.62
(c) Deferred tax liabilities (Net)	25	**2,98,20.68**	2,98,72.04	3,10,29.66
(d) Other non–current liabilities	26	**2,01,20.75**	1,48,52.73	76.94
		16,46,17.86	16,05,35.16	16,06,69.54
Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	27	**5,76,99.28**	7,58,28.61	8,10,19.45
(ii) Trade payables	28	**2,15,93.85**	2,60,85.11	2,20,60.17
(iii) Other financial liabilities	29	**2,23,79.29**	2,26,78.92	4,52,68.09
(b) Other current liabilities	30	**1,59,53.19**	95,19.21	67,03.31
(c) Provisions	31	**40,83.21**	36,24.91	23,86.61
(d) Current Tax Liabilities (Net)	32	**42,28.48**	38,18.63	23,02.76
		12,59,37.30	14,15,55.39	15,97,40.39
Total Equity and Liabilities		**57,70,05.17**	58,27,51.62	59,88,81.74

Significant accounting policies and other accompanying notes (1 to 61) form an integral part of the financial statements

As per our report of even date

For Lodha & Co
Chartered Accountants

R. P. Singh
Partner

Kolkata
May 19, 2017

For and on behalf of the Board of Directors

Mahendra Kumar Jalan
Director
(DIN : 00311883)

Umang Kejriwal
Managing Director
(DIN : 00065173)

Brij Mohan Soni
Chief Financial Officer

Subhra Giri Patnaik
Company Secretary

Statement of Profit and Loss for the year ended March 31, 2017

(Amount Rs. in lakhs)

Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
Revenue From Operations	33	**18,34,18.06**	20,16,15.28
Other Income	34	**94,93.75**	41,20.41
Total income		**19,29,11.81**	20,57,35.69
EXPENSES			
Cost of materials consumed	35	**7,64,36.64**	8,55,40.33
Purchases of stock–in–trade	36	**56,61.26**	48,73.91
Changes in inventories of finished goods, stock–in–trade and work–in–progress	37	**(14,56.82)**	30,23.34
Employee benefits expense	38	**1,84,19.28**	1,76,12.19
Finance costs	39	**2,01,05.16**	1,69,07.79
Depreciation and amortisation expense	40	**63,68.85**	64,88.50
Other expenses	41	**5,65,28.41**	6,40,90.87
Total expenses		**18,20,62.78**	19,85,36.93
Profit before tax		**1,08,49.03**	71,98.76
Tax expense :	42		
Current tax		**32,02.67**	24,49.07
Deferred tax		**(81.94)**	(8,37.33)
Profit for the year		**77,28.30**	55,87.02
Other Comprehensive Income	43		
A (i) Items that will not be reclassified to profit or loss		**(99.70)**	(1,78.76)
(ii) Income tax relating to items that will not be reclassified to profit or loss	42.3	**34.83**	61.86
B (i) Items that will be reclassified to profit or loss		**1,89.05**	(7,46.74)
(ii) Income tax relating to items that will be reclassified to profit or loss	42.3	**(65.42)**	2,58.43
Other Comprehensive Income for the year (net of tax)		**58.76**	(6,05.21)
Total Comprehensive Income for the year		**77,87.06**	49,81.81
Earnings per equity share of par value of Re. 1 each.	51		
(1) Basic (Rs.)		**2.17**	1.57
(2) Diluted (Rs.)		**2.17**	1.57

Significant accounting policies and other accompanying notes (1 to 61) form an integral part of the financial statements.

As per our report of even date
For Lodha & Co
Chartered Accountants

R. P. Singh
Partner

Kolkata
May 19, 2017

For and on behalf of the Board of Directors

Mahendra Kumar Jalan
Director
(DIN : 00311883)

Umang Kejriwal
Managing Director
(DIN : 00065173)

Brij Mohan Soni
Chief Financial Officer

Subhra Giri Patnaik
Company Secretary

Statement of changes in Equity for the year ended March 31, 2017

A. Equity Share Capital	**Amount (Rs. in lakhs)**
Balance as at April 1, 2015	35,69.55
Changes during the year	–
Balance as at March 31, 2016	35,69.55
Changes during the year	–
Balance as at March 31, 2017	**35,69.55**

B. Other Equity

As at March 31, 2017

(Amount Rs. in lakhs)

Particulars	Reserve & Surplus					Items of Other Comprehensive Income			Total
	Capital Reserve	Securities Premium Reserve	General Reserve	Debenture Redemption Reserve	Retained Earnings	Equity Instrument through Other Comprehensive Income	Effective portion of Cash Flow hedges	Re–measurement of defined benefit plans	
Balance as at April 01, 2016	41,48.28	6,55,90.26	9,90,07.51	32,60.00	10,56,88.50	21.51	(4,88.31)	(1,36.23)	27,70,91.52
Total Comprehensive Income for the year	–	–	–	–	77,28.30	2.18	1,23.63	(67.05)	77,87.06
Dividends including dividend distribution tax	–	–	–	–	(21,48.12)	–	–	–	(21,48.12)
Transfer to Debenture Redemption Reserve from Retained Earnings	–	–	–	50,00.00	(50,00.00)	–	–	–	–
Transfer from Debenture Redemption Reserve to Retained Earnings	–	–	–	(20,10.00)	20,10.00	–	–	–	–
Transfer from Retained Earning to General Reserve	–	–	20,00.00	–	(20,00.00)	–	–	–	–
State Capital Investment Subsidy	1,50.00	–	–	–	–	–	–	–	1,50.00
Balance at March 31, 2017	**42,98.28**	**6,55,90.26**	**10,10,07.51**	**62,50.00**	**10,62,78.68**	**23.69**	**(3,64.68)**	**(2,03.28)**	**28,28,80.46**

Statement of changes in Equity for the year ended March 31, 2017 (Contd.)

B. Other Equity

As at March 31, 2016

(Amount Rs. in lakhs)

Particulars	Reserve & Surplus					Items of Other Comprehensive Income			Total
	Capital Reserve	Securities Premium Reserve	General Reserve	Debenture Redemption Reserve	Retained Earnings	Equity Instrument through Other Comprehensive Income	Effective portion of Cash Flow hedges	Re–measurement of defined benefit plans	
Balance as at April 1, 2015	41,48.28	6,55,90.26	9,65,07.51	67,50.00	10,19,04.03	21.51	–	(19.33)	27,49,02.26
Total Comprehensive Income for the year	–	–	–	–	55,87.02	–	(4,88.31)	(1,16.90)	49,81.81
Dividends including dividend distribution tax	–	–	–	–	(27,92.55)	–	–	–	(27,92.55)
Transfer to Debenture Redemption Reserve from Retained Earnings	–	–	–	–	–	–	–	–	–
Transfer from Debenture Redemption Reserve to Retained Earnings	–	–	–	(34,90.00)	34,90.00	–	–	–	–
Transfer from Retained Earning to General Reserve	–	–	25,00.00	–	(25,00.00)	–	–	–	–
State Capital Investment Subsidy	–	–	–	–	–	–	–	–	–
Balance at March 31, 2016	**41,48.28**	**6,55,90.26**	**9,90,07.51**	**32,60.00**	**10,56,88.50**	**21.51**	**(4,88.31)**	**(1,36.23)**	**27,70,91.52**

Refer Note no. 21 for nature and purpose of reserves

Significant accounting policies and other accompanying notes (1 to 61) form an integral part of the financial statements.

As per our report of even date
For Lodha & Co
Chartered Accountants

R. P. Singh
Partner

Kolkata
May 19, 2017

For and on behalf of the Board of Directors

Mahendra Kumar Jalan
Director
(DIN : 00311883)

Umang Kejriwal
Managing Director
(DIN : 00065173)

Brij Mohan Soni
Chief Financial Officer

Subhra Giri Patnaik
Company Secretary

STATEMENT OF CASH FLOW for the year ended March 31, 2017

(Amount Rs. in lakhs)

		For the year ended March 31, 2017		For the year ended March 31, 2016	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Profit before Tax		**1,08,49.03**		71,98.76
	Add : Depreciation and amortisation expenses	**63,68.85**		64,88.50	
	Bad debts	**1,02.10**		4,00.74	
	Pipe mould written off	**1,37.40**		2,26.09	
	Provision for others	**2,69.24**		–	
	Impairment Allowances for doubtful debts	**3,12.78**		–	
	Fair Valuation of derivative instruments through profit and loss	**3,13.38**		–	
	Finance Cost	**2,01,05.16**	**2,76,08.91**	1,69,07.79	2,40,23.12
			3,84,57.94		3,12,21.88
	Less : Interest Income	**12,91.06**		9,08.76	
	Dividend Income from Investments	**9,67.38**		5,83.68	
	Net gain/(loss) on sale of Current Investments	**93.46**		56.29	
	Net gain/(loss) on Fair Valuation of current investments	**1,65.29**		(1,32.87)	
	Net gain/(loss) on derecognition of financial assets at amortised cost	**26.84**		1.25	
	Net gain/(loss) on Foreign Exchange fluctuation and translation	**23,02.64**		2,36.32	
	Provisions / Liabilities no longer required written back	**2,95.92**		1.43	
	Profit/(Loss) on sale / discard of Fixed Assets (Net)	**33,63.20**	**8,505.79**	16.13	16,70.99
	Operating Profit before Working Capital changes		**2,99,52.15**		2,95,50.89
	Less : Increase/(Decrease) in Inventories	**87,61.06**		(1,44,86.15)	
	Increase/(Decrease) in Trade Receivables	**(3,16,68.04)**		(74,24.27)	
	Increase/(Decrease) in Loans & advances, other financial and non–financial assets	**(13,69.46)**		37,82.72	
	(Increase)/Decrease in Trade Payables, other financial and non–financial liabilities and provisions	**69,16.51**	**(1,73,59.93)**	(42,70.72)	(2,23,98.42)
	Cash generated from Operations		**4,73,12.08**		5,19,49.31
	Less : Direct Taxes paid (Net)		**27,92.81**		9,62.07
	Net cash flow from Operating activities		**44,519.27**		5,09,87.24
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of Property, Plant and Equipment, Intangible Assets and movements in Capital work in progress	**1,12,54.23**		(21,29.95)	
	(Purchase)/Sale of Investment (net)	**4,34.73**		3,78.90	
	State capital investment subsidy	**1,50.00**		–	
	Interest received	**13,18.34**		10,26.31	
	Dividend received	**9,67.38**		5,83.69	
	Investment in bank deposits (having original maturity of more than 3 months)	**(64,32.92)**	**76,91.76**	92,52.23	91,11.18
	Net Cash flow from Investing activities		**76,91.76**		91,11.18
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Proceeds/(Repayments) from short term borrowings (net)	**(1,69,82.01)**		(37,11.47)	
	Proceeds/(Redemption / Repayment) of Long Term Debentures/Term Loan	**60,26.79**		(3,09,92.80)	
	Interest and other borrowing cost paid	**(2,11,94.52)**		(2,20,29.14)	
	Amount deposited in bank accounts towards unpaid dividend	**(86.07)**		(1,32.84)	
	Dividend paid	**(16,98.71)**		(21,87.37)	
	Tax on Dividend	**(3,63.34)**	**(3,42,97.86)**	(4,72.34)	(5,95,25.96)
	Net cash flow from Financing activities		**(3,42,97.86)**		(5,95,25.96)
Cash and Cash equivalents (A+B+C)			**1,79,13.17**		5,72.46
Cash and Cash equivalents as at 1st April			**83,98.35**		78,24.38
Add/(Less): Unrealised exchange gain/(loss) on Bank balances			**(1.39)**		1.51
Cash and Cash equivalents as at 31st March (Refer note no. 15)			**2,63,10.13**		83,98.35

Note : 1. The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows' as noted under Companies Act, 2013.

Significant accounting policies and other accompanying notes (1 to 61) form an integral part of the financial statements.

As per our report of even date

For Lodha & Co
Chartered Accountants

R. P. Singh
Partner

Kolkata
May 19, 2017

For and on behalf of the Board of Directors

Mahendra Kumar Jalan
Director
(DIN : 00311883)

Umang Kejriwal
Managing Director
(DIN : 00065173)

Brij Mohan Soni
Chief Financial Officer

Subhra Giri Patnaik
Company Secretary

Notes to Financial Statements for the year ended March 31, 2017

1. Corporate Information

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

2. Statement of Compliance and Recent Pronouncements

2.1 Statement of Compliance

TThe Company excepting as stated in Note 46(c) and 47 has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013 ("the Act") with effect from April 1, 2016 and therefore Ind ASs issued, notified and made effective till the financial statements are authorized have been considered for the purpose of preparation of these financial statements.

These are the Company's first Ind AS Standalone Financial Statements and the date of transition to Ind AS as required has been considered to be April 1, 2015.

The financial statement up to the year ended March 31, 2016, were prepared under the historical cost convention on accrual basis in accordance with the Generally Accepted Accounting Principles and Accounting Standards as prescribed under the provisions of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 then applicable (Previous GAAP) to the Company. Previous period figures in the Financial Statements have been recasted/restated to make it comparable with current year's figure.

In accordance with Ind AS 101-"First Time adoption of Indian Accounting Standards" (Ind AS 101), the Company has presented (Note No. 59(a)), a reconciliation of Shareholders' equity as given earlier under Previous GAAP and those considered in these accounts as per Ind AS as at March 31, 2016, and April 1, 2015 and also the Net Profit as per Previous GAAP and that arrived including Other Comprehensive Income under Ind AS for the year ended March 31, 2016.The mandatory exceptions and optional exemptions availed by the Company on First-time adoption have been detailed in Note No. 59(b) of the financial statement.

2.2 Recent Pronouncements

In March 2017, Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to the Ind AS 7 'Statement of Cash flows' and Ind AS 102, 'Share – Based Payment' which are applicable w.e.f. 1st April, 2017.

The amendment to Ind AS 7 "Statement of Cash Flows" requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non–cash changes. The effect of this amendment on the financial statements of the Company is being evaluated.

The amendment to Ind AS 102 "Share Based Payment" provides specific guidance to measurement of cash–settled share based payment transaction and share based payment transaction with a net settlement feature for withholding tax obligations. As the Company has not issued any stock options plans this amendment does not have any impact on the financial statements of the Company.

3. Significant Accounting Policies

3.1 Basis of Preparation

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

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

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

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

Fair Value Measurement

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

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

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

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

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

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

3.2 Property Plant and Equipment (PPE)

Property, Plant and Equipment are stated at cost of acquisition, construction and subsequent improvements thereto less accumulated depreciation and impairment losses, if any. For this purpose cost include deemed cost on the date of transition and comprises purchase price of assets or its construction cost including duties and taxes, inward freight and other expenses incidental to acquisition or installation and adjustment for exchange differences wherever applicable and any cost directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended for its use. For major projects, interest and other costs incurred on / related to borrowings to finance such projects or fixed assets during construction period and related pre-operative expenses are capitalized. Expenditure on Blast Furnace/Coke Oven Battery Relining is capitalized.

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

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

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

Development Expenses including overburden removal expenses net of revenue of the Projects / Mines under development are debited to Development Account and included under Capital Work in progress till the projects/ mines are brought to Revenue Account. Except otherwise specifically stated in the Project Report, upon the commercial readiness of the project to yield production on a sustainable basis and completion of required development activity during the period of construction, projects and mines under development are brought to revenue: (a) From beginning of the financial year immediately after the year in which the project achieves physical output of 50% of rated capacity as per approved project report, or (b) One year of touching of coal, or (c) From the beginning of the financial year in which the value of production is more than total expenses.

Depreciation and Amortization

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

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

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

Pipe Moulds of specified sizes are charged to consumption in the year of issue. Others are depreciated over a period of three years.

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

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

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

3.3 Intangible Assets

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

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

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

3.4 Derecognition of Tangible and Intangible assets

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

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

3.5 Leases

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

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

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

3.6 Impairment of Tangible and Intangible Assets

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

Impairment losses recognized earlier may no longer exist or may have come down. Based on such assessment at each reporting period the impairment loss is reversed and recognized in the Statement of Profit and Loss. In such cases the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

3.7 Financial Assets and Financial Liabilities

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

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

The Financial Assets and Financial Liabilities are classified as current if they are expected to be realised or settled within operating cycle of the company or otherwise these are classified as non–current.

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

(i) Cash and cash equivalents

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

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

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

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

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

The effective interest rate is the rate that discounts estimated future cash payments or receipts (including all fees and points paid or received, transaction costs and other premiums or discounts) through the expected life of the Financial Asset or Financial Liability to the gross carrying amount of the financial asset or to the amortised cost of financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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

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

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

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

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

(vi) Investment in Subsidiaries, Joint Ventures and Associates are being carried at deemed cost/at cost.

(vii) Derivative and Hedge Accounting

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

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

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

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

(viii) Impairment of financial assets

A financial asset is assessed for impairment at each balance sheet date. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

The company measures the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12–month expected credit losses.

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

(ix) Derecognition of financial instruments

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

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

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

Financial liabilities are derecognized if the Company's obligations specified in the contract expire or are discharged or cancelled. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in Statement of Profit and Loss.

3.8 Inventories

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

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

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

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

Insurable Spares whose use are expected to be irregular, are amortised over a period of three years and such amount is included under stores and spares consumed.

3.9 Foreign Currency Transactions and Derivatives

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing on the date of the transactions. Foreign currency monetary assets and liabilities at the year–end are translated at the year–end exchange rates. Non–monetary items which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate as at the date of transaction. The loss or gain thereon and also on the exchange differences on settlement of the foreign currency transactions during the year are recognized as income or expense in the statement of profit and loss except in respect of non–current liabilities existing as on April 1, 2015 (as stated in Note no. 59) related to Property, Plant and Equipment/ Capital work in progress, in which case these are adjusted to the cost of respective PPE/ Capital work in progress. Foreign exchange gain/loss to the extent considered as an adjustment to Interest Cost are considered as part of borrowing cost.

3.10 Equity Share Capital

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Par value of the equity shares is recorded as share capital and the amount received in excess of par value is classified as Securities Premium.

Costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

3.11 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a legal or constructive obligation as a result of past events and it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Contingent liabilities are not recognized and are disclosed by way of notes to the financial statements when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non–occurrence of one or more uncertain future events not wholly within the control of the Company or when there is a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the same or a reliable estimate of the amount in this respect cannot be made.

Contingent assets are not recognised but disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

3.12 Employee Benefits

Employee benefits are accrued in the year in which services are rendered by the employees. Short term employee benefits are recognized as an expense in the statement of profit and loss for the year in which the related service is rendered.

Contribution to defined contribution plans such as Provident Fund etc, is being made in accordance with statute and are recognised as and when incurred.

Contribution to defined benefit plans consisting of contribution to gratuity are determined at close of the year at present value of the amount payable using actuarial valuation techniques. Actuarial gain and losses arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income.

Other long term employee benefits consisting of Leave Encashment are determined at close of the year at present value of the amount payable using actuarial valuation techniques. The changes in the amount payable including actuarial gain/loss are recognised in the Statement of profit and loss.

Contribution to Superannuation fund, a defined contribution plan is made in accordance with the company's policy and is recognised in the Statement of profit and loss.

3.13 Revenue

Sale of goods :

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

Revenue from Turnkey Contracts :

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

Interest, Dividend and Claims :

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

Export Benefits :

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

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

3.14 Borrowing Costs

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

3.15 Research and Development Expenditure

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

3.16 Government Grants

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

3.17 Taxes on Income

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

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

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

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

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

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

3.18 Earnings Per Share

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

3.19 Segment Reporting

Operating segments are identified and reported taking into account the different risk and return, organisation structure and internal reporting system.

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

4. Critical accounting judgments, assumptions and key sources of estimation and uncertainty

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

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

4.1 Depreciation / amortization and impairment on property, plant and equipment / intangible assets

Property, plant and equipment and intangible assets are depreciated/ amortized on straight–line /written down value basis over the estimated useful lives (or lease term if shorter) in accordance with Schedule II of the Companies Act, 2013, taking into account the estimated residual value, wherever applicable.

The company reviews its carrying value of its Tangible and Intangible Assets whenever there is objective evidence that the assets are impaired. In such situation asset's recoverable amount is estimated which is higher of asset's or cash generating units (CGU) fair value less cost of disposal and its value in use. In assessing value in use the estimated future cash flows are discounted using pre–tax discount rate which reflect the current assessment of time value of money. In determining fair value less cost of disposal, recent market realisations are considered or otherwise in absence of such transactions appropriate valuations are adopted. The Company reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation / amortization and amount of impairment expense to be recorded during any reporting period. This reassessment may result in change estimated in future periods.

4.2 Impairment on Investments in Subsidiaries, Associates and Joint Ventures

Investments in subsidiaries, associates and Joint Ventures are been carried at cost or deemed cost. The company has tested for impairment at year end based on the market value where the shares are quoted, P/E ratio of similar sector company along with premium/discount for nature of holding and Net Asset Value computed with reference to the book value/ projected discounted cash flow of such company in respect of unquoted investments.

4.3 Arrangements containing leases and classification of leases

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

4.4 Claims and Compensation

Claims including insurance claims are accounted for on determination of certainity of realisation thereof. Compensation receivable against acquisition of coal mines (Refer Note no. 46) pending final acceptance or settlement thereof even though has not been given effect to, as amount expected to be realised in this respect has been considered to be covering the carrying amount of relevant assets and other recoverables.

4.5 Impairment allowances on trade receivables

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

4.6 Income taxes

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

4.7 Defined benefit obligation (DBO)

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

4.8 Provisions and Contingencies

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change.

Management judgment is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations/ against the Company as it is not possible to predict the outcome of pending matters with accuracy.

The carrying amounts of provisions and liabilities and estimation for contingencies are reviewed regularly and revised to take account of changing facts and circumstances.

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

5. Property, Plant and Equipment :

As at March 31, 2017

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

As at March 31, 2016

Particulars	Freehold land	Leasehold land	Buildings	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipment	Railway Siding	Live-stock	Total
Gross Block										
As at April 1, 2015	11,83,10.91	16,69.31	1,23,96.56	3,61,17.53	1,16.63	4,94.47	1,87.63	32,74.61	1.11	17,25,68.76
Additions	3.30	2,06.02	9,88.84	29,66.46	25.73	1,49.35	86.29	88.59	–	45,14.58
Disposals	–	–	–	(7,10.44)	–	(27.15)	(9.43)	–	–	(7,47.02)
Other Adjustments	–	–	1,16.99	2,27.02	0.52	–	2.13	–	–	346.66
As at March 31, 2016	11,83,14.21	18,75.33	1,35,02.39	3,86,00.57	1,42.88	6,16.67	2,66.62	33,63.20	1.11	17,66,82.98
Accumulated Depreciation										
As at April 1, 2015	–	–	–	–	–	–	–	–	–	–
Charge for the period	–	28.47	15,88.03	37,94.25	35.96	1,96.05	44.30	4,91.57	–	61,78.63
Disposals	–	–	–	(1,02.63)	–	(4.71)	(2.07)	–	–	(1,09.41)
Other Adjustments	–	–	–	–	–	–	–	–	–	–
As at March 31, 2016	–	28.47	15,88.03	36,91.62	35.96	1,91.34	42.23	4,91.57	–	60,69.22
Net carrying amount										
As at March 31, 2016	11,83,14.21	18,46.86	1,19,14.36	3,49,08.95	1,06.92	4,25.33	2,24.39	28,71.63	1.11	17,06,13.76

Notes :

5.1 The Gross Block as on the transition date i.e. April 01, 2015 includes certain Property, Plant and Equipment i.e. freehold land and building which have been valued by an Independent valuer and considered as "deemed cost" as per the provision of Ind AS 101 "First-time Adoption of Indian Accounting Standards"- refer note no. 59.

5.2 Property, Plant and Equipments includes Rs. 4,17.94 lakhs (March 31, 2016 : Rs. 4,22.21 lakhs and April 1, 2015 : Rs. 4,26.47 lakhs) being contribution for laying the power line, the ownership of which does not vest with the company.

5.3 Railway Siding represents the cost of construction of the assets for company's use over the specified period.

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

5.4 Leasehold Land of NIL (March 31, 2016 : Rs. 2,40.00 lakhs and April 1, 2015 : Rs. 2,40.00 lakhs) is pending execution of lease agreement and registration thereof.

5.5 Freehold land includes Rs. 3,35.81 lakhs (March 31, 2016 : Rs. 3,35.81 lakhs and April 1, 2015 : Rs. 3,35.81 lakhs) aquired for coal mines in respect of which the execution of conveyance deeds is pending (Refer Note no. 46).

5.6 Other adjustments includes NIL (March 31, 2016 : Rs. 44.37 lakhs) being interest capitalised during the year and Rs. (1,24.08) lakhs (March 31, 2016 : Rs. 3,02.29 lakhs) representing foreign exchange fluctuation.

5.7 Land with factory buildings of Rs. 2,97,11.81 lakhs (March 31, 2016 : Rs. 2,97,56.08 lakhs and April 1, 2015 : Rs. 2,98,21.78 Lakhs) at Elavur plant of the Company are mortgaged in the favour of lender to Electrosteel Steel limited, an associate of the Company.

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

5.9 Also refer note no. 46 dealing with coal mine assets and note no. 48 in respect of Iron and manganese Ore mine.

6. Intangible Assets

As at March 31, 2017

(Amount Rs. in lakhs)

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

As at March 31, 2016

Particulars	Computers Softwares	Mining Rights	Right to Use Wagon	Total
Gross Block				
As at April 1, 2015	2,27.35	8.13	8,65.14	11,00.62
Additions	20.66	–	–	20.66
Disposal	–	–	–	–
Other Adjustments	–	–	–	–
As at March 31, 2016	2,48.01	8.13	8,65.14	11,21.28
Accumulated Amortisation				
As at April 1, 2015	–	–	–	–
Charge for the period	55.12	1.53	2,53.22	3,09.87
Disposal	–	–	–	–
Other Adjustments	–	–	–	–
As at March 31, 2016	55.12	1.53	2,53.22	3,09.87
Net carrying amount				
As at March 31, 2016	1,92.89	6.60	6,11.92	8,11.41

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

Notes :

6.1 The Gross Block as on the transition date i.e. April 01, 2015 given herein above represents previous GAAP written down value of Other Intangible assets considered as "deemed cost" as per the provision of Ind AS 101 "First–time Adoption of Indian Accounting Standards"– refer note no. 59.

6.2 Right to use Wagon represents cost incurred in connection with wagons procured under "Wagon Investment Scheme" and handed over to railway authorities for their normal operations against priority over availability of the wagons for transportation as and when required.

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

6.4 Also refer note no. 46 dealing with coal mine assets.

7. NON–CURRENT INVESTMENTS

(Fully paid up except otherwise stated)

(Amount Rs. in lakhs)

Particulars	**As at March 31, 2017**		As at March 31, 2016		As at April 1, 2015	
	Holding	**Value**	Holding	Value	Holding	Value
Investments in Equity Instruments						
Investment measured at Cost/Deemed Cost						
Quoted						
Associates						
Srikalahasthi Pipes Limited (Face value of Rs. 10/– each)	**1,93,01,218**	**4,55,29.64**	1,93,01,218	4,55,29.64	1,93,01,218	4,55,29.64
Electrosteel Steels Ltd. (Face value Rs. 10/–each) (Refer Note No. 7.1 and 7.2)	**1,08,98,00,000**	**6,05,92.88**	1,08,98,00,000	6,05,92.88	1,08,98,00,000	6,05,92.88
		10,61,22.52		10,61,22.52		10,61,22.52
Unquoted						
Associates						
Electrosteel Thermal Power Ltd. (Face value of Rs.10/– each)	**15,000**	**1.50**	15,000	1.50	15,000	1.50
Subsidiaries						
Electrosteel Europe SA (Face value of Euro 10 each)	**3,80,000**	**23,23.41**	3,80,000	23,23.41	3,80,000	23,23.41
Electrosteel Algeria SPA((Face value of 3550 Algerian Dinar each)	**82,500**	**9,14.41**	82,500	9,14.41	82,500	9,14.41
Electrosteel Castings (UK) Ltd. (Face value of GBP 1 each)	**11,00,000**	**10,59.26**	11,00,000	10,59.26	11,00,000	10,59.26
Electrosteel USA, LLC	**#**	**14,45.60**	#	14,45.60	#	14,45.60
Electrosteel Trading S.A.Spain (Face Value of Euro 1 each)	**65,000**	**45.10**	65,000	45.10	65,000	45.10
Mahadev Vyapaar Pvt Ltd(Face Value of Rs. 10/– each)	**10,000**	**12,03.00**	10,000	12,03.00	10,000	12,03.00
Electrosteel Castings Gulf FZE (Face Value of UAE Dhiram 1000000 each)	**1**	**1,50.60**	1	1,50.60	1	1,50.60
Electrosteel Brasil LTDA Tubos E Conexoes Duteis (Face Value of BRL 1 each)	**1,50,000**	**45.05**	1,50,000	45.05	1,50,000	45.05
Electrosteel Doha for Trading LLC (Face Value of QAR 1000 each)	**98**	**14.84**	98	14.84	98	14.84
Electrosteel Baharain Holding S.P.C.Company (Face value of BHD 100 each)	**2,500**	**4,14.83**	2,500	4,14.83	2,500	4,14.83
Joint Venture						
Domco Pvt Ltd (Face value of Rs.100/– each)	**30,000**	**30.00**	30,000	30.00	30,000	30.00
Less: Impairment in value of Investment (Refer Note No. 7.3)		**(30.00)**		(30.00)		(30.00)
North Dhadhu Mining Company Pvt Ltd (Face value of Rs.10/– each) (Refer Note No. 7.4 and 47)	**82,28,053**	**8,22.81**	82,28,053	8,22.81	82,28,053	8,22.81
		84,40.41		84,40.41		84,40.41
		11,45,62.93		11,45,62.93		11,45,62.93

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Holding	**Value**	Holding	Value	Holding	Value
Investment designated at Fair Value through Other Comprehensive Income						
Quoted						
R.G. Ispat Limited (Face value of Rs.10/– each)	**50**	**–**	50	–	50	–
		–		–		–
Unquoted						
Rainbow Steels Limited (Face value of Rs.10/– each) (Refer Note No. 7.5)	**100**	**0.01**	100	0.01	100	0.01
MSTC Limited (Face value of Rs. 10/– each)	**1,000**	**8.32**	1,000	7.88	1,000	7.88
Singardo International Pte Ltd. (Face value of SGD 1 each)	**25,000**	**20.39**	25,000	18.38	25,000	18.38
N Marshall Hi–tech Engineers Pvt. Ltd. (Face value of Rs.10/– each)	**50,000**	**14.46**	50,000	14.07	50,000	14.07
		43.18		40.34		40.34
		43.18		40.34		40.34
		11,46,06.11		11,46,03.27		11,46,03.27
Investments in Preference Shares						
Mukand Limited (0.01% Cumulative Redeemable Preference Shares face value of Rs. 10/– each)	**16**	**0.00**	16	0.00	16	0.00
Total–Non–Current Investments **#Towards 100% Capital Contribution**		**11,46,06.11**		11,46,03.27		11,46,03.27
Aggregate amount of Quoted Investments		**10,61,22.52**		10,61,22.52		10,61,22.52
Aggregate amount of Market value of Quoted Investments		**12,32,73.02**		8,01,96.61		7,12,55.83
Aggregate amount of Unquoted Investments		**84,83.59**		84,80.75		84,80.75
Aggregate amount of Impairment in value of Investments		**30.00**		30.00		30.00

7.1 86,67,50,000 Equity shares of Rs. 10/– each fully paid up of Electrosteel Steels Limited(ESL) held by the Company as Investment have been pledged in favour of lenders of Electrosteel Steels Limited for securing financial assistance to ESL.

7.2 The Company's investments in ESL, an Associate as required in terms has been carried at Rs. 6,05,92.88 lakhs. ESL is passing through financial stringency and therefore debt and other restructuring proposal are under consideration by lenders, final outcome whereof is awaited. Pending this, Company's investment in the said associate measured at fair value on transition date considered as deemed cost, has been carried as above and no further impairment in value thereof has been considered necessary.

7.3 The Company has investment of Rs. 30 lakhs (March 31, 2016 : Rs. 30 lakhs and April 1, 2015 : Rs. 30 lakhs) in equity shares and given advance of Rs. 7,00 lakhs (March 31, 2016 : Rs. 7,00 lakhs and April 1, 2015 : Rs. 7,00 lakhs) against equity to Domco Private Limited (DPL), a Company incorporated in India, and has joint control (proportion of ownership interest of the Company being 50%) over DPL along with other venturers (the Venturers) in terms of the Shareholder's Agreement dated March 27, 2004. The Venturers had filed a petition before the Company Law Board, Principal Bench, New Delhi (CLB) against the Company against operation and mismanagement of the company interalia on various matters including for forfeiture of the Company's investment in equity shares of the DPL. The matter was later transfered to the Company Law Board, Kolkata Bench and is now being taken up by the National Company Law Tribunal, Kolkata Bench. The Company had also inter alia filed an arbitration proceeding under Arbitration & Conciliation Act, 1996 against recovery of the said amount.

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

7.4 (a) The North Dhadhu Coal Block located in the state of Jharkhand was allocated to the Company, Adhunik Alloys & Power Limited (AAP), Jharkhand Ispat Pvt. Ltd. (JPL) and Pawanjay Steel & Power Limited (PSPL) (collectively referred to as venturers) for working through North

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

Dhadhu Mining Company Private Limited (NDMCPL), a joint venture company. The Company has joint control (proportion of ownership interest of the Company being 48.98 %) along with other venturers represented by investment of Rs. 8,22.81 lakhs in equity shares of NDMCPL. (refer note no. 47)

(b) The Ministry of Coal, Government of India had issued an order for de–allocation of North Dhadhu Coal Block and deduction of Bank Guarantee of Rs. 56,03.00 lakhs issued for the same. The Company's share in the Bank Guarantee is Rs. 27,45.00 lakhs. On a writ petition filed by the Company for quashing the order, stay has been granted by the Hon'ble High Court of Jharkhand. Pending final judgement, no provision in the respect of Company's investment in NDMCPL and amount of Bank Guarantee, has been considered necessary. (refer note no. 47)

7.5 Rainbow Steels Limited, a company incorporated in Uttar Pradesh is under liquidation as per Ministry of Corporate Affairs. In absence of the financial statements of the said Company, the carrying amount has been assumed to be the fair value and no impairment in value thereof has been considered necessary.

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

7.7 **Details of Subsidiaries, Associates and Joint Ventures in accordance with Ind AS 112 "Disclosure of interests in other entities" :**

Name of the Company	Country of Incorporation	Proportion of ownership interest/ voting rights held by the Company		
		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Subsidiary				
Electrosteel Europe SA	France	**100.00%**	100.00%	100.00%
Electrosteel Algerie SPA	Algeria	**100.00%**	100.00%	100.00%
Electrosteel Castings (UK) Limited	United Kingdom	**100.00%**	100.00%	100.00%
Electrosteel USA LLC	United States of America	**100.00%**	100.00%	100.00%
Mahadev Vyapaar Private Limted	India	**100.00%**	100.00%	100.00%
Electrosteel Trading S.A, Spain	Spain	**100.00%**	100.00%	100.00%
Electrosteel Castings Gulf FZE	United Arab Emirates	**100.00%**	100.00%	100.00%
Electrosteel Doha for Trading (LLC)	Qatar	**49.00%**	49.00%	49.00%
Electrosteel Brasil LTDA. Tubos e Conexoes Duteis	Brazil	**100.00%**	100.00%	100.00%
Electrosteel Bahrain Holding SPC Company	Bahrain	**100.00%**	100.00%	100.00%
Associate				
Srikalahasthi Pipes Limited	India	**48.54%**	48.54%	48.54%
Electrosteel Steels Limited	India	**45.23%**	45.23%	45.23%
Electrosteel Thermal Power Limited	India	**30.00%**	30.00%	30.00%
Joint Ventures				
North Dhadhu Mining Company Private Limited	India	**48.98%**	48.98%	48.98%
Domco Private Limited	India	**50.00%**	50.00%	50.00%

7.8 The Company as on the transition date i.e. April 01, 2015 fair valued its Investment in Srikalahasthi Pipes Limited and Electrosteel Steels Limited, as valued by an Independent valuer and considered as "deemed cost" as per the provision of Ind AS 101 "First–time Adoption of Indian Accounting Standards"– Refer Note no. 59.

7.9 The Company has made an irrevocable decision to consider equity instruments not held for trading to be recognized at FVTOCI.

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

Non Current Assets

8. Trade Receivables

Particulars	Ref. note no.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, Considered Good				
Long Term Trade Receivables	14.1	**1,08.56**	1,17.21	2,69.40
		1,08.56	1,17.21	2,69.40

9. Loans

Particulars	Ref. note no.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, Considered Good				
Security Deposits	9.1 and 17.3	**12,11.80**	20,70.48	1019.16
		12,11.80	20,70.48	1019.16

9.1 Security deposits include Rs. 5,22.66 lakhs (March 31, 2016 : Rs. 4,67.82 lakhs and April 1, 2015 : Rs. 4,18.85 lakhs) with private limited companies in which directors are interested as a member / director and Rs. 1,94.00 lakhs (March 31, 2016 : Rs. 1,94.00 lakhs and April 1, 2015 : Rs. 2,03.00 lakhs) with related parties.

10. Other Financial Assets

Particulars	Ref. note no.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Fixed Deposit with Banks (having original maturity of more than 1 year)	16.1	**35,60.89**	25,00.50	0.54
		35,60.89	25,00.50	0.54

11. Other Non–Current Assets

Particulars	Ref. note no.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital Advances	11.1	**4,07.26**	4,42.87	6,66.39
Prepaid expenses		**2,14.86**	2,85.07	4,17.40
Others	11.2	**2.55**	6.22	14.65
		6,24.67	7,34.16	10,98.44

11.1 Capital advances includes Rs. 5.27 lakhs (March 31, 2016 : Rs. 5.27 lakhs and April 1, 2015 : Rs. 5.27 lakhs) paid to related party (Refer note no. 55).

11.2 Including loans and advance to employees amounting to Rs. 2.11 lakhs (March 31, 2016 : Rs. 5.77 lakhs and April 1, 2015 : Rs. 14.21 lakhs).

12. Inventories

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Raw materials	**1,83,38.91**	1,13,32.81	2,56,07.46
Raw materials in transit	**37,32.28**	24,02.92	5,17.67
Process stock	**81,72.92**	42,89.29	47,91.91
Finished goods	**83,07.63**	1,07,33.89	1,27,38.30
Stores and spares	**50,87.47**	59,73.37	54,07.54
Stores and spares in transit	**6.92**	84.74	2,13.97
	4,36,46.13	3,48,17.02	4,92,76.85
Work–in–progress (Turnkey Projects)	**2,74.84**	2,75.39	7,91.70
Less : Progress payment received	**67.51**	–	4,89.99
	2,07.33	2,75.39	3,01.71
	4,38,53.46	3,50,92.41	4,95,78.56

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

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

13. CURRENT INVESTMENTS

(Fully paid up except otherwise stated)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Holding	Value	Holding	Value	Holding	Value
Investment measured at fair value through Profit and Loss						
Investment in Equity Instruments						
Equity Shares (Quoted)						
Coal India Limited (Face value of Rs. 10/–each)	–	–	–	–	19,000	68.95
Jindal Drilling & Industries Ltd (Face value of Rs. 5/– each)	–	–	1,76,500	2,09.06	1,76,500	2,97.58
Manganese Ore India Ltd (Face value of Rs. 10/– each)	3,794	11.90	3,794	8.26	3,794	10.49
Reliance Industries Ltd (Face value of Rs. 10/– each)	500	6.60	500	5.23	18,000	1,48.68
Andhra Bank (Face value of Rs. 10/– each)	5,000	2.90	5,000	2.61	5,000	3.95
3I Infotech Ltd. (Face value of Rs. 10/– each)	60,000	3.03	60,000	2.49	60,000	3.48
BGR Energy Systems Ltd. (Face value of Rs. 10/– each)	1,500	2.07	1,500	1.61	1,500	1.78
Bharat Heavy Electricals Ltd. (Face value of Rs. 2/– each)	12,500	20.36	12,500	14.23	12,500	29.42
Fortis Healthcare (India) Ltd. (Face value of Rs. 10/– each)	–	–	–	–	4,000	6.58
GTL Infrastructure Ltd. (Face value of Rs. 10/– each)	60,000	3.45	60,000	1.26	60,000	1.17
Garden Silk Mills Ltd. (Face value of Rs. 10/– each)	1,000	0.32	1,000	0.22	1,000	0.26
Jyoti Structures Ltd. (Face value of Rs. 2/– each)	5,000	0.41	5,000	0.55	5,000	1.28
National Aluminium Company Ltd. (Face value of Rs. 5/– each)	2,500	1.91	2,500	0.99	2,500	1.17
Punjab National Bank (Face value of Rs. 2/– each)	10,000	14.99	10,000	8.47	10,000	14.44
Pilani Investment and Industries Corporation Ltd. (Face value of Rs. 10/– each)	700	15.04	700	8.51	700	9.15
Vedanta Ltd (Face value of Rs. 1/– each)	2,000	5.50	2,000	1.80	2,000	3.79
Timex Group India Ltd. (Face value of Rs. 1/– each)	–	–	–	–	1,000	0.19
Tata Teleservices (Maharashtra) Ltd. (Face value of Rs. 10/– each)	28,333	2.03	28,333	1.86	28,333	2.23
Sub–Total		90.51		2,67.15		6,04.59
Investment in Bonds						
Bonds (Quoted)						
8.74% RRUVUNL (Tranche 11) 26/03/2027 of Rs. 1000000 each	–	–	–	–	4	39.33
11% Bank Of India Perpetual Bonds of Rs. 1000000 each	–	–	–	–	3	35.31
11.50% ITNL NCD 21/06/2024 of Rs. 1000000 each	–	–	–	–	4	43.40
Sub–Total		–		–		1,18.04
Total		90.51		2,67.15		7,22.63
Aggregate amount of Quoted Investments						
– In Bonds		–		–		1,18.04
– In Equity Shares		90.51		2,67.15		6,04.59
		90.51		2,67.15		7,22.63
Aggregate amount of Market value of Quoted Investments						
– In Bonds		–		–		1,18.04
– In Equity Shares		90.51		2,67.15		6,04.59
		90.51		2,67.15		7,22.63

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

13.1 Quoted Investments for which quotations are not available have been included in the market value at the face value/paid up value, whichever is lower except in case of debentures, bonds and government securities where the net present value at current yield to maturity have been considered.

13.2 Refer note no. 7.6 for particulars of investments.

14. Trade Receivables

(Amount Rs. in lakhs)

Particulars	Ref. note no.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
UNSECURED				
Considered good		**4,70,00.98**	7,00,92.32	5,80,30.82
Considered doubtful		**3,12.78**	–	–
Less: Impairment allowances for doubtful debts	14.2	**(3,12.78)**	–	–
		4,70,00.98	7,00,92.32	5,80,30.82

14.1 Ageing of Trade Receivable

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Within the credit period	**3,72,67.47**	6,00,11.35	4,28,82.53
1–180 days past due	**79,09.70**	81,43.48	1,33,13.75
More than 180 days past due	**19,32.37**	20,54.70	21,03.94
Total	**4,71,09.54**	7,02,09.53	5,83,00.22
Current Trade Receivable	**4,70,00.98**	7,00,92.32	5,80,30.82
Non Current Trade Receivable	**1,08.56**	1,17.21	2,69.40
Total	**4,71,09.54**	7,02,09.53	5,83,00.22

14.2 Movement of Impairment allowances for doubtful debts

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balance as at the beginning of the year	**–**	–	–
Recognised during the year	**3,12.78**	–	–
Reversal during the year	**–**	–	–
Balance at the end of the year	**3,12.78**	–	–

14.3 Balances of Trade Receivables including for Turnkey Contracts, Work–in–progress, Creditors and Advances are subject to confirmation/ reconciliation and adjustments in this respect are carried out as and when amounts thereof, if any are ascertained.

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

15. Cash and Cash Equivalents

Particulars	Ref. note no.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances with banks				
In current and cash credit accounts	16.2	**2,33,03.83**	73,65.23	78,05.12
Cash on hand		**6.30**	8.12	19.26
Fixed Deposits with Banks (having original maturity of less than 3 months)		**30,00.00**	10,25.00	–
		2,63,10.13	83,98.35	78,24.38

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

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

16. Bank Balances Other than Cash and Cash Equivalents

Particulars	Ref. note no.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Other balance with banks				
In Fixed Deposit Escrow account	24.1	**5,36.93**	4,98.02	4,61.22
In dividend accounts		**3,30.43**	2,44.36	1,11.52
Fixed deposits with Banks(having original maturity of more than 3 months)	16.1, 16.2 and 27.2	**61,69.93**	8,36.31	1,26,25.30
		70,37.29	15,78.69	1,31,98.04

16.1 Fixed Deposits with banks include Fixed Deposit of Rs. 61,66.88 lakhs (March 31, 2016 : Rs. 9,04.23 lakhs and April 1, 2015 : Rs. 31,07.27 lakhs) including NIL (March 31, 2016 : Rs. 0.50 lakhs and April 1, 2015 : Rs. 0.54 lakhs) disclosed under Other Non–Current Assest have been lodged with Banks against guarantee issued by them.

16.2 Includes Fixed Deposits of NIL (March 31, 2016 NIL and April 1, 2015 : Rs. 95,16.64 lakhs) and bank balance of Rs. 15,90.41 lakhs (March 31, 2016: Rs.17,35.86 lakhs and April 1, 2015 : NIL) in respect of External Commercial Borrowings loan pending utilisation for intended use.

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

17. Loans

Particulars	Ref. note no.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, Considered Good				
Security Deposits	17.1	**14,62.40**	7,86.57	10,97.90
		14,62.40	7,86.57	10,97.90
Considered Doubtful				
Loans and Advances to related party		**7,00.00**	7,00.00	7,00.00
Others		**10.62**	10.62	12.04
		7,10.62	7,10.62	7,12.04
Less : Impairment Allowances for doubtful Advances	7.3 and 17.2	**7,10.62**	7,10.62	7,12.04
		–	–	–
		14,62.40	7,86.57	10,97.90

17.1 Includes Rs. 16,67.45 lakhs (March 31, 2016 : Rs. 15,05.45 lakhs and April 01, 2015 : Rs. 9,78.83 lakhs) lying with customers in terms of agreement/orders with/from customers.

17.2 Movement of Allowances for doubtful Advances.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balance as at the beginning of the year	**7,10.62**	7,12.04	7,12.04
Recognised during the year	**–**	–	–
Reversal during the year	**–**	1.42	–
Balance at the end of the year	**7,10.62**	7,10.62	7,12.04

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

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

18. Other Financial Assets

Particulars	Ref. note no.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Interest receivable		**18.39**	18.84	38.57
Claim Receivable	46	**93,16.85**	92,93.80	–
Derivative Assets at fair value through profit or loss		**8,39.16**	2,76.97	41,83.53
Export Rebate Claim Receivable		**5,28.73**	14,44.75	19,23.28
Export incentive receivable		**11,02.33**	17,13.11	42,58.70
Others		**7.35**	10.45	12.19
		1,18,12.81	1,27,57.92	1,04,16.27

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

19. Other Current Assets

Particulars	Ref. note no.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Loans and Advances to related parties	55, 19.1 & 19.3	**2,13,89.76**	2,22,96.21	2,63,23.95
Advances for supply of goods and rendering of services		**10,09.24**	11,29.89	12,80.73
Loans and advances to employees		**49.88**	66.10	67.27
Balance with Government authorities		**54,59.04**	36,61.32	55,88.31
Prepaid expenses		**3,05.07**	2,19.22	3,00.60
Incentive/Subsidy receivable		**53,68.10**	63,45.59	56,41.49
Others		**7,77.36**	7,67.40	5,21.16
		3,43,58.45	3,44,85.73	3,97,23.51

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

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

	Outstanding at the year end	Maximum Amount outstanding during the year	Outstanding at the year end	Maximum Amount outstanding during the year	Outstanding at the year end	Maximum Amount outstanding during the year
	March 31, 2017	**2016–17**	March 31, 2016	2015–16	March 31, 2015	2014–15
Loans and advances in the nature of loans to Subsidiaries and Associates:						
(a) Singardo International Pte Ltd.*			–	–	–	99.12
(b) Electrosteel Castings (UK) Limited			–	–	–	27,92.70
(c) Mahadev Vyapaar Private Limited	**3,98.89**	**4,16.20**	4,14.63	4,30.52	4,30.12	4,45.89
Loans and advances in the nature of loans to Firms/ Companies in which directors are interested						
Loans and advance in the nature of loans and loanee has invested in :						
(a) Shares of Parent Company		–	–	–	–	–
(b) Shares of a Subsidiary (including sub/fellow subsidiary)		–	–	–	–	–

*During the period ended March 31, 2015 Singardo International Pte Ltd had ceased to be a subsidiary /associate of the company.

19.3 All the above advances have been given for general corporate purpose. In respect of advance given to Mahadev Vyapaar Pvt. Ltd., reference should be made to note no. 58.

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

20. Equity Share Capital

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Authorised			
Equity shares, Rs. 1/– par value			
500,000,000 (March 31, 2016 500,000,000 and April 1, 2015 500,000,000) equity shares	**50,00.00**	50,00.00	50,00.00
Issued, Subscribed and Paid–up			
Equity shares, Rs. 1/– par value			
356,955,322 (March 31, 2016 356,955,322 equity shares and April 1, 2015 356955322 equity shares) equity shares fully paid up	**35,69.55**	35,69.55	35,69.55
	35,69.55	35,69.55	35,69.55

20.1 The Company has only one class of shares referred to as equity shares having a par value of Rs. 1/–. Each holder of equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company, after distribution of all preferential amounts, in proportion of their shareholding.

20.2 Reconciliation of the number of equity shares outstandings

No. of Shares

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Number of shares at the beginning	**35,69,55,322**	35,69,55,322	35,69,55,322
Add: Addition during the year	**–**	–	–
Number of shares at the end	**35,69,55,322**	35,69,55,322	35,69,55,322

20.3 Shareholders holding more than 5% equity shares

No. of Shares

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
G. K. & Sons Private Ltd	**3,67,31,833**	3,67,31,833	3,67,31,833
Murari Investment & Trading Company Ltd.	**3,00,53,080**	3,00,53,080	3,00,53,080
Electrocast Sales India Ltd.	**2,98,99,981**	2,98,99,981	2,98,99,981
G.K. Investments Ltd.	**2,17,39,560**	2,17,39,560	2,17,39,560
Stemcor Metals Ltd.	**1,92,43,836**	1,92,43,836	1,92,43,836
Uttam Commercial Company Ltd.	**1,85,90,570**	1,85,90,570	1,85,90,570

21. Other Equity

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Capital Reserve	**42,98.28**	41,48.28	41,48.28
Securities Premium Reserve	**6,55,90.26**	6,55,90.26	6,55,90.26
General Reserve	**10,10,07.51**	9,90,07.51	9,65,07.51
Debenture Redemption Reserve	**62,50.00**	32,60.00	67,50.00
Retained Earnings	**10,62,78.68**	10,56,88.50	10,19,04.03
Other Comprehensive Income			
Equity instrument through other comprehensive income	**23.69**	21.51	21.51
Effective portion of cash flow hedge	**(3,64.68)**	(4,88.31)	–
Re–measurement of Defined benefit plans	**(2,03.28)**	(1,36.23)	(19.33)
	28,28,80.46	27,70,91.52	27,49,02.26

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

21.1 Refer Statement of changes in Equity for movement in balances of reserves.

21.2 **Capital Reserve**

Capital Reserve comprises of :

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Government Grants Received	**1,96.52**	46.52	46.52
Forfeiture of warrants convertible to equity shares	**41,01.76**	41,01.76	41,01.76
	42,98.28	41,48.28	41,48.28

21.3 **Securities Premium Reserve**

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

21.4 **General Reserve**

The general reserve is created from time to time by appropriating profits from retained earnings. The general reserve is created by a transfer from one component of equity to another and accordingly it is not reclassified to the Statement of profit and loss.

21.5 **Debenture Redemption Reserve**

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

21.6 **Retained Earnings**

Retained earnings generally represents the undistributed profit/ amount of accumulated earnings of the company. This includes Rs. 7,60,45.52 lakhs (March 31, 2016 : Rs. 7,76,42.06 lakhs and April 1, 2015 : Rs. 7,81,88.23 lakhs) which is not available for distribution as these are represented by changes in carrying amount of Property, Plant and Equipments and Investment in associates being measured at fair value as on the date of transition as deemed cost.

21.7 **Other Comprehensive Income**

Other Comprehensive Income (OCI) represent the balance in equity for items to be accounted under OCI and comprises of the following:

i) Items that will not be reclassified to profit and loss

   a. The company has elected to recognise changes in the fair value of investments(other than in subsidiaries, associates and joint ventures) in OCI. This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value. The company transfers amounts from this reserve to retained earnings when the relevant equity securities are disposed.

   b. The actuarial gains and losses arising on defined benefit obligations have been recognised in OCI.

ii) Items that will be reclassified to profit and loss.

   a. This Reserve represents the cumulative effective portion of changes in fair value of currency swap that are designated as cash flow hedge are recognised in OCI. This is reclassified to statement of Profit and Loss.

21.8 Subsequent to Balance Sheet date, the Board of Directors has recommended a dividend of Rs. 0.50 per share to be paid on fully paid equity shares in respect of the financial year ended March 31, 2017. This equity dividend is subject to approval by shareholders at the enshuing Annual General Meeting and has not been included as a liability in these financial statements. The total estimated equity dividend to be paid is Rs.17,84.78 lakhs and the dividend distribution tax thereon amounts to Rs. 3,63.34 lakhs.

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

22. Borrowings (Amount Rs. in lakhs)

Particulars	Ref. note no.	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
		Non Current	**Current**	Non Current	Current	Non Current	Current
SECURED BORROWINGS							
Non Convertible Debentures							
11.75% Non Convertible Debentures	22.1.1	**1,24,08.06**	**–**	–	–	–	–
12.00% Non Convertible Debentures	22.1.2	**74,44.65**	**–**	–	–	–	–
11.00% Non Convertible Debentures	22.1.3	**49,61.94**	**–**	49,35.20	–	49,11.16	–
10.75% Non Convertible Debentures	22.1.4	**–**	**–**	40,78.95	39,60.00	80,37.08	39,60.00
12.50% Non Convertible Debentures	22.1.5	**–**	**–**	–	–	99,67.30	–
Term loan from banks							
External Commercial Borrowing	22.2.1	**4,59,68.62**	**1,53,22.87**	6,26,19.50	91,67.68	7,38,37.84	2,92,55.47
FCNR Loan	22.2.2	**78,23.92**	**17,23.98**	96,53.06	8,80.66	–	–
Rupee Loan	22.2.3 , 22.2.4 & 22.2.5	**2,40,56.87**	**20,00.00**	2,15,05.33	14,00.00	2,29,68.71	9,00.00
Term loan from a financial institutions	22.3.1 , 22.3.2 & 22.3.3	**35,27.23**	**8,33.33**	71,04.20	13,16.95	84,04.60	28,47.19
		10,61,91.29	**1,98,80.18**	10,98,96.24	1,67,25.29	12,81,26.69	3,69,62.66
UNSECURED BORROWINGS							
Term loan from financial institutions	22.4.1 , 22.4.2 & 22.4.3	**65,28.98**	**82.50**	42,00.00	–	–	–
		65,28.98	**82.50**	42,00.00	–	–	–
		11,27,20.27	**1,99,62.68**	11,40,96.24	1,67,25.29	12,81,26.69	3,69,62.66

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

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

22.1.3 11% Non Convertible Debentures (privately placed) are secured by second pari–passu charge on company's Property, Plant and Equipment and other intangible assets (immovable and movable) including land and buildings both present and future other than assets located at Elavur. These debentures were allotted on July 5, 2013 and are redeemable at par at the end of 5th year from the date of allotment.

22.1.4 10.75% Non Convertible Debentures (privately placed) were secured by first pari–passu charge on company's Property, Plant and Equipment and other intangible assets (immovable and movable) including land and buildings both present and future other than assets located at Elavur and excluding furniture and fixture, vehicles and other intangible assets. These debentures were allotted on April 11, 2012 and have been fully redeemed during the year.

22.1.5 12.50% Non Convertible Debentures (privately placed) was secured by second pari–passu charge on company's Property, Plant and Equipment and other intangible assets (immovable and movable) including land and buildings both present and future other than assets located at Elavur. These debenture were fully reedemed during the year ended March 31, 2016.

22.2.1 External Commercial Borrowings of USD 77.50 million was repayable in 3 annual instalments of 33.25% in July, 2013, 33.25% in July, 2014 & 33.50% in July, 2015. The outstanding as on March 31, 2017 is NIL (March 31, 2016 : NIL and April 1, 2015 : Rs. 1,62,25.26 lakhs). External Commercial Borrowings of USD 139.00 million is repayable in 12 semi annual instalments from August 29, 2015. The outstanding as on March 31, 2017 is Rs 6,12,91.49 lakhs (March 31, 2016 : Rs. 7,17,87.18 lakhs and April 1, 2015 : Rs. 8,68,68.05 lakhs). The interest rate ranges from 6M Libor + 400 to 500 basis points. External Commercial Borrowings is secured by way of first pari–passu charge on all immovable and movable

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

Property, Plant and Equipment and other intangible assets, both present and future of the Company other than assets located at Elavur.

22.2.2 FCNR Loan of USD 16.62 million is to be secured by way of first pari–passu charge on all immovable and movable Property, Plant and Equipment and other intangible assets, both present and future of the Company other than assets located at Elavur. FCNR Loan is repayable in 25 equal quarterly instalments starting from Dec, 2016. The interest rate ranges from 3M Libor + 275 to 325 basis points. The outstanding as on March 31, 2017 is Rs. 95,47.90 lakhs (March 31, 2016 : Rs. 1,05,33.72 lakhs and April 1, 2015 : NIL).

22.2.3 Rupee Term Loan of Rs. 50,00.00 lakhs from bank is to be secured by way of first pari–passu charge on all immovable and movable Property, Plant and Equipment and other intangible assets, both present and future of the Company other than assets located at Elavur and Vadgaon (Pune). Rupee Term Loan is repayable in 25 equal quarterly instalments starting from July, 2017. The interest rate ranges from 10.00% p.a to 11.00% p.a. The outstanding as on March 31, 2017 is Rs. 44,95.09 lakhs (March 31, 2016 : NIL and April 1, 2015 : NIL)

22.2.4 Rupee Term Loan of Rs. 2,00,00.00 lakhs from bank is secured by way of first pari–passu charge on all immovable and movable Property, Plant and Equipment and other intangible assets, both present and future of the Company other than assets located at Elavur. Term Loan is repayable in 28 quarterly instalments starting from June, 2015. The interest rate ranges from 12.50% p.a to 13.50% p.a. The outstanding as on March 31, 2017 is Rs. 1,91,05.01 lakhs (March 31, 2016 : Rs. 1,94,85.98 lakhs and April 1, 2015 : Rs. 1,98,68.71 lakhs)

22.2.5 Rupee Term Loan of Rs. 40,00.00 lakhs from bank is secured by way of first pari–passu charge on all immovable and movable Property, Plant and Equipment and other intangible assets, both present and future of the Company other than assets located at Elavur and Vadgaon (Pune). Rupee Term Loan is repayable in 16 equal quarterly installments starting from Dec,2015. The interest rate ranges from 10.50% p.a to 12.00% p.a. The outstanding as on March 31, 2017 is Rs. 24,56.77 lakhs (March 31, 2016 : Rs. 34,19.31 lakhs and April 1, 2015 : Rs. 40,00.00)

22.3.1 Term Loan of Rs. 50,00.00 lakhs from a financial institution is secured by way of first pari–passu charge on all immovable and movable Property, Plant and Equipment and other intangible assets, both present and future of the Company other than assets located at Elavur. Term Loan is repayable in 24 equal quarterly installments starting from July, 2016. The interest rate ranges from 12.00% p.a to 13.00% p.a. The outstanding as on March 31, 2017 is Rs. 43,60.56 lakhs (March 31, 2016 : Rs. 49,80.28 lakhs and April 1, 2015 : Rs. 49,73.94 lakhs)

22.3.2 Term Loan of Rs. 39,54.00 lakhs from a financial institution is to be secured by way of second pari–passu charge on all movable Property, Plant and Equipment and other intangible assets and Current Assets, both present and future of the Company. The interest rate ranges from 14.00% p.a to 14.50% p.a. The outstanding as on March 31, 2017 is Nil (March 31, 2016 : Rs. 34,40.87 lakhs and April 1, 2015 : Rs. 39,26.34 lakhs). The said loan has been fully repaid during the year.

22.3.3 Term Loan of Rs. 1,00,00.00 from a financial institution was secured by way of first pari–passu charge on all immovable and movable Property, Plant and Equipment and other intangible assets, both present and future of the Company other than assets located at Elavur. The outstanding as on March 31, 2017 is NIL (March 31, 2016 : NIL and April 1, 2015 : Rs. 23,51.51 lakhs). The said loan has been fully paid during the previous year.

22.4.1 Term Loan of Rs. 41,00.00 lakhs from a financial institution is repayable in 16 quarterly instalments starting from June, 2018. The interest rate ranges from 11.00% p.a to 12.00 % p.a. The outstanding as on March 31, 2017 is 41,00.00 (March 31, 2016 : NIL and April 1, 2015 : NIL)

22.4.2 Term Loan of Rs. 33,00.00 lakhs from a financial institution is repayable in 16 quarterly instalments starting from March, 2018. The interest rate ranges from 11.00% p.a to 12.00 % p.a. The outstanding as on March 31, 2017 is Rs. 25,11.48 lakhs (March 31, 2016 : NIL and April 1, 2015 : NIL).

22.4.3 Term Loan of Rs. 42,00.00 lakhs from a financial institution has been fully repaid during the year. The interest rate ranges from 11.50% p.a to 12.25% p.a. The outstanding as on March 31, 2017 is NIL (March 31, 2016 : Rs 42,00.00 lakhs and April 1, 2015 : NIL).

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

23. Other Financial Liabilities (Amount Rs. in lakhs)

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Capital vendors	–	1,37.64	1,37.63
	–	1,37.64	1,37.63

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

24. Provisions

Particulars	**Ref. note no.**	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Provision for employee benefits	45	**13,96.18**	10,78.49	8,37.40
Provision for mine closure and restoration charges	24.1	**5,59.98**	4,98.02	4,61.22
		19,56.16	15,76.51	12,98.62

24.1 Provision for Mines closure and restoration charges are made in terms of statutory obligations specified for the purpose and deposited in the Escrow account in terms of the stipulation made by Ministry of Coal, for Mines closure Plan. (Refer note 16 and 46).

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

Particulars	(Amount Rs. In lakhs)
As at April 1, 2015	4,61.22
Provision during the year	36.80
As at March 31, 2016	4,98.02
Provision during the year	61.96
As at March 31, 2017	5,59.98

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Current	**–**	–	–
Non current	**5,59.98**	4,98.02	461.22

25. Deferred Tax Liabilities

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

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Deferred tax Assets	**(42,22.27)**	(32,96.38)	(25,11.45)
Deferred tax Liabilities	**3,40,42.95**	3,31,68.42	3,35,41.11
Net Deferred Tax (Assets)/Liabilities	**2,98,20.68**	2,98,72.04	3,10,29.66

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

Particulars	**As at April 1 , 2016**	**Charge/ (Credit) recognised in profit or loss**	**Charge/ (Credit) recognised in other comprehensive income**	**As at March 31 , 2017**
Deferred Tax Assets :				
Fair valuation of financial assets and financial liabilities	25,13.40	6,40.87	–	**31,54.27**
Provision for post retirement and other employee benefits	4,62.69	3,14.96	–	**7,77.65**
Remeasurement of defined benefit obligations	61.86	–	35.48	**97.34**
Fair valuation of Derivative instruments designated through Cash Flow Hedge Reserve	2,58.43	–	(65.42)	**1,93.01**
Total Deferred Tax Assets	**32,96.38**	**9,55.83**	**(29.94)**	**42,22.27**

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	As at April 1 , 2016	Charge/ (Credit) recognised in profit or loss	Charge/ (Credit) recognised in other comprehensive income	As at March 31 , 2017
Deferred Tax Liabilities:				
Fair valuation (gain)/ loss on Investments	1,48.12	(36.09)	0.65	**1,12.68**
Timing difference with respect to Property, Plant & Equipment and other intangible assets	3,27,24.95	5,63.44	–	**3,32,88.38**
Borrowings designated at Amortised Cost	2,67.77	1,50.25	–	**4,18.02**
Fair valuation of Derivative instruments through Profit and Loss	27.58	1,96.29	–	**2,23.87**
Total Deferred Tax Liabilities	**3,31,68.42**	**8,73.89**	**0.65**	**3,40,42.95**
NET DEFERRED TAX (ASSETS)/ LIABILITIES	**2,98,72.04**	**(81.94)**	**30.59**	**2,98,20.68**

Components of Deferred tax (Assets)/ Liabilities as at March 31, 2016 are given below :

Particulars	As at April 1 , 2015	Charge/ (Credit) recognised in profit or loss	Charge/ (Credit) recognised in other comprehensive income	As at March 31 , 2016
Deferred tax (liabilities) / assets in relation to :				
Deferred Tax Assets :				
Fair valuation of financial assets and financial liabilities	20,21.72	4,91.68	–	**25,13.40**
Provision for post retirement and other employee benefits	4,89.73	(27.04)	–	**4,62.69**
Remeasurement of defined benefit obligations	–	–	61.86	**61.86**
Fair valuation of Derivative instruments designated through Cash Flow Hedge Reserve	–	–	2,58.43	**2,58.43**
Total Deferred Tax Assets	**25,11.45**	**4,64.64**	**3,20.29**	**32,96.38**
Deferred Tax Liabilities:				
Fair valuation (gain)/ loss on Investments	2,34.60	(86.48)	–	**1,48.12**
Timing difference with respect to Property, Plant & Equipment and other intangible assets	3,27,16.53	8.42	–	**3,27,24.95**
Borrowings designated at Amortised Cost	1,07.60	1,60.17	–	**2,67.77**
Fair valuation of Derivative instruments through Profit and Loss	4,82.38	(454.80)	–	**27.58**
Total Deferred Tax Liabilities	**3,35,41.11**	**(3,72.69)**	**–**	**3,31,68.42**
NET DEFERRED TAX (ASSETS)/ LIABILITIES	**3,10,29.66**	**(8,37.33)**	**(3,20.29)**	**2,98,72.04**

26. Other Non–Current Liabilities

Particulars	Ref. note no.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance from customers	26.1	**2,00,32.57**	1,47,70.74	–
Liability for Finance Lease Obligation		**9.46**	10.06	10.71
Others		**78.72**	71.93	66.23
		2,01,20.75	1,48,52.73	76.94

26.1 Advance from Customers amounting to Rs. 2,24,60.56 lakhs (March 31, 2016 : Rs. 1,65,62.50 lakhs and April 1, 2015 : NIL (including Rs. 24,27.99 lakhs (March 31, 2016 : Rs. 17,91.76 lakhs and April 1, 2015 : NIL shown under current liabilities))) received as interest bearing advance for export of DI Pipes, Fittings and related accessories has been classified and disclosed as aforesaid as per terms of the contract.

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

27. Borrowings

Particulars	Ref. note no.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
SECURED				
Repayable on demand from banks	27.1 and 27.2			
Indian Currency		**2,46,16.75**	2,77,76.24	2,81,20.07
Foreign Currency		**2,99,82.56**	4,24,50.24	4,99,59.61
		5,45,99.31	7,02,26.48	7,80,79.68
UNSECURED				
Repayable on demand from banks				
Foreign Currency		**–**	–	28,43.43
From related parties	55	**99.97**	21,02.13	96.34
From Others		**30,00.00**	35,00.00	–
		30,99.97	56,02.13	29,39.77
		5,76,99.28	7,58,28.61	8,10,19.45

27.1 Loans repayable on demand being Working Capital facilities from Banks (both fund based and non fund based) are secured by first pari passu charge by way of joint hypothecation of raw materials, finished goods, work in progress, consumable stores and spares, book debts/receivables and other current assets of the company both present and future.

27.2 Fixed Deposit amounting to NIL (March 31, 2016 : NIL and April 1, 2015 : Rs. 30,00.00 lakhs) are pledged with banks for availing working capital facilities.

28. Trade Payables

Particulars	Ref. note no.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Payable for Goods and Services				
Due to Micro and Small Enterprises	28.1	**–**	–	–
Others	28.2	**2,15,93.85**	2,60,85.11	2,20,60.17
		2,15,93.85	2,60,85.11	2,20,60.17

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

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
a) Principal & Interest amount remaining unpaid but not due as at year end	**Nil**	Nil	Nil
b) Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year	**Nil**	Nil	Nil
c) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	**Nil**	Nil	Nil
d) Interest accrued and remaining unpaid as at year end	**Nil**	Nil	Nil
e) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	**Nil**	Nil	Nil

28.2 Including acceptances of Rs. 24,49.58 lakhs (March 31, 2016 : Rs. 21,17.11 lakhs and April 1, 2015 : Rs. 4,71.04 lakhs).

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

29. Other Financial Liabilities

Particulars	Ref. note no.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current maturities of long–term debt				
Secured	22	**1,98,80.18**	1,67,25.29	3,69,62.66
Unsecured	22	**82.50**	–	–
Interest accrued but not due on borrowings		**11,66.33**	21,36.67	32,53.18
Interest accrued and due on borrowings		**88.73**	46.31	1,55.59
Unclaimed dividends	29.1	**3,30.43**	2,44.36	1,11.52
Credit balances in current account with banks		**0.59**	21,05.35	13,60.03
Capital vendors		**7,13.98**	10,66.97	32,94.70
Others		**1,16.55**	3,53.97	1,30.41
		2,23,79.29	2,26,78.92	4,52,68.09

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

30. Other Current Liabilities

Particulars	Ref. note no.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance from customers	26.1	**98,78.10**	45,53.54	20,00.73
Statutory dues – PF, ESI, Service Tax, TDS, Entry Tax etc.		**55,28.96**	44,79.97	38,62.49
Excise duty on stock		**5,46.13**	4,85.70	8,40.09
		1,59,53.19	95,19.21	67,03.31

31. Provisions

Particulars	Ref. note no.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for employee benefits	45	**16,83.07**	18,07.39	16,52.32
Fair Valuation of Derivative Instruments– Swap, Interest rate cap and Options		**14,13.22**	10,99.84	12.04
Other Provisions	31.1	**9,86.92**	7,17.68	7,22.25
		40,83.21	36,24.91	23,86.61

31.1 Other Provisions includes :

(a) Provision relating to indirect taxes in respect of proceeding of various excise duty matter amounting to Rs. 5,00 lakhs (March 31, 2016 : Rs. 5,00.00 lakhs and April 1, 2015 : Rs. 5,00.00 lakhs).

(b) Provision relating to disputed customer claims/rebates/demands amounting to Rs. 4,76.74 lakhs (March 31, 2016 : Rs. 2,10.00 lakhs and April 1, 2015 : Rs. 2,10.00 lakhs).

31.2 Movement in other provisions are provided below :

Particulars	(Amount Rs. In lakhs)
As at March March 31, 2015	7,22.25
Provision during the year	–
Reversal/Utilisation during the year	(4.57)
As at March March 31, 2016	7,17.68
Provision during the year	4,86.92
Reversal/Utilisation during the year	(2,17.68)
As at March March 31, 2017	9,86.92

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current	**9,86.92**	7,17.68	7,22.25
Non current	**–**	–	–

32. Current Tax Liabilities (Net)

Particulars	Ref. note no.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for taxation (net of advance tax)	32.1	**42,28.48**	38,18.63	23,02.76
		42,28.48	38,18.63	23,02.76

32.1 Includes Rs. 10,14.09 lakhs being interest received pertaining to Assessment Year 2003-04 and from Assessment Year 2005-06 to 2008-09 as the refund and the aforesaid amount has been disputed by the Income Tax Department and the matter was pending before Income Tax Appellate Tribunal (ITAT) for which adjustment pending appeal effect to be given by the Income Tax authorities will be carried on receipt of assessment order. The ITAT during the year has passed the order for these years, however the appeal effect to the aforesaid orders is yet to be given by the Income Tax Department.

33. Revenue From Operations

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Sale of products (including Excise Duty)	**17,91,91.27**	19,72,32.44
Sale of services	**50.80**	4,93.79
Other operating revenues		
Incentive on exports	**20,44.04**	27,56.30
Others	**21,31.95**	11,32.75
	18,34,18.06	20,16,15.28

34. Other Income

Particulars	Ref. note no.	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest Income			
On Current Investments		**–**	7.89
On loans, deposits, overdue debts etc.		**11,07.16**	7,60.18
On Financial Assets measured at amortised cost		**1,83.90**	1,40.69
Dividend income			
Current investments		**0.74**	3.82
Non current investments		**9,66.64**	5,79.86
Net gain/(loss) on sale / redemption of Current investments (net)		**93.46**	56.29
Net gain/(loss) on fair valuation of Current investments through profit and loss (net)		**32.42**	–
Profit/(loss) on sale of fixed assets (net)	34.1	**33,63.20**	16.13
Net gain/(loss) on derecognition of financial assets at amortised cost		**26.84**	1.25
Net gain/(loss) on foreign currency transaction and translation		**22,08.75**	25,00.28
Net gain/(loss) on Derivative Instruments on fair valuation through profit and loss		**11,20.41**	–
Provision no longer required written back		**2,95.92**	1.43
Miscellaneous income		**94.31**	52.59
		94,93.75	41,20.41

34.1 Includes Rs.33,58.90 lakhs (March 31, 2016 : NIL) representing profit on sale of property situated at Chennai.

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

35. Cost of materials consumed

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Raw materials consumed	**7,64,36.64**	8,55,40.33

36. Purchases of Stock In Trade

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Coke and coal	**24,89.03**	12,64.80
Rubber gaskets	**21,55.47**	25,46.46
DI fittings	**4,99.92**	5,22.68
Others	**5,16.84**	5,39.97
	56,61.26	48,73.91

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

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening stock		
Finished	**1,07,33.89**	1,27,38.30
Process	**42,89.29**	47,91.91
Work in Progress (Turnkey Projects)	**2,75.39**	7,91.70
	1,52,98.57	1,83,21.91
Less : Closing Stock		
Finished	**83,07.63**	1,07,33.89
Process	**81,72.92**	42,89.29
Work in Progress (Turnkey Projects)	**2,74.84**	2,75.39
	1,67,55.39	1,52,98.57
	(14,56.82)	30,23.34

38. Employee Benefits Expense

Particulars	Ref. note no.	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries and wages	45	**1,68,01.98**	1,60,76.91
Contribution to provident and other funds	45	**7,98.14**	7,30.59
Staff welfare expenses		**8,19.16**	8,04.69
		1,84,19.28	1,76,12.19

39. Finance Costs

Particulars	Ref. note no.	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest expense	39.1	**1,52,06.67**	1,20,41.91
Net (gain)/loss on foreign currency transactions and translation		**5,62.44**	28,13.43
Other borrowing cost	39.1	**43,36.05**	20,52.45
		2,01,05.16	1,69,07.79

39.1 Finance costs includes Rs. 35,00.64 lakhs (March 31, 2016 : NIL) in respect of External Commercial Borrwoings pertaining to Coal mines which have been taken over and alloted to SAIL as stated in note no. 46 below.

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

40. Depreciation and Amortisation Expenses

Particulars	**Ref. note no.**	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Depreciation Expenses	5	**60,58.84**	61,78.63
Amortization Expenses	6	**3,10.01**	3,09.87
		63,68.85	64,88.50

41. Other Expenses

Particulars	**Ref. note no.**	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Consumption of stores and spare parts	41.2	**1,31,78.60**	1,44,96.99
Power and fuel		**1,46,53.44**	1,51,12.78
Material Handling Charges		**20,90.10**	21,63.70
Rent	41.5(B)	**9,08.84**	8,93.82
Repairs to buildings		**2,94.13**	2,54.49
Repairs to machinery		**6,87.61**	3,54.30
Insurance		**2,74.43**	3,54.50
Rates and taxes		**3,31.94**	4,76.48
Directors fees and commission		**98.63**	90.85
Packing & forwarding charges (net of realisation Rs. 83,78.85 lakhs (March 31, 2016 Rs. 6273.79 lakhs)]		**52,36.11**	72,97.62
Commission to selling agents		**49,29.03**	56,70.91
Excise duty paid and on stock		**38,51.54**	40,49.57
Bad debts		**1,02.10**	4,00.74
Impairment Allowances for doubtful debts		**3,12.78**	–
Net Loss/(Gain) on fair valuation of Derivative Instruments through Profit and Loss		**–**	20,80.00
Net Loss/(Gain) on fair valuation of Current investments through Profit and Loss (net)		**–**	1,32.87
Miscellaneous expenses	41.1 & 41.4	**95,79.13**	1,02,61.25
		5,65,28.41	6,40,90.87

		For the year ended March 31, 2017	For the year ended March 31, 2016
41.1	Miscellaneous expenses includes Auditor's Remuneration		
	(a) Audit Fees	**16.00**	15.00
	(b) Certification and other expenses	**25.60**	11.34
41.2	Stores and spares consumption include pipe moulds written off	**1,37.40**	2,26.09

41.3 During the year, the Company has incurred Rs. 1,02.06 lakhs (March 31, 2016 : Rs. 93.59 lakhs) on account of research and development expenses which has been charged to Statement of Profit and Loss.

41.4 During the year, the Company has incurred Rs. 2,10.00 lakhs (March 31, 2016 : Rs. 2,35.00 lakhs) on account of Corporate Social Responsibility (CSR) included under Other Miscellaneous Expenses.

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

41.5 **Obligation under leases**

A. Finance Lease disclosures :

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

The net carrying amount of the leasehold land is Rs. 12,26.81 lakhs as at March 31, 2017 (March 31, 2016 : Rs. 12,07.16 lakhs and April 1, 2015 : Rs. 12,22.34 lakhs).

Finance Lease Liabilities

(Amount Rs. in lakhs)

Particulars	Minimum Lease payments		Present value of Minimum Lease Payments	
	As at March 31, 2017	As at March 31, 2016	**As at March 31, 2017**	As at March 31, 2016
Not later than one year	**3.00**	2.86	**0.57**	0.61
Later than one year and not later than five years	**17.41**	16.58	**2.38**	2.54
Later than five years	**23,67.48**	23,74.96	**6.50**	7.37

B. Operating Lease disclosures :

The Company has certain operating lease arrangements for office accommodations etc. with tenure extending upto 9 yrs. Term of certain lease arrangements include escalation clause for rent on expiry of 36 months from the commencement date of such lease and deposit / refund of security deposit etc. Expenditure incurred on account of rent during the year and recognized in the Profit and Loss account amounts to Rs. 6,09.20 lakhs (March 31, 2016 : Rs. 5,93.26 lakhs).

42. Tax Expenses – Current Tax

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Provision for current tax	**32,02.67**	24,49.07
	32,02.67	24,49.07

42.1 **Components of Tax Expense :**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Current tax		
In respect of the current year	**32,02.67**	24,49.07
Total Current tax expense recognised in the current year	**32,02.67**	24,49.07
Deferred tax		
In respect of the current year	**(81.94)**	(8,37.33)
Total Deferred tax expense recognised in the current year	**(81.94)**	(8,37.33)
Total Tax expense recognised in the current year	**31,20.73**	16,11.74

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

42.2 **Reconciliation of Income tax expense for the year with accounting profit is as follows :**

Taxable Income differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Details in this respect are as follows :

Particulars	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Profit before tax	**1,08,49.03**	71,98.76
Income tax expense calculated at 34.608%	**37,54.63**	24,91.35
Less : Effect of income Exempt from taxation		
Dividend	**(3,34.79)**	(2,02.00)
Deduction u/s 80–IA	**–**	(6,63.13)
Deduction u/s 80–G	**(8.70)**	(18.14)
Long Term Capital Gain	**(1,01.92)**	(34.83)
Effect of other adjustments	**(1,91.95)**	35.03
Add : Effect of expenses that are not deductible in determining taxable profit		
CSR Expenditure	**3.46**	3.46
Income tax expense recognised in profit and loss	**31,20.73**	16,11.74

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

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

Particulars	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Deferred tax		
Arising on income and expenses recognised in other comprehensive income:		
Net fair value gain/(loss) on investments in equity shares at FVTOCI	**(0.65)**	–
Remeasurement of defined benefit obligation	**35.48**	61.86
Derivative instrument designated at fair value through Cash Flow Hedge Reserve	**(65.42)**	2,58.43
Total income tax recognised in other comprehensive income	**(30.59)**	3,20.29
Bifurcation of the income tax recognised in other comprehensive income into :		
Items that will not be reclassified to profit and loss	**34.83**	61.86
Items that may be reclassified to profit and loss	**(65.42)**	2,58.43

43. Components of Other Comprehensive Income

Particulars	**Ref. note no.**	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Items that will not be reclassified to Statement of Profit and Loss			
Net fair value gain on investments in equity shares at FVTOCI		**2.84**	–
Remeasurement of defined benefit plans	45	**(1,02.54)**	(1,78.76)
		(99.70)	(1,78.76)
Items that will be reclassified to Statement of Profit and Loss			
Effective portion of Cash flow hedge reserve		**1,89.05**	(7,46.74)
		1,89.05	(7,46.74)

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

44. FINANCIAL INSTRUMENTS

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

(Amount Rs. in lakhs)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets (Current and Non–Current)						
Financial Assets measured at Amortised Cost						
Trade receivables	**4,71,09.54**	**4,71,09.54**	7,02,09.53	7,02,09.53	5,83,00.22	5,83,00.22
Cash and cash equivalents	**2,63,10.13**	**2,63,10.13**	83,98.35	83,98.35	78,24.38	78,24.38
Bank Balances Other than Cash and Cash Equivalents	**70,37.29**	**70,37.29**	15,78.69	15,78.69	1,31,98.04	1,31,98.04
Loans	**26,74.20**	**26,74.20**	28,57.05	28,57.05	21,17.06	21,17.06
Other Financial Assets	**1,45,34.54**	**1,45,34.54**	1,49,81.45	1,49,81.45	62,33.28	62,33.28
Financial Assets measured at Fair Value through Profit and Loss Account						
Investment in Equity Instruments and Bonds	**90.51**	**90.51**	2,67.15	2,67.15	7,22.63	7,22.63
Derivatives–Not designated as hedging instrument:						
–Forwards and Options	**8,39.16**	**8,39.16**	2,76.97	2,76.97	41,83.53	41,83.53
Financial Assets measured at Fair Value through Other Comprehensive Income						
Investment in Equity Instruments other than Subsidiaries, Associates and Joint Venture	**43.18**	**43.18**	40.34	40.34	40.34	40.34
Financial Liabilities (Current and Non–Current)						
Financial Assets measured at Amortised Cost						
Borrowings – fixed rate	**7,09,45.72**	**7,14,67.12**	7,13,87.35	7,26,78.11	9,96,17.01	10,24,65.90
Borrowings – floating rate	**11,94,36.51**	**11,94,36.51**	13,52,62.79	13,52,62.79	14,64,91.79	14,64,91.79
Trade Payables	**2,15,93.85**	**2,15,93.85**	2,60,85.11	2,60,85.11	2,20,60.17	2,20,60.17
Other Financial Liabilities	**24,16.61**	**24,16.61**	60,91.27	60,91.27	84,43.06	84,43.06
Financial Liabilities measured at Fair Value through Profit and Loss Account						
Derivative– not designated as hedging instruments						
– Options, Interest Rate Swap & Interest Rate Cap	**6,48.39**	**6,48.39**	3,61.41	3,61.41	12.04	12.04
Financial Liabilities measured at Fair Value through Other Comprehensive Income						
Derivatives–Designated as hedging instrument:						
– Currency Swap & Interest Rate Swap	**7,64.83**	**7,64.83**	7,38.43	7,38.43	–	–

Fair Valuation Techniques

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

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

The fair value of cash and cash equivalents, current trade receivables and payables, current financial liabilities and assets and borrowings approximate their carrying amount largely due to the short–term nature of these instruments. The management considers that the carrying amounts of financial assets and financial liabilities recognised at nominal cost/amortised cost in the financial statements approximate their fair values.

A substantial portion of the company's long–term debt has been contracted at floating rates of interest, which are reset at short intervals. Fair value of variable interest rate borrowings approximates their carrying value subject to adjustments made for transaction cost. In respect of fixed interest rate borrowings, fair value is determined by using discount rates that reflects the present borrowing rate of the company.

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

Investments (other than Investments in Associates, Joint Venture and Subsidiaries) traded in active market are determined by reference to the quotes from the Stock exchanges as at the reporting date. Investments in liquid and short–term mutual funds are measured using quoted market prices at the reporting date multiplied by the quantity held. Quoted Investments for which quotations are not available have been included in the market value at the face value/paid up value, whichever is lower except in case of debentures, bonds and goverment securities where the net present value at current yeild to maturity have been considered. Unquoted investments in shares have been valued based on the historical net asset value as per the latest audited financial statements.

The fair value of derivative financial instruments is determined based on observable market inputs including currency spot and forward rates, yield curves, currency volatility etc. These derivatives are estimated by using the pricing models, where the inputs to those models are based on readily observable market parameters, contractual terms, period to maturity, maturity parameters and foreign exchange rates. These models do not contain a high level of subjectivity as the valuation techniques used do not require significant judgement, and inputs thereto are readily observable from market rates. The said valuation has been carried out by the counter party with whom the contract has been entered with and management has evaluated the credit and non–performance risks associated with the counterparties and believes them to be insignificant and not requiring any credit adjustments.

Fair value hierarchy

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at March 31, 2017 :

(Amount Rs. in lakhs)

Particulars	As at March 31	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Financial Assets				
Trade Receivables	**1,08.56**	–	1,08.56	–
	(1,17.21)	–	(1,17.21)	–
	[2,69.40]	–	[2,69.40]	–
Security Deposits	**21,34.07**	–	21,34.07	–
	(18,52.87)	–	(18,52.87)	–
	[10,20.96]	–	[10,20.96]	–
Derivative– Forwards and Options	**8,39.16**	–	8,39.16	–
	(2,76.97)	–	(2,76.97)	–
	[41,83.53]	–	[41,83.53]	–
Investment in Equity Instruments and Bonds (Current)	**90.51**	90.51	–	–
	(2,67.15)	(2,67.15)	–	–
	[7,22.63]	[6,04.59]	[1,18.04]	–
Investment in Equity Instruments other than Subsidiaries, Associates and Joint Venture (Non–Current)	**43.18**	–	–	43.18
	(40.34)	–	–	(40.34)
	[40.34]	–	–	[40.34]
Financial Liabilities				
Borrowings – fixed rate	**7,09,45.72**	–	7,09,45.72	–
	(7,13,87.35)	–	(7,13,87.35)	–
	[9,96,17.01]	–	[9,96,17.01]	–
Derivative– Options, Currency Swap, Interest rate swap & Interest rate cap	**14,13.22**	–	14,13.22	–
	(10,99.84)	–	(10,99.84)	–
	[12.04]	–	[12.04]	–

(*) Figures in round brackets ( ) indicate figures as at March 31, 2016 and in brackets [ ] indicate figures as at April 01, 2015.

During the year ended March 31, 2017 and March 31, 2016, there were no transfers between Level 1, Level 2 and Level 3.

The Inputs used in fair valuation measurement are as follows :

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

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

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

Fair valuation of Bonds is based on the net present value at current yield to maturity from rates available from FIMMDA.

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

Derivatives financial assets and liabilities :

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

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

Underlying Purpose	**Category**	**As at March 31, 2017**		As at March 31, 2016		Currency
		No. of deals	**Amount in Foreign Currency**	No. of deals	Amount in Foreign Currency	
Export Receivables	Forward	**29**	**25,448,234.73**	30	25,825,233.74	USD/INR
Export Receivables	Forward	**8**	**3,000,000.00**	4	1,951,659.80	GBP/USD
Export Receivables	Forward	**21**	**17,281,537.06**	20	17,283,549.02	EURO/USD
Export Receivables	Forward	**1**	**1,000,000.00**	5	5,929,317.96	EURO/INR
Export Receivables	Forward	**2**	**1,049,302.45**	4	1,705,431.82	USD/SGD
Export Receivables	Forward	**–**	**–**	1	695,475.00	USD/GBP
Imports & Other payables	Forward	**2**	**1,256,415.00**	1	1,000,000.00	USD/INR
External Commercial Borrowings Repayment	Forward	**1**	**1,250,000.00**	1	500,000.00	USD/INR
Buyers Credit	Option	**18**	**41,302,640.94**	16	22,353,341.00	USD
External Commercial Borrowings Repayment	Option	**4**	**11,500,000.00**	–	–	USD
External Commercial Borrowings Interest payment	Interest Rate Swap	**14**	**54,400,000.00**	14	68,000,000.00	USD
External Commercial Borrowings Interest payment	Interest Rate Cap	**3**	**10,200,000.00**	3	12,750,000.00	USD
FCNR Loan Repayment and Interest Payment	Currency and Interest Rate Swap	**1**	**15,287,009.05**	1	16,616,314.19	USD

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

Amount in Foreign Currency

Nature	**Currency**	**As at March 31, 2017**	As at March 31, 2016
Payables			
ECB Payable (include accrued interest)	USD	**82,220,759.87**	108,334,478.47
Buyer's Credit / Suppliers Credit /Acceptances (includes accrued interest)	USD	**763,085.53**	30,479,478.65
FCNR	USD	**–**	3,999,999.81
Imports & Other payables	USD	**2,286,272.37**	3,351,617.00
Imports & Other payables	EURO	**112,229.06**	941,010.88
Imports & Other payables	GBP	**21,414.02**	36,320.00
Imports & Other payables	AED	**118,959.75**	94,400.00
Imports & Other payables	HKD	**21,591.80**	–
Imports & Other payables	BHD	**–**	100,050.00
Imports & Other payables	AUD	**8,970.00**	38,440.00
Imports & Other payables	TRY	**–**	557,560.00

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

Amount in Foreign Currency

Nature	Currency	As at March 31, 2017	As at March 31, 2016
Receivable			
Exports	GBP	**–**	3,643,627.83
Exports	SGD	**1,074,904.04**	1,833,422.98
Exports	USD	**1,793,181.61**	23,745,389.63
Exports	EURO	**1,290,160.59**	9,006,912.32
Exports	BHD	**–**	5,682.00
Others	GBP	**64,411.95**	12,303.13
Others	EURO	**2,64,691.51**	338,738.24
Others	BHD	**–**	28,816.36
Others	USD	**–**	33,173.00

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

(Amount Rs. in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Not later than one month	**(1,66.72)**	0.30
Later than one month and not later than three months	**(4,63.51)**	42.35
Later than three months and not later than one year	**4,56.40**	2,32.10
Later than one year	**(4,00.23)**	(10,97.62)

d) The company has entered into USD INR Currency Swap to hedge both the principal and interest payments of the borrowing from bank amounting to USD 16.62 Mn. The critical terms of both the hedging instrument (i.e the Full currency swap) and the hedged item (i.e the borrowing) are closely aligned, thereby establishing an economic relationship between them. The Currency Swap is hence designated as hedging instrument in cash flow hedges. As the economic relationship continues to exist, no hedge ineffectiveness arises requiring recognition through statement of profit and loss. The Currency Swap is measured at fair value through Other comprehensive income (OCI).

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

Particulars	As at March 31, 2017	As at March 31, 2016
Balance at the beginning of the period	**(4,88.31)**	–
Gain/(loss) recognised in OCI during the period	**(26.40)**	(7,38.43)
Amount reclassified to Profit and Loss account during the period	**2,15.45**	(8.31)
Tax impact on above	**(65.42)**	2,58.43
Balance at the end of period	**(3,64.68)**	(4,88.31)

Sale of Financial Assets

In the normal course of business, the Company transfers its bill receivables to banks. Under the terms of the agreements, the Company surrenders control over the financial assets and the transfer is with recourse. Under arrangement with recourse, the company is obligated to repurchase the uncollected financial assets, subject to limits specified in the agreement with banks. Accordingly, in such cases the amount received are adjsuted against the receivables. As at March 31, 2017, March 31, 2016 and April 1, 2015, the maximum amount of recourse obligation in respect of transferred financial assets are Rs. 13,51.06 lakhs, Rs. 51,41.86 lakhs and Rs. 69,69.41 lakhs respectively.

FINANCIAL RISK FACTORS

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

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

MARKET RISK

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

Foreign Currency Risk

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

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

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

(Amount Rs. in lakhs)

Particulars	As at March 31, 2017			
	Trade receivables	Loans and borrowings	Trade payables & Other current Liability	Net Assets/ (liabilities)
USD	**40,08.04**	**10,08,21.95**	**2,47,57.26**	**(12,15,71.17)**
EURO	**1,36,97.70**	**–**	**77.50**	**1,36,20.20**
GBP	**23,39.88**	**–**	**17.42**	**23,22.46**
SGD	**9,86.21**	**–**	**–**	**9,86.21**
AED	**–**	**99.97**	**21.01**	**(1,20.98)**
HKD	**–**	**–**	**1.80**	**(1.80)**
TOTAL	**2,10,31.83**	**10,09,21.92**	**2,48,74.99**	**(10,47,65.08)**

Particulars	As at March 31, 2016			
	Trade receivables	Loans and borrowings	Trade payables & Other current Liability	Net Assets/ (liabilities)
USD	1,23,12.07	12,47,71.13	1,83,27.51	(13,07,86.57)
EURO	2,45,42.38	–	6,83.08	2,38,59.30
GBP	53,34.04	–	30.55	53,03.49
SGD	17,43.37	–	–	17,43.37
AED	–	1,02.13	17.03	(1,19.16)
AUD	–	–	19.49	(19.49)
BHD	60.69	–	1,38.24	(77.55)
TRY	–	–	1,31.17	(1,31.17)
TOTAL	**4,39,92.55**	**12,48,73.26**	**1,93,47.07**	**(10,02,27.78)**

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	As at April 1, 2015			
	Trade receivables	**Loans and borrowings**	**Trade payables & Other current Liability**	**Net Assets/ (liabilities)**
USD	59,66.64	15,58,96.36	23,06.44	(15,22,36.16)
EURO	1,50,34.13	–	4,09.75	1,46,24.38
GBP	46,26.66	–	7.01	46,19.65
SGD	15,99.66	–	–	15,99.66
AED	–	96.34	16.06	(1,12.40)
HKD	–	–	2.38	(2.38)
AUD	–	–	0.89	(0.89)
BHD	11,51.23	–	3,83.48	7,67.75
TRY	77.77	–	38.87	38.90
TOTAL	**2,84,56.09**	**15,59,92.70**	**31,64.88**	**(13,07,01.49)**

Derivative financial assets and liabilities dealing with outstanding derivative contracts and unhedged foreign currency exposure has been detailed in earlier pars. Unhedged foreign currency exposure is primarily on account of long term foreign currency borrowings for which hedge cover is taken as per the policy followed by the company depending upon the remaining period of maturity of the installments falling due for payment.

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

Particulars	**Effect on Profit before tax**	
	For the year ended March 31, 2017	For the year ended March 31, 2016
RECEIVABLES (Weaking of INR by 5%)		
USD	**1,80.21**	11,03.50
EURO	**44.55**	3,39.47
GBP	**–**	1,73.29
SGD	**23.76**	42.91
PAYABLES (Weaking of INR by 5%)		
USD*	**(30,40.64)**	(14,74.31)
EURO	**(5.40)**	(34.15)
GBP	**(0.81)**	(1.53)

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

Interest rate risk

The company's exposure in market risk relating to change in interest rate primarily arises from floating rate borrowing with banks and financial institutions. Borrowings at fixed interest rate exposes the company to the fair value interest rate risk. The Company has entered into interest rate swap contracts in respect of certain foreign currency borrowings whereby interest at an agreed rate are to be applied on agreed upon principal amount. The company maintains a portfolio mix of fixed and floating rate borrowings. As at March 31, 2017, after taking into account interest rate swaps, approximately 60.81% (March 31, 2016: 55.68%) of the company's borrowings become fixed rate interest borrowing.

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

With all other variables held constant, the following table demonstrates the impact of the borrowing cost on floating rate portion of loans and borrowings and excluding loans on which interest rate swaps are taken.

Nature of Borrowing	**Increase in basis points**	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Rupee Loan	+0.50	**2,42.49**	2,50.95
Foreign Currency Loan	+0.25	**65.04**	1,01.62

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

A decrease in 0.50 basis point in Rupee Loan and 0.25 basis point in Foreign Currency Loan would have an equal and opposite effect on the Company's financial statements

Other price risk

The Company's equity exposure in Subsidiaries, Associates and Joint Ventures are carried at cost or deemed cost and these are subject to impairment testing as per the policy followed in this respect. The company's current investments which are fair valued through profit and loss are not material. Accordingly, other price risk of the financial instrument to which the company is exposed is not expected to be material.

CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables). The management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Major water infrastructure projects are Government funded or foreign aided and the risk involved in payment default is minimum with respect to these customers. Besides, export receivables are primarily from subsidiaries and sales made by them is covered under Credit Insurance. The Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends and ageing of accounts receivable. Individual risk limits are set accordingly and the company obtains necessary security including letter of credits and/or bank guarantee to mitigate.

The carrying amount of respective financial assets recognised in the financial statements, (net of impairment losses) represents the Company's maximum exposure to credit risk. The concentration of credit risk is limited due to the customer base being large and unrelated. Of the trade receivables balance at the end of the year (other than subsidiaries), there are no single customer accounted for more than 10% of the accounts receivable and 10% of revenue as at March 31, 2017 and March 31, 2016.

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

Financial assets that are neither past due nor impaired

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

Financial assets that are past due but not impaired

Trade receivables amounts that are past due at the end of the reporting period against which no credit losses has been expected to arise.

LIQUIDITY RISK

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's objective is to maintain optimum level of liquidity to meet it's cash and collateral requirements at all times. The company's assets represented by financial instruments comprising of receivables, and those relating to Parbatpur Coal mines (refer note no. 46) are largely by borrowed funds funded against borrowed funds. The company relies on borrowings and internal accruals to meet its fund requirement. The current committed line of credit are sufficient to meet its short to medium term fund requirement.

Liquidity and interest risk tables

The following tables detail the Company's remaining contractual maturity for its non–derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows as at balance sheet date :

Interest rate and currency of borrowings

As at March 31, 2017

(Amount Rs. in lakhs)

Particulars	Total Borrowings	Floating rate borrowings	Fixed rate borrowings	Interest free borrowings	Weighted average Interest Rate (%)
INR	8,94,60.30	4,84,97.15	4,09,63.16	–	11.79%
USD	10,08,21.95	7,08,39.39	2,99,82.56	–	4.22%
AED	99.97	–	–	99.97	0.00%
Total	**19,03,82.22**	**11,93,36.54**	**7,09,45.72**	**99.97**	

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

As at March 31, 2016 (Amount Rs. in lakhs)

Particulars	**Total Borrowings**	**Floating rate borrowings**	**Fixed rate borrowings**	**Interest free borrowings**	**Weighted average Interest Rate (%)**
INR	8,17,76.87	5,01,89.76	3,15,87.11	–	11.91%
USD	12,47,71.14	8,49,70.90	3,98,00.24	–	3.94%
AED	1,02.13	–	–	1,02.13	0.00%
Total	**20,66,50.14**	**13,51,60.66**	**7,13,87.35**	**1,02.13**	

Maturity Analysis of Financial Liabilities

As at March 31, 2017

Particulars	**Carrying Amount**	**On Demand**	**Less than 6 months**	**6 to 12 months**	**> 1 year**	**Total**
Interest bearing borrowings (including current maturities)	19,02,82.23	1,14,68.21	5,29,71.17	1,31,22.59	11,27,20.26	19,02,82.23
Non interest bearing borrowings	99.97	99.97	–	–	–	99.97
Other Liabilities	24,16.61	24,16.61	–	–	–	–
Trade and other payables	2,15,93.85	2,15,93.85	–	–	–	–

As at March 31, 2016

Particulars	**Carrying Amount**	**On Demand**	**Less than 6 months**	**6 to 12 months**	**> 1 year**	**Total**
Interest bearing borrowings (including current maturities)	20,65,48.01	1,46,63.31	6,80,48.53	97,39.96	11,40,96.21	20,65,48.01
Non interest bearing borrowings	1,02.13	1,02.13	–	–	–	1,02.13
Other Liabilities	60,91.27	60,91.27	–	–	–	–
Trade and other payables	2,60,85.11	2,60,85.11	–	–	–	–

As at April 1, 2015

Particulars	**Carrying Amount**	**On Demand**	**Less than 6 months**	**6 to 12 months**	**> 1 year**	**Total**
Interest bearing borrowings (including current maturities)	24,60,12.46	56,81.84	10,35,15.81	86,88.12	12,81,26.69	24,60,12.46
Non interest bearing borrowings	96.34	96.34	–	–	–	96.34
Other Liabilities	84,43.06	84,43.06	–	–	–	–
Trade and other payables	2,20,60.17	2,20,60.17	–	–	–	–

The company has current financial assets which will be realised in ordinary course of business. The Company ensures that it has sufficient cash on demand to meet expected operational expenses.

The company relies on mix of borrowings and operating cash flows to meet its need for funds and ensures that it does not breach any financial covenants stipulated by the lender.

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value. The Company's objective when managing capital is to safeguard their ability to continue as a going concern so that they

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

can continue to provide returns for shareholders and benefits for other stake holders. The Company is focused on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required without where the risk profile of the Company.

The gearing ratio are as follows :

(Amount Rs. in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Borrowings	**19,03,82.23**	20,66,50.14	24,61,08.80
Less : Cash and Cash Equivalents	**2,63,10.13**	83,98.35	78,24.38
Net Debt	**16,40,72.10**	19,82,51.79	23,82,84.42
Equity	**28,64,50.01**	28,06,61.07	27,84,71.81
Equity and Net Debt	**45,05,22.11**	47,89,12.86	51,67,56.23
Gearing Ratio	**0.36**	0.41	0.46

45. Post Retirement Employee Benefits

The disclosures required under Indian Accounting Standard 19 on ''Employee Benefits" are given below :

a) Defined Contribution Plans

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

(Amount Rs. in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Employer's Contribution to Provident Fund	**2,73.14**	2,60.71
Employer's Contribution to Pension Fund	**2,07.16**	2,00.08
Employer's Contribution to Superannuation Fund	**50.15**	56.53

b) Defined Benefit Plans

The employee's gratuity fund scheme managed by Life Insurance Corporation of India and ICICI Prudential Life Insurance Company Ltd. is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

		Gratuity (Funded)	
		2016–17	2015–16
i)	**Change in the fair value of the defined benefit obligation :**		
	Liability at the beginning of the year	**23,09.60**	20,94.29
	Interest Cost	**1,84.77**	1,72.78
	Current Service Cost	**1,71.09**	1,49.06
	Actuarial (gain) / loss on obligations	**1,53.62**	1,33.97
	Benefits paid	**(71.33)**	(2,40.50)
	Liability at the end of the year	**27,47.75**	23,09.60
ii)	**Changes in the Fair Value of Plan Asset**		
	Fair value of Plan Assets at the beginning of the year	**12,38.54**	13,76.19
	Expected Return on Plan Assets	**92.89**	1,13.53
	Contributions by the Company	**3,87.00**	34.11
	Benefits paid	**(71.33)**	(2,40.50)
	Actuarial gain / (loss) on Plan Assets	**51.08**	(44.79)
	Fair value of Plan Assets at the end of the year	**16,98.18**	12,38.54

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

		Gratuity (Funded)	
		2016–17	2015–16
iii)	**Actual return on Plan Asset**		
	Expected return on Plan assets	**92.89**	1,13.53
	Actuarial gain / (loss) on Plan Assets	**51.08**	(44.79)
	Actual Return on Plan Assets	**1,43.97**	68.74
iv)	**Amount Recognized in Balance Sheet**		
	Liability at the end of the year	**27,47.75**	23,09.60
	Fair value of Plan Assets at the end of the year	**16,98.18**	12,38.54
		10,49.57	10,71.06
v)	**Components of Defined Benefit Cost**		
	Current Service Cost	**1,71.09**	1,49.06
	Interest Cost	**1,84.77**	1,72.78
	Expected Return on Plan Assets	**(92.89)**	(1,13.53)
	Net Actuarial (gain) / loss on remeasurement recognised in OCI	**1,02.54**	1,78.76
	Total Defined Benefit Cost recognised in Profit and Loss and OCI	**3,65.51**	3,87.07
vi)	**Balance Sheet Reconciliation**		
	Opening Net Liability	**10,71.06**	7,18.10
	Expenses as above	**3,65.51**	3,87.07
	Employers Contribution	**(3,87.00)**	(34.11)
	Amount Recognized in Balance Sheet	**10,49.57**	10,71.06

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

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
G–Sec/ Corporate Securities	**76.13%**	76.08%	66.66%
Equity	**3.64%**	9.08%	7.08%
Fixed Deposit and other assets	**20.24%**	14.84%	26.26%

Compensated Absences

The obligation for compensated absences is recognized in the same manner as gratuity except remeasurement benefit which is treated as part of OCI. The actuarial liability of Compensated Absences (unfunded) of accumulated privileged and sick leaves of the employees of the Company as at March 31, 2017 is given below :

Particulars	**As at March 31, 2017**	As at March 31, 2016
Privileged Leave	**12,75.67**	10,95.52
Sick Leave	**6,62.70**	6,14.80
Principal Actuarial assumptions as at the Balance Sheet date		
Discount Rate	**7.50%**	8.00%
Rate of Return on Plan Assets	**7.50%**	8.00%

Notes : i) Assumptions relating to future salary increases, attrition, interest rate for discount & overall expected rate of return on Assets have been considered based on relevant economic factors such as inflation, market growth & other factors applicable to the period over which the obligation is expected to be settled.

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

Recognised in Other Comprehensive Income (Amount Rs. in lakhs)

Particulars	**Gratuity**
Remeasurement – Acturial loss/(gain)	1,78.76
For the year ended March 31, 2016	1,78.76
Remeasurement – Acturial loss/(gain)	1,02.54
For the year ended March 31, 2017	1,02.54

Sensitivity Analysis :

Particulars	**Change in Assumption**	**Effect in Gratuity Obligation**
For the year ended 31st March, 2016		
Discount Rate	+1%	21,70.14
	–1%	24,69.85
Salary Growth Rate	+1%	24,71.46
	–1%	21,66.42
Withdrawal Rate	+1%	23,31.94
	–1%	22,84.75
For the year ended 31st March, 2017		
Discount Rate	**+1%**	**25,69.80**
	–1%	**29,51.21**
Salary Growth Rate	**+1%**	**29,50.36**
	–1%	**25,69.28**
Withdrawal Rate	**+1%**	**27,67.53**
	–1%	**27,25.75**

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

History of experience adjustments is as follows :

Particulars	**Gratuity**
For the year ended March 31, 2016	
Plan Liabilities – (loss)/gain	(92.03)
Plan Assets – (loss)/gain	44.79
For the year ended March 31, 2017	
Plan Liabilities – (loss)/gain	**(66.86)**
Plan Assets – (loss)/gain	**(51.09)**

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

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

Particulars	**Gratuity**
01 Apr 2016 to 31 Mar 2017	1,30.43
01 Apr 2017 to 31 Mar 2018	8,90.49
01 Apr 2018 to 31 Mar 2019	1,97.05
01 Apr 2019 to 31 Mar 2020	1,31.41
01 Apr 2020 to 31 Mar 2021	1,39.35
01 Apr 2021 Onwards	8,29.95

Particulars	**As at March 31, 2017**	As at March 31, 2016
Average no of people employed	**1577**	1621

46(a). In pursuance of the Order dated September 24, 2014 issued by the Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated October 21, 2014 (Ordinance) for implementing the Order, allotment of Parbatpur coal block (coal block/mines) to the Company which was under advanced stage of implementation, had been cancelled w.e.f. April 01, 2015. In terms of the Ordinance, the Company was allowed to continue the operations in the said block till March 31, 2015. Accordingly, the same had been handed over to Bharat Coking Coal Limited (BCCL) as per the direction from Coal India Ltd. (CIL) with effect from April 01, 2015 and the same has been subsequently alloted to Steel Authority of India Limited (SAIL).

Following a petition filed by the Company, the Hon'ble High Court at Delhi has pronounced it's judgement on March 09, 2017. Accordingly based on the said judgement, the Company has claimed Rs. 15,31.76 lakhs towards compensation against the said coal block now being alloted to SAIL, acceptance whereof is awaited. Pending acceptance of the Company's claim as above;

(i) Rs.12,88,84.11 lakhs incurred pertaining to the coal block till March 31, 2015 after setting off income, stocks etc. there against as per the accounting policy then followed by the company has been continued to be shown as freehold land, capital work in progress, other fixed assets and other respective head of accounts;

(ii) Interest and other finance cost for the year ended March 31, 2016 against the fund borrowed and other expenses directly attributable in this respect amounting to Rs. 95,14.74 lakhs has been considered as other recoverable under current assets; and

(iii) Compensation of Rs. 83,12.34 lakhs so far received and net realisations against sale of assets, advances etc. amounting to Rs. 6,33.83 lakhs have been adjusted.

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

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

46(b). Various balances pertaining to Coal Block claim and handing over the same as detailed in different heads of accounts includes :

Particulars	**As at March 31, 2017**		**As at March 31, 2016**		**As at April 1, 2015**	
Inventories		**14,78.76**		14,78.76		14,78.76
Other current assets		**13,99.78**		13,99.78		13,99.78
Capital Work in Progress:						
Plant and Equipment and others assets under Installation (Refer Note No: 49)	**3,34,93.90**		3,34,93.90		3,34,93.90	
Mine Development including overburden removal expenses (Net) (Refer Note No: 50)	**8,66,86.76**	**12,01,80.66**	8,66,86.76	12,01,80.66	8,66,86.76	12,01,80.66
Other Property, Plant and Equipment		**22,43.99**		22,43.99		22,43.99
Capital Advance		**3,31.92**		3,31.92		3,31.92
Freehold Land		**32,49.00**		32,49.00		32,49.00
Other balances with Banks in Fixed Deposit Escrow Accounts	**5,36.93**		4,98.02		4,61.22	
Less: Provision for mine closure and restoration charges	**5,36.93**	**–**	4,98.02	–	4,61.22	–
Sub Total		**12,88,84.11**		12,88,84.11		12,88,84.11
Other Recoverable		**95,14.74**		95,14.74		–
Less: Compensation received		**(83,12.34)**		–		–
Less: Sale of Assets and other realisations		**(6,33.83)**		(6,33.83)		–
Total		**12,94,52.68**		**13,77,65.02**		**12,88,84.11**

46(c). Due to reasons stated in note no. 46(a) and pending determination of the amount of the claim, balances under various heads which otherwise would have been recognised and measured as financial instrument in accordance with Ind AS 109 'Financial Instruments' have been included under various heads as disclosed under note no. 46(b) considering the circumstances and objective of the financial statements.

47. In terms of the Hon'ble Supreme Court Order as referred above, North Dhadhu Coal Block, allotted in joint venture with other companies, has also been cancelled w.e.f. September 24, 2014. The Company barring initial contribution of Rs. 8,22.81 lakhs has not made any further investments in the said joint venture company . In respect of Company's investment in North Dhadhu Coal Block, allotted in joint venture with other companies, in view of the management, the compensation to be received in terms of the ordinance is expected to cover the cost incurred by the Joint Venture Company and thereby no impairment requiring any adjustments in value of such investment is expected to arise.

48. Due to delay in grant of forest, environment and other clearences from various authorities and execution of mining lease of an area of 192.50 ha. by the State Government of Jharkhand for iron and manganese ores at Dirsumburu in Kodilabad Reserve Forest, Saranda of West Singhbhum, Jharkhand, the validity period of letter of intent granted in this respect has expired on January 11, 2017. The Company has filed a writ petition before the Hon'ble High Court of Jharkhand on January 10, 2017, praying inter–alia for direction for grant of said lease in favour of the Company. The Hon'ble High Court in its order while observed, being not averse in granting relief with respect to cut off date, has admitted the said petition and fixed the case for further hearing and adjudication. Pending decision of the High Court, Rs. 63,33.46 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.

49. Capital work in progress includes plant and equipments and other assets amounting to Rs. 3,28,51.74 (March 31, 2016 : Rs. 4,01,03.05 lakhs and April 1, 2015 : Rs. 4,01,68.80 lakhs) under installation and capital and other expenditure incured pending completion thereof. (refer note no. 46 and 48)

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

50. The expenses incurred for projects/assets during the construction/mine development period are classified as "Pre–operative Expenses" pending capitalization are included under capital work in progress and will be allocated to the assets on completion of the project/assets. Consequently expenses disclosed under the respective head are net of amount classified as preoperative expenses by the Company (refer note no. 46 and 48). The details of these expenses are as follows :

(Amount Rs. in lakhs)

Particulars	**As at March 31, 2017**	As at March 31 , 2016
Balance brought forward	**8,77,38.64**	8,76,72.37
Add :		
Salaries and Wages	**3,69.01**	2,86.31
Contribution to Provident and Other Funds	**10.40**	11.24
Staff welfare expenses	**6.06**	7.03
Miscellaneous Expenses	**–**	82.69
Interest Paid		
On term Loan	**–**	1,07.51
Loss on exchange fluctuation	**–**	1,75.67
Total preoperative/development expenses	**8,81,24.11**	8,83,42.82
Add : Opening stock 64502MT(March 31, 2016 64502MT)	**14,46.25**	14,46.25
Less : Closing stock 64502MT(March 31, 2016 64502MT)	**(14,46.25)**	(14,46.25)
Less : Allocated/Transferred during the year to completed assets	**–**	6,04.18
Total preoperative and development expenses carried forward	**8,81,24.11**	8,77,38.64

51. Calculation of Earning Per Share is as follows :

	Particulars	**For the year ended March 31, 2017**	For the year ended March 31, 2016
(a)	Net profit for basic and diluted earnings per share as per Statement of Profit and Loss	**77,28.30**	55,87.02
	Net profit for basic and diluted earnings per share	**77,28.30**	55,87.02
(b)	Weighted average number of equity shares for calculation of basic and diluted earnings per share (Face value Rs. 1/– per share)		
	No of equity shares outstanding as on 31st March	**3,56,95,53,22**	3,56,95,53,22
	Number of equity shares considered in calculating basic and diluted EPS	**3,56,95,53,22**	3,56,95,53,22
(c)	Weighted average number of equity shares outstanding	**3,56,95,53,22**	3,56,95,53,22
(d)	Earnings per share (EPS) of Equity Share of Rs. 1 each :		
	a) Basic (Rs.)	**2.17**	1.57
	b) Diluted (Rs.)	**2.17**	1.57

52. As regards construction contracts in progress as on March 31, 2017, aggregate amount of costs incurred and recognised profit (less recognized losses) upto the year end (to the extent ascertained by the management), aggregate amount of advances received and aggregate amount of retentions are Rs. 25,00.99 lakhs, Rs. 20,59.55 lakhs and Rs. 1,14.24 lakhs respectively. (March 31, 2016 : Rs. 24,50.75 lakhs, Rs. 18,81.49 lakhs and Rs. 1,04.46 lakhs respectively and April 1, 2015 : Rs. 19,96.74 lakhs, Rs. 15,17.41 lakhs and Rs. 82.78 lakhs respectively).

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

53. Commitments (Amount Rs. in lakhs)

Particulars	**As at March 31, 2017**		As at March 31, 2016		As at April 1, 2015	
(a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances):		**4,97.24**		5,28.66		5,35.54
(b) Other commitments	**in million**	**Rs. in lakhs**	in million	Rs. in lakhs	in million	Rs. in lakhs
i) Forward contract outstanding						
In USD	**27.95**	**1,81,27.19**	28.02	1,85,63.72	59.22	3,70,11.29
In Euro	**18.28**	**1,26,24.03**	23.21	1,74,97.69	37.58	2,52,01.64
In GBP	**3.00**	**24,40.44**	1.95	18,56.45	1.97	18,21.09
In SGD	**1.05**	**4,87.16**	1.71	8,38.17	–	–
ii) Capital Commitment towards subscription to equity capital in						
Electrosteel Spain SA		**24.17**		26.38		23.47
Electrosteel Brasil Ltda. Tubos E Conexoes Duteis		**29.35**		32.04		28.50
Electrosteel USA LLC		**10,00.00**		–		–
Electrosteel Europe SA		**7,50.00**		–		–

54. Contingent Liabilities not provided for in respect of :

Particulars	**As at March 31, 2017**		As at March 31, 2016		As at April 1, 2015	
a) Various show cause notices/demands issued/ raised, which in the opinion of the management are not tenable and are pending with various forum / authorities:						
i) Sales Tax		**85,09.19**		81,99.59		75,21.84
ii) Excise, Custom Duty and Service tax [net of provision of Rs. 5,00.00 lakhs (March 31, 2016: Rs. 5,00.00 lakhs and April 1, 2015 Rs. 5,00 lakhs)]		**98,84.25**		1,49,23.44		1,34,41.52
iii) Income Tax		**7,14.16**		2,56.86		1,14.48
b) Penalty for non compliance of listing agreement and disputed by the Company.		**1,00.00**		1,00.00		–
c) Employees State Insurance Corporation has raised demand for contribution in respect of Gross Job Charges for the year 2001–02, 2003–04 and March'08 to January'10. In the opinion of the management demand is adhoc and arbitrary and is not sustainable legally.		**92.51**		92.51		92.51
d) Demand of Tamilnadu Electricity Board disputed by the Company.		**8.20**		8.20		8.20
e) During the year 1994 UPSEB had raised demand for electricity charges by revising the power tariff schedule applicable to the Company retrospectively from Feb'86. In the opinion of the management the revised power tariff is not applicable to the Company and accordingly the Company disputed the demand and the matter is pending before Hon'ble High Court at Allahabad.		**2,61.74**		2,61.74		2,61.74

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	in million	Rs. in lakhs	in million	Rs. in lakhs	in million	Rs. in lakhs
f) Corporate guarantee issued to banks by the Company on behalf of :						
(i) Subsidiary Companies		–		39,84.33		74,71.79
(ii) Others		–		–		21,61.17
g) Standby Letter of Credit issued by banks on behalf of the company in favour of Subsidiary Companies		**1,12,26.36**		1,33,86.12		1,16,38.81
h) Financial Guarantees given by banks on behalf of the Company		**38,51.19**		33,46.66		32,47.66
i) Bills Discounted with Banks		**13,51.06**		51,41.86		69,69.41
j) The Company has disputed downward revision in the prices affected by the purchaser subsequent to sale of certain specified materials. In the opinion of the management and also on the merit of the case, as advised legally no liability is likely to arise. The matter is subjudice and pending final determination in this respect is presently not ascertainable.						

Note : The Company's pending litigations comprises of claim against the company and proceedings pending with Taxation/ Statutory/ Government Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, and disclosed contingent liabilities, where applicable, in its financial statements. The company does not expect the outcome of these proceedings to have a material impact on its financial position. Future cash outflows, if any, in respect of (a) to (e), and (j) above is dependent upon the outcome of judgments/ decisions.

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

55. Related party disclosure as identified by the management in accordance with the Indian Accounting Standard (Ind AS) 24 on "Related Party Disclosures" are as follows :

A) Names of related parties and description of relationship

1)	**Subsidiary Company**	Electrosteel Europe SA Electrosteel Algerie SPA Electrosteel Castings (UK) Limited Electrosteel USA LLC WaterFab, LLC (subsidiary of Electrosteel USA, LLC) Mahadev Vyapaar Private Limted Electrosteel Trading S.A, Spain Electrosteel Castings Gulf FZE Electrosteel Doha for Trading (LLC) Electrosteel Brasil Ltda. Tubos e Conexoes Duteis Electrosteel Bahrain Holding SPC Company Electrosteel Bahrain Trading WLL (subsidiary of Electrosteel Bahrain Holding SPC Company)
2)	**Associate Company**	Srikalahasthi Pipes Limited Electrosteel Steels Limited Electrosteel Thermal Power Limited
3)	**Joint Venture**	North Dhadhu Mining Company Private Limited Domco Private Limited
4)	**Key Management Personnel (KMP) and their close member**	Mr. Umang Kejriwal – Managing Director Mr. Mayank Kejriwal – Joint Managing Director Mr. Uddhav Kejriwal – Wholetime Director Mr. Mahendra Kumar Jalan – Wholetime Director Mr. Pradip Kr. Khaitan – Chairman Mr. Binod Kumar Khaitan – Director Mr. Naresh Chandra – Director Dr. Jamshed Jiji Irani – Director (upto October 4, 2016) Mr. Ram Krishna Agarwal – Director Mr. S Y Rajagopalan – Director Mr. Vyas Mitre Ralli – Director Mr. Amrendra Prasad Verma – Director Ms. Uma Kejriwal– Mother of Mr.Umang Kejriwal – Managing Director (MD) and Mr. Mayank Kejriwal – Joint Managing Director (JMD) Umang Kejriwal HUF Ms. Nityangi Kejriwal – Daughter of Mr. Umang Kejriwal – Managing Director (MD) Mr. Brij Mohan Soni – Chief Financial Officer (w.e.f November 9, 2015) Mr. Gautam Jhunjhunwala – Chief Financial Officer (Upto September 30, 2015) Ms. Priya Manjari Todi – Daughter of Mr. Mayank Kejriwal – KMP, Sister of Mr. Uddhav Kejriwal - KMP Mr. Anirudh Jalan – Son of Mr. Mahendra Kumar Jalan – KMP
5)	**Enterprise where KMP and/or Close member of the family have significant influence or control**	Gaushree Enterprises Tulsi Highrise Private Limited Sri Gopal Investments Ventures Ltd. Global Exports Ltd. Ultimo Logistics Private Limited Krsna Logistics Private Limited Sree Khemisati Constructions Private Limited G K & Sons Private Limited Electrosteel Thermal Coal Limited Badrinath Industries Ltd. Electrocast Sales India Limited Uttam Commercial Company Limited

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

B) Related Party Transactions

Particulars	Subsidiary	Associate	Joint Venture	KMP & their Close member	KMP have control	Total	Outstanding as on March 31, 2017	Outstanding as on March 31, 2016	Outstanding as on April 1, 2015
Sale									
Electrosteel Europe SA	2,32,15.34	–	–	–	–	2,32,15.34	1,31,04.64	–	–
Electrosteel Castings (UK) Ltd	51,25.74	–	–	–	–	51,25.74	23,75.29	–	–
Electrosteel USA, LLC	11,85.97	–	–	–	–	11,85.97	4,73.45	–	–
Electrosteel Castings Gulf FZE	26,05.26	–	–	–	–	26,05.26	6,52.24	–	–
Electrosteel Bahrain Trading WLL	23,62.64	–	–	–	–	23,62.64	11,34.78	–	–
Electrosteel Doha for Trading LLC	2,70.10	–	–	–	–	2,70.10	10.51	–	–
Electrosteel Steels Limited	–	19,96.33	–	–	–	19,96.33	91.36	–	–
Srikalahasthi Pipes Limited	–	28,72.68	–	–	–	28,72.68	–	–	–
Total	**3,47,65.05**	**48,69.01**	**–**	**–**	**–**	**3,96,34.06**	**1,78,42.27**	**–**	**–**
Previous Year									
Electrosteel Europe SA	3,34,83.35	–	–	–	–	3,34,83.35	–	2,19,70.54	1,40,32.25
Electrosteel Castings (UK) Limited	72,71.29	–	–	–	–	72,71.29	–	54,16.62	45,36.36
Electrosteel USA, LLC	19,66.65	–	–	–	–	19,66.65	–	25,76.84	27,56.52
Electrosteel Castings Gulf FZE	53,87.29	–	–	–	–	53,87.29	–	44,86.61	5,81.03
Electrosteel Bahrain Trading WLL	17,82.12	–	–	–	–	17,82.12	–	17,70.84	–
Electrosteel Steels Limited	–	31,90.31	–	–	–	31,90.31	–	3,99.58	48,12.72
Srikalahasthi Pipes Limited	–	13,68.25	–	–	–	13,68.25	–	–	–
Purchase									
Electrosteel USA, LLC	3.18	–	–	–	–	3.18	–	–	–
Srikalahasthi Pipes Limited	–	54,02.74	–	–	–	54,02.74	1,26.77	–	–
Electrosteel Steels Limited	–	8,50.19	–	–	–	8,50.19	–	–	–
Gaushree Enterprises	–	–	–	–	0.22	0.22	0.15	–	–
Total	**3.18**	**62,52.93**	**–**	**–**	**0.22**	**62,56.33**	**1,26.92**	**–**	**–**
Previous Year									
Srikalahasthi Pipes Limited	–	61,63.69	–	–	–	61,63.69	–	33,89.74	36,33.93
Electrosteel Steels Limited	–	7,81.26	–	–	–	7,81.26	–	–	5,41.64
Electrosteel Europe SA	–	–	–	–	–	–	–	–	13.77
Job Charges Received									
Previous Year									
Electrosteel Steels Limited	–	4,22.84	–	–	–	4,22.84	–	–	38.05
Remuneration									
Mr. Umang Kejriwal	–	–	–	2,99.25	–	2,99.25	1,20.00	–	–
Mr. Mayank Kejriwal	–	–	–	83.86	–	83.86	–	–	–
Mr. Uddhav Kejriwal	–	–	–	2,39.24	–	2,39.24	85.00	–	–
Mr. Mahendra Kumar Jalan	–	–	–	1,48.34	–	1,48.34	–	–	–
Ms. Priya Manjari Todi	–	–	–	7.15	–	7.15	–	–	–
Ms. Nityangi Kejriwal	–	–	–	8.00	–	8.00	6.00	–	–
Mr. Brij Mohan Soni	–	–	–	64.07	–	64.07	–	–	–
Mr. Ram Krishna Agarwal	–	–	–	16.70	–	16.70	12.00	–	–
Mr. Vyas Mitre Ralli	–	–	–	8.20	–	8.20	6.00	–	–
Mr. S Y Rajagopalan	–	–	–	9.40	–	9.40	6.00	–	–
Mr. Naresh Chandra	–	–	–	15.00	–	15.00	12.00	–	–
Mr. Binod Khaitan	–	–	–	11.10	–	11.10	6.00	–	–

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	Subsidiary	Associate	Joint Venture	KMP & their Close member	KMP have control	Total	Outstanding as on March 31, 2017	Outstanding as on March 31, 2016	Outstanding as on April 1, 2015
Mr. Pradeep Kr. Khaitan	–	–	–	9.90	–	9.90	6.00	–	–
Dr. Jamshed Jiji Irani	–	–	–	6.50	–	6.50	6.00	–	–
Mr. Amrendra Prasad Verma	–	–	–	2.00	–	2.00	1.50	–	–
Total	**–**	**–**	**–**	**9,28.71**	**–**	**9,28.71**	**2,66.50**	**–**	**–**
Previous Year									
Mr. Umang Kejriwal	–	–	–	3,02.49	–	3,02.49	–	1,20.00	1,20.00
Mr. Mayank Kejriwal	–	–	–	80.79	–	80.79	–	–	–
Mr. Uddhav Kejriwal	–	–	–	2,13.93	–	2,13.93	–	85.00	85.00
Mr. Vyas Mitre Ralli	–	–	–	1,32.74	–	1,32.74	–	–	–
Mr. Mahendra Kumar Jalan	–	–	–	1,39.40	–	1,39.40	–	–	–
Ms. Priya Manjari Todi	–	–	–	5.62	–	5.62	–	–	–
Ms. Nityangi Kejriwal	–	–	–	7.50	–	7.50	–	6.00	–
Mr. Brij Mohan Soni (w.e.f 09.11.2015)	–	–	–	23.64	–	23.64	–	–	–
Mr. Gautam Jhunjhunwala	–	–	–	19.81	–	19.81	–	–	–
Mr. Ram Krishna Agarwal	–	–	–	11.00	–	11.00	–	8.00	–
Mr. S Y Rajagopalan	–	–	–	9.60	–	9.60	–	6.00	6.00
Mr. Naresh Chandra	–	–	–	14.50	–	14.50	–	12.00	12.00
Mr.Binod Khaitan	–	–	–	12.50	–	12.50	–	6.00	6.00
Mr. Pradip Kr. Khaitan	–	–	–	10.50	–	10.50	–	6.00	6.00
Dr. Jamshed Jiji Irani	–	–	–	14.00	–	14.00	–	12.00	12.00
Rent Paid									
Tulsi Highrise Private Limited	–	–	–	–	52.01	52.01	–	–	–
Sri Gopal Investments Ventures Ltd.	–	–	–	–	18.00	18.00	–	–	–
Mahadev Vyapar Private Limited	18.00	–	–	–	–	18.00	–	–	–
Global Exports Ltd.	–	–	–	–	–	–	–	–	–
Smt. Uma Kejriwal	–	–	–	–	–	–	–	–	–
Umang Kejriwal HUF	–	–	–	8.78	–	8.78	–	–	–
Sree Khemisati Constructions Private Limited	–	–	–	–	7.20	7.20	–	–	–
Badrinath Industries Ltd.	–	–	–	–	30.00	30.00	–	–	–
Total	**18.00**	**–**	**–**	**8.78**	**1,07.21**	**1,33.99**	**–**	**–**	**–**
Previous Year									
Tulsi Highrise Private Limited	–	–	–	–	52.01	52.01	–	–	–
Sri Gopal Investments Ventures Ltd.	–	–	–	–	18.00	18.00	–	–	–
Mahadev Vyapar Private Limited	18.00	–	–	–	–	18.00	–	–	–
Global Exports Ltd.	–	–	–	–	15.00	15.00	–	–	–
Smt. Uma Kejriwal	–	–	–	4.39	–	4.39	–	–	–
Umang Kejriwal HUF	–	–	–	8.78	–	8.78	–	–	–
Sree Khemisati Constructions Private Limited	–	–	–	–	7.20	7.20	–	–	–
Badrinath Industries Ltd.	–	–	–	–	30.00	30.00	–	–	–
Service Charges Paid									
Ultimo Logistics Pvt. Ltd.	–	–	–	–	7,67.12	7,67.12	7.83	–	–
Sree Khemisati Constructions Private Limited	–	–	–	–	2,68.94	2,68.94	3.74	–	–

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	Subsidiary	Associate	Joint Venture	KMP & their Close member	KMP have control	Total	Outstanding as on March 31, 2017	Outstanding as on March 31, 2016	Outstanding as on April 1, 2015
Krsna Logistics Private Limited	–	–	–	–	11,96.55	11,96.55	2,80.81	–	–
Global Exports Ltd.	–	–	–	–	90.00	90.00	–	–	–
Mr. Anirudh Jalan	–	–	–	1.80	–	1.80	0.15	–	–
Sri Gopal Investments Ventures Ltd.	–	–	–	–	2.07	2.07	–	–	–
Total	**–**	**–**	**–**	**1.80**	**23,24.68**	**23,26.48**	**2,92.53**	**–**	**–**
Previous Year									
Ultimo Logistics Pvt. Ltd.	–	–	–	–	12,01.68	12,01.68	–	12.03	–
Sree Khemisati Constructions Private Limited	–	–	–	–	2,69.97	2,69.97	–	4.14	3.06
Krsna Logistics Private Limited	–	–	–	–	6,39.15	6,39.15	–	1,83.98	60.95
Global Exports Ltd.	–	–	–	–	78.46	78.46	–	–	1.88
Mr. Anirudh Jalan	–	–	–	1.80	–	1.80	–	0.30	–
Sri Gopal Investments Ventures Ltd.	–	–	–	–	2.32	2.32	–	–	–
Service Charges Received									
Electrosteel Europe SA	26.95	–	–	–	–	26.95	29.63	–	–
Electrosteel Castings (UK) Limited	18.52	–	–	–	–	18.52	20.44	–	–
Electrosteel Steels Limited	–	981.63	–	–	–	9,81.63	5,97.44	–	–
Electrosteel USA, LLC	4.49	–	–	–	–	4.49	–	–	–
Total	**49.96**	**9,81.63**	**–**	**–**	**–**	**10,31.59**	**6,47.51**	**–**	**–**
Previous Year									
Electrosteel Europe SA	36.34	–	–	–	–	36.34	–	48.42	31.29
Electrosteel Castings (UK) Limited	10.94	–	–	–	–	10.94	–	11.70	12.51
Electrosteel Steels Limited	–	225.27	–	–	–	2,25.27	–	235.40	–
Loan Given									
Electrosteel Castings (UK) Limited	–	–	–	–	–	–	–	–	–
Loan Taken									
Tulsi Highrise Private Limited	–	–	–	–	10,00.00	10,00.00	–	–	–
Electrosteel Castings Gulf Fze	–	–	–	–	–	–	99.97	–	–
G. K. & Sons Private Limited	–	–	–	–	–	–	–	–	–
Electrocast Sales India Limited	–	–	–	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**10,00.00**	**10,00.00**	**99.97**	**–**	**–**
Previous Year									
Electrosteel Castings Gulf Fze	–	–	–	–	–	–	–	1,02.13	96.34
G. K. & Sons Private Limited	–	–	–	–	10,00.00	10,00.00	–	10,00.00	–
Uttam Commercial Company Ltd.	–	–	–	–	5,00.00	5,00.00	–	5,00.00	–
Electrocast Sales India Limited	–	–	–	–	5,00.00	5,00.00	–	5,00.00	–
Reimbursements of expenses paid									
Electrosteel Europe SA	1,39.65	–	–	–	–	1,39.65	34.16	–	–
Electrosteel Castings (UK) Limited	27.25	–	–	–	–	27.25	–	–	–
Electrosteel Bahrain Holding SPC Company	–	–	–	–	–	–	–	–	–
Srikalahasthi Pipes Limited	–	0.75	–	–	–	0.75	–	–	–
Total	**1,66.90**	**0.75**	**–**	**–**	**–**	**1,67.65**	**34.16**	**–**	**–**
Previous Year									
Electrosteel Europe SA	3,07.31	–	–	–	–	3,07.31	–	2,82.13	95.33
Electrosteel Castings (UK) Limited	57.74	–	–	–	–	57.74	–	51.79	–

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	Subsidiary	Associate	Joint Venture	KMP & their Close member	KMP have control	Total	Outstanding as on March 31, 2017	Outstanding as on March 31, 2016	Outstanding as on April 1, 2015
Electrosteel Bahrain Holding SPC Company	19.03	–	–	–	–	19.03	–	19.03	–
Electrosteel Steels Limited	–	–	–	–	–	–	–	–	0.12
Reimbursements of expenses received									
Electrosteel Castings (UK) Ltd	94.44	–	–	–	–	94.44	31.96	–	–
Electrosteel Europe SA	1,44.41	–	–	–	–	1,44.41	1,53.15	–	–
Srikalahasthi Pipes Limited	–	14.98	–	–	–	14.98	–	–	–
Electrosteel Steels Limited	–	16.82	–	–	–	16.82	5.89	–	–
Electrosteel Castings Gulf FZE	–	–	–	–	–	–	–	–	–
Electrosteel USA, LLC	47.07	–	–	–	–	47.07	–	–	–
Total	**2,85.92**	**31.80**	**–**	**–**	**–**	**3,17.72**	**1,91.00**	**–**	**–**
Previous Year									
Electrosteel Castings (UK) Limited	–	–	–	–	–	–	–	–	1,01.80
Electrosteel Steels Limited	–	–	–	–	–	–	–	–	39.99
Electrosteel Europe SA	115.31	–	–	–	–	1,15.31	–	2,06.91	1,31.04
Srikalahasthi Pipes Limited	–	12.03	–	–	–	12.03	–	11.94	–
Corporate Guarantee, Standby Letter of Credit and Letter of Comfort									
Electrosteel Europe SA	–	–	–	–	–	–	44,88.47	–	–
Electrosteel Algeria SPA	–	–	–	–	–	–	22,69.58	–	–
Electrosteel Castings (UK) Limited	–	–	–	–	–	–	28,47.18	–	–
Electrosteel USA, LLC	16,65.25	–	–	–	–	1,665.25	16,21.13	–	–
Total	**16,65.25**	**–**	**–**	**–**	**–**	**16,65.25**	**1,12,26.36**	**–**	**–**
Previous Year									
Electrosteel Europe SA	61,70.24	–	–	–	–	61,70.24	–	62,18.79	87,17.43
Electrosteel Algeria SPA	23,22.95	–	–	–	–	23,22.95	–	49,68.75	43,74.65
Electrosteel Castings (UK) Limited	–	–	–	–	–	–	–	61,82.91	60,18.52
Commission									
Electrosteel Doha for Trading LLC	1,36.82	–	–	–	–	1,36.82	47.26	–	–
Electrosteel Algeria SPA	–	–	–	–	–	–	1.05	–	–
Electrosteel Castings Gulf Fze	85.09	–	–	–	–	85.09	81.71	–	–
Electrosteel USA, LLC	28.39	–	–	–	–	28.39	–	–	–
Total	**2,50.30**	**–**	**–**	**–**	**–**	**2,50.30**	**1,30.02**	**–**	**–**
Previous Year									
Electrosteel Doha for Trading LLC	2,01.68	–	–	–	–	2,01.68	–	1,45.41	2,24.79
Electrosteel Algeria SPA	4,46.65	–	–	–	–	4,46.65	–	89.25	49.53
Electrosteel Europe SA	2,44.41	–	–	–	–	2,44.41	–	2,71.44	1,44.48
Electrosteel Castings Gulf Fze	2,61.95	–	–	–	–	2,61.95	–	2,32.85	65.50
Security Deposits									
Sri Gopal Investments Ventures Ltd.	–	–	–	–	–	–	9.00	–	–
Tulsi Highrise Private Limited	–	–	–	–	–	–	2,55.47		
Electrosteel Thermal Coal Limited	–	–	–	–	–	–	1,85.00	–	–
Total	**–**	**–**	**–**	**–**	**–**	**–**	**4,49.47**	**–**	**–**
Previous Year									

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	Subsidiary	Associate	Joint Venture	KMP & their Close member	KMP have control	Total	Outstanding as on March 31, 2017	Outstanding as on March 31, 2016	Outstanding as on April 1, 2015
Tulsi Highrise Private Limited	–	–	–	–	–	–	–	2,28.67	2,04.73
Sri Gopal Investments Ventures Ltd.	–	–	–	–	–	–	–	9.00	18.00
Electrosteel Thermal Coal Limited	–	–	–	–	–	–	–	1,85.00	1,85.00
Dividend Received									
Srikalahasthi Pipes Limited	–	9,65.06	–	–	–	9,65.06	–	–	–
Total	**–**	**9,65.06**	**–**	**–**	**–**	**9,65.06**	**–**	**–**	**–**
Previous Year									
Srikalahasthi Pipes Limited	–	5,79.04	–	–	–	5,79.04	–	–	–
Rent Receipts									
G. K. & Sons Private Limited	–	–	–	–	–	–	–	–	–
Srikalahasthi Pipes Limited	–	0.36	–	–	–	0.36	–	–	–
Electrosteel Steels Limited	–	0.60	–	–	–	0.60	0.21	–	–
Electrocast Sales India Limited	–	–	–	–	–	–	–	–	–
Total	**–**	**0.96**	**–**	**–**	**–**	**0.96**	**0.21**	**–**	**–**
Previous Year									
G. K. & Sons Private Limited	–	–	–	–	1.50	1.50	–	–	1.01
Srikalahasthi Pipes Limited	–	0.36	–	–	–	0.36	–	–	–
Electrosteel Steels Limited	–	0.60	–	–	–	0.60	–	0.11	0.05
Electrocast Sales India Limited	–	–	–	–	1.50	1.50	–	–	1.35
Sale of Fixed Asset									
Srikalahasthi Pipes Limited	–	55,20.00	–	–	–	55,20.00	–	–	–
Total	**–**	**55,20.00**	**–**	**–**	**–**	**55,20.00**	**–**	**–**	**–**
Previous Year									
Srikalahasthi Pipes Limited	–	2.73	–	–	–	2.73	–	–	–
Advances Given									
Ultimo Logistics Pvt. Ltd.	–	–	–	–	–	–	–	–	–
Electrosteel Steels Limited	–	–	–	–	–	–	2,08,62.24	–	–
Mahadev Vyapar Private Limited	–	–	–	–	–	–	3,98.89	–	–
Electrosteel Thermal Power Limited	–	–	–	–	–	–	5.27	–	–
Electrosteel Thermal Coal Limited	–	–	–	–	–	–	1.00	–	–
Total	**–**	**–**	**–**	**–**	**–**	**–**	**2,12,67.40**	**–**	**–**
Previous Year									
Ultimo Logistics Pvt. Ltd.	–	–	–	–	–	–	–	23.40	23.96
Electrosteel Steels Limited	–	–	–	–	–	–	–	2,18,69.21	2,63,73.82
Mahadev Vyapar Private Limited	–	–	–	–	–	–	–	4,14.63	4,30.12
Electrosteel Thermal Power Limited	–	–	–	–	–	–	–	5.27	5.27
Electrosteel Thermal Coal Limited	–	–	–	–	–	–	–	1.00	1.00
Advances Taken									
Srikalahasthi Pipes Limited	–	–	–	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Previous Year									
Srikalahasthi Pipes Limited	–	55,00.00	–	–	–	5,500.00	–	–	–
Interest Received									
Electrosteel Steels Limited	–	–	–	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	Subsidiary	Associate	Joint Venture	KMP & their Close member	KMP have control	Total	Outstanding as on March 31, 2017	Outstanding as on March 31, 2016	Outstanding as on April 1, 2015
Previous Year									
Electrosteel Steels Limited	–	1,01.43	–	–	–	1,01.43	–	–	–
Interest Paid									
Srikalahasthi Pipes Limited	–	3,13.40	–	–	–	3,13.40	–	–	–
G. K. & Sons Private Limited	–	–	–	–	91.21	91.21	–	–	–
Electrocast Sales India Limited	–	–	–	–	45.48	45.48	–	–	–
Uttam Commercial Company Ltd.	–	–	–	–	45.48	45.48	–	–	–
Tulsi Highrise Private Limited	–	–	–	–	55.63	55.63	–	–	–
Total	**–**	**3,13.40**	**–**	**–**	**2,37.80**	**5,51.20**	**–**	**–**	**–**
Previous Year									
Srikalahasthi Pipes Limited	–	3,02.37	–	–	–	3,02.37	–	2,72.14	–
G. K. & Sons Private Limited	–	–	–	–	28.77	28.77	–	25.89	–
Uttam Commercial Company Ltd.	–	–	–	–	14.38	14.38	–	12.95	–
Electrocast Sales India Limited	–	–	–	–	14.38	14.38	–	12.95	–
Employee Welfare Expenses	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Gaushree Enterprises	–	–	–	–	2.91	2.91	0.46	–	–
Total	**–**	**–**	**–**	**–**	**2.91**	**2.91**	**0.46**	**–**	**–**
Previous Year									
Gaushree Enterprises	–	–	–	–	4.69	4.69	–	0.51	2.62

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

Particulars	**Year ended March 31, 2017**	Year ended March 31, 2016
Short–term employee benefits	**8,24.81**	8,69.84
Post–employment benefits*	**–**	95.38
Other long–term benefits*	**–**	33.65

* Post–employment benefits and other long–term benefits have been disclosed based on actual payment made on retirement/resignation of services, but does not includes provision made on actuarial basis as the same is available for all the employees together.

55.1 In respect of the above parties ,there is no provision for doubtful debts as on March 31, 2017 and no amount has been written off or written back during the year in respect of debt due from/to them.

55.2 The above related party information is as identified by the management and relied upon by the auditor.

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

55.3 Details of Loans, Investments and Guarantees covered u/s 186(4) of the Companies Act, 2013 :

a) Details of Loans and Investments are given under the respective heads (Refer Note no. 7, 13 and 17.2).

b) Details of Corporate Guarantee/ Standby Letter of Credit given by the Company are as follows :

Name of the Company	Date of Undertaking	Purpose	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Electrosteel Europe SA	August 12, 2015	Short Term Loan Facility	**20,71.60**	23,51.83	–
	August 12, 2015	Short Term Loan Facility	**24,16.87**	27,36.27	–
	November 21, 2015	Bank Guarantee Facility	**–**	11,30.69	–
	September 11, 2012	Working capital facility	**–**	–	13,41.15
	June 7, 2013	Working capital facility	**–**	–	6,70.57
	February 28, 2014	Short Term Loan Facility	**–**	–	20,11.71
	September 2, 2013	Factoring Facility	**–**	–	46,94.00
Electrosteel Algerie SPA	May 26, 2010	Working capital facility	**–**	26,50.00	43,74.65
	March 30, 2016	Working capital facility	**22,69.58**	23,18.75	–
Electrosteel Castings (UK) Ltd.	March 31, 2015	Short Term Loan Facility	**28,47.18**	33,29.26	32,40.74
	February 27, 2013	Factoring Facility	**–**	28,53.65	27,77.78
Electrosteel USA LLC	August 20, 2016	Working capital facility	**16,21.13**	–	–
Singardo International Pte Ltd.	March 26, 2007	Working capital facility	**–**	–	9,11.27
	December 12, 2013	Working capital facility	**–**	–	12,49.90

56. The company operates mainly in one business segment viz Pipes being primary segment and all other activities revolve around the main activity. The secondary segment is geographical, information related to which is given as under :

Particulars	2016–17			2015–2016		
	Within India	**Outside India**	**Total**	Within India	Outside India	Total
Sales (gross)	**12,85,56.01**	**5,06,86.06**	**17,92,42.07**	11,99,13.05	7,78,13.18	19,77,26.23
Non–Current Assets other than financial instruments	**28,55,91.78**	**–**	**28,55,91.78**	30,00,01.02	–	30,00,01.02

57. The company has opted for continuing accounting policy in respect of exchange difference arising on reporting of long term foreign currency monetary items in accordance with Ind AS 101 "First time adoption of Indian Accounting Standards". Accordingly, during the year ended 31st March 2017 the net exchange difference of Rs. 1,24.08 lakhs (net credit) (previous year Rs. 54,58.89 lakhs) on foreign currency loans have been adjusted in the carrying amount of fixed assets / capital work in progress / claim receivable. The unamortised balance is Rs. 2,68,19.56 lakhs (March 31, 2016 : Rs. 2,71,37.17 lakhs and April 1, 2015 : Rs. 2,18,54.69 lakhs).

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

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

59. FIRST TIME ADOPTION OF Ind AS – Disclosures, Reconciliation etc.

a) Reconciliation in terms of Ind AS 101 "First time adoption of Indian Accounting Standards"

i) Reconciliation of Equity as at March 31, 2016 and April 1, 2015

(Amount Rs. in lakhs)

Particulars	Refer Note No. (Under 59 (c))	As at March 31, 2016 (End of last period presented under Previous GAAP)			As at April 1, 2015		
		As per Previous GAAP	Effect of transition to Ind AS	As per Ind AS	As per Previous GAAP	Effect of transition to Ind AS	As per Ind AS
ASSETS							
1. Non–Current Assets							
(a) Property, Plant and Equipment	(i) and (ii)	10,79,51.82	6,26,61.94	17,06,13.76	10,97,79.48	6,27,89.28	17,25,68.76
(b) Capital work–in–progress	(vii)	12,78,41.69	–	12,78,41.69	12,78,41.17	(2,11.73)	12,76,29.44
(c) Other Intangible assets		8,11.41	–	8,11.41	11,00.62	–	11,00.62
(d) Financial Assets							
(i) Investments	(iv) and (v)	12,58,63.96	(1,12,60.69)	11,46,03.27	12,58,63.96	(1,12,60.69)	11,46,03.27
(ii) Trade receivables	(iii)	1,36.18	(18.97)	1,17.21	3,39.15	(69.75)	2,69.40
(iii) Loans	(iii)	24,18.33	(3,47.85)	20,70.48	13,36.05	(3,16.89)	10,19.16
(iv) Others		25,00.50	–	25,00.50	0.54	–	0.54
(e) Other Non current Assets	(iii)	5,06.33	2,27.83	7,34.16	7,98.04	3,00.40	10,98.44
2. Current assets							
(a) Inventories		3,50,92.41	–	3,50,92.41	4,95,78.56	–	4,95,78.56
(b) Financial Assets							
(i) Investments	(vi)	2,67.15	–	2,67.15	7,15.46	7.17	7,22.63
(ii) Trade receivables		7,00,92.32	–	7,00,92.32	5,80,30.82	–	5,80,30.82
(iii) Cash and Cash equivalents		83,98.35	–	83,98.35	78,24.38	–	78,24.38
(iv) Bank balances other than (iii) above		15,78.69	–	15,78.69	1,31,98.04	–	1,31,98.04
(v) Loans		7,86.57	–	7,86.57	10,97.90	–	10,97.90
(vi) Others	(vii)	1,26,01.33	1,56.59	1,27,57.92	90,22.43	13,93.84	1,04,16.27
(c) Other current Assets		3,44,85.73	–	3,44,85.73	3,97,23.51	–	3,97,23.51
Total assets		**53,13,32.77**	**5,14,18.85**	**58,27,51.62**	**54,62,50.11**	**5,26,31.63**	**59,88,81.74**
EQUITY AND LIABILITIES							
Equity							
(a) Equity share capital		35,69.55	–	35,69.55	35,69.55	–	35,69.55
(b) Other Equity	59(a)(ii)	25,06,56.43	2,64,35.09	27,70,91.52	24,69,09.09	2,79,93.17	27,49,02.26
Liabilities							
1. Non–current liabilities							
(a) Financial liabilities							
(i) Borrowings	(viii)	11,48,69.97	(7,73.73)	11,40,96.24	12,84,37.59	(3,10.90)	12,81,26.69
(ii) Other financial liabilities		1,37.64	–	1,37.64	1,37.63	–	1,37.63
(b) Provisions		15,76.51	–	15,76.51	12,98.62	–	12,98.62
(c) Deferred tax liabilities (net)	(ix)	27,91.83	2,70,80.21	2,98,72.04	30,86.72	2,79,42.94	3,10,29.66
(d) Other non–current liabilities	(ii)	1,48,42.67	10.06	1,48,52.73	66.23	10.71	76.94
2. Current liabilities							
(a) Financial liabilities							
(i) Borrowings		7,58,28.61	–	7,58,28.61	8,10,19.45	–	8,10,19.45
(ii) Trade payables		2,60,85.11	–	2,60,85.11	2,20,60.17	–	2,20,60.17
(iii) Other financial liabilities		2,26,78.92	–	2,26,78.92	4,52,68.09	–	4,52,68.09
(b) Other Current liabilities		95,19.21	–	95,19.21	67,03.31	–	67,03.31
(c) Provisions	(vii) and (x)	49,57.69	(13,32.78)	36,24.91	53,90.90	(30,04.29)	23,86.61
(d) Current tax liabilities (Net)		38,18.63	–	38,18.63	23,02.76	–	23,02.76
Total equity and liabilities		**53,13,32.77**	**5,14,18.85**	**58,27,51.62**	**54,62,50.11**	**5,26,31.63**	**59,88,81.74**

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

ii) Reconciliation of Total Equity as given above :

(Amount Rs. in lakhs)

Particulars	Ref. Note No. (Under 59 (c))	As at March 31, 2016 (End of last period presented under Previous GAAP)	As at April 01, 2015 (Date of transition)
Total equity (shareholders' funds) under Previous GAAP		**25,42,25.98**	**25,04,78.64**
Ind AS Adjustment			
Effect of Finance Cost as per Effective Interest Rate Method and amortisation of Financial Assets	(iii) and (viii)	6,53.09	3,10.90
Effect of fair valuation of Equity instrument measured at fair value through other comprehensive income	(v)	27.97	27.97
Effect of Derivative instruments measured at Fair Value			
– Fair Value through Profit and Loss	(vii)	88.00	13,93.84
– Fair Value through Other Comprehensive Income	(vii)	(7,46.74)	–
Effect of Dividend and related dividend distribution tax.	(x)	21,48.12	27,92.55
Effect of fair valuation on date of transition as deemed cost and other adjustments under the head Property, Plant and Equipment	(i)	6,26,42.37	6,27,69.71
Effect of fair Valuation on the date of transition as deemed cost of Investments in Associates	(iv)	(1,12,88.66)	(1,12,88.66)
Others	(ii), (iii) and (vi)	(8.85)	(70.20)
Adjustment of Deferred tax Liability created due to Ind AS impact and reversal of the same during the year.	(ix)	(2,70,80.21)	(2,79,42.94)
Total adjustment to equity		**2,64,35.09**	**2,79,93.17**
Total equity under Ind AS		**28,06,61.07**	**27,84,71.81**

iii) Reconciliation of Statement of Profit and Loss for the year ended March 31, 2016 :

Particulars	Ref. Note No. (Under 59 (c))	As per IGAAP for the year ended March 31, 2016	Ind AS Adjustments	As per Ind As for the year ended March 31, 2016
Revenue from operations		20,16,15.28	–	20,16,15.28
Other Income	(iii) and (vi)	39,77.81	1,42.60	41,20.41
Total revenue		**20,55,93.09**	**1,42.60**	**20,57,35.69**
EXPENSES				
Cost of materials consumed		8,55,40.33	–	8,55,40.33
Purchase of Stock–in–Trade		48,73.91	–	48,73.91
Changes in inventories of finished goods, Stock–in–Trade and work–in progress		30,23.34	–	30,23.34
Employee Benefit Expenses	(xi)	1,77,90.95	(1,78.76)	1,76,12.19
Finance costs	(iii) and (viii)	1,72,49.98	(3,42.19)	1,69,07.79
Depreciation, and Amortisation expenses	(i) and (ii)	63,61.16	1,27.34	64,88.50
Other Expenses	(iii), (vii) and (ii)	6,27,03.74	13,87.13	6,40,90.87
Total expenses		**19,75,43.41**	**9,93.52**	**19,85,36.93**
Profit/(loss) before tax		**80,49.68**	**(8,50.92)**	**71,98.76**
Tax expense :				
Current tax		24,49.07	–	24,49.07
Deferred tax	(ix)	(2,94.89)	(5,42.44)	(8,37.33)
Profit/(loss) for the year		**58,95.50**	**(3,08.48)**	**55,87.02**

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	Ref. Note No. (Under 59 (c))	As per IGAAP for the year ended March 31, 2016	Ind AS Adjustments	As per Ind As for the year ended March 31, 2016
Other Comprehensive Income				
A. (i) Items that will not be reclassified to profit or loss	(xi) and (v)	–	(1,78.76)	(1,78.76)
(ii) Income tax related to items that will not be reclassified to profit and loss	(ix)	–	61.86	61.86
B. (i) Items that will be reclassified to profit and loss	(vii)	–	(7,46.74)	(7,46.74)
(ii) Income tax related to items that will not be reclassified to profit and loss	(ix)	–	2,58.43	2,58.43
Total Comprehensive Income for the year, net of tax		**58,95.50**	**(9,13.69)**	**49,81.81**

iv) Reconciliation of Total Comprehensive Income for the year ended March 31, 2016 :

Particulars	For the Year ended March 31, 2016
Net profit / Other Equity under previous GAAP	**58,95.51**
Adjustment for amount recognised in other comprehensive income	1,78.76
Fair valuation of Investments	–
Fair valuation / deemed cost and other adjustments for Property, Plant and equipment	(1,27.34)
Effect on measuring financial instrument at fair valuation of forward and derivative contract	(13,05.84)
Finance Costs as per Effective Interest Rate method	3,42.19
Others	61.31
Effect of Taxes on above	5,42.43
Deferred tax on opening revaluation reserve	–
Dividend and Dividend Distribution Tax	–
Net Profit for the period / Other Equity as at March 31, 2016 under Ind AS	**55,87.02**
Other Comprehensive Income (net of taxes)	
Actuarial gain/ (loss) on Employees defined benefit	(1,16.90)
Cash Flow hedge reserve	(4,88.31)
Total Comprehensive Income for the period / Other Equity as at March 31, 2016 under Ind AS	**49,81.81**

v) Effect of Ind AS adoption on the statement of cash flows for the year ended March 31, 2016 :

Particulars	Previous GAAP	Effect of transition to Ind AS	Ind AS
Net cash flows from operating activities	5,03,95.80	5,91.44	5,09,87.24
Net cash flows from investing activities	89,69.23	1,41.95	91,11.18
Net cash flows from financing activities	(5,91,41.10)	(3,84.86)	(5,95,25.96)
Net increase/(decrease) in cash and cash equivalents	**2,23.93**	**3,48.53**	**5,72.46**
Cash and cash equivalents at the beginning of the period	79,35.90	(1,11.52)	78,24.38
Effects of exchange rate changes on the balance of cash held in foreign currencies	1.51	–	1.51
Cash and cash equivalents at the end of the period	**81,61.34**	**2,37.01**	**83,98.35**

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

Analysis of cash and cash equivalents as at March 31, 2016 and as at April 1, 2015 for the purpose of statement of cash flows under Ind AS :

Particulars	As at March 31, 2016 (End of last period presented under Previous GAAP)	As at April 1, 2015 (Date of transition)
Cash and cash equivalents for the purpose of statement of cash flows as per Previous GAAP	**81,61.34**	**79,35.90**
Unpaid Dividend Account considered as cash and cash equivalents	(2,44.36)	(1,11.52)
Acceptances regrouped with Trade payables	4,81.37	–
Cash and cash equivalents for the purpose of statement of cash flows under Ind AS	**83,98.35**	**78,24.38**

b) FIRST–TIME ADOPTION – Mandatory Exceptions and optional Exemptions

These financial statements are covered by Ind AS 101, "First Time Adoption of Indian Accounting Standards", as they are the Company's first Ind AS financial statements for the year ended March 31, 2017.

i) **Overall principle :**

a) The Company excepting as detailed under (b) below has prepared the opening balance sheet as per Ind AS as at April 1, 2015 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying certain items from Previous GAAP to Ind AS as required under the Ind AS, and applying Ind AS in the measurement of recognized assets and liabilities. The accounting policies that the Company used in its opening Ind–AS Balance Sheet may have differed from those that it used for its previous GAAP. The resulting adjustments arising from events and transactions occuring before the date of transition to Ind–AS has been recognized directly in retained earnings at the date of transition.

b) Assets and liabilities pertaining to coal mines have been carried under freehold land, capital work in progress, property, plant and equipment and other respective heads of account, pending decision of the court as on the transition date and determination of exact status of the assets and company's claim thereagainst as detailed in note no. 46, have been kept unaltered and carried forward and shown under respective heads of accounts as accounted for under the previous GAAP.

c) However, this principle is subject to certain mandatory exceptions and certain optional exemptions availed by the Company as detailed below.

ii) **Derecognition of financial assets and financial liabilities**

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

iii) **Fair Value as deemed cost for Property, Plant and Equipment**

Property, plant and equipment has been carried in accordance with previous GAAP carrying value as deemed cost at the date of transition excepting freehold land and buildings valued at Fair value at the date of transition, which has been considered as deemed cost. On transition, previous GAAP revaluation reserve has also been transfered to retained earnings.

iv) **Deemed cost for Intangible assets**

The Company has elected to continue with the carrying value of all of its intangible assets recognized as of transition date measured as per the Previous GAAP and used that carrying value as its deemed cost as of the transition date.

v) **Investment in subsidiaries, associates and joint venture**

The Company has elected to measure its investment in subsidiaries and joint ventures at the previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS. In case of investment in associates, the Company has considred the fair value of such associates as its deemed cost on the date of transition to Ind AS permitted under Ind AS 101 "First time Adoption of Indian Accounting Standards".

vi) **Impairment of financial assets**

Ind AS 109 "Financial Instruments" requires the impairment to be carried out retrospectively; however, as permitted by Ind AS 101, the

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

Company, has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

vii) **Determining whether an arrangement contains a lease**

The Company as on the date of transition complied with Ind AS 17 "Leases" to determine whether an arrangement contains a Lease on the basis of facts and circumstances existing at the date of transition to Ind AS, accordingly leasehold land has been reclassified as operating lease.

viii) **Long Term Foreign Currency Monetary items**

The Company has adopted to continue the accounting policy related to exchange difference arising from translation of existing long term foreign currency monetary items recognised in the financial statements under previous GAAP as on the date of transition. Accordingly, the company has continued the policy of capitalization of forex on such long–term loans outstanding as on 1st April 2015 and such capitalised amount is being amortised over the remaining useful life of the assets.

ix) **Business Combination**

In terms of Ind AS 101 "First Time Adoption of Indian Accounting Standards", the Company has elected to not to apply Ind AS 103 "Business Combination" for past combinations.

c) Explanatory Notes to reconciliation between Previous GAAP and Ind AS

(i) **Property, Plant and Equipment**

The company has used previous GAAP carrying value as deemed cost excepting fair value of certain Property, Plant and Equipment (PPE) ie. freehold land and building as carried out by an external valuer in its opening Ind AS financial statement as deemed cost.

i) the aggregate of those fair values is Rs. 17,25,68.76 lakhs.

ii) the aggregate adjustment to the carrying amount of land and building reported under previous GAAP is Rs. 6,05,00.22 lakhs and Rs. 22,69.49 lakhs respectively.

The fair value of PPE has been determined based on the valuation carried out by External Independent Valuer. The fair value of the properties was determined based on market value of similar assets, significantly adjusted for differences in the nature, location or condition of the specific items of PPE. The fair valuation involves higher degree of uncertainty and subjectivity.

(ii) **Accounting of Leasehold Land as Finance lease**

Under the previous GAAP, leasehold land at Haldia was shown as a part of Property, Plant and Equipment at a carrying value consisting of the initial costs incurred and was amortised over the period of lease.

Under Ind AS 101, the Company has recognized the present value of minimum lease payments to its carrying value with corresponding recognition of lease liability.

On transition, this has resulted in capitalization of Rs.19.57 lakhs in Property Plant and Equipment with corresponding recognition of lease liabilty of Rs. 10.71 lakhs as on April 1, 2015. This has resulted in increase in total equity by Rs. 9.25 lakhs and Rs. 8.86 lakhs as on March 31, 2016 and April 1, 2015 respectively.

(iii) **Fair Valuation of financial assets and liabilities**

Under previous GAAP, receivables and payables were measured at transaction cost less allowances for recoverability, if any.

Under Ind AS, financial assets and liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less allowances for impairment, if any. The resulting changes are recognised either under finance income or expenses in the Statement of profit and loss.

On transition, the company has fair valued certain financial assets including Security deposits and Trade receivables. This has resulted in decrease in total equity by Rs. 1,38.99 lakhs and Rs. 86.24 lakhs as on March 31, 2016 and April 1, 2015 respectively.

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

(iv) **Investment in Associates**

In terms of Ind AS 101, the Company has used fair valued its equity investments in Electrosteel Steels Limited and Srikalahasthi Pipes Limited, an associate of the Company as on the date of transition. The fair valuation of the said equity investment has been carried out by external valuer and the aggregate fair value of such equity investment is Rs. 10,61,22.52 lakhs. The aggregate adjustment to the carrying value of such investment under previous GAAP is Rs. 1,12,88.66 lakhs, with corresponding decrease in total equity as on April 1 , 2015. The fair value of above equity investment has been determined based on the valuation carried out by External Independent Valuer. The fair value of the said investment was determined based on the average of the market value of the investment, P/E ratio of similar sector company along with premium/discount for controlling interest. The fair valuation involves higher degree of uncertainty and subjectivity.

(v) **Investment in Equity Instruments**

Under previous GAAP, Non–current Investments were stated at cost less provision, if any, for diminuation in value other than temporary.

Under Ind AS, the Company has made an irrevocable decision to consider equity instruments other than Investment in Subsidiaries, Associates and Joint Ventures not held for trading to be recognized at FVTOCI.

On transition, the Company has recognized a gain of Rs. 27.97 lakhs as on March 31, 2016 and April 1, 2015 in OCI with the corresponding increase in the carrying value of such investments.

(vi) **Fair valuation of Current Investment**

Under previous GAAP, Current investments were measured at lower of cost or market price.

Under Ind AS, these investment are measured at fair value through profit or loss and accordingly, difference between the fair value and carrying value is recognised in Statement of profit or loss.

On transition, the Company has recognised a gain of Rs. 7.17 lakhs as on April 1, 2015 in respect of bonds with corresponding increase in total equity.

(vii) **Fair Valuation of Derivative Instruments**

Under previous GAAP, exchange difference arising with respect to forward contracts other than those entered into to hedge foreign currency risk on unexecuted firm contracts or of highly probable forecast transactions were recognised in the period in which they arise and the difference between the forward contract and exchange rate at the date of transaction is recognised as revenue/expensed over the life of the contract.

In respect of derivative instruments (other than forward contracts dealt as above) premium paid, gain/losses on settlement and losses on restatement were recognised in the statement of profit and loss except in case they relate to acquisition or construction of fixed assets, in which case they were adjsuted to the cost of fixed assets/capital work in progress.

Under Ind AS, both reductions and increases to the fair value of derivative contracts that is either not designated as a hedge or is so designated but is ineffective are recognised in statement of Profit and Loss. Changes in fair value of the derivative hedging instrument designated as a cashflow hedge are recognised in OCI.

On transition, the Company has fair valued the outstanding forward contract, Swap and Options resulting in loss of Rs. 658.74 lakhs as on March 31, 2016 and gain of Rs. 13,93.84 lakhs as on April 1, 2015 with a corresponding impact in total equity. Further, fair valuation of Interest Rate Swap related to capital work in progress amounting to Rs. 2,11.73 lakhs and Rs. 76.91 lakhs as on March 31, 2016 and April 1, 2015 respectively was recognised in Capital Work in progress/Claim Receivable.

(viii) **Borrowings**

Under previous GAAP, transaction costs incurred in connection with borrowings are accounted upfront and charged to Statement of profit and loss in the year in which such costs were incurred.

Under Ind AS, Finance Liabilities consisting of Long Term Borrowings are to be fair valued and designated and measured at amortised cost based on Effective Interest Rate (EIR) method. The transaction costs so incurred are required to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognized in Statement of profit and loss over the tenure of the borrowing as part of the interest expense by applying EIR.

On transition, the Company has adjusted the unamortised portion of oustanding borrowings based on EIR resulting in reduction of its borrowings by Rs. 7,73.73 Lakhs and Rs. 3,10.90 Lakhs as on March 31, 2016 and April 1, 2015 respectively with corresponding impact in total equity.

Notes to Financial Statements for the year ended March 31, 2017 *(Contd.)*

(ix) **Taxation**

Deferred tax has been recognized in respect of on accounting differences between previous GAAP and Ind AS. These adjustments have resulted increase in deferred tax liability and decrease in equity by Rs. 2,70,80.21 lakhs and Rs.2,79,42.94 lakhs as on March 31, 2016 and April,1, 2015 respectively.

(x) **Proposed Dividend and related Corporate Dividend Tax**

Under previous GAAP, in accordance with "Contingencies and Events occuring after the Balance Sheet Date", proposed dividend as recommended by the Board of Directors was recognised as liability in the period to which they relate irrespective of the approval of the shareholders.

Under Ind AS, such dividends are recognised as liability in the period in which they are approved by the shareholders or paid.

On transition, the company has derecognised proposed dividend and dividend tax amounting to Rs 21,48.12 lakhs and Rs. 27,92.55 lakhs for the year ended March 31, 2016 and April 1, 2015 respectively as it was subsequently approved by the Shareholders. This has resulted in increase in total equity by Rs. 21,48.12 lakhs and Rs. 27,92.55 respectively as on March 31, 2016 and April 01, 2015 respectively.

(xi) **Remeasurement of Defined Benefit Plan**

Under previous GAAP and Ind AS, the Company recognizes cost related to its post–employment defined benefit plan on an actuarial basis.

Under previous GAAP, the entire cost, including re–measurement, are charged to Statement of profit and loss.

Under Ind AS, the actuarial gain and losses from part of remeasurements net defined benefit liability/asset which is recognised in OCI. Consequently, the tax effect on the same has also been recognised in OCI instead of statement of profit and loss.

Under Ind AS, the entity is permitted to transfer amounts recognized in the Other Comprehensive Income within equity. The Company has taken recourse of the said provision and has transferred all re–measurement costs recognized relating prior to the transition date from Retained earnings as on the date of transition as permitted under Ind AS.

On transition, this has resulted in reclassification of re–measurement losses on defined benefit plans of Rs. 1,78.76 lakhs for the year ended March 31, 2016 from Statement of profit and loss to OCI.

(xii) Previous GAAP figures have been reclassifed/regrouped wherever necessary to confirm with financial statements prepared under Ind AS.

60. Disclosure of Specified Bank Notes (SBN)

The details of SBN (Rs. 500 and Rs. 1000 notes existing as on November 08, 2016) and other notes held and transacted during the period from November 8, 2016 to December 30, 2016 as defined and required vide MCA Notification Number GSR 308(E) dated March 30, 2017 is given below :

(Amount in Rs.)

Particulars	SBNs	Other Denomination Notes	Total
Closing Cash in hand as on 08.11.2016	75,15,00.00	27,22,42.00	102,37,42.00
(+) Permitted Receipts	–	299,57,65.00	299,57,65.00
(–) Permitted Payments	–	250,65,11.00	250,65,11.00
(–) Amount deposited in Banks	75,15,00.00	–	75,15,00.00
Closing cash in hand as on 30.12.2016	–	76,14,96.00	76,14,96.00

61. These financial statements have been approved by the Board of Directors of the Company on 19th May 2017 for issue to the shareholders for their adoption.

As per our report of even date
For Lodha & Co
Chartered Accountants

R. P. Singh
Partner

Kolkata
May 19, 2017

For and on behalf of the Board of Directors

Mahendra Kumar Jalan
Director
(DIN : 00311883)

Umang Kejriwal
Managing Director
(DIN : 00065173)

Brij Mohan Soni
Chief Financial Officer

Subhra Giri Patnaik
Company Secretary

Form AOC 1

(Pursuant to first proviso to sub-section(3) of Section 129 read with Rule 5 of Companies (Accounts) Rules,2014)

Statement containing salient features of the Financial Statement of Subsidiaries/Associate Companies/Joint Ventures of Electrosteel Castings Limited as on 31st March, 2017

PART ' A' : Subsidiaries

(Amount Rs. in lakhs)

Sl. No.	Name of the Subsidiary	Date since when subsidiary was acquired	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting Currency	Year	Exchange Rate	Equity Share Capital	Other Equity	Total Assets	Total Liabilities	Investment	Revenue from Operation/ Total Income	Profit before Taxation	Provision for Taxation	Profit after Taxation	Other Comprehensive Income	Total Comprehensive Income	Proposed dividend	%age of share holding	Country
1	Electrosteel Algerie SPA*	January 21, 2004	N.A.	DZD	2016-17	0.59	1,731.38	(1,574.32)	1,862.92	1,705.86	–	222.70	46.71	–	46.71	–	46.71	–	100%	Algeria
2	Electrosteel Castings (UK) Limited	January 17, 2005	N.A.	GBP	2016-17	81.35	894.83	196.01	10,749.83	9,658.99	–	11,980.76	392.36	46.66	345.70	–	345.70	–	100%	United Kingdom
3	Electrosteel Europe S.A.	December 24, 2001	N.A.	EURO	2016-17	69.05	2,624.03	2,248.15	29,897.59	25,025.41	0.39	34,545.27	443.72	192.51	251.21	–	251.21	–	100%	France
4	Electrosteel USA, LLC#	September 30, 2008	N.A.	USD	2016-17	64.85	1,945.35	(1,402.17)	3,289.76	2,746.58	–	4,221.87	(122.80)	–	(122.80)	–	(122.80)	–	100%	USA
5	Electrosteel Trading S.A, Spain	December 13, 2011	N.A.	EURO	2016-17	69.05	44.88	28.84	910.32	836.60	–	1,497.13	5.61	–	5.61	–	5.61	–	100%	Spain
6	Electrosteel Doha for Trading LLC	September 30, 2012	N.A.	QAR	2016-17	17.81	35.62	188.52	327.35	103.21	–	603.33	(29.88)	–	(29.88)	–	(29.88)	–	49%	Qatar
7	Electrosteel Castings Gulf Fze	August 2, 2012	N.A.	AED	2016-17	17.66	176.57	1,190.71	2,063.64	696.36	–	5,298.64	323.67	–	323.67	–	323.67	–	100%	UAE
8	Electrosteel Brasil LTDA. Tubos e Conexoes Duteis	January 22, 2013	N.A.	BRL	2016-17	20.76	31.15	(94.84)	8.83	72.52	–	–	(13.20)	–	(13.20)	–	(13.20)	–	100%	Brasil
9	Mahadev Vyapaar Private Limited	August 26, 2011	N.A.	RS.	2016-17	–	1.00	1,583.78	1,986.10	401.32	–	–	9.10	0.40	8.70	–	8.70	–	100%	India
10	Electrosteel Bahrain Holding S.P.C Company ##	March 17, 2015	N.A.	BHD	2016-17	172.28	430.69	218.40	1,949.87	1,300.78	–	3,843.98	248.13	–	248.13	–	248.13	–	100%	Bahrain

Notes :

Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, are based on the exchange rates as on March 31, 2017

* The financial year of the company is calendar year as per host country law. However, for the purpose of the consolidation, financial statements has been drawn as at March end.

Consolidated Financial Statement includes its wholly owned subsidiary WaterFab LLC.

Consolidated Financial Statement includes its subsidiary Electrosteel Bahrain Trading WLL.

PART 'B' : Associates and Joint Ventures
Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sl. No.	Name of the Associates/Joint Ventures	Latest Audited Balance Sheet Date	Date on which Associate or Joint Venture was acquired	Shares of Associate or Joint Ventures held by the company on the year end			Description of how there is significant influence	Reason why the associate/Joint Venture is not consolidated	Net Worth attributable to shareholding as per latest audited Balance Sheet (Rs in lakhs.)	Total Comprehensive Income	
				No. of Shares held by the Company as on March 31, 2017	Amount of investment (Rs in lakhs.)	Extent of holding%				Considered in consolidation (Rs in lakhs.)	Not considered in consolidation (Rs in lakhs.)
1	Srikalahasthi Pipes Limited	March 31, 2017	March 30, 2002	19,301,218	4,55,29.64	48.54%	Extent of holding more than 20%	N.A	8,31,76.49	66,38.51	–
2	Electrosteel Steels Limited	March 31, 2017	July 30, 2007	1,089,800,000	6,05,92.88	45.23%	Extent of holding more than 20%	N.A.	–	–	–
3	Electrosteel Thermal Power Limited	March 31, 2017	October 31, 2010	15,000	1.50	30.0%	Extent of holding more than 20%	N.A	0.97	(0.07)	–
4	Domco Private Limited	Ref Note No 7.3	August 24, 2005	30,000	30.00	50.00%	Extent of holding more than 20%	Ref Note No 7.3	–	–	–
5	North Dhadhu Mining Company Private Limited#	March 31, 2017	October 22, 2008	8,228,053	8,22.81	48.98%	Extent of holding more than 20%	N.A	8,37.11	2.77	–

The financial statement of North Dhadhu Mining Company Private Limited has not been subjected to audit by their auditor. (Refer note no. 62)

For and on behalf of the Board of Directors

Mahendra Kumar Jalan
Director
(DIN: 00311883)

Umang Kejriwal
Managing Director
(DIN: 00065173)

Brij Mohan Soni
Chief Financial Officer

Subhra Giri Patnaik
Company Secretary

Kolkata
May, 19 2017

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, 2017

[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	19,29,11.81	Not Ascertainable
2.	Total Expenditure	18,20,62.78	
3.	Net Profit/(Loss) (including other comprehensive income)	77,87.06	
4.	Earnings Per Share	2.17	
5.	Total Assets	57,70,05.17	
6.	Total Liabilities	29,05,55.16	
7.	Net Worth (Equity Share Capital plus Other Equity)	28,64,50.01	
8.	Any other financial item(s) (as felt appropriate by the management)	–	–

II. **Audit Qualification (each audit qualification separately) :**

a. **Details of Audit Qualification :**

Attention has been drawn by the Auditors' under Para 3 of the Auditors' Report to the following notes of the financial results for the quarter and year ended 31st March 2017 –

Para 3(a) : Note no. 5 dealing with cancellation of coal blocks allotted to the company and non–recognition of the claim for compensation pending acceptance thereof and thereby having impact to the extent indicated in the said note on the balances of capital work in progress, fixed assets, inventories and other heads of account being carried forward under the respective heads. Pending acceptance, the amount finally recoverable against the claim and consequential adjustments thereof are presently not ascertainable.

Para 3(b) : Note no. 6 regarding non–provision for impairment in the value of investments in a joint venture company, pending determination of the claim for compensation against North Dhadu Coal Block.

Impact with respect to Para 3(a) and Para 3(b) are presently not ascertainable and as such cannot be commented upon by us.

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

c. **Frequency of qualification:** ~~Whether appeared first time~~ / ~~repetitive~~ / since how long continuing – since financial year 2014–15.

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

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

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

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

Para 3(a) – In pursuance of the Order dated September 24, 2014 issued by the Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated October 21, 2014 (Ordinance) for implementing the Order, allotment of Parbatpur coal block (coal block/mines) to the Company which was under advanced stage of implementation, had been cancelled w.e.f. April 01, 2015. In terms of the Ordinance, the Company was allowed to continue the operations in the said block till March 31, 2015. Accordingly, the same had been handed over to Bharat Coking Coal Limited (BCCL) as per the direction from Coal India Ltd. (CIL) with effect from April 01, 2015 and the same has been subsequently alloted to Steel Authority of India Limited (SAIL).

Following a petition filed by the Company, the Hon'ble High Court at Delhi has pronounced it's judgement on March 09, 2017. Accordingly based on the said judgement, the Company has claimed Rs. 15,31,76 lakhs towards compensation against the said coal block now being alloted to SAIL, acceptance whereof is awaited. Pending acceptance of the Company's claim as above;

(i) Rs. 12,88,84.11 lakhs incurred pertaining to the coal block till March 31, 2015 after setting off income, stocks etc. there against as per the accounting policy then followed by the company has been continued to be shown as freehold land, capital work in progress, other fixed assets and other respective head of accounts;

(ii) Interest and other finance cost for the year ended March 31, 2016 against the fund borrowed and other expenses directly attributable in this respect amounting to Rs. 95,14.74 lakhs has been considered as other recoverable under current assets; and

(iii) Compensation of Rs. 83,12.34 lakhs so far received and net realisations against sale of assets, advances etc. amounting to Rs. 6,33.83 lakhs have been adjusted.

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

Para 3(b) – In terms of the Hon'ble Supreme Court Order as referred above, North Dhadhu Coal Block, allotted in joint venture with other companies, has also been cancelled w.e.f. September 24, 2014. The Company barring initial contribution of Rs. 8,22.81 lakhs has not made any further investments in the said joint venture company. In respect of Company's investment in North Dhadhu Coal Block, allotted in joint venture with other companies, in view of the management, the compensation to be received in terms of the ordinance is expected to cover the cost incurred by the Joint Venture Company and thereby no impairment requiring any adjustments in value of such investment is expected to arise.

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

As stated herein above, the impact with respect to above and consequential adjustments cannot be ascertained by the management and as such cannot be commented upon by us.

III. Signatories :

CEO/Managing Director	Umang Kejriwal *Managing Director*
CFO	Brij Mohan Soni *Chief Financial Officer*
Audit Committee Chairman	Binod Kumar Khaitan *Audit Committee Chairman*
Statutory Auditor	For Lodha & Co *Chartered Accountants* Firm's ICAI Registration No.: 301051E
	R. P. Singh *(Partner)* Membership No: 52438

Place : Kolkata
Date : May 19, 2017

Independent Auditors' Report

To The Members of Electrosteel Castings Limited

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated financial statements of Electrosteel Castings Limited ("hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and joint ventures comprising of the Consolidated Balance Sheet as at March 31, 2017, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information notes for the year ended on that date (hereinafter referred to as "the Consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

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

Basis for Qualified Opinion

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

a) Note no. 47 dealing with cancellation of coal blocks allotted to the company and non-recognition of the claim for compensation pending acceptance thereof and thereby having impact to the extent indicated in the said note on the balances of capital work in progress, fixed assets, inventories and other heads of account being carried forward under the respective heads. Pending acceptance, the amount finally recoverable against the claim and consequential adjustments thereof are presently not ascertainable.

b) Note No. 48 regarding non-provision of impairment in the value of investments in a joint venture company, pending determination of the claim for compensation against North Dhadhu Coal block.

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

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors, except for the possible effects of the matter described

Consolidated Independent Auditors' Report *(Contd.)*

in the Basis for Qualified Opinion paragraph, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial performance) of the Group as at March 31, 2017, its associates and joint venture as at March 31, 2017, and their consolidated profit (financial performance including other comprehensive income) , its consolidated Cash Flows and the changes in equity for the year ended on that date.

Other Matters

a) We did not audit the financial statements of eleven subsidiaries, whose financial statements reflect total assets as at March 31, 2017, total revenue and net cash flow/(outflow) for the year ended as on that date, as considered as under in the consolidated Ind AS financial statements based on audited financial statements by other auditors.

(Amount Rs. in lakhs)

Name of the Subsidiary	Total Assets as at March 31, 2017	Total Revenue for the year ended March 31, 2017	Net Cash inflow/ (outflow) for the year ended March 31, 2017
Electrosteel Europe SA	3,05,78.81	3,91,15.36	(11,55.76)
Electrosteel Algerie SPA	21,09.43	2,77.45	2.55
Electrosteel Castings (UK) Limited	1,16,41.74	1,39,40.45	(3,20.48)
Electrosteel USA LLC*	32,49.45	43,86.93	1,30.97
Mahadev Vyapaar Private Limited	19,74.92	18.00	0.20
Electrosteel Trading S.A., Spain	9,10.51	15,98.30	(20.49)
Electrosteel Castings Gulf FZE	20,67.68	54,76.90	(3,67.66)
Electrosteel Doha for Trading (LLC)	3,30.00	6,19.92	(31.81)
Electrosteel Bahrain Holding SPC Company**	19,84.12	40,04.02	31.00

* Consolidated financial statement of Electrosteel USA LLC includes its subsidiary Waterfab LLC

** Consolidated financial statement of Electrosteel Bahrain Holding SPC Company includes its subsidiary Electrosteel Bahrain Trading W.L.L

These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of subsections (3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

b) The consolidated Ind AS financial statements also include the Group's share of net profit of Rs. 66,41.78 Lakhs and Other Comprehensive Income of Rs. (3.34) lakhs for the year ended 31st March 2017, as considered in the consolidated Ind AS financial statements, in respect of Srikalahasthi Pipes Limited and Electrosteel Thermal Power Limited, Associate of the Holding Company, whose financial statements have not been audited by us. The aforesaid financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statement, in so far as it relates to the amounts and disclosures included in respect of these associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid associates, is based solely on the reports of the other auditors.

c) As stated in Note No. 62 we did not audit the financial statements of Electrosteel Brasil Ltda. Tubos e Conexoes Duties, a subsidiary of the Holding Company whose financial statements reflect total assets of Rs. 8.83 Lakhs as at March 31, 2017, total revenue of Rs. 14.73 Lakhs and Net cash flows amounting to Rs. (10.74) Lakhs for the year ended as on that date, as considered in the consolidated Ind AS financial statements. The aforesaid financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated Ind AS financial statement, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

d) As stated in Note No. 62, the Consolidated Ind AS financial statements also includes Group Share of net profit of Rs. 2.77 lakhs for the year ended March 31, 2017 in respect of North Dhadhu Mining Company Private Limited, a Joint Venture of the Holding Company whose financial statements have not been audited by us. The aforesaid financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated Ind AS financial statement, in so far as it relates to the amounts and disclosures included in respect of the Joint Venture, and our report in terms of sub-section (3) of Section 143 of the Act, is based solely on the unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

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

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statement certified by the Management.

Consolidated Independent Auditors' Report *(Contd.)*

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that to the extent applicable, that :

a) We have sought and, except for the possible effect of the matter described in the Basis for Qualified Opinion above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

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

c) Except for the matter described in the Basis for Qualified Opinion paragraph above, the reports on the accounts of the subsidiaries and associate companies incorporated in India, audited under Section 143(8) of the Act by the other auditors, as applicable, and have been properly dealt with in preparing this report;

d) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

e) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under section 133 of the Act;

f) The matter described in the Basis for Qualified opinion paragraph above, in the event of being decided unfavorably, in our opinion, may have an adverse effect on the functioning of the Holding Company;

g) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017, taken on record by the Board of Directors of the Holding Company and the report of the other statutory auditors of its subsidiary companies and associate companies, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;

h) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;

i) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in "Annexure A", which is based on the auditors' reports of the Holding company, subsidiary companies and associate companies incorporated in India. This does not include the report on certain Joint ventures and subsidiaries since these are not available for reasons stated in Note No. 62 and 7.3 of the consolidated Ind AS financial statements. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's, subsidiary companies and associate companies incorporated in India; and

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

   i. Except for the matters dealt with in the basis for Qualified Opinion paragraph impact whereof are presently not ascertainable, impact of pending litigations (Other than those already recognised in the consolidated Ind AS financial statements) on the consolidated financial position of the Group, its associates and joint ventures have been disclosed in the consolidated Ind AS financial statement as required in terms of the accounting standards and provisions of the Companies Act, 2013;

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

   iii. The Company has provided requisite disclosures in the consolidated Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes (SBN's) during the period from November 08, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note no. 61 of the Consolidated Ind AS financial statements;

   iv. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.

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

R. P. Singh
Partner
Membership No. : 52438

Place : Kolkata
Date : May 19, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED IND AS FINANCIAL STATEMENTS

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

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Electrosteel Castings Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, its associate companies and joint venture, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies and associate companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, its subsidiary companies and associates, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED IND AS FINANCIAL STATEMENTS *(Contd.)*

reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to one subsidiary companies and three associates, which are companies incorporated in India, is based on the corresponding standalone reports of the auditors, as applicable, of such companies incorporated in India.

In respect of two Joint Ventures as stated in Para (i) of Report on other legal and regulatory requirements, there are no report from Chartered Accountants in respect of internal financial control system over financial reporting and hence, these could not be considered for the purpose of this report.

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

R. P. Singh
Partner
Membership No. : 52438

Place : Kolkata
Date : May 19, 2017

Consolidated Balance Sheet as at March 31, 2017

(Amount Rs. in lakhs)

	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
Non–current assets				
(a) Property, Plant and Equipment	5	**16,98,90.61**	17,68,77.56	17,71,43.71
(b) Capital work-in-progress	50 and 51	**12,09,75.85**	12,78,41.69	12,76,29.44
(c) Goodwill on consolidation		**2,16.03**	2,16.03	2,16.03
(d) Other Intangible assets	6	**5,71.62**	9,01.39	11,72.43
(e) Financial Assets				
(i) Investments	7	**8,40,58.06**	7,83,79.10	8,52,60.16
(ii) Trade receivables	8	**1,08.56**	1,17.21	2,69.40
(iii) Loans	9	**12,49.11**	21,08.19	10,55.81
(iv) Other financial assets	10	**35,60.89**	25,00.50	0.54
(f) Other non–current assets	11	**6,34.98**	7,37.70	13,56.55
		38,12,65.71	38,96,79.37	39,41,04.07
Current assets				
(a) Inventories	12	**6,29,53.49**	5,92,39.34	6,88,95.62
(b) Financial Assets				
(i) Investments	13	**90.51**	2,67.16	7,22.62
(ii) Trade receivables	14	**4,45,26.59**	5,38,51.56	5,16,18.37
(iii) Cash and cash equivalents	15	**2,86,20.07**	1,24,51.52	1,12,80.50
(iv) Bank balances other than (iii) above	16	**70,37.29**	15,78.69	1,31,98.04
(v) Loans	17	**52,08.80**	43,42.22	32,89.15
(vi) Other financial assets	18	**1,18,12.81**	1,27,57.92	1,04,16.27
(c) Other current assets	19	**3,50,56.52**	3,66,19.22	4,11,34.47
		19,53,06.08	18,11,07.63	20,05,55.04
Total Assets		**57,65,71.79**	57,07,87.00	59,46,59.11
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	20	**35,69.55**	35,69.55	35,69.55
(b) Other Equity	21	**26,00,70.06**	24,54,87.53	25,16,36.45
(c) Non- Controlling Interest	22	**21.34**	22.25	22.12
		26,36,60.95	24,90,79.33	25,52,28.12
Liabilities				
Non–current liabilities				
(a) Financial Liabilities				
(i) Borrowings	23	**11,34,97.38**	11,52,45.88	12,93,63.34
(ii) Other financial liabilities	24	**–**	1,37.64	1,37.63
(b) Provisions	25	**19,56.16**	15,76.51	12,98.62
(c) Deferred tax liabilities (Net)	26	**2,98,27.08**	2,98,36.19	3,09,62.30
(d) Other non–current liabilities	27	**2,01,20.75**	1,48,65.06	76.94
		16,54,01.37	16,16,61.28	16,18,38.83
Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	28	**7,05,74.77**	8,62,18.91	9,02,89.31
(ii) Trade payables	29	**2,85,80.21**	3,20,18.33	2,94,57.71
(iii) Other financial liabilities	30	**2,28,49.43**	2,31,87.26	4,59,35.82
(b) Other current liabilities	31	**1,70,29.58**	1,12,69.21	72,48.17
(c) Provisions	32	**42,34.59**	36,45.30	23,93.87
(d) Current Tax Liabilities (Net)	33	**42,40.89**	37,07.38	22,67.28
		14,75,09.47	16,00,46.39	17,75,92.16
Total Equity and Liabilities		**57,65,71.79**	57,07,87.00	59,46,59.11

Significant accounting policies and other accompanying notes (1 to 64) form an integral part of the consolidated financial statements

As per our report of even date

For Lodha & Co
Chartered Accountants

R. P. Singh
Partner

Kolkata
May 19, 2017

For and on behalf of the Board of Directors

Mahendra Kumar Jalan
Director
(DIN : 00311883)

Umang Kejriwal
Managing Director
(DIN : 00065173)

Brij Mohan Soni
Chief Financial Officer

Subhra Giri Patnaik
Company Secretary

Consolidated Statement of Profit and Loss for the year ended March 31, 2017

(Amount Rs. in lakhs)

Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
Revenue From Operations	34	**21,19,74.50**	22,04,23.09
Other Income	35	**1,19,56.02**	29,10.71
Total income		**22,39,30.52**	22,33,33.80
EXPENSES			
Cost of materials consumed	36	**7,64,36.64**	8,55,40.33
Purchases of Stock-in-Trade	37	**1,29,18.15**	1,25,33.60
Changes in inventories of finished goods , Stock-in-Trade and work-in-progress	38	**35,90.07**	(18,06.53)
Employee benefits expense	39	**2,37,47.52**	2,29,09.34
Finance costs	40	**2,10,35.19**	1,80,32.73
Depreciation and amortisation expense	41	**66,90.18**	67,25.28
Other expenses	42	**6,62,53.52**	7,41,56.00
Total expenses		**21,06,71.27**	21,80,90.75
Profit before tax		**1,32,59.25**	52,43.05
Tax expense :	43		
Current tax		**34,19.18**	24,97.88
Deferred tax		**(39.70)**	(8,05.82)
Profit/(Loss) after tax		**98,79.77**	35,50.99
Add:-Share of Profit/(Loss) in Associates and Joint Venture (Net)		**66,13.11**	(62,85.06)
Add:- Share of Unrealised Profit/(Loss) in Associates (Net)		**31.44**	(7.85)
Profit/(Loss) for the year		**1,65,24.32**	(27,41.92)
Profit/(Loss) for the year attributable to:			
- Owners of the Company		**1,65,25.23**	(27,42.05)
- Non-Controlling Interest		**(0.91)**	0.13
Other Comprehensive Income	44		
A (i) Items that will not be reclassified to profit or loss		**(99.70)**	(1,78.76)
(ii) Income tax related to items that will not be reclassified to profit or loss	43.3	**34.83**	61.86
B (i) Items that will be reclassified to profit or loss		**1,89.05**	(7,46.74)
(ii) Income tax related to items that will be reclassified to profit or loss	43.3	**(65.42)**	258.43
C Share of Other Comprehensive Income in Associates and Joint Ventures (Net of tax)		**(3.34)**	(9.11)
Other Comprehensive Income for the year (net of tax)		**55.42**	(6,14.32)
Other Comprehensive Income for the year attributable to:			
- Owners of the Company		**55.42**	(6,14.32)
- Non-Controlling Interest		**–**	–
Total Comprehensive Income for the year		**1,65,79.74**	(33,56.24)
Total Comprehensive Income for the year attributable to:			
- Owners of the Company		**1,65,80.65**	(33,56.37)
- Non-Controlling Interest		**(0.91)**	0.13
Earnings per equity share of par value of Re. 1 each.	52		
(1) Basic (Rs.)		**4.63**	(0.77)
(2) Diluted (Rs.)		**4.63**	(0.77)

Significant accounting policies and other accompanying notes (1 to 64) form an integral part of the consolidated financial statements.

As per our report of even date
For Lodha & Co
Chartered Accountants

R. P. Singh
Partner

Kolkata
May 19, 2017

For and on behalf of the Board of Directors

Mahendra Kumar Jalan
Director
(DIN : 00311883)

Umang Kejriwal
Managing Director
(DIN : 00065173)

Brij Mohan Soni
Chief Financial Officer

Subhra Giri Patnaik
Company Secretary

Consolidated Statement of changes in Equity for the year ended March 31, 2017

A. Equity Share Capital	Amount (Rs. in lakhs)
Balance as at April 1, 2015	35,69.55
Changes during the year	–
Balance as at March 31, 2016	35,69.55
Changes during the year	–
Balance as at March 31, 2017	**35,69.55**

B. Other Equity

As at March 31, 2017

(Amount Rs. in lakhs)

Particulars	Reserve & Surplus						Items of Other Comprehensive Income				Total
	Capital Reserve	Securities Premium Reserve	General Reserve	Debenture Redemption Reserve	Statutory Reserve	Retained Earnings	Equity Instrument through Other Comprehensive Income	Effective portion of Cash Flow hedges	Re–measurement of defined benefit plans	Share of Associates/ Joint Venture	
Balance as at April 01, 2016	41,67.77	6,55,90.26	9,85,65.95	32,60.00	1,32.81	7,44,68.52	21.51	(4,88.31)	(1,36.23)	(94.75)	24,54,87.53
Total Comprehensive Income for the year	–	–	–	–	–	1,65,25.23	2.18	1,23.63	(67.05)	(3.34)	1,65,80.65
Dividends including dividend distribution tax	–	–	–	–	–	(21,48.12)	–	–	–	–	(21,48.12)
Transfer to Debenture Redemption Reserve from Retained Earnings	–	–	–	50,00.00	–	(50,00.00)	–	–	–	–	–
Transfer from Debenture Redemption Reserve to Retained Earning	–	–	–	(20,10.00)	–	20,10.00	–	–	–	–	–
Transfer from Retained Earning to Statutory Reserve	–	–	–	–	4.67	(4.67)	–	–	–	–	–
Transfer from Retained Earning to General Reserve	–	–	20,00.00	–	–	(20,00.00)	–	–	–	–	–
State Capital Investment Subsidy	1,50.00	–	–	–	–	–	–	–	–	–	1,50.00
Balance at March 31, 2017	**43,17.77**	**6,55,90.26**	**10,05,65.95**	**62,50.00**	**1,37.48**	**8,38,50.96**	**23.69**	**(3,64.68)**	**(2,03.28)**	**(98.09)**	**26,00,70.06**

Consolidated Statement of changes in Equity for the year ended March 31, 2017

B. Other Equity

As at March 31, 2016

(Amount Rs. in lakhs)

Particulars	Reserve & Surplus						Items of Other Comprehensive Income				Total
	Capital Reserve	Securities Premium Reserve	General Reserve	Debenture Redemption Reserve	Statutory Reserve	Retained Earnings	Equity Instrument through Other Compre-hensive Income	Effective portion of Cash Flow hedges	Re–measure-ment of defined benefit plans	Share of Associates/ Joint Venture	
Balance as at April 1, 2015	41,67.77	6,55,90.26	9,60,65.95	67,50.00	1,15.84	7,90,30.09	21.51	–	(19.33)	(85.64)	25,16,36.45
Total Comprehensive Income for the year	–	–	–	–	–	(27,42.05)	–	(4,88.31)	(1,16.90)	(9.11)	(33,56.37)
Dividends including dividend distribution tax	–	–	–	–	–	(27,92.55)	–	–	–	–	(27,92.55)
Transfer to Debenture Redemption Reserve from Retained Earnings	–	–	–	–	–	–	–	–	–	–	–
Transfer from Debenture Redemption Reserve to Retained Earning	–	–	–	(34,90.00)	–	34,90.00	–	–	–	–	–
Transfer from Retained Earning to Statutory Reserve	–	–	–	–	16.97	(16.97)	–	–	–	–	–
Transfer from Retained Earning to General Reserve	–	–	25,00.00	–	–	(25,00.00)	–	–	–	–	–
State Capital Investment Subsidy	–	–	–	–	–	–	–	–	–	–	–
Balance at March 31, 2016	**41,67.77**	**6,55,90.26**	**9,85,65.95**	**32,60.00**	**1,32.81**	**7,44,68.52**	**21.51**	**(4,88.31)**	**(1,36.23)**	**(94.75)**	**24,54,87.53**

Refer Note no. 21 for nature and purpose of reserves

Significant accounting policies and other accompanying notes (1 to 64) form an integral part of the consolidated financial statements

As per our report of even date
For Lodha & Co
Chartered Accountants

R. P. Singh
Partner

Kolkata
May 19, 2017

For and on behalf of the Board of Directors

Mahendra Kumar Jalan
Director
(DIN : 00311883)

Umang Kejriwal
Managing Director
(DIN : 00065173)

Brij Mohan Soni
Chief Financial Officer

Subhra Giri Patnaik
Company Secretary

Consolidated Statement of Cash Flow for the year ended March 31, 2017

(Amount Rs. in lakhs)

	For the year ended March 31, 2017		For the year ended March 31, 2016	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before Tax		**1,32,59.25**		52,43.05
Add : Depreciation and amortisation expenses	**66,90.18**		67,25.28	
Bad debts	**8,64.20**		4,53.51	
Pipe mould written off	**1,37.40**		2,26.09	
Provision for others	**6,55.55**		–	
Impairment Allowances for doubtful debts	**3,63.24**		7,76.53	
Fair Valuation of derivative instruments through profit and loss	**3,13.38**		–	
Finance Cost	**2,10,35.19**	**3,00,59.14**	1,80,32.73	2,62,14.14
		4,33,18.39		3,14,57.20
Less : Interest Income	**13,18.37**		9,13.28	
Dividend Income from Investments	**2.32**		4.66	
Net gain/(loss) on sale of Current Investments	**93.46**		56.29	
Net gain/(loss) on Fair Valuation of current investments	**1,65.29**		(1,32.87)	
Net gain/(loss) on derecognition of financial assets at amortised cost	**26.84**		1.25	
Net gain/(loss) on Foreign Exchange fluctuation and translation	**23,02.64**		2,36.32	
Reversal of Impairment Allowances for doubtful debts	**5,56.35**		–	
Provisions / Liabilities no longer required written back	**2,95.92**		1.50	
Profit/(Loss) on sale / discard of Fixed Assets (Net)	**33,75.14**	**81,36.33**	11.59	10,92.02
Operating Profit before Working Capital changes		**3,51,82.06**		3,03,65.18
Less : Increase/(Decrease) in Inventories	**36,82.71**		(96,56.28)	
Increase/(Decrease) in Trade Receivables	**(1,75,31.93)**		(1,65,85.18)	
Increase/(Decrease) in Loans & advances, other financial and non–financial assets	**(5,51.74)**		52,18.12	
(Increase)/Decrease in Trade Payables, other financial and non–financial liabilities and provisions	**56,26.75**	**(87,74.21)**	(29,84.64)	(2,40,07.98)
Cash generated from Operations		**4,39,56.27**		5,43,73.16
Less : Direct Taxes paid (Net)		**28,85.67**		10,85.30
Net cash flow from Operating activities		**4,10,70.60**		5,32,87.86
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment, Intangible Assets and movements in Capital work in progress (Net)	**1,07,58.93**		(38,22.09)	
(Purchase)/Sale of Investment (net)	**13,68.39**		(18,61.47)	
State capital investment subsidy	**1,50.00**		–	
Interest received	**13,45.66**		10,39.85	
Dividend received	**2.32**		4.66	
Investment in bank deposits (having original maturity of more than 3 months)	**(53,72.53)**	**82,52.77**	1,17,52.20	71,13.15
Net Cash flow from Investing activities		**82,52.77**		71,13.15
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds/(Repayments) from short term borrowings (net)	**(1,44,96.81)**		(25,26.38)	
Proceeds/(Redemption / Repayment) of Long Term Debentures/Term Loan	**56,31.68**		(3,10,30.54)	
Interest and other borrowing cost paid	**(2,21,40.18)**		(2,28,82.03)	
Amount deposited in bank accounts towards unpaid dividend	**(86.07)**		(1,32.84)	
Dividend paid	**(16,98.71)**		(21,87.37)	
Tax on Dividend	**(3,63.34)**	**(3,31,53.43)**	(4,72.34)	(5,92,31.50)
Net cash flow from Financing activities		**(3,31,53.43)**		(5,92,31.50)
Cash and Cash equivalents (A+B+C)		**1,61,69.94**		11,69.51
Cash and Cash equivalents as at 1st April		**1,24,51.52**		1,12,80.50
Add/(Less): Unrealised exchange gain/(loss) on Bank balances		**(1.39)**		1.51
Cash and Cash equivalents as at 31st March (Refer note no. 15)		**2,86,20.07**		1,24,51.52

Note : 1.The above Statement of Consolidated Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows' as notified under Companies Act, 2013

Significant accounting policies and other accompanying notes (1 to 64) form an integral part of the consolidated financial statements

As per our report of even date

For Lodha & Co
Chartered Accountants

R. P. Singh
Partner

Kolkata
May 19, 2017

For and on behalf of the Board of Directors

Mahendra Kumar Jalan
Director
(DIN : 00311883)

Umang Kejriwal
Managing Director
(DIN : 00065173)

Brij Mohan Soni
Chief Financial Officer

Subhra Giri Patnaik
Company Secretary

Notes to Consolidated Financial Statements for the year ended March 31, 2017

1. Group Information

Electrosteel Castings Limited ('the company') is a public limited company in India having its corporate office in Kolkata in the State of West Bengal and registered office at Rajgangpur, District: Sundergarh in the State of Odisha and is engaged in the manufacture and supply of Ductile Iron (DI) Pipes, Ductile Iron Fittings (DIF) and Cast Iron (CI) Pipes as its core business and produces and supplies Pig Iron in the process. It also produces Metallurgical Coke, Sinter and Power for captive consumption. The company caters to the needs of Water Infrastructure Development and its operation are spread over 35 countries across the Indian Sub-continent, South East Asia and the Middle East Europe, USA, South America and Africa by setting up subsidiaries and developing strong relations with customer abroad. The Company's shares are listed on the National Stock Exchange of India Limited and BSE Limited.

The Consolidated Financial Statements relates to Electrosteel Castings Limited (hereinafter referred to as 'the Company') and its subsidiaries (collectively hereinafter referred to as 'the Group') and its joint ventures and associates as detailed below:

Investment in Subsidiaries

Name of the Company	Principal Activity	Country of Incorporation	% of holding as at March 31, 2017	% of holding as at March 31, 2016	% of holding as at April 1, 2015
Electrosteel Europe SA	Trading of DI Pipes and Fittings	France	**100%**	100%	100%
Electrosteel Algerie SPA	Trading of DI Pipes and Fittings	Algeria	**100%**	100%	100%
Electrosteel Castings (UK) Limited	Trading of DI Pipes and Fittings	United Kingdom	**100%**	100%	100%
Electrosteel USA LLC	Trading of DI Pipes and Fittings	United States of America	**100%**	100%	100%
WaterFab LLC (subsidiary of Electrosteel USA, LLC)	Trading of DI Pipes and Fittings	United States of America	**100%**	100%	100%
Mahadev Vyapaar Private Limted	Renting of Immovable Properties	India	**100%**	100%	100%
Electrosteel Trading S.A, Spain	Trading of DI Pipes and Fittings	Spain	**100%**	100%	100%
Electrosteel Castings Gulf FZE	Trading of DI Pipes and Fittings	United Arab Emirates	**100%**	100%	100%
Electrosteel Doha for Trading (LLC)	Trading of DI Pipes and Fittings	Qatar	**49%**	49%	49%
Electrosteel Brasil Ltda. Tubos e Conexoes Duteis	Trading of DI Pipes and Fittings	Brazil	**100%**	100%	100%
Electrosteel Bahrain Holding SPC Company	Commercial and Other Activity	Bahrain	**100%**	100%	100%
Electrosteel Bahrain Trading W.L.L (subsidiary of Electrosteel Bahrain Holding S.P.C Company)*	Trading of DI Pipes and Fittings	Bahrain	**100%**	100%	N.A.

*includes 51% shares held through beneficial trust.

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

Investment in Associates

Name of the Company	Principal Activity	Country of Incorporation	% of holding as at March 31, 2017	% of holding as at March 31, 2016	% of holding as at April 1, 2015
Srikalahasthi Pipes Limited	Manufacturing of DI Pipes	India	**48.54%**	48.54%	48.54%
Electrosteel Steels Limited	Manufacturing of Steel products & DI Pipes	India	**45.23%**	45.23%	45.23%
Electrosteel Thermal Power Limited	Generation of power	India	**30.00%**	30.00%	30.00%

Investment in Joint Ventures

Name of the Company	Principal Activity	Country of Incorporation	% of holding as at March 31, 2017	% of holding as at March 31, 2016	% of holding as at April 1, 2015
North Dhadhu Mining Company Private Limited	Mining and agglomeration of Hard Coal	India	48.98%	48.98%	48.98%
Domco Private Limited (refer note no. 7.3)	Manufacturing of Coke Oven products	India	50.00%	50.00%	50.00%

2. Statement of Compliance and Recent Pronouncements

2.1 Statement of Compliance

The Group excepting as stated in Note 47(c) and 48 has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013 ("the Act") with effect from April 1, 2016 and therefore Ind AS issued, notified and made effective till the consolidated financial statements are authorised have been considered for the purpose of preparation of these consolidated financial statements.

These are the Group's first Ind AS Consolidated Financial Statements and the date of transition to Ind AS as required has been considered to be April 1, 2015.

The consolidated financial statement up to the year ended March 31, 2016 were prepared under the historical cost convention on accrual basis in accordance with the Generally Accepted Accounting Principles and Accounting Standards as prescribed under the provisions of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 then applicable (Previous GAAP) to the Group. Previous period figures in the Consolidated Financial Statements have been recasted/restated to make it comparable with current year's figure.

In accordance with Ind AS 101-"First Time adoption of Indian Accounting Standards" (Ind AS 101), the Group has presented (note no. 60(a)), a reconciliation of Shareholders' equity as given earlier under Previous GAAP and those considered in these accounts as per Ind AS as at March 31, 2016, and April 1, 2015 and also the Net Profit as per Previous GAAP and that arrived including Other Comprehensive Income under Ind AS for the year ended March 31, 2016.The mandatory exceptions and optional exemptions availed by the Group on First-time adoption have been detailed in note no. 60(b) of the consolidated financial statement.

2.2 Recent Pronouncements

In March 2017, Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to the Ind AS 7 'Statement of Cash flows' and Ind AS 102, 'Share - Based Payment' which are applicable w.e.f. 1st April, 2017.

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

The amendment to Ind AS 7 "Statement of Cash Flows" requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The effect of this amendment on the consolidated financial statements of the Group is being evaluated.

The amendment to Ind AS 102 "Share Based Payment" provides specific guidance to measurement of cash-settled share based payment transaction and share based payment transaction with a net settlement feature for withholding tax obligations. As the Group has not issued any stock options plans this amendment does not have any impact on the consolidated financial statements of the Group.

3. Significant Accounting Policies

3.1 Basis of Preparation

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

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

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

Functional and Presentation Currency

Item included in the consolidated financial statement of the Group are measured using the currency of the primary economic environment in which the company operates (the "functional currency"). The consolidated financial statement are presented in Indian Rupee ("INR") which is the Group's functional and presentation currency. All financial information presented in the consolidated financial statement has been presented in INR and all values have been rounded off to the nearest two decimal lakhs except otherwise stated.

Fair Value Measurement

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

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

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

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

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

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

Consolidation Procedure

The Consolidated Financial Statements have been prepared in accordance with principles laid down in Ind AS 110 on "Consolidated Financial Statements", Ind AS 28 on "Accounting for Investments in Associates and Joint Ventures" as notified vide Companies (Accounting Standards) Rules, 2015 (as amended).

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

Subsidiaries

i. Subsidiaries are entities over which the Group has control and the Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its:

(a) Power over the investee

(b) Exposure or rights to variable returns from its involvement with the investee

(c) The ability to use its power over the investee to affect its returns

Subsidiaries are consolidated from the date control over the subsidiary is acquired and they are discontinued from the date of cessation of control.

ii. The Group combines the financial statements of the Company and its subsidiaries based on a line-by-line consolidation by adding together the book value of like items of assets and liabilities, revenue and expenses as per the respective financial statements. Intra group balances, intra group transactions and the unrealised profits on stocks arising out of intra group transaction have been eliminated.

iii. The consolidated financial statements are prepared using uniform accounting policies for similar material transactions and other events in similar circumstances otherwise as stated elsewhere.

iv. The difference between the costs of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the consolidated financial statements as Goodwill or Capital reserve as the case may be. The said godwill is not amortised, however it is tested for impairment at each balance sheet date and impairment loss, if any is recognised in the consolidated financial statements.

v. Non-controlling interest's share of net profit of subsidiaries for the year is identified and adjusted against the revenue of the Group in order to arrive at the net revenue attributable to the owners of the Company. The excess of loss for the year over the non-controlling interest is adjusted in owner's interest.

vi. Non-controlling interest's share of net assets of subsidiaries is identified and presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Company's shareholders.

Non-controlling Interest

Non-controlling interests represent the proportion of income, other comprehensive income and net assets in subsidiaries that is not attributable to the Company's owners.

Non-controlling interests are initially measured at proportionate share on the date of acquisition of the recognised amounts of the acquiree's identifiable net assets. Subsequent to the acquisition, the carrying amount of the non-controlling interests is the amount of the interest at initial recognition plus the proportionate share of subsequent changes in equity.

Investment in associates and joint ventures

Investments in Associates and Joint Ventures are accounted in accordance with Ind AS - 28 on "Accounting for Investments in Associates and Joint Venture", under "equity method". Unrealised profit/loss are eliminated other than in respect of transactions pertaining to non depreciable assets.

The difference between the cost of investment in the associates and Joint Ventures and the share of net assets at the time of acquisition of such shares is identified in the consolidated financial statements as Goodwill or Capital reserve as the case may be. Under the equity method, the investments are recognised at cost and thereafter the carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group. Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

The statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

When the Group's share of losses in an equity accounted investments equals or exceeds its interest in the entity, the Group does not recognises further losses, unless it has incurred obligations or made payment on behalf of the other entity. The carrying amount of equity accounted investments are tested for impairment inaccordance with the policy of the group.

Business Combination and Goodwill

In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from April 1, 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward with minimal adjustment. The said exemption has also been availed by associates and joint ventures.

The Group except for combination of group entities which are under common control applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. Assets acquired and liabilities assumed are generally measured at their acquisition date fair values.

In case of combination of entities under control, business combination are accounted for under pooling of interest method whereby the assets and liabilities are combined at the carrying amount and no adjustments are made to reflect their fair values or recognise any new assets or liabilities.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the combination date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

3.2 Property Plant and Equipment (PPE)

Property, plant and equipment are stated at cost of acquisition, construction and subsequent improvements thereto less accumulated depreciation and impairment losses, if any. For this purpose cost include deemed cost on the date of transition and comprises purchase price of assets or its construction cost including duties and taxes, inward freight and other expenses incidental to acquisition or installation and adjustment for exchange differences wherever applicable and any cost directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended for its use. For major projects, interest and other costs incurred on / related to borrowings to finance such projects or fixed assets during construction period and related pre-operative expenses are capitalised. Expenditure on Blast Furnace/Coke Oven Battery Relining is capitalised.

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

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

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

Development Expenses including overburden removal expenses net of revenue of the Projects / Mines under development are debited to Development Account and included under Capital Work in progress till the projects/ mines are brought to Revenue Account. Except otherwise specifically stated in the Project Report, upon the commercial readiness of the project to yield production on a sustainable basis and completion of required development activity during the period of construction, projects and mines under development are brought to revenue: (a) From beginning of the financial year immediately after the year in which the project achieves physical output of 50% of rated capacity as per approved project report, or (b) One year of touching of coal, or (c) From the beginning of the financial year in which the value of production is more than total expenses.

Depreciation and Amortisation

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

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

Pipe Moulds of specified sizes are charged to consumption in the year of issue. Others are depreciated over a period of three years.

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

Category	Useful life
Buildings	
Non-Factory Building (RCC Frame Structure)	60 Years
Factory Building	30 Years
Roads	
Carpeted Roads-RCC	10 Years
Carpeted Roads-other than RCC	5 Years
Non-Carpeted Roads	3 Years
Plant and machinery	
Continuous Process Plant	15 Years
Sinter Plant, Blast Furnace, Coke Oven	20 Years
Coke Oven Battery Relining	5 Years
Blast Furnance Relining	2 Years
Railway Siding	10 Years
Heavy Earth Moving Machinery for Coal Mine	5 Years
Computer equipment	
Servers and networks	6 Years
Others	3 Years
Furniture and fixtures, Electrical Installation and Laboratory Equipment's	10 Years
Office equipment	5 Years
Vehicles	
Motor cycles, scooters and other mopeds	10 Years
Others	8 Years

In case of the subsidiaries, depreciation is provided on straight line method on the basis of estimated useful life of the assets applying the depreciation rates ranging from 1.5% to 35% per annum.

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

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

3.3 Intangible Assets

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

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

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

3.4 Derecognition of Tangible and Intangible assets

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

3.5 Leases

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

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

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

3.6 Impairment of Tangible and Intangible Assets

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

Impairment losses recognised earlier may no longer exist or may have come down. Based on such assessment at each reporting period the impairment loss is reversed and recognised in the Statement of Profit and Loss. In such cases, the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

3.7 Financial Assets and Financial Liabilities

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

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

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

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

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

(i) Cash and cash equivalents

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

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

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

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

The effective interest rate is the rate that discounts estimated future cash payments or receipts (including all fees and points paid or received, transaction costs and other premiums or discounts) through the expected life of the Financial Asset or Financial Liability to the gross carrying amount of the financial asset or to the amortised cost of financial liability, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

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

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

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

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

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

(vi) Derivative and Hedge Accounting

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

Any derivative that is either not designated as a hedge, or is so designated but is ineffective as per Ind AS 109 "Financial Instruments", is categorised as a financial asset, at fair value through profit or loss. Transaction costs attributable are also recognised in Statement of profit and loss. Changes in the fair value of the derivative hedging instrument designated as a fair value hedge are recognised in the Statement of profit and loss.

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

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

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

(vii) Impairment of financial assets

A financial asset is assessed for impairment at each balance sheet date. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

The Group measures the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

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

(viii) Derecognition of financial instruments

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

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

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

Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in Statement of Profit and Loss.

3.8 Inventories

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

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

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

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

Insurable Spares whose use are expected to be irregular, are amortised over a period of three years and such amount is included under stores and spares consumed.

3.9 Foreign Currency Transactions and Derivatives

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing on the date of the transactions. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate as at the date of transaction. The loss or gain thereon and also on the exchange differences on settlement of the foreign currency transactions during the year are recognised as income or expense in the statement of profit and loss except in respect of non-current liabilities existing as on April 1, 2015 (as stated in Note no. 60) related to Property, Plant and Equipment/ Capital work in progress, in which case these are adjusted to the cost of respective PPE/ Capital work in progress. Foreign exchange gain/loss to the extent considered as an adjustment to Interest Cost are considered as part of borrowing cost.

3.10 Equity Share Capital

An equity instrument is a contract that evidences residual interest in the assets of the Group after deducting all of its liabilities. Par value of the equity shares is recorded as share capital and the amount received in excess of par value is classified as Securities Premium.

Costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.11 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a legal or constructive obligation as a result of past events and it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Contingent liabilities are not recognised and are disclosed by way of notes to the financial statements when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or when there is a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the same or a reliable estimate of the amount in this respect cannot be made.

Contingent assets are not recognised but disclosed in the consolidated financial statements by way of notes to accounts when an inflow of economic benefits is probable.

3.12 Employee Benefits

Employee benefits are accrued in the year in which services are rendered by the employees. Short term employee benefits are recognised as an expense in the statement of profit and loss for the year in which the related service is rendered..

Contribution to defined contribution plans such as Provident Fund etc, is being made in accordance with statute and are recognised as and when incurred.

Contribution to defined benefit plans consisting of contribution to gratuity are determined at close of the year at present value of the amount payable using actuarial valuation techniques. Actuarial gain and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

Other long term employee benefits consisting of Leave Encashment are determined at close of the year at present value of the amount payable using actuarial valuation techniques. The changes in the amount payable including actuarial gain/loss are recognised in the Statement of profit and loss.

Contribution to Superannuation fund, a defined contribution plan is made in accordance with the Group's policy and is recognised in the Statement of profit and loss

3.13 Revenue

Sale of goods:

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

Revenue from Turnkey Contracts:

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

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

Interest, Dividend and Claims

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

Export Benefits

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

3.14 Borrowing Costs

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

3.15 Research and Development Expenditure

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

3.16 Government Grants

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

3.17 Taxes on Income

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

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

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

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

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

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

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

3.18 Earnings Per Share

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

3.19 Segment Reporting

Operating segments are identified and reported taking into account the different risk and return, organisation structure and internal reporting system.

4 Critical accounting judgments, assumptions and key sources of estimation and uncertainty

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

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

4.1 Depreciation / amortisation and impairment on property, plant and equipment / intangible assets.

Property, Plant and Equipment and Intangible assets are depreciated/amortised on straight-line/written down value basis over the estimated useful lives (or lease term if shorter) in accordance with Group accounting policy, taking into account the estimated residual value, wherever applicable.

The Group reviews its carrying value of its Tangible and Intangible Assets whenever there is objective evidence that the assets are impaired. In such situation Asset's recoverable amount is estimated which is higher of asset's or cash generating units (CGU) fair value less cost of disposal and its value in use. In assessing value in use the estimated future cash flows are discounted using pre-tax discount rate which reflect the current assessment of time value of money. In determining fair value less cost of disposal, recent market realisations are considered or otherwise in absence of such transactions appropriate valuations are adopted. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation / amortisation and amount of impairment expense to be recorded during any reporting period. This reassessment may result in change estimated in future periods.

4.2 Impairment on Investments in Associates and Joint Ventures

The carrying amount of Investments in Associates and Joint Ventures computed in accordance with equity method has been tested for impairment at year end based on the market value where the shares are quoted, P/E ratio of similar sector company along with premium/ discount for nature of holding and Net Asset Value computed with reference to the book value/projected discounted cash flow of such company in respect of unquoted investments.

4.3 Arrangements containing leases and classification of leases

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

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialised nature of the leased asset.

4.4 Claims and Compensation

Claims including insurance claims are accounted for on determination of certainity of realisation thereof. Compensation receivable against acquisition of coal mines (Refer Note no. 47) pending final acceptance or settlement thereof even though has not been given effect to, as amount expected to be realised in this respect has been considered to be covering the carrying amount of relevant assets and other recoverables.

4.5 Impairment allowances on trade receivables

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

4.6 Income taxes

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

Deferred Tax for all taxable temporary differences have been given effect to in the consolidated financial statements. In case of Associates and Joint Venture, the Group being in a position to control the timing of reversal of temporary differences and considering the past trend there being no possibility of such reversal in near future, adjustment for deferred taxation against share of profit attributable to the Group has not been given effect in the consolidated financial statements.

4.7 Defined benefit obligation (DBO)

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

4.8 Provisions and Contingencies

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change.

Management judgment is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations/ against the Group as it is not possible to predict the outcome of pending matters with accuracy.

The carrying amounts of provisions and liabilities and estimation for contingencies are reviewed regularly and revised to take account of changing facts and circumstances.

4.9 Uniform Accouting Policies

The audited/unaudited financial statements of foreign subsidiaries have been prepared in accordance with Generally Accepted Accounting Principles of its Country of Incorporation or International Financial Reporting Standards. Impact on account of differences if any, in accounting policies of the company and those followed by its subsidaries are not material to the Group.

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

5. Property, Plant and Equipment :

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

Particulars	Freehold land	Leasehold land	Buildings	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipment	Railway Siding	Live–stock	Total
Gross Block										
As at April 1, 2016	**12,19,71.27**	**20,65.35**	**1,50,69.88**	**3,92,93.02**	**2,83.91**	**7,04.65**	**3,99.67**	**33,63.20**	**1.11**	**18,31,52.06**
Additions	–	49.06	2,16.68	12,70.92	56.12	2,35.48	44.93	–	–	18,73.19
Disposal	(72.60)	–	(24,20.00)	(3,24.49)	(0.05)	(27.35)	(35.30)	–	–	(28,79.79)
Other Adjustments	–	–	(40.05)	(83.45)	(0.11)	–	(0.47)	–	–	(1,24.08)
As at March 31, 2017	**12,18,98.67**	**21,14.41**	**1,28,26.51**	**4,01,56.00**	**3,39.87**	**9,12.78**	**4,08.83**	**33,63.20**	**1.11**	**18,20,21.38**
Accumulated Depreciation										
As at April 1, 2016	**–**	**29.89**	**16,20.56**	**37,89.19**	**70.23**	**2,09.91**	**63.15**	**4,91.57**	**–**	**62,74.50**
Charge for the period	–	41.51	14,01.21	40,82.41	63.90	1,78.80	94.28	4,87.76	–	63,49.87
Disposal	–	–	(2,58.90)	(1,85.22)	(0.02)	(13.32)	(36.14)	–	–	(4,93.60)
Other Adjustments	–	–	–	–	–	–	–	–	–	–
As at March 31, 2017	**–**	**71.40**	**27,62.87**	**76,86.38**	**1,34.11**	**3,75.39**	**1,21.29**	**9,79.33**	**–**	**1,21,30.77**
Net carrying amount										
As at March 31, 2017	**12,18,98.67**	**20,43.01**	**1,00,63.64**	**3,24,69.62**	**2,05.76**	**5,37.39**	**2,87.54**	**23,83.87**	**1.11**	**16,98,90.61**

As at March 31, 2016

Particulars	Freehold land	Leasehold land	Buildings	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipment	Railway Siding	Live–stock	Total
Gross Block										
As at April 1, 2015	12,19,67.97	16,69.31	1,26,29.28	3,65,02.88	2,33.90	5,55.22	3,09.43	32,74.61	1.11	17,71,43.71
Additions	3.30	3,96.04	23,23.61	33,03.45	49.49	1,79.58	97.54	88.59	–	64,41.60
Disposal	–	–	–	(7,40.33)	–	(30.15)	(9.43)	–	–	(7,79.91)
Other Adjustments	–	–	1,16.99	2,27.02	0.52	–	2.13	–	–	3,46.66
As at March 31, 2016	12,19,71.27	20,65.35	1,50,69.88	3,92,93.02	2,83.91	7,04.65	3,99.67	33,63.20	1.11	18,31,52.06
Accumulated Depreciation										
As at April 1, 2015	–	–	–	–	–	–	–	–	–	–
Charge for the period	–	29.89	16,20.56	38,92.28	70.50	2,14.62	65.33	4,91.57	–	63,84.75
Disposal	–	–	–	(1,03.09)	(0.27)	(4.71)	(2.18)	–	–	(1,10.25)
Other Adjustments	–	–	–	–	–	–	–	–	–	–
As at March 31, 2016	–	29.89	16,20.56	37,89.19	70.23	2,09.91	63.15	4,91.57	–	62,74.50
Net carrying amount										
As at March 31, 2016	12,19,71.27	20,35.46	1,34,49.32	3,55,03.83	2,13.68	4,94.74	3,36.52	28,71.63	1.11	17,68,77.56

Notes :

5.1 The Gross Block as on the transition date i.e. April 01, 2015 includes certain Property, Plant and Equipment i.e. freehold land and building which have been valued by an Independent valuer and considered as "deemed cost" as per the provision of Ind AS 101 "First-time Adoption of Indian Accounting Standards"- refer note no. 60.

5.2 Property, Plant and Equipments includes Rs. 4,17.94 lakhs (March 31, 2016 : Rs. 4,22.21 lakhs and April 1, 2015 : Rs. 4,26.47 lakhs) being contribution for laying the power line, the ownership of which does not vest with the company.

5.3 Railway Siding represents the cost of construction of the assets for company's use over the specified period.

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

5.4 Leasehold Land of NIL (March 31, 2016 : Rs. 2,40.00 lakhs and April 1, 2015 : Rs. 2,40.00 lakhs) is pending execution of lease agreement and registration thereof.

5.5 Freehold land includes Rs. 3,35.81 lakhs (March 31, 2016 : Rs.3,35.81 lakhs and April 1, 2015 : Rs.3,35.81 lakhs) aquired for coal mines in respect of which the execution of conveyance deeds is pending (refer note no. 47).

5.6 Other adjustments includes NIL (March 31, 2016 : Rs.44.37 lakhs) being interest capitalised during the year and Rs.(1,24.08) lakhs (March 31, 2016: Rs.3,02.29 lakhs) representing foreign exchange fluctuation.

5.7 Land with factory buildings of Rs.2,97,11.81 lakhs (March 31, 2016 : Rs.2,97,56.08 lakhs and April 1, 2015 : Rs.2,98,21.78 Lakhs) at Elavur plant of the Company are mortgaged in the favour of lender to Electrosteel Steels Limited, an associate of the Company.

5.8 Refer note no. 23 and 28.4 to consolidated financial statements in respect of charge created against borrowings.

5.9 Also refer note no. 47 dealing with coal mine assets and note no. 49 in respect of Iron and manganese Ore mine.

6. Other Intangible Assets

As at March 31, 2017

(Amount Rs. in lakhs)

Particulars	**Computer Softwares**	**Mining Rights**	**Right to Use Wagon**	**Total**
Gross Block				
As at April 1, 2016	3,68.65	8.13	8,65.14	12,41.92
Additions	10.54	–	–	10.54
Disposal	–	–	–	–
Other Adjustments	–	–	–	–
As at March 31, 2017	**3,79.19**	**8.13**	**8,65.14**	**12,52.46**
Accumulated Amortisation				
As at April 1, 2016	85.77	1.53	2,53.23	3,40.53
Charge for the period	85.55	1.53	2,53.23	3,40.31
Disposal	–	–	–	–
Other Adjustments	–	–	–	–
As at March 31, 2017	**1,71.32**	**3.06**	**5,06.46**	**6,80.84**
Net carrying amount				
As at March 31, 2017	**2,07.87**	**5.07**	**3,58.68**	**5,71.62**

As at March 31, 2016

Particulars	**Computers Softwares**	**Mining Rights**	**Right to Use Wagon**	**Total**
Gross Block				
As at April 1, 2015	2,99.16	8.13	8,65.14	11,72.43
Additions	69.49	–	–	69.49
Disposal	–	–	–	–
Other Adjustments	–	–	–	–
As at March 31, 2016	3,68.65	8.13	8,65.14	12,41.92
Accumulated Amortisation				
As at April 1, 2015	–	–	–	–
Charge for the period	85.77	1.53	2,53.23	3,40.53
Disposal	–	–	–	–
Other Adjustments	–	–	–	–
As at March 31, 2016	85.77	1.53	2,53.23	3,40.53
Net carrying amount				
As at March 31, 2016	2,82.88	6.60	6,11.91	9,01.39

Notes :

6.1 The Gross Block as on the transition date i.e. April 01, 2015 given herein above represents previous GAAP written down value of Other Intangible assets considered as "deemed cost" as per the provision of Ind AS 101 "First-time Adoption of Indian Accounting Standards"- refer note no. 60.

6.2 Right to use Wagon represents cost incurred in connection with wagons procured under "Wagon Investment Scheme" and handed over to railway authorities for their normal operations against priority over availability of the wagons for transportation as and when required.

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

6.4 Also refer note no. 47 dealing with coal mine assets.

7. NON–CURRENT INVESTMENTS

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

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015	
	Holding	**Details**	**Value**	Holding	Details	Value	Holding	Value
Investments in Equity Instruments								
Quoted								
Associates (Carrying amount determined using equity method of accounting)								
Srikalahasthi Pipes Limited (Face value of Rs.10/- each)	**1,93,01,218**	**7,75,03.05**	**8,31,76.49**	1,93,01,218	7,06,77.67	7,75,03.05	1,93,01,218	7,06,77.67
[Cost of acquistion includes goodwill of Rs 44,91.37 Lakhs, as at March 31, 2016 : Rs 44,91.37 Lakhs and as at April 1, 2015 : Rs 44,91.37 Lakhs]								
Add: Group share of Profit/(Loss) for the year (Net)		**66,41.85**			74,13.53			
Add : Other Comprehensive Income		**(3.34)**			(9.11)			
Less : Dividend received during the year		**9,65.07**			5,79.04			
Electrosteel Steels Ltd. (Face value Rs. 10/-each) (Refer note no. 7.1)	**1,08,98,00,000**	**–**	**–**	1,08,98,00,000	1,37,14.09	–	1,08,98,00,000	1,37,14.09
[Cost of acquistion includes goodwill of Rs 70,29.90 Lakhs, as at March 31, 2016 : Rs 70,29.90 Lakhs and as at April 1, 2015 : Rs 70,29.90 Lakhs]								
Add: Group share of Profit/(Loss) for the year (Net)		**–**			(1,37,14.09)			–
			8,31,76.49			7,75,03.05		8,43,91.76
Unquoted								
Associates (Carrying amount determined using equity method of accounting)								
Electrosteel Thermal Power Ltd.(Face value of Rs.10/- each)	**15,000**	**1.04**	**0.97**	15,000	1.11	1.04	15,000	1.11
[Cost of acquistion includes goodwill of Rs 0.70 Lakhs, as at March 31, 2016 : Rs 0.70 Lakhs and as at April 1, 2015 : Rs 0.70 Lakhs]								
Add: Group share of Profit/(Loss) for the year (Net)		**(0.07)**			(0.07)			
Joint Venture (Carrying amount determined using equity method of accounting)								
Domco Pvt Ltd (Face value of Rs 100/- each)	**30,000**	**30.00**	**–**	30,000	30.00	–	30,000	–
Less: Impairment in value of Investment (Refer note no. 7.3)		**(30.00)**			(30.00)			

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015	
	Holding	**Details**	**Value**	Holding	Details	Value	Holding	Value
North Dhadhu Mining Company Pvt Ltd (Face value of Rs.10/- each) (Refer note no. 7.2 and 48)	**82,28,053**	**8,34.34**	**8,37.11**	82,28,053	8,26.62	8,34.34	82,28,053	8,26.62
Add: Group share of Profit/(Loss) for the year (Net)		**2.77**			7.72			
			8,38.08			8,35.38		8,27.73
			8,40,14.57			7,83,38.43		8,52,19.49
Investment designated at Fair Value through Other Comprehensive Income								
Quoted								
Others								
R.G. Ispat Limited (Face value of Rs.10/- each)	**50**		**–**	50		–	50	–
Saint Globain-PAM (Face value of Euro 4/- each)	**14**		**0.26**	14		0.26	14	0.26
Von Roll (Face value of Euro 0.071 each)	**10**		**0.05**	10		0.05	10	0.05
			0.31			0.31		0.31
Unquoted								
Others								
Rainbow Steels Limited(Face value of Rs.10/- each) (Refer note no. 7.4)	**100**		**0.01**	100		0.01	100	0.01
Metal Scrap Trade Corporation Limited.(Face value of Rs. 10/- each)	**1,000**		**8.32**	1,000		7.89	1,000	7.89
Singardo International Pte Ltd. (Face value of SGD 1 each)	**25,000**		**20.39**	25,000		18.38	25,000	18.38
N Marshall Hi-tech Engineers Pvt. Ltd.(Face value of Rs.10/- each)	**50,000**		**14.46**	50,000		14.08	50,000	14.08
			43.18			40.36		40.36
			43.49			40.67		40.67
			8,40,58.06			7,83,79.10		8,52,60.16
Investments in Preference Shares								
Others								
Mukand Limited (0.01% Cumulative Redeemable Preference Shares face value of Rs. 10/-each)	**16**		**0.00**	16		0.00	16	0.00
Total -Non -Current Investments			**8,40,58.06**			7,83,79.10		8,52,60.16
Aggregate amount of Quoted Investments			**8,31,76.80**			7,75,03.36		8,43,92.07
Aggregate amount of Market value of Quoted Investments			**12,32,73.02**			8,01,96.61		7,12,55.83
Aggregate amount of Unquoted Investments			**8,81.26**			8,75.74		8,68.09
Aggregate amount of Impairment in value of Investments			**30.00**			30.00		30.00

7.1 86,67,50,000 Equity shares of Rs. 10/- each fully paid up of Electrosteel Steels Limited(ESL) held by the Company as Investment have been pledged in favour of lenders of Electrosteel Steels Limited for securing financial assistance to ESL.

7.2 (a) The North Dhadhu Coal Block located in the state of Jharkhand was allocated to the Company, Adhunik Alloys & Power Limited (AAP), Jharkhand Ispat Pvt. Ltd. (JPL) and Pawanjay Steel & Power Limited (PSPL) (collectively referred to as venturers) for working through North Dhadhu Mining Company Private Limited (NDMCPL), a joint venture company. The Company has joint control (proportion of ownership interest of the Company being 48.98 %) along with other venturers represented by investment of Rs. 8,22.81 lakhs in equity shares of NDMCPL. (refer note no. 48)

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

(b) The Ministry of Coal, Government of India had issued an order for de-allocation of North Dhadhu Coal Block and deduction of Bank Guarantee of Rs. 56,03.00 lakhs issued for the same. The Company's share in the Bank Guarantee is Rs 27,45.00 lakhs. On a writ petition filed by the Company for quashing the order, stay has been granted by the Hon'ble High Court of Jharkhand. Pending final judgement, no provision in the respect of Company's investment in NDMCPL and amount of Bank Guarantee, has been considered necessary. (refer note no. 48)

7.3 The Company has investment of Rs. 30.00 lakhs (March 31, 2016: Rs. 30.00 lakhs and April 1, 2015: Rs. 30.00 lakhs) in equity shares and given advance of Rs. 7,00.00 lakhs (March 31, 2016:Rs. 7,00.00 lakhs and April 1, 2015:Rs. 7,00.00 lakhs) against equity to Domco Private Limited (DPL), a Company incorporated in India, and has joint control (proportion of ownership interest of the Company being 50%) over DPL along with other venturers (the Venturers) in terms of the Shareholder's Agreement dated March 27, 2004. The Venturers had filed a petition before the Company Law Board, Principal Bench, New Delhi (CLB) against the Company against operation and mismanagement of the company interalia on various matters including for forfeiture of the Company's investment in equity shares of the DPL. The matter was later transfered to the Company Law Board, Kolkata Bench and is now being taken up by the National Company Law Tribunal, Kolkata Bench. The Company had also inter alia filed an arbitration proceeding under Arbitration & Conciliation Act, 1996 against recovery of the said amount.

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

7.4 Rainbow Steels Limited, a company incorporated in Uttar Pradesh is under liquidation as per Ministry of Corporate Affairs. In absence of the financial statements of the said Company, the carrying amount has been assumed to be the fair value and no impairment in value thereof has been considered necessary.

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

7.6 The Company as on the transition date i.e. April 01, 2015 fair valued its Investment in Srikalahasthi Pipes Limited and Electrosteel Steels Limited, as valued by an Independent valuer and considered as "deemed cost" as per the provision of Ind AS 101 "First-time Adoption of Indian Accounting Standards"- refer note no. 60.

7.7 The Group has made an irrevocable decision to consider equity instruments not held for trading to be recognized at FVTOCI.

7.8 Summarised financial information for Associates and Joint Ventures

The tables below provide summarised financial information of those associates and joint ventures that are material to the group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint ventures.

a) Associates

(Amount Rs. in lakhs)

Summarised financial information	Srikalahasthi Pipes Limited			Electrosteel Steels Limited			Electrosteel Thermal Power Limited		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
1) Balance Sheet									
(i) Current Assets	**6,35,04.37**	5,52,68.76	4,37,78.80	**12,14,56.32**	11,97,78.75	13,10,73.53	**1.06**	1.28	1.54
(ii) Non-current assets	**9,21,91.15**	8,28,29.10	8,20,49.32	**118,01,96.28**	122,34,45.48	118,39,23.07	**–**	–	–
(iii) Current liabilities	**5,46,06.58**	4,43,98.77	4,00,70.05	**67,66,88.96**	43,71,39.34	29,90,06.49	**0.14**	0.14	0.15
(iv) Non-current liabilities	**1,97,35.34**	2,39,68.90	3,01,05.44	**68,17,48.24**	81,65,46.43	88,96,05.92	**–**	–	–

	For the year ended March 31, 2017	For the year ended March 31, 2016	**For the year ended March 31, 2017**	For the year ended March 31, 2016	**For the year ended March 31, 2017**	For the year ended March 31, 2016
2) Statement of Profit and Loss						
(i) Revenue	**12,03,40.14**	11,77,67.07	**27,74,29.58**	28,88,75.89	**–**	–
(ii) Profit or loss from continuing operations	**1,40,23.21**	1,55,32.05	**(14,63,47.99)**	(3,67,99.42)	**(0.22)**	(0.24)
(iii) Post-tax profit or loss from discontinued operations	**–**	–	**–**	–	**–**	–
(iv) Other comprehensive income	**(6.88)**	(18.76)	**24.91**	(19.86)	**–**	–
(v) Total comprehensive income	**1,40,16.33**	1,55,13.29	**(14,63,23.09)**	(3,68,19.28)	**(0.22)**	(0.24)
(vi) Dividend received during the year (Parent's share)	**9,65.07**	5,79.04	**–**	–	**–**	–

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

b) Joint Venture (Amount Rs. in lakhs)

Summarised financial information	**North Dhadhu Mining Company Private Limited**		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
1) Balance Sheet			
(i) Non-current assets			
Property, Plant and Equipment and Capital Work in progress	**14,57.49**	14,57.57	14,57.66
Financial Assets- Loans	**12.61**	12.61	12.61
(ii) Current financial assets			
Investments	**2,01.02**	–	1,05.24
Cash and cash equivalents	**32.88**	2,15.84	1,00.30
Other financial assets	**–**	–	18.72
(iii) Other current assets	**7.04**	28.03	–
(iv) Current liabilities			
Other current liabilities	**1.92**	3.45	1.88
Provisions	**–**	7.15	4.97

	For the year ended March 31, 2017	For the year ended March 31, 2016
2) Statement of Profit and Loss		
(i) Other Income	**12.34**	28.31
(ii) Depreciation & Amortisation	**0.09**	0.09
(iii) Profit or loss before tax	**5.62**	22.97
(iv) Tax Expense	**–**	7.15
(v) Profit or loss after tax	**5.62**	15.82
(vi) Other comprehensive income	**–**	–
(vii) Total comprehensive income	**5.62**	15.82
(viii) Dividend received during the year (Parent's share)	**–**	–

Also refer note no. 7.3 relating to non availability of financial statement of Domco Pvt. Ltd. , Joint Venture and accordingly disclosures as required under Ind AS 112 have not been made.

7.9 Reconciliation of the above summarized information to the carrying amount of the interest in Associates and Joint Ventures recognised in the consolidated financial statement

a) Associates

Particulars	**Srikalahasthi Pipes Limited**			**Electrosteel Steels Limited**			**Electrosteel Thermal Power Limited**		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Closing Net Assets	**8,13,53.60**	6,97,30.19	5,56,52.63	**(5,67,84.60)**	8,95,38.46	12,63,84.19	**0.92**	1.14	1.39
Proportion of the Parent's ownership interest in J.V / associates (%)	**48.54%**	48.54%	48.54%	**45.23%**	45.23%	45.23%	**30.00%**	30.00%	30.00%
Proportion of the Parent's ownership interest in J.V / associates (INR)	**3,94,89.01**	3,38,47.01	2,70,13.78	**(2,56,86.10)**	4,05,02.07	5,71,68.95	**0.27**	0.34	0.41
Add/Less: Adjustments									
- Effect of fair value of investment on the date of transition as deemed cost (refer note no. 7.6)	**3,91,96.11**	3,91,96.11	3,91,96.11	**(5,04,84.77)**	(5,04,84.77)	(5,04,84.77)	**–**	–	–
- Goodwill on equity accounting	**44,91.37**	44,91.37	44,91.37	**70,29.90**	70,29.90	70,29.90	**0.70**	0.70	0.70
- Others	**-**	(31.44)	(23.59)	**–**	–	–	**–**	–	–
Net Assets as per Consolidated Financial statement (to the extent of carrying value of investment)	**8,31,76.49**	7,75,03.05	7,06,77.67	**–**	–	1,37,14.09	**0.97**	1.04	1.11

Note : Group's Share of Losses in excess of the interest in Electrosteel Steels Limited for the financial year ended March 31, 2017 amounting to Rs 6,61,88.19 lakhs and for the financial year ended March 31, 2016 amounting to Rs 29,52.78 lakhs has not been considered in the consolidated financial statements.

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

b) Joint Venture (Amount Rs. in lakhs)

Particulars	North Dhadhu Mining Company Private Limited		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Closing Net Assets	**17,09.11**	17,03.45	16,87.68
Proportion of the Parent's ownership interest in Joint Venture (%)			
Proportion of the Parent's ownership interest in Joint Venture (INR)	**48.98%**	48.98%	48.98%
Add/Less: Adjustments	**8,37.11**	8,34.34	8,26.62
- Goodwill arising on Equity Accounting			
- Others	**–**	–	–
Net Assets as per Consolidated Financial statement (to the extent of carrying value of investment)	**8,37.11**	8,34.34	8,26.62

8. Trade Receivables

Particulars	Ref. note no.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, Considered Good				
Long Term Trade Receivables	14.1	**1,08.56**	1,17.21	2,69.40
		1,08.56	1,17.21	2,69.40

9. Loans

Particulars	Ref. note no.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, Considered Good				
Security Deposits	9.1 and 17.1	**12,30.69**	20,89.37	10,38.06
Loans to related parties	9.2	**18.42**	18.82	17.75
		12,49.11	21,08.19	10,55.81

9.1 Security deposits include Rs. 5,22.66 lakhs (March 31, 2016 : Rs. 4,67.82 lakhs and April 1, 2015 : Rs. 4,18.85 lakhs) with private limited companies in which directors are interested as a member / director and Rs 1,94.00 lakhs (March 31, 2016 : Rs. 1,94.00 lakhs and April 1, 2015 : Rs. 2,03.00 lakhs) with related parties.

9.2 Represents amount given as interest free loan to a shareholder.

10. Other Financial Assets

Particulars	Ref. note no.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Fixed Deposit with Banks (having original maturity of more than 1 year)	16.1	**35,60.89**	25,00.50	0.54
		35,60.89	25,00.50	0.54

11. Other Non–Current Assets

Particulars	Ref. note no.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital Advances	11.1	**4,17.56**	4,46.41	9,19.43
Prepaid expenses		**2,14.86**	2,85.07	4,22.46
Others	11.2	**2.56**	6.22	14.66
		6,34.98	7,37.70	13,56.55

11.1 Capital advances include Rs. 5.27 lakhs (March 31, 2016 : Rs. 5.27 lakhs and April 1, 2015 : Rs.5.27 lakhs) paid to related party (refer note no. 56).

11.2 Includes loans and advance to employees amounting to Rs. 2.11 lakhs (March 31, 2016 : Rs. 5.77 lakhs and April 1, 2015 : Rs.14.21 lakhs).

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

12. Inventories (Amount Rs. in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Raw materials	**1,83,38.91**	1,13,32.81	2,56,07.46
Raw materials in transit	**37,32.28**	24,02.93	5,17.68
Process stock	**81,72.92**	42,89.29	47,91.91
Finished goods	**2,39,07.62**	3,20,75.48	3,20,55.35
Finished goods in transit	**35,00.04**	28,05.33	–
Stores and spares	**50,87.47**	59,73.37	54,07.54
Stores and spares in transit	**6.92**	84.74	2,13.97
	6,27,46.16	5,89,63.95	6,85,93.91
Work-in-progress (Turnkey Projects)	**2,74.84**	2,75.39	7,91.70
Less: Progress payment received	**67.51**	–	4,89.99
	2,07.33	2,75.39	3,01.71
	6,29,53.49	5,92,39.34	6,88,95.62

12.1. Refer note no. 28.1 to Consolidated Financial Statements in respect of charge created against borrowings.

13. CURRENT INVESTMENTS

(Fully paid up except otherwise stated)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Holding	**Value**	Holding	Value	Holding	Value
Investment measured at fair value through Profit and Loss						
Investment in Equity Instruments						
Equity Shares (Quoted)						
Coal India Limited (Face value of Rs 10/-each)	**–**	**–**	–	–	19,000	68.95
Jindal Drilling & Industries Ltd (Face value of Rs 5/- each)	**–**	**–**	1,76,500	2,09.06	1,76,500	2,97.58
Manganese Ore India Ltd (Face value of Rs 10/- each)	**3,794**	**11.90**	3,794	8.26	3,794	10.49
Reliance Industries Ltd (Face value of Rs 10/- each)	**500**	**6.60**	500	5.23	18,000	1,48.68
Andhra Bank (Face value of Rs 10/- each)	**5,000**	**2.90**	5,000	2.61	5,000	3.95
3I Infotech Ltd. (Face value of Rs 10/- each)	**60,000**	**3.03**	60,000	2.49	60,000	3.48
BGR Energy Systems Ltd. (Face value of Rs 10/- each)	**1,500**	**2.07**	1,500	1.61	60,000	1.78
Bharat Heavy Electricals Ltd. (Face value of Rs 2/- each)	**12,500**	**20.36**	12,500	14.23	12,500	29.42
Fortis Healthcare (India) Ltd. (Face value of Rs 10/- each)	**–**	**–**	–	–	4,000	6.58
GTL Infrastructure Ltd. (Face value of Rs 10/- each)	**60,000**	**3.45**	60,000	1.26	60,000	1.17
Garden Silk Mills Ltd. (Face value of Rs 10/- each)	**1,000**	**0.32**	1,000	0.22	1,000	0.26
Jyoti Structures Ltd. (Face value of Rs 2/- each)	**5,000**	**0.41**	5,000	0.55	5,000	1.28
National Aluminium Company Ltd. (Face value of Rs 5/- each)	**2,500**	**1.91**	2,500	0.99	2,500	1.17
Punjab National Bank (Face value of Rs 2/- each)	**10,000**	**14.99**	10,000	8.47	10,000	14.44
Pilani Investment and Industries Corporation Ltd. (Face value of Rs 10/- each)	**700**	**15.04**	700	8.51	700	9.15
Vedanta Ltd (Face value of Re 1/- each)	**2,000**	**5.50**	2,000	1.80	2,000	3.79
Timex Group India Ltd. (Face value of Re 1/- each)	**–**	**–**	–	–	1,000	0.19
Tata Teleservices (Maharashtra) Ltd. (Face value of Rs 10/- each)	**28,333**	**2.03**	28,333	1.87	28,333	2.22
Sub-Total		**90.51**		2,67.16		6,04.58

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Holding	Value	Holding	Value	Holding	Value
Investment in Bonds						
Bonds (Quoted)						
8.74% RRUVUNL (Tranche 11) 26/03/2027 of Rs.1000000 each	–	–	–	–	4	39.33
11% Bank of India Perpetual Bonds of Rs.1000000 each	–	–	–	–	3	35.31
11.50% ITNL NCD 21/06/2024 of Rs.1000000 each	–	–	–	–	4	43.40
Sub-Total		-		-		1,18.04
Gross-Total		**90.51**		2,67.16		7,22.62
Aggregate amount of Quoted Investments						
- In Bonds		–		–		1,18.04
- In Equity Shares		**90.51**		2,67.16		6,04.58
Aggregate amount of Market value of Quoted Investments		**90.51**		2,67.16		7,22.62
- In Bonds		–		–		1,18.04
- In Equity Shares		**90.51**		2,67.16		6,04.58
		90.51		2,67.16		7,22.62

13.1 Quoted Investments for which quotations are not available have been included in the market value at the face value/paid up value, whichever is lower except in case of debentures, bonds and government securities where the net present value at current yield to maturity have been considered.

13.2 Refer note no. 7.5 for particulars of investments.

14. Trade Receivables

Particulars	Ref. note no.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
UNSECURED				
Considered good		**4,45,26.59**	5,38,51.56	5,16,18.37
Considered doubtful		**12,70.42**	14,63.53	6,13.20
Less: Impairment allowances for doubtful debts	14.2	**(12,70.42)**	(14,63.53)	(6,13.20)
		4,45,26.59	5,38,51.56	5,16,18.37

14.1 Ageing of Trade Receivable

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Within the credit period	**3,40,31.53**	4,10,08.79	3,31,50.66
1–180 days past due	**79,09.70**	81,43.49	1,33,13.75
More than 180 days past due	**26,93.92**	48,16.49	54,23.36
Total	**4,46,35.15**	5,39,68.77	5,18,87.77
Current Trade Receivable	**4,45,26.59**	5,38,51.56	5,16,18.37
Non Current Trade Receivable	**1,08.56**	1,17.21	2,69.40
Total	**4,46,35.15**	5,39,68.77	5,18,87.77

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

14.2 Movement of Impairment allowances for doubtful debts (Amount Rs. in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balance as at the beginning of the year	**14,63.53**	6,13.20	6,13.20
Recognised during the year	**3,63.24**	8,50.33	–
Reversal during the year	**5,56.35**	–	–
Balance at the end of the year	**12,70.42**	14,63.53	6,13.20

14.3 Balances of Trade Receivables including for Turnkey Contracts, Work-in-progress, Creditors and Advances are subject to confirmation/ reconciliation and adjustments in this respect are carried out as and when amounts thereof, if any are ascertained.

14.4 Refer note no. 28.1 to Consolidated Financial Statements in respect of charge created against borrowings.

15. Cash and Cash Equivalents

Particulars	Ref. note no.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances with banks				
In current and cash credit accounts	16.2	**2,55,26.22**	1,14,10.16	1,12,52.06
Cash on hand		**93.85**	16.36	28.44
Fixed Deposits with Banks (having original maturity of less than 3 months)		**30,00.00**	10,25.00	–
		2,86,20.07	1,24,51.52	1,12,80.50

15.1 Refer note no. 28.1 and 23.5.2 to Consolidated Financial Statements in respect of charge created against borrowings.

16. Bank Balances Other than Cash and Cash Equivalents

Particulars	Ref. note no.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Other balance with banks				
In Fixed Deposit Escrow account	25.1	**5,36.93**	4,98.02	4,61.22
In dividend accounts		**3,30.43**	2,44.36	1,11.52
Fixed deposits with Banks(having original maturity of more than 3 months)	16.1, 16.2 and 28.2	**61,69.93**	8,36.31	1,26,25.30
		70,37.29	15,78.69	1,31,98.04

16.1 Fixed Deposits with banks include Fixed Deposit of Rs. 61,66.88 lakhs (March 31, 2016 : Rs 9,04.23 lakhs and April 1, 2015 : Rs. 31,07.27 lakhs) (including NIL (March 31, 2016 : Rs. 0.50 lakhs and April 1, 2015 : Rs.0.54 lakhs) disclosed under Other Non-Current Assest) have been lodged with Banks against guarantee issued by them.

16.2 Includes Fixed Deposits of NIL (March 31, 2016 : NIL and April 1, 2015 : Rs. 95,16.64 lakhs) and bank balance of Rs. 15,90.41 lakhs (March 31, 2016: Rs. 17,35.86 lakhs and April 1, 2015 : NIL) in respect of External Commercial Borrowings loan pending utilisation for intended use.

16.3 Refer note no. 28.1 to Consolidated Financial Statements in respect of charge created against borrowings.

17. Loans

Particulars	Ref. note no.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, Considered Good	17.1 and 17.2	**52,08.80**	43,42.22	32,89.15
Security Deposits		**52,08.80**	43,42.22	32,89.15
Considered Doubtful				
Advances to related party		**7,00.00**	7,00.00	7,00.00
Others		**10.62**	10.62	12.04
		7,10.62	7,10.62	7,12.04
Less : Impairment Allowances for doubtful Advances	7.3 and 17.3	**7,10.62**	7,10.62	7,12.04
		–	–	–
		52,08.80	43,42.22	32,89.15

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

17.1 Includes Rs. 16,67.45 lakhs (March 31, 2016 : Rs. 15,05.45 lakhs and April 01, 2015 : Rs. 9,78.83 lakhs) lying with customers in terms of agreement/ orders with/from customers.

17.2 Includes Rs. 30,67.14 lakhs (March 31, 2016 : Rs. 24,94.32 lakhs and April 01, 2015 : Rs. 13,02.28 lakhs) lying with banks in terms of agreement with them against Invoices factored.

17.3 Movement of Allowances for doubtful advances

(Amount Rs. in lakhs)

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Balance as at the beginning of the year	**7,10.62**	7,12.04	7,12.04
Recognised during the year	**–**	–	–
Reversal during the year	**–**	1.42	–
Balance at the end of the year	**7,10.62**	7,10.62	7,12.04

17.4 Refer note no. 28.1 to Consolidated Financial Statements in respect of charge created against borrowings.

18. Other Financial Assets

Particulars	**Ref. note no.**	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Interest receivable		**18.39**	18.84	38.57
Claim Receivable	47	**93,16.85**	92,93.80	–
Derivative Assets at fair value through profit or loss		**8,39.16**	2,76.97	41,83.53
Export Rebate Claim Receivable		**5,28.73**	14,44.75	19,23.28
Export incentive receivable		**11,02.33**	17,13.11	42,58.70
Others		**7.35**	10.45	12.19
		1,18,12.81	1,27,57.92	1,04,16.27

18.1 Refer note no.28.1 to Consolidated Financial Statements in respect of charge created against borrowings.

19. Other Current Assets

Particulars	**Ref. note no.**	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Loans and Advances to related parties	56	**2,09,90.87**	2,18,81.58	2,58,93.84
Advances for supply of goods and rendering of services		**12,34.70**	25,70.96	15,02.87
Loans and advances to employees		**91.02**	1,12.60	74.65
Balance with Government authorities		**57,32.12**	38,82.38	61,56.89
Prepaid expenses		**7,71.21**	7,88.31	12,20.09
Incentive/Subsidy receivable		**53,68.10**	63,45.59	56,41.49
Others		**8,68.50**	10,37.80	6,44.64
		3,50,56.52	3,66,19.22	4,11,34.47

19.1 All the above advances have been given for general corporate purpose.

19.2 Refer note no. 28.1 to Consolidated Financial Statements in respect of charge created against borrowings.

20. Equity Share Capital

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Authorised			
Equity shares, Re 1/- par value			
500,000,000 (March 31, 2016 : 500,000,000 and April 1, 2015 : 500,000,000) equity shares	**50,00.00**	50,00.00	50,00.00
Issued, Subscribed and Paid-up			
Equity shares, Re 1/- par value			
356,955,322 (March 31, 2016 : 356,955,322 equity shares and April 1, 2015 : 356,955,322 equity shares) equity shares fully paid up	**35,69.55**	35,69.55	35,69.55
	35,69.55	35,69.55	35,69.55

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

20.1 The Company has only one class of shares referred to as equity shares having a par value of Re 1/-. Each holder of equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company, after distribution of all preferential amounts, in proportion of their shareholding.

20.2 Reconciliation of the number of equity shares outstandings

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Number of shares at the beginning	**35,69,55,322**	35,69,55,322	35,69,55,322
Add: Addition during the year	**–**	–	–
Number of shares at the end	**35,69,55,322**	35,69,55,322	35,69,55,322

21. Other Equity

(Amount Rs. in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital Reserve	**43,17.77**	41,67.77	41,67.77
Securities Premium Reserve	**6,55,90.26**	6,55,90.26	6,55,90.26
General Reserve	**10,05,65.95**	9,85,65.95	9,60,65.95
Debenture Redemption Reserve	**62,50.00**	32,60.00	67,50.00
Statutory Reserve	**1,37.48**	1,32.81	1,15.84
Retained Earnings	**8,38,50.96**	7,44,68.52	7,90,30.09
Other Comprehensive Income			
Equity instrument through other comprehensive income	**23.69**	21.51	21.51
Effective portion of cash flow hedge	**(3,64.68)**	(4,88.31)	–
Re-measurement of Defined benefit plans	**(2,03.28)**	(1,36.23)	(19.33)
Share of Associates / Joint Venture (net)	**(98.09)**	(94.75)	(85.64)
	26,00,70.06	24,54,87.53	25,16,36.45

21.1 Refer Statement of changes in Equity for movement in balances of reserves

21.2 **Capital Reserve**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital Reserve comprises of :			
Government Grants Received	**2,16.01**	66.01	66.01
Forfeiture of warrants convertible to equity shares	**41,01.76**	41,01.76	41,01.76
	43,17.77	41,67.77	41,67.77

21.3 **Securities Premium Reserve**

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

21.4 **General Reserve**

The general reserve is created from time to time by appropriating profits from retained earnings. The general reserve is created by a transfer from one component of equity to another and accordingly it is not reclassified to the Statement of profit and loss.

21.5 **Debenture Redemption Reserve**

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

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

21.6 **Statutory Reserve**

Statutory Reserve is required to be created by certain subsidiaries of the Group out of the profits and maintained in accordance with local law of the host country. This reserves is available for utilisation as specified in the local law of the host country.

21.7 **Retained Earnings**

Retained earnings generally represents the undistributed profit/ amount of accumulated earnings of the Group. This includes Rs, 9,62,76.58 lakhs (March 31, 2016 : Rs. 9,78,73.13 lakhs and April 1, 2015 : Rs. 9,84,19.30 lakhs) which is not available for distribution as these are represented by changes in carrying amount of Property, Plant and Equipments and Investment in associates being measured at fair value as on the date of transition as deemed cost.

21.8 **Other Comprehensive Income**

Other Comprehensive Income (OCI) represent the balance in equity for items to be accounted under OCI and comprises of the following:

i) Items that will not be reclassified to profit and loss

a. The Group has elected to recognise changes in the fair value of non-current investments (other than associates and joint ventures) in OCI. This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are disposed.

b. The actuarial gains and losses arising on defined benefit obligations have been recognised in OCI.

ii) Items that will be reclassified to profit and loss.

a. This Reserve represents the cumulative effective portion of changes in fair value of currency swap that are designated as cash flow hedge are recognised in OCI. This is reclassified to statement of Profit and Loss.

21.9 Subsequent to Balance Sheet date, the Board of Directors has recommended a dividend of Re. 0.50 per share to be paid on fully paid equity shares in respect of the financial year ended March 31, 2017. This equity dividend is subject to approval by shareholders at the ensuring Annual General Meeting and has not been included as a liability in these consolidated financial statements. The total estimated equity dividend to be paid is Rs. 17,84.78 lakhs and the dividend distribution tax thereon amounts to Rs. 3,63.34 lakhs.

22. Non- Controlling Interest

22.1 The details (Principal place of operation/country of incorporation, principal activities and percentage of ownership interest and voting power (direct held by the Group)) of the subsidiaries are set out in note no. 1 of the consolidated financial statements.

22.2 Summarised financial information of subsidiary having non-controlling interests is as follow:-

(Amount Rs. in lakhs)

Name of the Subsidiary	**Profit/(Loss) allocated to Non-controlling interests**		**Accumulated Non controlling interests**		
	For the year ended March 31, 2017	For the year ended March 31, 2016	**As at March 31, 2017**	As at March 31, 2016	As at March 31, 2015
Electrosteel Doha For Trading LLC	**(0.91)**	0.13	**21.34**	22.25	22.12

a) Summarised Balance Sheet :

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Assets			
(i) Non-current assets			
Property, Plant and Equipment and Capital Work in progress	**0.75**	1.26	1.70
(ii) Current assets			
Inventories	**33.14**	1,75.91	–
Financial Assets	**1,88.68**	1,09.76	90.69
Other current assets	**1,07.42**	1,75.62	2,69.69
Liabilities			
Current liabilities			
Financial Liabilities	**1,03.04**	2,04.25	94.54
Other current liabilities	**0.17**	1.25	–
Current Tax Liabilities (Net)	**–**	–	14.67
Equity attributable to :			
Owners of the Parent	**2,05.44**	2,34.80	2,30.75
Non controlling interest	**21.34**	22.25	22.12

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

b) Summarised Statement of Profit and Loss

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(i) Revenue	**4,46.99**	1,61.45
(ii) Other Income	**1,72.93**	2,32.45
(iii) Purchases of Stock-in-Trade	**2,70.10**	3,27.60
(iv) Changes in inventories of finished goods, stock-in-trade and work-in-progress	**1,42.77**	(1,75.91)
(v) Employee benefits expense	**1,15.52**	1,09.75
(vi) Depreciation and amortisation	**0.51**	0.44
(vii) Other expenses	**1,21.29**	1,27.84
(viii) Profit/(loss) during the year	**(30.27)**	4.18
(ix) Other comprehensive income	**–**	–
(x) Total comprehensive income	**(30.27)**	4.18
Total comprehensive income attributable to:		
Owners of the Parent	**(29.36)**	4.05
Non controlling interest	**(0.91)**	0.13

c) Summarised Cash Flow Statement

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Net cash inflow/(outflow) from operating activities	**(31.81)**	13.91
Net cash inflow/(outflow) from investing activities	**–**	–
Net cash inflow/(outflow) from financing activities	**–**	–
Net cash inflow/(outflow)	**(31.81)**	13.91
Dividend paid to Non-controlling interests (including tax)	**–**	–

23. Borrowings

Particulars	Ref. note no.	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
		Non Current	Current	Non Current	Current	Non Current	Current
SECURED LOANS							
Non Convertible Debentures							
11.75% Non Convertible Debentures	23.1.1	**1,24,08.06**	**–**	–	–	–	–
12.00% Non Convertible Debenture	23.1.2	**74,44.65**	**–**	–	–	–	–
11.00% Non Convertible Debentures	23.1.3	**49,61.94**	**–**	49,35.20	–	49,11.16	–
10.75% Non Convertible Debentures	23.1.4	**–**	**–**	40,78.95	39,60.00	80,37.08	39,60.00
12.50% Non Convertible Debentures	23.1.5	**–**	**–**	–	–	99,67.30	–
Term loans -from banks							
External Commercial Borrowing	23.2.1	**4,59,68.62**	**1,53,22.87**	6,26,19.50	91,67.68	7,38,37.84	2,92,55.47
FCNR Loan	23.2.2	**78,23.92**	**17,23.98**	96,53.06	8,80.66	–	–
Rupee Loan	23.2.3, 23.2.4 and 23.2.5	**2,40,56.87**	**20,00.00**	2,15,05.33	14,00.00	2,29,68.71	9,00.00
Term loan from financial institutions	23.3.1, 23.3.2 and 23.3.3	**35,27.23**	**8,33.33**	71,04.20	13,16.95	84,04.60	28,47.19
Finance Lease	23.4	**29.26**	**11.43**	15.87	6.80	26.88	6.13
Others	23.5.1 and 23.5.2	**7,47.85**	**2,96.93**	11,33.77	3,24.13	12,09.77	2,75.54
		10,69,68.40	**2,01,88.54**	11,10,45.88	1,70,56.22	12,93,63.34	3,72,44.33
UNSECURED BORROWINGS							
Term loan from financial institutions	23.6.1, 23.6.2 and 23.6.3	**65,28.98**	**82.50**	42,00.00	–	–	–
		65,28.98	**82.50**	42,00.00	–	–	–
		11,34,97.38	**2,02,71.04**	11,52,45.88	1,70,56.22	12,93,63.34	3,72,44.33

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

23.1.1 11.75% Non Convertible Debentures (privately placed) is to be secured by first pari-passu charge on company's Property, Plant and Equipment and other intangible assets (immovable and movable) including land and buildings both present and future other than assets located at Elavur. These debentures were allotted on March 7, 2017 and are redeemable in 20 equal quarterly instalments at the end of 5th quarter from the date of allotment. However, there is a Put and Call option available to the investor / issuer which can be exercised at the end of three years from the date of allotment and every 12 months thereafter.

23.1.2 12% Non Convertible Debentures (privately placed) is to be secured by second pari-passu charge on company's Property, Plant and Equipment and other intangible assets (immovable and movable) including land and buildings both present and future other than assets located at Elavur. These debentures were allotted on March 7, 2017 and are redeemable in 16 equal quarterly instalments at the end of 9th quarter from the date of allotment. However, there is a Put and Call option available to the investor / issuer which can be exercised at the end of three years from the date of allotment and every 12 months thereafter.

23.1.3 11% Non Convertible Debentures (privately placed) are secured by second pari-passu charge on company's Property, Plant and Equipment and other intangible assets (immovable and movable) including land and buildings both present and future other than assets located at Elavur. These debentures were allotted on July 5, 2013 and are redeemable at par at the end of 5th year from the date of allotment.

23.1.4 10.75% Non Convertible Debentures (privately placed) were secured by first pari-passu charge on company's Property, Plant and Equipment and other intangible assets (immovable and movable) including land and buildings both present and future other than assets located at Elavur and excluding furniture and fixture, vehicles and other intangible assets. These debentures were allotted on April 11, 2012 and have been fully redeemed during the year.

23.1.5 12.50% Non Convertible Debentures (privately placed) was secured by second pari-passu charge on company's Property, Plant and Equipment and other intangible assets (immovable and movable) including land and buildings both present and future other than assets located at Elavur. These debenture were fully reedemed during the year ended March 31,2016.

23.2.1 External Commercial Borrowings of USD 77.50 million was repayable in 3 annual instalments of 33.25% in July'2013, 33.25% in July'2014 & 33.50% in July'2015. The outstanding as on March 31, 2017 is NIL (March 31,2016: NIL and April 1, 2015: Rs 1,62,25.26 lakhs). External Commercial Borrowings of USD 139.00 million is repayable in 12 semi annual instalments from August 29, 2015. The outstanding as on March 31, 2017 is Rs 6,12,91.49 lakhs (March 31, 2016: Rs 7,17,87.18 lakhs and April 1, 2015: Rs 8,68,68.05 lakhs). The interest rate ranges from 6M Libor + 400 to 500 basis points. External Commercial Borrowings is secured by way of first pari-passu charge on all immovable and movable Property, Plant and Equipment and other intangible assets both present and future of the Company other than assets located at Elavur.

23.2.2 FCNR Loan of USD 16.62 million is to be secured by way of first pari-passu charge on all immovable and movable Property, Plant and Equipment and other intangible assets, both present and future of the Company other than assets located at Elavur. FCNR Loan is repayable in 25 equal quarterly instalments starting from Dec, 2016. The interest rate ranges from 3M Libor + 275 to 325 basis points. The outstanding as on March 31, 2017 is Rs 95,47.90 lakhs (March 31, 2016: Rs 1,05,33.72 lakhs and April 1, 2015: NIL).

23.2.3 Rupee Term Loan of Rs 50,00.00 lakhs from bank is to be secured by way of first pari-passu charge on all immovable and movable Property, Plant and Equipment and other intangible assets, both present and future of the Company other than assets located at Elavur and Vadgaon (Pune). Rupee Term Loan is repayable in 25 equal quarterly instalments starting from July,2017. The interest rate ranges from 10.00% p.a to 11.00% p.a. The outstanding as on March 31, 2017 is Rs 44,95.09 lakhs (March 31, 2016: NIL and April 1, 2015: NIL).

23.2.4 Rupee Term Loan of Rs 2,00,00.00 lakhs from bank is secured by way of first pari-passu charge on all immovable and movable Property, Plant and Equipment and other intangible assets, both present and future of the Company other than assets located at Elavur. Term Loan is repayable in 28 quarterly instalments starting from June,2015. The interest rate ranges from 12.50% p.a to 13.50% p.a. The outstanding as on March 31, 2017 is Rs 1,91,05.01 lakhs (March 31, 2016: Rs 1,94,85.98 lakhs and April 1, 2015: Rs 1,98,68.71 lakhs).

23.2.5 Rupee Term Loan of Rs 40,00.00 lakhs from bank is secured by way of first pari-passu charge on all immovable and movable Property, Plant and Equipment and other intangible assets, both present and future of the Company other than assets located at Elavur and Vadgaon (Pune). Rupee Term Loan is repayable in 16 equal quarterly installments starting from Dec,2015. The interest rate ranges from 10.50% p.a to 12.00% p.a. The outstanding as on March 31, 2017 is Rs 24,56.77 lakhs (March 31, 2016: Rs 34,19.31 lakhs and April 1, 2015: Rs 40,00.00 lakhs).

23.3.1 Term Loan of Rs 50,00.00 lakhs from a financial institution is secured by way of first pari-passu charge on all immovable and movable Property, Plant and Equipment and other intangible assets, both present and future of the Company other than assets located at Elavur. Term Loan is repayable in 24 equal quarterly installments starting from July, 2016. The interest rate ranges from 12.00% p.a to 13.00% p.a. The outstanding as on March 31, 2017 is Rs 43,60.56 lakhs (March 31, 2016: Rs 49,80.28 lakhs and April 1, 2015: Rs 49,73.94 lakhs).

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

23.3.2 Term Loan of Rs. 39,54.00 lakhs from a financial institution is to be secured by way of second pari-passu charge on all movable Property, Plant and Equipment and other intangible assets and current assets, both present and future of the Company. The interest rate ranges from 14.00% p.a to 14.50% p.a. The outstanding as on March 31, 2017 is NIL (March 31, 2016: Rs 34,40.87 lakhs and April 1, 2015: Rs 39,26.34 lakhs). The said loan has been fully repaid during the year.

23.3.3 Term Loan of Rs. 1,00,00.00 lakhs from a financial institution was secured by way of first pari-passu charge on all immovable and movable Property, Plant and Equipment and other intangible assets, both present and future of the Company other than assets located at Elavur. The outstanding as on March 31, 2017 is NIL (March 31, 2016: NIL and April 1, 2015: Rs 23,51.51 lakhs). The said loan has been fully paid during the previous year.

23.4 In case of one subsidiary, obligation under finance lease is secured by lessor's title to the leased asset. The interest rate is 4.65% per annum.

23.5.1 Loan from others includes Rs 9,04.82 lakhs which is repayable in 120 equal monthly installments of Rs 7.48 lakhs from 25th October 2011. The outstanding as on March 31, 2017 is Rs 4,03.96 lakhs (March 31, 2016: Rs 5,38.96 lakhs and April 1, 2015: Rs 4,79.46 lakhs). The said loan is secured over the stockyard of one of the subsidiary.

23.5.2 Loan from others includes Rs 10,05.85 lakhs which is repayable in 60 equal monthly installments of Rs 17.26 lakhs from 2nd April 2015. The outstanding as on March 31, 2017 is Rs 6,40.82 lakhs (March 31, 2016: Rs 9,18.94 lakhs and April 1, 2015: Rs 10,05.85 lakhs). The said loan is secured against cash deposit by one of the subsidiary.

23.6.1 Term Loan of Rs 41,00.00 lakhs from a financial institution is repayable in 16 quarterly installments starting from June, 2018. The interest rate ranges from 11.00% p.a to 12.00 % p.a. The outstanding as on March 31, 2017 is Rs. 4,100.00 lakhs (March 31, 2016: NIL and April 1, 2015: NIL).

23.6.2 Term Loan of Rs 33,00.00 lakhs from a financial institution is repayable in 16 quarterly installments starting from March, 2018. The interest rate ranges from 11.00% p.a to 12.00 % p.a. The outstanding as on March 31, 2017 is Rs. 25,11.48 lakhs (March 31, 2016: NIL and April 1, 2015: NIL).

23.6.3 Term Loan of Rs 42,00.00 lakhs from a financial institution has been fully repaid during the year. The interest rate ranges from 11.50% p.a to 12.25% p.a. The outstanding as on March 31, 2017 is NIL (March 31, 2016: Rs 42,00.00 lakhs and April 1, 2015: NIL).

23.7 The outstanding balances disclosed in Note no. 23.1 to 23.6 are based on the amortised cost in accordance with IND AS 109 "Financial Instruments".

24. Other Financial Liabilities

(Amount Rs. in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital vendors	–	1,37.64	1,37.63
	–	1,37.64	1,37.63

25. Provisions

Particulars	Ref. note no.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for employee benefits	46	**13,96.18**	10,78.49	8,37.40
Provision for mine clousre and restoration charges	25.1	**5,59.98**	4,98.02	4,61.22
		19,56.16	15,76.51	12,98.62

25.1 Provision for Mines closure and restoration charges are made in terms of statutory obligations specified for the purpose and deposited in the Escrow account in terms of the stipulation made by Ministry of Coal, for Mines closure Plan. (refer note 16 and 47).

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

Particulars	(Amount Rs. in lakhs)
As at April 1, 2015	4,61.22
Provision during the year	36.80
As at March 31, 2016	4,98.02
Provision during the year	61.96
As at March 31, 2017	5,59.98

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current	–	–	–
Non current	5,59.98	4,98.02	4,61.22

26. Deferred Tax Liabilities

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

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deferred tax Assets	(42,22.28)	(33,37.11)	(25,86.29)
Deferred tax Liabilities	3,40,49.36	3,31,73.30	3,35,48.59
Net Deferred Tax (Assets)/Liabilities	**2,98,27.08**	2,98,36.19	3,09,62.30

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

Particulars	As at April 1 , 2016	Charge/ (Credit) recognised in profit or loss	Charge/ (Credit) recognised in other comprehensive income	As at March 31 , 2017
Deferred Tax Assets:				
Fair valuation of financial assets and financial liabilities	25,13.40	6,40.88	–	31,54.28
Provision for post retirement and other employee benefits	4,62.69	3,14.96	–	7,77.65
Remeasurement of defined benefit obligations	61.86	–	35.48	97.34
Fair valuation of Derivative instruments designated through Cash Flow Hedge Reserve	2,58.43	–	(65.42)	1,93.01
Other timing differences w.r.t. subsidiaries under various jurisdiction	40.73	(40.73)	–	–
Total Deferred Tax Assets	**33,37.11**	**9,15.11**	**(29.94)**	**42,22.28**
Deferred Tax Liabilities:				
Fair valuation (gain)/ loss on Investments	1,48.12	(36.09)	0.65	1,12.68
Timing difference with respect to Property, Plant and Equipment and other intangible assets	3,27,24.95	5,63.44	–	3,32,88.39
Borrowings designated at Amortised Cost	2,67.77	1,50.25	–	4,18.02
Fair valuation of Derivative instruments through Profit and Loss	27.58	1,96.29	–	2,23.87
Other timing differences w.r.t. subsidiaries under various jurisdiction	4.88	1.52	–	6.40
Total Deferred Tax Liabilities	**3,31,73.30**	**8,75.41**	**0.65**	**3,40,49.36**
NET DEFERRED TAX (ASSETS)/ LIABILITIES	**2,98,36.19**	**(39.70)**	**30.59**	**2,98,27.08**

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

Components of Deferred tax (Assets)/ Liabilities as at March 31, 2016 are given below :

Particulars	As at April 1 , 2015	Charge/ (Credit) recognised in profit or loss	Charge/ (Credit) recognised in other comprehensive income	As at March 31 , 2016
Deferred Tax Assets:				
Fair valuation of financial assets and financial liabilities	20,21.72	4,91.68	–	25,13.40
Provision for post retirement and other employee benefits	4,89.73	(27.04)	–	4,62.69
Remeasurement of defined benefit obligations	–	–	61.86	61.86
Fair valuation of Derivative instruments designated through Cash Flow Hedge Reserve	–	–	2,58.43	2,58.43
Other timing differences w.r.t. subsidiaries under various jurisdiction	74.84	(34.11)	–	40.73
Total Deferred Tax Assets	**25,86.29**	**4,30.53**	**3,20.29**	**33,37.11**
Deferred Tax Liabilities:				
Fair valuation (gain)/ loss on Investments	2,34.60	(86.48)	–	1,48.12
Timing difference with respect to Property, Plant and Equipment and other intangible assets	3,27,16.53	8.42	–	3,27,24.95
Borrowings designated at Amortised Cost	1,07.60	1,60.17	–	2,67.77
Fair valuation of Derivative instruments through Profit and Loss	4,82.38	(4,54.80)	–	27.58
Other timing differences w.r.t. subsidiaries under various jurisdiction	7.48	(2.60)	–	4.88
Total Deferred Tax Liabilities	**3,35,48.59**	**(3,75.29)**	**–**	**3,31,73.30**
NET DEFERRED TAX (ASSETS)/ LIABILITIES	**3,09,62.30**	**(8,05.82)**	**(3,20.29)**	**2,98,36.19**

27. Other Non–Current Liabilities

Particulars	Ref. note no.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance from customers	27.1	**2,00,32.57**	1,47,70.74	–
Liability for Finance Lease Obligation		**9.46**	10.06	10.71
Others		**78.72**	84.26	66.23
		2,01,20.75	1,48,65.06	76.94

27.1 Advance from Customers amounting to Rs. 2,24,60.56 lakhs (March 31, 2016: Rs. 1,65,62.50 lakhs and April 1, 2015: NIL (including Rs. 24,27.99 lakhs (March 31, 2016: Rs. 17,91.76 lakhs and April 1, 2015: NIL shown under other current liabilities))) received as interest bearing advance for export of DI Pipes, Fittings and related accessories has been classified and disclosed as aforesaid as per terms of the contract.

28. Borrowings

Particulars	Ref. note no.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
SECURED				
Repayable on demand from banks	28.1 to 28.4			
Indian Currency		**2,46,16.75**	2,77,76.24	2,81,20.07
Foreign Currency		**4,02,76.93**	5,28,87.11	5,80,08.30
		6,48,93.68	8,06,63.35	8,61,28.37

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

UNSECURED				
Repayable on demand from banks				
Foreign Currency		**26,81.09**	55.56	41,60.94
From related parties	56	**–**	20,00.00	–
From Others		**30,00.00**	35,00.00	–
		56,81.09	55,55.56	41,60.94
		7,05,74.77	8,62,18.91	9,02,89.31

28.1 Loans repayable on demand being Working Capital facilities from Banks (both fund based and non fund based) are secured by first pari passu charge by way of joint hypothecation of raw materials, finished goods, work in progress, consumable stores and spares, book debts/receivables and other current assets of the company both present and future.

28.2 Fixed Deposit amounting to NIL (March 31, 2016: NIL and April 1, 2015: Rs. 30,00.00 lakhs) are pledged with banks for availing working capital facilities.

28.3 Loans repayable on demand being Working Capital facilities from Banks (both fund based and non fund based) availed by subsidiaries are secured by Corporate Guarntee/ Standby Letter of Credit given/executed by the company in favour of the lenders.

28.4 Loans repayable on demand being Working Capital facilities from Banks includes Rs 26,43.81 lakhs (March 31, 2016: Rs 30,91.46 lakhs and April 1, 2015: Rs 30,09.96 lakhs) secured over the assets of one of the subsidiary including freehold and lease hold property.

29. Trade Payables

Particulars	Ref. note no.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Payable for Goods and Services				
Due to Micro and Small Enterprises	29.1	**–**	–	–
Others	29.2	**2,85,80.21**	3,20,18.33	2,94,57.71
		2,85,80.21	3,20,18.33	2,94,57.71

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

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
a) Principal & Interest amount remaining unpaid but not due as at year end	**NIL**	NIL	NIL
b) Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year	**NIL**	NIL	NIL
c) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	**NIL**	NIL	NIL
d) Interest accrued and remaining unpaid as at year end	**NIL**	NIL	NIL
e) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	**NIL**	NIL	NIL

29.2 Including acceptances of Rs 24,49.58 lakhs (March 31, 2016: Rs 21,17.11 lakhs and April 1, 2015: Rs 4,71.04 lakhs)

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

30. Other Financial Liabilities

Particulars	Ref. note no.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current maturities of long-term debt				
Secured	23	**2,01,77.11**	1,70,49.42	3,72,38.20
Unsecured	23	**82.50**	–	–
Current maturities of finance lease obligation	23	**11.43**	6.80	6.13
Interest accrued but not due on borrowings		**13,28.11**	23,14.08	34,10.54
Interest accrued and due on borrowings		**88.73**	46.31	1,55.59
Unclaimed dividends	30.1	**3,30.43**	2,44.36	1,11.52
Credit balances in current account with banks		**0.59**	21,05.35	15,71.11
Capital vendors		**7,13.98**	10,66.97	33,12.32
Others		**1,16.55**	3,53.97	1,30.41
		2,28,49.43	2,31,87.26	4,59,35.82

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

31. Other Current Liabilities

Particulars	Ref. note no.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance from customers	27.1	**99,49.42**	47,38.40	20,23.69
Statutory dues – PF, ESI, Service Tax, TDS, Entry Tax etc.		**65,34.03**	60,45.11	43,84.39
Excise duty on stock		**5,46.13**	4,85.70	8,40.09
		1,70,29.58	1,12,69.21	72,48.17

32. Provisions

Particulars	Ref. note no.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for employee benefits	46	**16,84.24**	18,12.71	16,52.32
Fair Valuation of Derivative Instruments– Swap, Interest rate cap and Options		**14,13.22**	10,99.84	12.04
Other Provisions	32.1	**11,37.13**	7,32.75	7,29.51
		42,34.59	36,45.30	23,93.87

32.1 Other Provisions includes

(a) Provision relating to indirect taxes in respect of proceeding of various excise duty matter amounting to Rs. 5,00.00 lakhs (March 31, 2016: Rs. 5,00.00 lakhs and April 1, 2015: Rs.5,00.00 lakhs).

(b) Provision relating to disputed customer claims/rebates/demands amounting to Rs. 6,26.95 lakhs (March 31, 2016: Rs. 2,25.08 lakhs and April 1, 2015: Rs. 2,17.26 lakhs).

32.2 Movement in other provisions are provided below :

Particulars	(Amount Rs. In lakhs)
As at April 01, 2015	7,29.51
Provision during the year	7.81
Reversal/Utilisation during the year	(4.57)
As at March 31, 2016	7,32.75
Provision during the year	6,22.06
Reversal/Utilisation during the year	(2,17.68)
As at March 31, 2017	11,37.13

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current	**11,37.13**	7,32.75	7,29.51
Non current	**-**	-	-

33. Current Tax Liabilities (Net)

Particulars	Ref. note no.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for taxation (net of advance tax)	33.1	**42,40.89**	37,07.38	22,67.28
		42,40.89	37,07.38	22,67.28

33.1 In respect of the Company, includes Rs. 10,14.09 lakhs being interest received pertaining to Assessment Year 2003-04 and from Assessment Year 2005-06 to 2008-09 as the refund and the aforesaid amount has been disputed by the Income Tax Department and the matter was pending before Income Tax Appellate Tribunal (ITAT) for which adjustment pending appeal effect to be given by the Income Tax authorities will be carried on receipt of assessment order. The ITAT during the year has passed the order for these years, however the appeal effect to the aforesaid orders is yet to be given by the Income Tax Department.

34. Revenue From Operations

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Sale of products (including Excise Duty)	**20,77,97.67**	21,60,58.39
Sale of services	**50.80**	4,93.79
Other operating revenues		
Incentive on exports	**20,44.04**	27,56.30
Others	**20,81.99**	11,14.61
	21,19,74.50	22,04,23.09

35. Other Income

Particulars	Ref. note no.	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest Income			
On Current Investments		**–**	7.89
On loans, deposits, overdue debts etc.		**11,34.47**	7,64.70
On Financial Assets measured at amortised cost		**1,83.90**	1,40.69
Dividend income			
Current investments		**0.74**	3.82
Non current investments		**1.58**	0.84
Net gain/(loss) on sale / redemption of Current investments (net)		**93.46**	56.29
Net gain/(loss) on fair valuation of Current investments through profit or loss (net)		**32.42**	–
Profit/(loss) on sale of fixed assets (net)	35.1	**33,75.10**	11.59
Net gain/(loss) on derecognition of financial assets at amortised cost		**26.84**	1.25
Net gain/(loss) on foreign currency transaction and translation		**43,25.71**	8,02.91
Net gain/(loss) on Derivative Instruments on fair valuation through profit or loss		**11,20.41**	–
Provision no longer required written back		**2,95.92**	1.50
Miscellaneous income		**13,65.47**	11,19.23
		1,19,56.02	29,10.71

35.1 Includes Rs.33,58.90 lakhs (March 31, 2016 : NIL) representing profit on sale of property situated at Chennai.

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

36. Cost of materials consumed

Particulars	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Raw materials consumed	**7,64,36.64**	8,55,40.33
	7,64,36.64	8,55,40.33

37. Purchases of Stock In Trade

Particulars	**For the year ended March 31, 2017**	For the year ended March 31, 2016
DI Pipes & fittings	**77,56.81**	81,82.37
Coke and coal	**24,89.03**	12,64.80
Rubber gaskets	**21,55.47**	25,46.46
Others	**5,16.84**	5,39.97
	1,29,18.15	1,25,33.60

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

Particulars	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Opening stock		
Finished	**3,48,80.81**	3,20,55.35
Process	**42,89.29**	47,91.91
Work in Progress (Turnkey Projects)	**2,75.39**	7,91.70
	3,94,45.49	3,76,38.96
Less : Closing Stock		
Finished	**2,74,07.66**	3,48,80.81
Process	**81,72.92**	42,89.29
Work in Progress (Turnkey Projects)	**2,74.84**	2,75.39
	3,58,55.42	3,94,45.49
	35,90.07	(18,06.53)

39. Employee Benefits Expense

Particulars	**Ref. note no.**	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Salaries and wages	46	**2,11,45.51**	2,03,89.12
Contribution to provident and other funds	46	**15,70.49**	15,51.50
Staff welfare expenses		**10,31.52**	9,68.72
		2,37,47.52	2,29,09.34

40. Finance Costs

Particulars	**Ref. note no.**	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Interest expense	40.1	**1,61,32.54**	1,31,45.52
Net (gain)/loss on foreign currency transactions and translation		**5,62.44**	28,13.43
Other borrowing cost	40.1	**43,40.21**	20,73.78
		2,10,35.19	1,80,32.73

40.1 Finance costs includes Rs 35,00.64 lakhs (March 31, 2016 NIL) in respect of External Commercial Borrowings pertaining to Coal mines which have been taken over and alloted to SAIL as stated in note no.47 below.

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

41. Depreciation and Amortisation Expenses

Particulars	**Ref. note no.**	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Depreciation Expenses	5	**63,49.87**	63,84.75
Amortisation Expenses	6	**3,40.31**	3,40.53
		66,90.18	67,25.28

42. Other Expenses

Particulars	**Ref. note no.**	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Consumption of stores and spare parts	42.2	**1,34,13.88**	1,46,29.69
Power and fuel		**1,48,25.72**	1,52,99.52
Material Handling Charges		**20,90.10**	21,63.70
Rent	42.6(B)	**21,92.14**	21,92.36
Repairs to buildings		**2,94.13**	2,54.49
Repairs to machinery		**7,79.76**	4,32.70
Insurance		**6,94.52**	8,41.91
Rates and taxes		**4,54.42**	5,86.90
Directors fees and commission		**98.63**	90.85
Packing & forwarding charges (net of realisation Rs. 83,78.85 lakhs (March 31, 2016: Rs.62,73.79 lakhs))		**87,86.44**	1,15,52.59
Commission to selling agents		**55,41.46**	52,49.80
Excise duty paid and on stock		**38,51.54**	40,49.57
Bad debts		**8,64.20**	4,53.51
Less: Reversal of Impairment Allowances for doubtful debts		**(5,56.35)**	-
Impairment Allowances for doubtful debts		**3,63.24**	7,76.53
Net Loss/(Gain) on fair valuation of Current investments through Profit and Loss (net)		**-**	1,32.87
Net Loss/(Gain) on fair valuation of Derivative Instruments through Profit and Loss		**-**	20,80.00
Miscellaneous expenses	42.1,42.4 and 42.5	**1,25,59.69**	1,33,69.01
		6,62,53.52	7,41,56.00

		For the year ended March 31, 2017	For the year ended March 31, 2016
42.1	Miscellaneous expenses includes Auditor's Remuneration		
	(a) Audit Fees	**88.87**	83.35
	(b) Certification and other expenses	**25.60**	11.34
42.2	Stores and spares consumption include pipe moulds written off	**1,37.40**	2,26.09

42.3 During the year, the Company has incurred Rs 1,02.06 lakhs (March 31, 2016: Rs 93.59 lakhs) on account of research and development expenses which has been charged to Statement of Profit and Loss.

42.4 During the year, the Company has incurred Rs 2,10.00 lakhs (March 31, 2016: Rs 2,35.00 lakhs) on account of Corporate Social Responsibility (CSR) included under Other Miscellaneous Expenses.

42.5 Includes provision for Inventories amounting to Rs 1,53.72 lakhs (March 31, 2016: Rs 95.75 lakhs).

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

42.6 **Obligation under leases**

A. Finance Lease disclosures :

The leasehold lands are located at Kashberia, Haldia, East Mednipur, West Bengal and has been classified under finance lease having lease term for a period of 90 years. In case of one subsidiary, the said entity takes on leases certain equipment under capital lease agreement that matures at various dates.

The net carrying amount of the leasehold land is Rs. 12,26.81 lakhs as at March 31, 2017 (March 31, 2016: Rs. 12,07.16 lakhs and April 1, 2015: Rs. 12,22.34 lakhs).

Finance Lease Liabilities (Amount Rs. in lakhs)

Particulars	Minimum Lease payments		Present value of Minimum Lease Payments	
	As at March 31, 2017	As at March 31, 2016	**As at March 31, 2017**	As at March 31, 2016
Not later than one year	**14.43**	9.66	**12.00**	7.41
Later than one year and not later than five years	**46.67**	32.45	**31.64**	18.41
Later than five years	**23,67.48**	23,74.96	**6.50**	7.37

B. Operating Lease disclosures :

i. The Company has certain operating lease arrangements for office accommodations etc. with tenure extending upto 9 yrs. Term of certain lease arrangements include escalation clause for rent on expiry of 36 months from the commencement date of such lease and deposit / refund of security deposit etc. Expenditure incurred on account of rent during the year and recognised in the Statement of Profit and Loss account amounts to Rs. 18,11.98 lakhs (March 31, 2016:Rs.17,90.96 lakhs).

ii. With regard to certain other non- cancellable operating leases for premises, the future minimum rentals are as follows:

Particulars	Future Minimum Lease Payments	
	As at March 31, 2017	As at March 31, 2016
Not later than one year	**1,94.01**	3,04.51
Later than one year and not later than five years	**3,89.40**	15,23.72
Later than five years	**–**	–

43. Tax Expenses – Current Tax

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Provision for current tax	**34,19.18**	24,97.88
	34,19.18	24,97.88

43.1 **Components of Tax Expense :**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Current tax		
In respect of the current year	**34,19.18**	24,97.88
Total Current tax expense recognised in the current year	**34,19.18**	24,97.88
Deferred tax		
In respect of the current year	**(39.70)**	(8,05.82)
Total Deferred tax expense recognised in the current year	**(39.70)**	(8,05.82)
Total Tax expense recognised in the current year	**33,79.48**	16,92.06

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

43.2 **Reconciliation of Income tax expense for the year with accounting profit is as follows :**

Taxable Income differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Details in this respect are as follows:

(Amount Rs. in lakhs)

Particulars	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Profit before tax	**1,32,59.25**	52,43.05
Income tax expense calculated at 34.608%	**45,88.76**	18,14.51
Less : Effect of income Exempt from taxation/deductible for computing taxable profit		
Dividend	**(3,34.79)**	(2,02.00)
Deduction u/s 80–IA	**–**	(6,63.13)
Deduction u/s 80–G	**(8.70)**	(18.14)
Long Term Capital Gain	**(1,01.92)**	(34.83)
Effect of other adjustments	**(1,91.95)**	35.03
Differences in taxes under various juridiction in respect of subsidiaries	**(5,75.38)**	7,57.16
Add : Effect of expenses that are not deductible in determining taxable profit		
CSR Expenditure	**3.46**	3.46
Income tax expense recognised in profit and loss	**33,79.48**	16,92.06

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

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

Particulars	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Deferred tax		
Arising on income and expenses recognised in other comprehensive income:		
Net fair value gain on investments in equity shares at FVTOCI	**(0.65)**	–
Remeasurement of defined benefit obligation	**35.48**	61.86
Derivative instrument designated at fair value through Cash Flow Hedge Reserve	**(65.42)**	2,58.43
Total income tax recognised in other comprehensive income	**(30.59)**	3,20.29
Bifurcation of the income tax recognised in other comprehensive income into:-		
Items that will not be reclassified to profit or loss	**34.83**	61.86
Items that may be reclassified to profit or loss	**(65.42)**	2,58.43

44. Components of Other Comprehensive Income

Particulars	**Ref. note no.**	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Items that will not be reclassified to Statement of Profit and Loss			
Net fair value gain on investments in equity shares at FVTOCI		**2.84**	–
Remeasurement of defined benefit plans	46	**(1,02.54)**	(1,78.76)
		(99.70)	(1,78.76)
Items that will be reclassified to Statement of Profit and Loss			
Effective portion of Cash flow hedge reserve		**1,89.05**	(746.74)
		1,89.05	(746.74)

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

45. FINANCIAL INSTRUMENTS

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

(Amount Rs. in lakhs)

Particulars	**As at March 31, 2017**		As at March 31, 2016		As at April 1, 2015	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets (Current and Non-Current)						
Financial Assets measured at Amortised Cost						
Trade receivables	**4,46,35.15**	**4,46,35.15**	5,39,68.77	5,39,68.77	5,18,87.77	5,18,87.77
Cash and cash equivalents	**2,86,20.07**	**2,86,20.07**	1,24,51.52	1,24,51.52	1,12,80.50	1,12,80.50
Bank Balances Other than Cash and Cash Equivalents	**70,37.29**	**70,37.29**	15,78.69	15,78.69	1,31,98.04	1,31,98.04
Loans	**64,57.91**	**64,57.91**	64,50.41	64,50.41	43,44.96	43,44.96
Other Financial Assets	**1,45,34.54**	**1,45,34.54**	1,49,81.45	1,49,81.45	62,33.28	62,33.28
Financial Assets measured at Fair Value through Profit and Loss Account						
Investment in Equity Instruments and Bonds	**90.51**	**90.51**	2,67.16	2,67.16	7,22.62	7,22.62
Derivatives-Not designated as hedging instrument:						
-Forwards and Options	**8,39.16**	**8,39.16**	2,76.97	2,76.97	41,83.53	41,83.53
Financial Assets measured at Fair Value through Other Comprehensive Income						
Investment in Equity Instruments other than Subsidiaries, Associates and Joint Venture	**43.49**	**43.49**	40.67	40.67	40.67	40.67
Financial Liabilities (Current and Non-Current)						
Financial Liabilities measured at Amortised Cost						
Borrowings - fixed rate	**7,93,64.38**	**7,98,85.78**	7,93,78.46	8,24,77.41	10,45,57.52	10,74,06.40
Borrowings - floating rate	**12,49,78.81**	**12,49,78.81**	13,91,42.55	13,91,42.55	15,23,39.46	15,23,39.46
Trade Payables	**2,85,80.21**	**2,85,80.21**	3,20,18.33	3,20,18.33	2,94,57.71	2,94,57.71
Other Financial Liabilities	**25,78.39**	**25,78.39**	62,68.68	62,68.68	88,29.12	88,29.12
Financial Liabilities measured at Fair Value through Profit and Loss Account						
Derivative- not designated as hedging instruments						
-Options, Interest Rate Swap & Interest Rate Cap	**6,48.39**	**6,48.39**	3,61.41	3,61.41	12.04	12.04
Financial Liabilities measured at Fair Value through Other Comprehensive Income						
Derivatives-Designated as hedging instrument:						
-Currency Swap & Interest Rate Swap	**7,64.83**	**7,64.83**	7,38.43	7,38.43	–	–

Fair Valuation Techniques

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

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

The fair value of cash and cash equivalents, current trade receivables and payables, current financial liabilities and assets and borrowings approximate their carrying amount largely due to the short-term nature of these instruments. The Group considers that the carrying amounts of financial assets and financial liabilities recognised at nominal cost/amortised cost in the consolidated financial statements approximate their fair values.

A substantial portion of the Group's long-term debt has been contracted at floating rates of interest, which are reset at short intervals. Fair value of variable interest rate borrowings approximates their carrying value subject to adjustments made for transaction cost. In respect of fixed interest rate borrowings, fair value is determined by using discount rates that reflects the present borrowing rate of the Group.

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

Investments (other than Investments in Associates and Joint Venture being accounted based on Equity method) traded in active market are determined by reference to the quotes from the Stock exchanges as at the reporting date. Investments in liquid and short-term mutual funds are measured using quoted market prices at the reporting date multiplied by the quantity held. Quoted Investments for which quotations are not available have been included in the market value at the face value/paid up value, whichever is lower except in case of debentures, bonds and goverment securities where the net present value at current yield to maturity have been considered. Unquoted investments in shares have been valued based on the historical net asset value as per the latest audited financial statements.

The fair value of derivative financial instruments is determined based on observable market inputs including currency spot and forward rates, yield curves, currency volatility etc. These derivatives are estimated by using the pricing models, where the inputs to those models are based on readily observable market parameters, contractual terms, period to maturity, maturity parameters and foreign exchange rates. These models do not contain a high level of subjectivity as the valuation techniques used do not require significant judgement, and inputs thereto are readily observable from market rates. The said valuation has been carried out by the counter party with whom the contract has been entered with and management has evaluated the credit and non-performance risks associated with the counterparties and believes them to be insignificant and not requiring any credit adjustments.

Fair value hierarchy

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at balance sheet date :

(Amount Rs. in lakhs)

Particulars	As at March 31	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Financial Assets				
Trade Receivables	**1,08.56** **(1,17.21)** **[2,69.40]**	– – –	1,08.56 (1,17.21) [2,69.40]	– – –
Security Deposits	**21,34.07** **(18,52.87)** **[10,20.96]**	– – –	21,34.07 (18,52.87) [10,20.96]	– – –
Derivative– Forwards and Options	**8,39.16** **(2,76.97)** **[41,83.53]**	– – –	8,39.16 (2,76.97) [41,83.53]	– – –
Investment in Equity Instruments and Bonds (Current)	**90.51** **(2,67.16)** **[7,22.62]**	90.51 (2,67.16) [6,04.58]	– – [1,18.04]	– – –
Investment in Equity Instruments other than Subsidiaries, Associates and Joint Venture (Non–Current)	**43.49** **(40.67)** **[40.67]**	– – –	– – –	43.49 (40.67) [40.67]
Financial Liabilities				
Borrowings – fixed rate	**7,93,64.38** **(7,93,78.46)** **[10,45,57.52]**	– – –	7,93,64.38 (7,93,78.46) [10,45,57.52]	– – –
Derivative– Options, Currency Swap, Interest rate swap & Interest rate cap	**14,13.22** **(10,99.84)** **[12.04]**	– – –	14,13.22 (10,99.84) [12.04]	– – –

(*) Figures in round brackets ( ) indicate figures as at March 31, 2016 and in brackets [ ] indicate figures as at April 01, 2015

During the year ended March 31, 2017 and March 31, 2016, there were no transfers between Level 1, Level 2 and Level 3.

The Inputs used in fair valuation measurement are as follows:

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

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

Fair valuation of Bonds is based on the net present value at current yield to maturity from rates available from FIMMDA.

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

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

Derivatives financial assets and liabilities:

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

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

Underlying Purpose	Category	As at March 31, 2017		As at March 31, 2016		Currency
		No. of deals	Amount in Foreign Currency	No. of deals	Amount in Foreign Currency	
Export Receivables	Forward	29	25,448,234.73	30	25,825,233.74	USD/INR
Export Receivables	Forward	8	3,000,000.00	4	1,951,659.80	GBP/USD
Export Receivables	Forward	21	17,281,537.06	20	17,283,549.02	EURO/USD
Export Receivables	Forward	1	1,000,000.00	5	5,929,317.96	EURO/INR
Export Receivables	Forward	2	1,049,302.45	4	1,705,431.82	USD/SGD
Export Receivables	Forward	–	–	1	695,475.00	USD/GBP
Imports & Other payables	Forward	2	1,256,415.00	1	1,000,000.00	USD/INR
External Commercial Borrowings Repayment	Forward	1	1,250,000.00	1	500,000.00	USD/INR
Buyers Credit	Option	18	41,302,640.94	16	22,353,341.00	USD
External Commercial Borrowings Repayment	Option	4	11,500,000.00	–	–	USD
External Commercial Borrowings Interest payment	Interest Rate Swap	14	54,400,000.00	14	68,000,000.00	USD
External Commercial Borrowings Interest payment	Interest Rate Cap	3	10,200,000.00	3	12,750,000.00	USD
FCNR Loan Repayment and Interest Payment	Currency and Interest Rate Swap	1	15,287,009.05	1	16,616,314.19	USD

(b) Unhedged Foreign Currency exposures are as follows: -

(Amount in Foreign Currency)

Nature	Currency	As at March 31, 2017	As at March 31, 2016
Payables			
ECB Payable (include accrued interest)	USD	82,220,759.87	108,334,478.47
Buyer's Credit / Suppliers Credit /Acceptances (includes accrued interest)	USD	763,085.53	30,479,478.65
FCNR	USD	–	3,999,999.81
Imports & Other payables	USD	2,286,272.37	3,351,617.00
Imports & Other payables	EURO	112,229.06	941,010.88
Imports & Other payables	GBP	21,414.02	36,320.00
Imports & Other payables	AED	118,959.75	94,400.00
Imports & Other payables	HKD	21,591.80	–
Imports & Other payables	BHD	–	100,050.00
Imports & Other payables	AUD	8,970.00	38,440.00
Imports & Other payables	TRY	–	557,560.00
Receivable			
Exports	GBP	–	3,643,627.83
Exports	SGD	1,074,904.04	1,833,422.98

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount in Foreign Currency)

Nature	Currency	As at March 31, 2017	As at March 31, 2016
Exports	USD	**1,793,181.61**	23,745,389.63
Exports	EURO	**1,290,160.59**	9,006,912.32
Exports	BHD	**–**	5,682.00
Others	GBP	**64,411.95**	12,303.13
Others	EURO	**264,691.51**	338,738.24
Others	BHD	**–**	28,816.36
Others	USD	**–**	33,173.00

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

(Amount Rs. in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Not later than one month	**(1,66.72)**	0.30
Later than one month and not later than three months	**(4,63.51)**	42.35
Later than three months and not later than one year	**4,56.40**	2,32.10
Later than one year	**(4,00.23)**	(10,97.62)

d) The company has entered into USD INR Currency Swap to hedge both the principal and interest payments of the borrowing from bank amounting to USD 16.62 Mn. The critical terms of both the hedging instrument (i.e the Full currency swap) and the hedged item (i.e the borrowing) are closely aligned, thereby establishing an economic relationship between them. The Currency Swap is hence designated as hedging instrument in cash flow hedges. As the economic relationship continues to exist, no hedge ineffectiveness arises requiring recognition through statement of profit and loss. The Currency Swap is measured at fair value through Other comprehensive income (OCI).

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

Particulars	As at March 31, 2017	As at March 31, 2016
Balance at the beginning of the period	**(4,88.31)**	–
Gain/(loss) recognised in OCI during the period	**(26.40)**	(7,38.43)
Amount reclassified to Profit and Loss account during the period	**2,15.45**	(8.31)
Tax impact on above	**(65.42)**	2,58.43
Balance at the end of period	**(3,64.68)**	(4,88.31)

Sale of Financial Assets

In the normal course of business, the Group transfers its bill receivables to banks. Under the terms of the agreements, the Group surrenders control over the financial assets and the transfer is with recourse. Under arrangement with recourse, the Group is obligated to repurchase the uncollected financial assets, subject to limits specified in the agreement with banks. Accordingly, in such cases the amount received are adjusted against the receivables. As at March 31, 2017, March 31, 2016 and April 1, 2015, the maximum amount of recourse obligation in respect of transferred financial assets are Rs. 52,11.95 lakhs, Rs. 94,51.27 lakhs and Rs. 1,13,78.06 lakhs respectively.

FINANCIAL RISK FACTORS

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

MARKET RISK

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

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's foreign currency denominated borrowings, trade receivables and trade or other payables. Each entity comprising the Group manages its own currency risk. The following explains the process followed by the company, being the largest component of the Group.

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

The carrrying amount of the non derivative financial instruments as of the end of the reporting period are as follows: (Amount Rs. in lakhs)

Particulars	**As at March 31, 2017**			
	Trade receivables	**Loans and borrowings**	**Trade payables and Other current Liability**	**Net Assets/ (liabilities)**
USD	**17,37.06**	**10,08,21.95**	**2,47,57.26**	**(12,38,42.15)**
EURO	**3,22.48**	**–**	**77.50**	**2,44.98**
GBP	**–**	**–**	**17.42**	**(17.42)**
SGD	**9,86.21**	**–**	**–**	**9,86.21**
AED	**–**	**99.97**	**21.01**	**(1,20.98)**
HKD	**–**	**–**	**1.80**	**(1.80)**
TOTAL	**30,45.75**	**10,09,21.92**	**2,48,74.99**	**(12,27,51.16)**

Particulars	As at March 31, 2016			
	Trade receivables	**Loans and borrowings**	**Trade payables and Other current Liabilities**	**Net Assets/ (liabilities)**
USD	34,55.81	12,47,71.13	1,83,27.51	(13,96,42.83)
EURO	22,22.23	–	6,83.08	15,39.15
GBP	–	–	30.55	(30.55)
SGD	17,43.37	–	–	17,43.37
AED	–	1,02.13	17.03	(1,19.16)
AUD	–	–	19.49	(19.49)
BHD	10.00	–	1,38.24	(1,28.24)
TRY	–	–	1,31.17	(1,31.17)
TOTAL	**74,31.41**	**12,48,73.26**	**1,93,47.07**	**(13,67,88.92)**

Particulars	As at April 1, 2015			
	Trade receivables	**Loans and borrowings**	**Trade payables and Other current Liabilities**	**Net Assets/ (liabilities)**
USD	26,29.09	15,58,96.36	23,06.44	(15,55,73.71)
EURO	8,15.55	-	4,09.75	4,05.80
GBP	-	-	7.01	(7.01)
SGD	15,99.66	-	-	15,99.66
AED	-	96.34	16.06	(1,12.40)
HKD	-	-	2.38	(2.38)
AUD	-	-	0.89	(0.89)
BHD	8,40.53	-	3,83.48	4,57.05
TRY	77.77	-	38.87	38.90
TOTAL	**59,62.60**	**15,59,92.70**	**31,64.88**	**(15,31,94.98)**

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

Derivative financial assets and liabilities dealing with outstanding derivative contracts and unhedged foreign currency exposure has been detailed in earlier paras. Unhedged foreign currency exposure is primarily on account of long term foreign currency borrowings for which hedge cover is taken as per the policy followed by the company depending upon the remaining period of maturity of the installments falling due for payment.

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

(Amount Rs. in lakhs)

Particulars	**Effect on Profit before tax**	
	For the year ended March 31, 2017	For the year ended March 31, 2016
RECEIVABLES (Weaking of INR by 5%)		
USD	**1,80.21**	11,03.50
EURO	**44.55**	3,39.47
GBP	**–**	1,73.29
SGD	**23.76**	42.91
PAYABLES (Weaking of INR by 5%)		
USD	**(30,40.64)**	(14,74.31)
EURO	**(5.40)**	(34.15)
GBP	**(0.81)**	(1.53)

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

Interest rate risk

The Group's exposure in market risk relating to change in interest rate primarily arises from floating rate borrowing with banks and financial institutions. Borrowings at fixed interest rate exposes the Group to the fair value interest rate risk. The Company comprising of the largest component of the Group has entered into interest rate swap contracts in respect of certain foreign currency borrowings whereby interest at an agreed rate are to be applied on agreed upon principal amount. The Group maintains a portfolio mix of fixed and floating rate borrowings. As at March 31, 2017, after taking into account interest rate swaps, approximately 60.77% (March 31, 2016: 54.96%) of the company's borrowings become fixed rate interest borrowing.

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

With all other variables held constant, the following table demonstrates the impact of the borrowing cost on floating rate portion of loans and borrowings and excluding loans on which interest rate swaps are taken.

Nature of Borrowing	**Increase in basis points**	**For the year ended March 31, 2017**	For the year ended March 31, 2016
Rupee Loan	+0.50	**2,42.49**	2,50.95
Borrowings in local currency by other entity of the Group	+0.25	**35.15**	29.93
Foreign Currency Loan	+0.25	**65.04**	1,01.62

A decrease in 0.50 basis point in Rupee Loan and 0.25 basis point in Foreign Currency Loan would have an equal and opposite effect on the Group's consolidated financial statements

Other price risk

The Group is not an active investor in equity markets; it continue to hold certain investment for long term value accretion which are accordingly measured at fair value through other comprehensive income. Further, the company comprising of the largest component of the Group measures current investments at fair valued through profit and loss and are not material. Accordingly, other price risk of the financial instrument to which the company is exposed is not expected to be material.

CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables). Each entity comprising the Group, manages its own credit risks.The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Major water infrastructure projects are Government funded or foreign aided and the risk involved in payment default is minimum with respect to these customers. Export receivables primarily

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

made from subsidiaries is covered under Credit Insurance. The Group periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends and ageing of accounts receivable.Individual risk limits are set accordingly and the Group obtains necessary security including letter of credits and/or bank guarantee to mitigate.

The carrying amount of respective financial assets recognised in the consolidated financial statements, (net of impairment losses) represents the Group's maximum exposure to credit risk. The concentration of credit risk is limited due to the customer base being large and unrelated. Of the trade receivables balance at the end of the year, there are no single customer accounted for more than 10% of the accounts receivable and 10% of revenue as at March 31, 2017 and March 31, 2016.

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

Financial assets that are neither past due nor impaired

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

Financial assets that are past due but not impaired

Trade receivables amounts that are past due at the end of the reporting period against which no credit losses has been expected to arise.

LIQUIDITY RISK

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price. Each entity comprising of the Group manages its liquidity risk. The Group's objective is to maintain optimum level of liquidity to meet it's cash and collateral requirements at all times. The Group's assets represented by financial instruments comprising of receivables, and those relating to Parbatpur Coal mines (refer note no. 47) are largely by borrowed funds funded against borrowed funds. The Group relies on borrowings and internal accruals to meet its fund requirement. The current committed line of credit are sufficient to meet its short to medium term fund requirement.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows as at Balance Sheet date:

Interest rate and currency of borrowings

As at March 31, 2017

(Amount Rs. in lakhs)

Particulars	Total Borrowings	Floating rate borrowings	Fixed rate borrowings	Weighted average Interest Rate (%)
INR	**8,94,60.30**	**4,84,97.14**	**4,09,63.16**	**11.79%**
USD	**10,23,21.67**	**7,08,80.10**	**3,14,41.57**	**4.20%**
GBP	**26,43.81**	**–**	**26,43.81**	**2.20%**
EUR	**82,14.34**	**38,98.50**	**43,15.84**	**1.47%**
DZD	**17,03.07**	**17,03.07**	**–**	**6.00%**
Total	**20,43,43.19**	**12,49,78.81**	**7,93,64.38**	

As at March 31, 2016

Particulars	Total Borrowings	Floating rate borrowings	Fixed rate borrowings	Weighted average Interest Rate (%)
INR	8,17,76.85	5,01,89.74	3,15,87.11	11.91%
USD	12,47,93.82	8,49,93.58	3,98,00.24	3.94%
GBP	30,91.46	–	30,91.46	2.75%
EUR	69,78.46	20,78.81	48,99.65	1.68%
DZD	18,80.42	18,80.42	–	6.00%
Total	**21,85,21.01**	**13,91,42.55**	**7,93,78.46**	

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

Maturity Analysis of Financial Liabilities

As at March 31, 2017

(Amount Rs. in lakhs)

Particulars	**Carrying Amount**	**On Demand**	**Less than 6 months**	**6 to 12 months**	**> 1 year**	**Total**
Interest bearing borrowings (including current maturities)	**20,43,43.19**	**1,60,25.05**	**5,31,22.85**	**2,17,04.37**	**11,34,90.92**	**20,43,43.19**
Other Liabilities	**25,78.39**	**25,78.39**	**–**	**–**	**–**	**25,78.39**
Trade and other payables	**2,85,80.21**	**2,85,80.21**	**–**	**–**	**–**	**2,85,80.21**

As at March 31, 2016

Particulars	Carrying Amount	On Demand	Less than 6 months	6 to 12 months	> 1 year	Total
Interest bearing borrowings (including current maturities)	21,85,21.01	1,71,64.62	6,82,14.11	1,79,03.46	11,52,38.82	21,85,21.01
Other Liabilities	62,68.68	62,68.68	–	–	–	62,68.68
Trade and other payables	3,20,18.33	3,20,18.33	–	–	–	3,20,18.33

As at April 1, 2015

Particulars	Carrying Amount	On Demand	Less than 6 months	6 to 12 months	> 1 year	Total
Interest bearing borrowings (including current maturities)	25,68,96.98	1,01,13.03	10,36,63.11	1,37,82.06	12,93,38.78	25,68,96.98
Other Liabilities	88,29.12	88,29.12	–	–	–	88,29.12
Trade and other payables	2,94,57.71	2,94,57.71	–	–	–	2,94,57.71

The Group has current financial assets which will be realised in ordinary course of business. The Group ensures that it has sufficient cash on demand to meet expected operational expenses.

The Group relies on mix of borrowings and operating cash flows to meet its need for funds and ensures that it does not breach any financial covenants stipulated by the lender.

Capital Management

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

The gearing ratio are as follows :

Particulars	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Borrowings	**20,43,43.19**	21,85,21.01	25,68,96.98
Less: Cash and Cash Equivalents	**2,86,20.07**	1,24,51.52	1,12,80.50
Net Debt	**17,57,23.12**	20,60,69.49	24,56,16.48
Equity	**26,36,39.61**	24,90,57.08	25,52,06.00
Equity and Net Debt	**43,93,62.73**	45,51,26.57	50,08,22.48
Gearing Ratio	**0.40**	0.45	0.49

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

46. Post Retirement Employee Benefits

The Group has adopted Indian Accounting Standard (Ind AS-19) on 'Employee Benefit'. These consolidated financial statement includes the obligations as per requirement of these standard except for those subsidiary incorporated outside India who have determined the valuation/ provision for employee benefit as per the requirement of their respective countries. In the opinion of the management, the impact of this disclosures is not considered material.

The disclosures required under Ind AS 19 on "Employee Benefits" are given below:

a) Defined Contribution Plans

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

(Amount Rs. in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Employer's Contribution to Provident Fund	**2,73.14**	2,60.71
Employer's Contribution to Pension Fund	**2,07.16**	2,00.08
Employer's Contribution to Superannuation Fund	**50.15**	56.53

b) Defined Benefit Plans

The employee's gratuity fund scheme managed by Life Insurance Corporation of India and ICICI Prudential Life Insurance Company Ltd. is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

	Particulars	Gratuity (Funded)	
		2016–17	2015–16
i)	**Change in the fair value of the defined benefit obligation :**		
	Liability at the beginning of the year	**23,09.60**	20,94.29
	Interest Cost	**1,84.77**	1,72.78
	Current Service Cost	**1,71.09**	1,49.06
	Actuarial (gain) / loss on obligations	**1,53.62**	1,33.97
	Benefits paid	**(71.33)**	(2,40.50)
	Liability at the end of the year	**27,47.75**	23,09.60
ii)	**Changes in the Fair Value of Plan Asset**		
	Fair value of Plan Assets at the beginning of the year	**12,38.54**	13,76.19
	Expected Return on Plan Assets	**92.89**	1,13.53
	Contributions by the Company	**3,87.00**	34.11
	Benefits paid	**(71.33)**	(2,40.50)
	Actuarial gain / (loss) on Plan Assets	**51.08**	(44.79)
	Fair value of Plan Assets at the end of the year	**16,98.18**	12,38.54
iii)	**Actual return on Plan Asset**		
	Expected return on Plan assets	**92.89**	1,13.53
	Actuarial gain / (loss) on Plan Assets	**51.08**	(44.79)
	Actual Return on Plan Assets	**1,43.97**	68.74
iv)	**Amount Recognized in Balance Sheet**		
	Liability at the end of the year	**27,47.75**	23,09.60
	Fair value of Plan Assets at the end of the year	**16,98.18**	12,38.54
		10,49.57	10,71.06

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	Gratuity (Funded)	
	2016–17	2015–16
v) Components of Defined Benefit Cost		
Current Service Cost	**1,71.09**	1,49.06
Interest Cost	**1,84.77**	1,72.78
Expected Return on Plan Assets	**(92.89)**	(1,13.53)
Net Actuarial (gain) / loss on remeasurement recognised in OCI	**1,02.54**	1,78.76
Total Defined Benefit Cost recognised in Profit and Loss and OCI	**3,65.51**	3,87.07
vi) Balance Sheet Reconciliation		
Opening Net Liability	**10,71.06**	7,18.10
Expenses as above	**3,65.51**	3,87.07
Employers Contribution	**(3,87.00)**	(34.11)
Amount Recognized in Balance Sheet	**10,49.57**	10,71.06

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

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
G–Sec/ Corporate Securities	**76.13%**	76.08%	66.66%
Equity	**3.64%**	9.08%	7.08%
Fixed Deposit and other assets	**20.23%**	14.84%	26.26%

Compensated Absences

The obligation for compensated absences is recognized in the same manner as gratuity except remeasurement benefit which is treated as part of OCI. The actuarial liability of Compensated Absences (unfunded) of accumulated privileged and sick leaves of the employees of the Company as at March 31, 2017 is given below:

Particulars	As at March 31, 2017	As at March 31, 2016
Privileged Leave	**12,75.67**	10,95.52
Sick Leave	**6,62.70**	6,14.80
Principal Actuarial assumptions as at the Balance Sheet date		
Discount Rate	**7.50%**	8.00%
Rate of Return on Plan Assets	**7.50%**	8.00%

Notes : i) Assumptions relating to future salary increases, attrition, interest rate for discount & overall expected rate of return on Assets have been considered based on relevant economic factors such as inflation, market growth & other factors applicable to the period over which the obligation is expected to be settled.

Recognised in Other Comprehensive Income

Particulars	Gratuity
Remeasurement - Acturial loss/(gain)	1,78.76
For the year ended March 31, 2016	1,78.76
Remeasurement - Acturial loss/(gain)	1,02.53
For the year ended March 31, 2017	**1,02.53**

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

Sensitivity Analysis :

(Amount Rs. in lakhs)

Particulars	Change in Assumption	Effect in Gratuity Obligation
For the year ended 31st March, 2016		
Discount Rate	+1%	21,70.14
	-1%	24,69.85
Salary Growth Rate	+1%	24,71.46
	-1%	21,66.42
Withdrawal Rate	+1%	23,31.94
	-1%	22,84.75
For the year ended 31st March, 2017		
Discount Rate	**+1%**	**25,69.80**
	-1%	**29,51.21**
Salary Growth Rate	**+1%**	**29,50.36**
	-1%	**25,69.28**
Withdrawal Rate	**+1%**	**27,67.53**
	-1%	**27,25.75**

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

History of experience adjustments is as follows :

Particulars	Gratuity
For the year ended March 31, 2016	
Plan Liabilities - (loss)/gain	(92.03)
Plan Assets - (loss)/gain	44.79
For the year ended March 31, 2017	
Plan Liabilities - (loss)/gain	**(66.86)**
Plan Assets - (loss)/gain	**(51.09)**

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

Particulars	Gratuity
01 Apr 2016 to 31 Mar 2017	1,30.43
01 Apr 2017 to 31 Mar 2018	8,90.49
01 Apr 2018 to 31 Mar 2019	1,97.05
01 Apr 2019 to 31 Mar 2020	1,31.41
01 Apr 2020 to 31 Mar 2021	1,39.35
01 Apr 2021 Onwards	8,29.95

Particulars	As at March 31, 2017	As at March 31, 2016
Average no of people employed	**1577**	1621

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

47(a). In pursuance of the Order dated September 24, 2014 issued by the Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated October 21, 2014 (Ordinance) for implementing the Order, allotment of Parbatpur coal block (coal block/mines) to the Company which was under advanced stage of implementation, had been cancelled w.e.f. April 01, 2015. In terms of the Ordinance, the Company was allowed to continue the operations in the said block till March 31, 2015. Accordingly, the same had been handed over to Bharat Coking Coal Limited (BCCL) as per the direction from Coal India Ltd. (CIL) with effect from April 01, 2015 and the same has been subsequently alloted to Steel Authority of India Limited (SAIL).

Following a petition filed by the Company, the Hon'ble High Court at Delhi has pronounced it's judgement on March 09, 2017. Accordingly based on the said judgement, the Company has claimed Rs. 15,31,76.00 lakhs towards compensation against the said coal block now being alloted to SAIL, acceptance whereof is awaited. Pending acceptance of the Company's claim as above;

i) Rs.12,88,84.11 lakhs incurred pertaining to the coal block till March 31, 2015 after setting off income, stocks etc. there against as per the accounting policy then followed by the company has been continued to be shown as freehold land, capital work in progress, other fixed assets and other respective head of accounts;

(ii) Interest and other finance cost for the year ended March 31, 2016 against the fund borrowed and other expenses directly attributable in this respect amounting to Rs. 95,14.74 lakhs has been considered as other recoverable under current assets; and

(iii) Compensation of Rs. 83,12.34 lakhs so far received and net realisations against sale of assets, advances etc. amounting to Rs. 6,33.83 lakhs have been adjusted.

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

47(b). Various balances pertaining to Coal Block claim and handing over the same as detailed in different heads of accounts includes:

(Amount Rs. in lakhs)

Particulars	**As at March 31, 2017**		As at March 31, 2016		As at April 1, 2015	
Inventories		**14,78.76**		14,78.76		14,78.76
Other Current Assets		**13,99.78**		13,99.78		13,99.78
Capital Work in Progress:						
Plant and Equipment and others assets under Installation (refer note no. 50)	**3,34,93.90**		3,34,93.90		3,34,93.90	
Mine Development including overburden removal expenses (Net) (refer note No: 51)	**8,66,86.76**	**12,01,80.66**	8,66,86.76	12,01,80.66	8,66,86.76	12,01,80.66
Other Property, Plant and Equipments		**22,43.99**		22,43.99		22,43.99
Capital Advance		**3,31.92**		3,31.92		3,31.92
Freehold Land		**32,49.00**		32,49.00		32,49.00
Other balances with Banks in Fixed Deposit Escrow Accounts	**5,36.93**		4,98.02		4,61.22	
Less: Provision for mine closure and restoration charges	**5,36.93**	**–**	4,98.02	–	4,61.22	–
Sub Total		**12,88,84.11**		12,88,84.11		12,88,84.11
Other Recoverable		**95,14.74**		95,14.74		–
Less: Compensation received		**(83,12.34)**		–		–
Less: Sale of Assets and other realisations		**(6,33.83)**		(6,33.83)		–
Total		**12,94,52.68**		13,77,65.02		12,88,84.11

47(c). Due to reasons stated in note no. 47(a) and pending determination of the amount of the claim, balances under various heads which otherwise would have been recognised and measured as financial instrument in accordance with Ind AS 109 'Financial Instruments' have been included under various heads as disclosed under note no. 47(b) considering the circumstances and objective of the financial statements.

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

48. In terms of the Hon'ble Supreme Court Order as referred above, North Dhadhu Coal Block, allotted in joint venture with other companies, has also been cancelled w.e.f. September 24, 2014. The Company barring initial contribution of Rs. 8,22.81 lakhs has not made any further investments in the said joint venture company . In respect of Company's investment in North Dhadhu Coal Block, allotted in joint venture with other companies, in view of the management, the compensation to be received in terms of the ordinance is expected to cover the cost incurred by the Joint Venture Company and thereby no impairment requiring any adjustments in value of such investment is expected to arise.

49. Due to delay in grant of forest, environment and other clearences from various authorities and execution of mining lease of an area of 192.50 ha. by the State Government of Jharkhand for iron and manganese ores at Dirsumburu in Kodilabad Reserve Forest, Saranda of West Singhbhum, Jharkhand, the validity period of letter of intent granted in this respect has expired on January 11, 2017. The Company has filed a writ petition before the Hon'ble High Court of Jharkhand on January 10, 2017, praying inter-alia for direction for grant of said lease in favour of the Company. The Hon'ble High Court in its order while observed, being not averse in granting relief with respect to cut off date, has admitted the said petition and fixed the case for further hearing and adjudication. Pending decision of the High Court, Rs. 63,33.46 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.

50. Capital work in progress includes plant and equipments and other assets amounting to Rs.3,28,51.74 (March 31, 2016: Rs.4,01,03.05 lakhs and April 1, 2015 : Rs. 4,01,68.80 lakhs) under installation and capital and other expenditure incured pending completion thereof. (refer note no. 47 and 49)

51. The expenses incurred for projects/assets during the construction/mine development period are classified as "Pre-operative Expenses" pending capitalization are included under capital work in progress and will be allocated to the assets on completion of the project/assets. Consequently expenses disclosed under the respective head are net of amount classified as preoperative expenses by the Company (refer note no. 47 and 49). The details of these expenses are as follows :

(Amount Rs. in lakhs)

Particulars	**As at March 31, 2017**	As at March 31 , 2016
Balance brought forward	**8,77,38.64**	8,76,72.37
Add:		
Salaries and Wages	**3,69.01**	2,86.31
Contribution to Provident and Other Funds	**10.40**	11.24
Staff welfare expenses	**6.06**	7.03
Miscellaneous Expenses	**–**	82.69
Interest Paid		
On term Loan	**–**	1,07.51
Loss on exchange fluctuation	**–**	1,75.67
Total preoperative/development expenses	**8,81,24.11**	8,83,42.82
Add: Opening stock 64502MT(March 31, 2016 64502MT)	**14,46.25**	14,46.25
Less: Closing stock 64502MT(March 31, 2016 64502MT)	**(14,46.25)**	(14,46.25)
Less: Allocated/Transferred during the year to completed assets	**–**	6,04.18
Total preoperative and development expenses carried forward	**8,81,24.11**	8,77,38.64

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

52. Calculation of Earning Per Share is as follows :

(Amount Rs. in lakhs)

	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a)	Net profit for basic and diluted earnings per share as per Statement of Profit and Loss	1,65,25.23	(27,42.05)
	Net profit for basic and diluted earnings per share	1,65,25.23	(27,42.05)
(b)	Weighted average number of equity shares for calculation of basic and diluted earnings per share (Face value Re. 1/- per share)		
	No of equity shares outstanding as on 31st March	35,69,55,322	35,69,55,322
	Number of equity shares considered in calculating basic and diluted EPS	35,69,55,322	35,69,55,322
(c)	Weighted average number of equity shares outstanding	35,69,55,322	35,69,55,322
(d)	Earnings per share (EPS) of Equity Share of Rs. 1 each :		
	a) Basic (Rs.)	4.63	(0.77)
	b) Diluted (Rs.)	4.63	(0.77)

53. As regards construction contracts in progress as on March 31, 2017, aggregate amount of costs incurred and recognised profit (less recognized losses) upto the year end (to the extent ascertained by the management), aggregate amount of advances received and aggregate amount of retentions are Rs 25,00.99 lakhs, Rs 20,59.55 lakhs and Rs 1,14.24 lakhs respectively. (March 31, 2016: Rs 24,50.75 lakhs, Rs 18,81.49 lakhs and Rs 1,04.46 lakhs respectively and April 1, 2015: Rs 19,96.74 lakhs,Rs 15,17.41 lakhs and Rs 82.78 lakhs respectively).

54. Commitments

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
(a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances):		4,97.24		5,28.66		5,35.54
(b) Other commitments	in million	Rs. in lakhs	in million	Rs. in lakhs	in million	Rs. in lakhs
i) Forward contract outstanding						
In USD	27.95	1,81,27.19	28.02	1,85,63.72	59.22	3,70,11.29
In Euro	18.28	1,26,24.03	23.21	1,74,97.69	37.58	2,52,01.64
In GBP	3.00	24,40.44	1.95	18,56.45	1.97	18,21.09
In SGD	1.05	4,87.16	1.71	8,38.17	–	–
ii) Capital Commitment towards subscription to equity capital in						
Electrosteel Spain SA		24.17		26.38		23.47
Electrosteel Brasil Ltda. Tubos E Conexoes Duteis		29.35		32.04		28.50
Electrosteel USA LLC		10,00.00		–		–
Electrosteel Europe SA		7,50.00		–		–

55. Contingent Liabilities not provided for in respect of :

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
a) Various show cause notices/demands issued/ raised, which in the opinion of the management are not tenable and are pending with various forum / authorities:			
i) Sales Tax	85,09.19	81,99.59	75,21.84
ii) Excise, Custom Duty and Service tax [net of provision of Rs. 500.00 lakhs (March 31, 2016: Rs. 500.00 lakhs and April 1, 2015: Rs. 500 lakhs)]	98,84.25	1,49,23.44	1,34,41.52
iii) Income Tax	7,14.16	2,56.86	1,14.48

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
b) Penalty for non compliance of listing agreement and disputed by the Company.	**1,00.00**	1,00.00	–
c) Employees State Insurance Corporation has raised demand for contribution in respect of Gross Job Charges for the year 2001-02, 2003-04 and March'08 to January'10. In the opinion of the management demand is adhoc and arbitrary and is not sustainable legally.	**92.51**	92.51	92.51
d) Demand of Tamilnadu Electricity Board disputed by the Company.	**8.20**	8.20	8.20
e) During the year 1994 UPSEB had raised demand for electricity charges by revising the power tariff schedule applicable to the Company retrospectively from Feb'86. In the opinion of the management the revised power tariff is not applicable to the Company and accordingly the Company disputed the demand and the matter is pending before Hon'ble High Court at Allahabad.	**2,61.74**	2,61.74	2,61.74
f) Corporate guarantee issued to banks by the Company on behalf of :			
(i) Subsidiary Companies	**–**	39,84.33	74,71.79
(ii) Others	**–**	–	21,61.17
g) Standby Letter of Credit issued by banks on behalf of the company in favour of Subsidiary Companies	**1,12,26.36**	1,33,86.12	1,16,38.81
h) Financial Guarantees given by banks on behalf of the Company			
(i) The Company	**38,51.19**	33,46.66	32,47.66
(ii) The Subsidiary	**4,93.86**	1,15.03	–
i) Bills Discounted with Banks	**13,51.06**	51,41.86	69,69.41
j) Receivable factored	**38,60.89**	43,09.41	44,08.65
k) The Company has disputed downward revision in the prices affected by the purchaser subsequent to sale of certain specified materials. In the opinion of the management and also on the merit of the case, as advised legally no liability is likely to arise. The matter is subjudice and pending final determination in this respect is presently not ascertainable.			

Note: The Group's pending litigations comprises of claim against the company and proceedings pending with Taxation/ Statutory/ Government Authorities. The Group has reviewed all its pending litigations and proceedings and has made adequate provisions and disclosed contingent liabilities, where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a material impact on its financial position. Future cash outflows, if any, in respect of (a) to (e) and (k) above is dependent upon the outcome of judgments / decisions.

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

56. Related party disclosure as identified by the management in accordance with the Indian Accounting Standard (Ind AS) 24 on "Related Party Disclosures" are as follows:

A) Names of related parties and description of relationship

1) Associate Company	Srikalahasthi Pipes Limited Electrosteel Steels Limited Electrosteel Thermal Power Limited
2) Joint Venture	North Dhadhu Mining Company Private Limited Domco Private Limited
3) Key Managerial Personnel (KMP) and their close member	Mr. Umang Kejriwal - Managing Director Mr. Mayank Kejriwal - Joint Managing Director Mr. Uddhav Kejriwal - Wholetime Director Mr. Mahendra Kumar Jalan - Wholetime Director Mr. Pradip Kr. Khaitan - Chairman Mr. Binod Kumar Khaitan -Director Mr. Naresh Chandra -Director Dr. Jamshed Jiji Irani - Director (upto October 4, 2016) Mr. Ram Krishna Agarwal -Director Mr. S Y Rajagopalan - Director Mr. Vyas Mitre Ralli -Director Mr. Amrendra Prasad Verma - Director Ms. Uma Kejriwal- Mother of Mr. Umang Kejriwal -Managing Director (MD) and Mr. Mayank Kejriwal -Joint Managing Director (JMD) Umang Kejriwal HUF Ms. Nityangi Kejriwal- Daughter of Mr. Umang Kejriwal -Managing Director (MD) Mr. Brij Mohan Soni-Chief Financial Officer (w.e.f November 09, 2015) Mr. Gautam Jhunjhunwala-Chief Financial Officer (upto September 30,2015) Ms. Priya Manjari Todi -Daughter of Mr. Mayank Kejriwal - KMP Sister of Mr. Uddhav Kejriwal-KMP Mr. Anirudh Jalan -Son of Mr. Mahendra Kumar Jalan - KMP
4) Enterprise where KMP and/or Close member of the family have significant influence or control	Gaushree Enterprises Tulsi Highrise Private Limited Sri Gopal Investments Ventures Ltd. Global Exports Ltd. Ultimo Logistics Private Limited Krsna Logistics Private Limited Sree Khemisati Constructions Private Limited G K & Sons Private Limited Electrosteel Thermal Coal Limited Badrinath Industries Ltd. Electrocast Sales India Limited Uttam Commercial Company Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

B) Related Party Transactions

Particulars	Associate	Joint Venture	KMP & their Close members	KMP have control	Total	Outstanding as on March 31, 2017	Outstanding as on March 31, 2016	Outstanding as on April 1, 2015
Sale								
Electrosteel Steels Limited	19,96.33	–	–	–	19,96.33	91.36	–	–
Srikalahasthi Pipes Limited	28,72.68	–	–	–	28,72.68	0	–	–
Total	**48,69.01**	–	–	–	**48,69.01**	**91.36**	–	–
Previous Year								
Electrosteel Steels Limited	31,90.31	–	–	–	31,90.31	–	3,99.58	48,12.72
Srikalahasthi Pipes Limited	13,68.25	–	–	–	13,68.25	–	–	–
Purchase								
Srikalahasthi Pipes Limited	54,02.74	–	–	–	54,02.74	1,26.77	–	–
Electrosteel Steels Limited	8,50.19	–	–	–	8,50.19	–	–	–
Gaushree Enterprises	–	–	–	0.22	0.22	0.15	–	–
Total	**62,52.93**	–	–	**0.22**	**62,53.15**	**1,26.92**	–	–
Previous Year								
Srikalahasthi Pipes Limited	61,63.69	–	–	–	61,63.69	–	33,89.74	36,33.93
Electrosteel Steels Limited	7,81.26	–	–	–	7,81.26	–	–	5,41.64
Job Charges Received								
Previous Year								
Electrosteel Steels Limited	4,22.84	–	–	–	4,22.84	–	–	38.05
Remuneration								
Mr. Umang Kejriwal	–	–	2,99.25	–	2,99.25	1,20.00	–	–
Mr. Mayank Kejriwal	–	–	83.86	–	83.86	–	–	–
Mr. Uddhav Kejriwal	–	–	2,39.24	–	2,39.24	85.00	–	–
Mr. Mahendra Kumar Jalan	–	–	1,48.34	–	1,48.34	–	–	–
Ms. Priya Manjari Todi	–	–	7.15	–	7.15	–	–	–
Ms. Nityangi Kejriwal	–	–	8.00	–	8.00	6.00	–	–
Mr. Brij Mohan Soni	–	–	64.07	–	64.07	–	–	–
Mr. Ram Krishna Agarwal	–	–	16.70	–	16.70	12.00	–	–
Mr. Vyas Mitre Ralli	–	–	8.20	–	8.20	6.00	–	–
Mr. S Y Rajagopalan	–	–	9.40	–	9.40	6.00	–	–
Mr. Naresh Chandra	–	–	15.00	–	15.00	12.00	–	–
Mr. Binod Khaitan	–	–	11.10	–	11.10	6.00	–	–
Mr. Pradeep Kr. Khaitan	–	–	9.90	–	9.90	6.00	–	–
Dr. Jamshed Jiji Irani	–	–	6.50	–	6.50	6.00	–	–
Mr. Amrendra Prasad Verma	–	–	2.00	–	2.00	1.50	–	–
Total	–	–	**9,28.71**	–	**9,28.71**	**2,66.50**	–	–
Previous Year								
Mr. Umang Kejriwal	–	–	3,02.49	–	3,02.49	–	1,20.00	1,20.00
Mr. Mayank Kejriwal	–	–	80.79	–	80.79	–	–	–
Mr. Uddhav Kejriwal	–	–	2,13.93	–	2,13.93	–	85.00	85.00
Mr. Vyas Mitre Ralli	–	–	1,32.74	–	1,32.74	–	–	–
Mr. Mahendra Kumar Jalan	–	–	1,39.40	–	1,39.40	–	–	–
Ms. Priya Manjari Todi	–	–	5.62	–	5.62	–	–	–
Ms. Nityangi Kejriwal	–	–	7.50	–	7.50	–	6.00	–
Mr. Brij Mohan Soni	–	–	23.64	–	23.64	–	–	–
Mr. Gautam Jhunjhunwala	–	–	19.81	–	19.81	–	–	–

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	Associate	Joint Venture	KMP & their Close members	KMP have control	Total	Outstanding as on March 31, 2017	Outstanding as on March 31, 2016	Outstanding as on April 1, 2015
Mr. Ram Krishna Agarwal	–	–	11.00	–	11.00	–	8.00	–
Mr. S Y Rajagopalan	–	–	9.60	–	9.60	–	6.00	6.00
Mr. Naresh Chandra	–	–	14.50	–	14.50	–	12.00	12.00
Mr. Binod Khaitan	–	–	12.50	–	12.50	–	6.00	6.00
Mr. Pradip Kr. Khaitan	–	–	10.50	–	10.50	–	6.00	6.00
Dr. Jamshed Jiji Irani	–	–	14.00	–	14.00	–	12.00	12.00
Rent Paid	–	–						
Tulsi Highrise Private Limited	–	–	–	52.01	52.01	–	–	–
Sri Gopal Investments Ventures Ltd.	–	–	–	18.00	18.00	–	–	–
Global Exports Ltd.	–	–	–	–	–	–	–	–
Smt. Uma Kejriwal	–	–	–	–	–	–	–	–
Umang Kejriwal HUF	–	–	8.78	–	8.78	–	–	–
Sree Khemisati Constructions Private Limited	–	–	–	7.20	7.20	–	–	–
Badrinath Industries Ltd.	–	–	–	30.00	30.00	–	–	–
Total	–	–	**8.78**	**1,07.21**	**1,15.99**	–	–	–
Previous Year						–	–	–
Tulsi Highrise Private Limited	–	–	–	52.01	52.01	–	–	–
Sri Gopal Investments Ventures Ltd.	–	–	–	18.00	18.00	–	–	–
Global Exports Ltd.	–	–	–	15.00	15.00	–	–	–
Smt. Uma Kejriwal	–	–	4.39	–	4.39	–	–	–
Umang Kejriwal HUF	–	–	8.78	–	8.78	–	–	–
Sree Khemisati Constructions Private Limited	–	–	–	7.20	7.20	–	–	–
Badrinath Industries Ltd.	–	–	–	30.00	30.00	–	–	–
Service Charges Paid								
Ultimo Logistics Pvt. Ltd.	–	–	–	7,67.12	7,67.12	7.83	–	–
Sree Khemisati Constructions Private Limited	–	–	–	2,68.94	2,68.94	3.74	–	–
Krsna Logistics Private Limited	–	–	–	11,96.55	11,96.55	2,80.81	–	–
Global Exports Ltd.	–	–	–	90.00	90.00	–	–	–
Anirudh jalan	–	–	1.80	–	1.80	0.15	–	–
Sri Gopal Investments Ventures Ltd.	–	–	–	2.07	2.07	–	–	–
Total	–	–	**1.80**	**23,24.68**	**23,26.48**	**2,92.53**	–	–
Previous Year								
Ultimo Logistics Pvt. Ltd.	–	–	–	12,01.68	12,01.68	–	12.03	–
Sree Khemisati Constructions Private Limited	–	–	–	2,69.97	2,69.97	–	4.14	3.06
Krsna Logistics Private Limited	–	–	–	6,39.15	6,39.15	–	1,83.98	60.95
Global Exports Ltd.	–	–	–	78.46	78.46	–	–	1.88
Anirudh jalan	–	–	1.80	–	1.80	–	0.30	–
Sri Gopal Investments Ventures Ltd.	–	–	–	2.32	2.32	–	–	–
Service Charges Received								
Electrosteel Steels Limited	9,81.63	–	–	–	9,81.63	5,97.44	–	–
Total	**9,81.63**	–	–	–	**9,81.63**	**5,97.44**	–	–
Previous Year								
Electrosteel Steels Limited	2,25.27	–	–	–	2,25.27	–	2,35.40	–
Loan Taken								
Tulsi Highrise Private Limited	–	–	–	10,00.00	10,00.00	–	–	–
Total	–	–	–	**10,00.00**	**10,00.00**	–	–	–

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	Associate	Joint Venture	KMP & their Close members	KMP have control	Total	Outstanding as on March 31, 2017	Outstanding as on March 31, 2016	Outstanding as on April 1, 2015
Previous Year								
G. K. & Sons Private Limited	–	–	–	10,00.00	10,00.00	–	10,00.00	–
Electrocast Sales India Limited	–	–	–	5,00.00	5,00.00	–	5,00.00	–
Uttam Commercial Company Limited	–	–	–	5,00.00	5,00.00	–	5,00.00	–
Reimbursements of expenses paid								
Srikalahasthi Pipes Limited	0.75	–	–	–	0.75	–	–	–
Total	**0.75**	–	–	–	**0.75**	–	–	–
Previous Year								
Electrosteel Steels Limited	–	–	–	–	–	–	–	0.12
Reimbursements of expenses received								
Srikalahasthi Pipes Limited	14.98	–	–	–	14.98	–	–	–
Electrosteel Steels Limited	16.82	–	–	–	16.82	5.89	–	–
Total	**31.80**	–	–	–	**31.80**	**5.89**	–	–
Previous Year								
Electrosteel Steels Limited	–	–	–	–	–	–	–	39.99
Srikalahasthi Pipes Limited	12.03	–	–	–	12.03	–	11.94	–
Security Deposits								
Sri Gopal Investments Ventures Ltd.	–	–	–	–	–	9.00	–	–
Electrosteel Thermal Coal Limited	–	–	–	–	–	1,85.00	–	–
Tulsi Highrise Private Limited	–	–	–	–	–	2,55.47	–	–
Total	–	–	–	–	–	**4,49.47**	–	–
Previous Year								
Sri Gopal Investments Ventures Ltd.	–	–	–	–	–	–	9.00	18.00
Electrosteel Thermal Coal Limited	–	–	–	–	–	–	1,85.00	1,85.00
Tulsi Highrise Private Limited	–	–	–	–	–	–	2,28.67	2,04.73
Dividend Received								
Srikalahasthi Pipes Limited	9,65.06	–	–	–	9,65.06	–	–	–
Total	**9,65.06**	–	–	–	**9,65.06**	–	–	–
Previous Year								
Srikalahasthi Pipes Limited	5,79.04	–	–	–	5,79.04	–	–	–
Rent Receipts								
G. K. & Sons Private Limited	–	–	–	–	–	–	–	–
Srikalahasthi Pipes Limited	0.36	–	–	–	0.36	–	–	–
Electrosteel Steels Limited	0.60	–	–	–	0.60	0.21	–	–
Electrocast Sales India Limited	–	–	–	–	–	–	–	–
Total	**0.96**	–	–	–	**0.96**	**0.21**	–	–
Previous Year								
G. K. & Sons Private Limited	–	–	–	1.50	1.50	–	–	1.01
Srikalahasthi Pipes Limited	0.36	–	–	–	0.36	–	–	–
Electrosteel Steels Limited	0.60	–	–	–	0.60	–	0.11	0.05
Electrocast Sales India Limited	–	–	–	1.50	1.50	–	–	1.35
Sale of Fixed Asset								
Srikalahasthi Pipes Limited	55,20.00	–	–	–	55,20.00	–	–	–
Total	**55,20.00**	–	–	–	**55,20.00**	–	–	–

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	Associate	Joint Venture	KMP & their Close members	KMP have control	Total	Outstanding as on March 31, 2017	Outstanding as on March 31, 2016	Outstanding as on April 1, 2015
Previous Year								
Srikalahasthi Pipes Limited	2.73	–	–	–	2.73	–	–	–
Advances Given								
Ultimo Logistics Pvt. Ltd.	–	–	–	–	–	–	–	–
Electrosteel Steels Limited	–	–	–	–	–	2,08,62.24	–	–
Electrosteel Thermal Power Limited	–	–	–	–	–	5.27	–	–
Electrosteel Thermal Coal Limited	–	–	–	–	–	1.00	–	–
Total	**–**	**–**	**–**	**–**	**–**	**2,08,68.51**	**–**	**–**
Previous Year								
Ultimo Logistics Pvt. Ltd.	–	–	–	–	–	–	23.40	23.96
Electrosteel Steels Limited	–	–	–	–	–	–	2,18,69.21	2,63,73.82
Electrosteel Thermal Power Limited	–	–	–	–	–	–	5.27	5.27
Electrosteel Thermal Coal Limited	–	–	–	–	–	–	1.00	1.00
Advances Taken								
Previous Year								
Srikalahasthi Pipes Limited	55,00.00	–	–	–	55,00.00	–	–	–
Interest Received								
Electrosteel Steels Limited	–	–	–	–	–	–	–	–
Total	–	–	–	–	–	–	–	–
Previous Year								
Electrosteel Steels Limited	101.43	–	–	–	101.43	–	–	–
Interest Paid								
Srikalahasthi Pipes Limited	313.40	–	–	–	313.40	–	–	–
G. K. & Sons Private Limited	–	–	–	91.21	91.21	–	–	–
Electrocast Sales India Limited	–	–	–	45.48	45.48	–	–	–
Uttam Commercial Company Limited	–	–	–	45.48	45.48	–	–	–
Tulsi Highrise Private Limited	–	–	–	55.63	55.63	–	–	–
Total	**3,13.40**	**–**	**–**	**2,37.80**	**5,51.20**	**–**	**–**	**–**
Previous Year								
Srikalahasthi Pipes Limited	3,02.37	–	–	–	3,02.37	–	2,72.14	–
G. K. & Sons Private Limited	–	–	–	28.77	28.77	–	25.89	–
Electrocast Sales India Limited	–	–	–	14.38	14.38	–	12.95	–
Uttam Commercial Company Limited	–	–	–	14.38	14.38	–	12.95	–
Employee Welfare Expenses								
Gaushree Enterprises	–	–	–	2.91	2.91	0.46	–	–
Total	**–**	**–**	**–**	**2.91**	**2.91**	**0.46**	**–**	**–**
Previous Year								
Gaushree Enterprises	–	–	–	4.69	4.69	–	0.51	2.62

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

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Short–term employee benefits	**8,24.81**	8,69.84
Post–employment benefits*	**–**	95.38
Other long–term benefits*	**–**	33.65

* Post-employment benefits and other long-term benefits have been disclosed based on actual payment made on retirement/resignation of services, but does not includes provision made on actuarial basis as the same is available for all the employees together.

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

56.1 in respect of the above parties ,there is no provision for doubtful debts as on March 31,2017 and no amount has been written off or written back during the year in respect of debt due from/to them

56.2 The above related party information is as identified by the management and relied upon by the auditor

56.3 Details of Loans, Investments and Guarantees covered u/s 186(4) of the Companies Act, 2013:

a) Details of Loans and Investments are given under the respective heads (Refer Note no. 7, 13 and 19.1)

b) Details of Corporate Guarantee/ Standby Letter of Credit given by the Company are as follows:

(Amount Rs. in lakhs)

Name of the Company	Date of Undertaking	Purpose	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Electrosteel Europe SA	August 12, 2015	Short Term Loan Facility	**20,71.60**	23,51.83	–
	August 12, 2015	Short Term Loan Facility	**24,16.87**	27,36.27	–
	November 21, 2015	Bank Guarantee Facility	**–**	11,30.69	–
	September 11, 2012	Working Capital Facility	**–**	–	13,41.15
	June 7, 2013	Working Capital Facility	**–**	–	6,70.57
	February 28, 2014	Short Term Loan Facility	**–**	–	20,11.71
	September 2, 2013	Factoring Facility	**–**	–	46,94.00
Electrosteel Algerie SPA	May 26, 2010	Working Capital Facility	**–**	26,50.00	43,74.65
	March 30, 2016	Working Capital Facility	**22,69.58**	23,18.75	–
Electrosteel Castings (UK) Ltd.	March 31, 2015	Short Term Loan Facility	**28,47.18**	33,29.26	32,40.74
	February 27, 2013	Factoring Facility	**–**	28,53.65	27,77.78
Electrosteel USA LLC	August 20, 2016	Working Capital Facility	**16,21.13**	–	–
Singardo International Pte Ltd.	March 26, 2007	Working Capital Facility	**–**	–	9,11.27
	December 12, 2013	Working Capital Facility	**–**	–	12,49.90

57. The company operates mainly in one business segment viz Pipes being primary segment and all other activities revolve around the main activity. The secondary segment is geographical, information related to which is given as under:

Particulars	2016–17			2015–16		
	Within India	**Outside India**	**Total**	**Within India**	**Outside India**	**Total**
Sales (gross)	**12,85,56.01**	**7,92,92.46**	**20,78,48.47**	11,99,13.05	9,66,39.13	21,65,52.18
Non–Current Assets other than financial instruments	**28,75,47.49**	**47,41.60**	**29,22,89.09**	30,19,64.97	46,09.40	30,65,74.37

58. The company has opted for continuing accounting policy in respect of exchange difference arising on reporting of long term foreign currency monetary items in accordance with Ind AS 101 "First time adoption of Indian Accounting Standards". Accordingly, during the year ended 31st March 2017 the net exchange difference of Rs. 1,24.08 lakhs (net credit) (previous year Rs. 54,58.89 lakhs) on foreign currency loans have been adjusted in the carrying amount of fixed assets / capital work in progress / claim receivable. The unamortised balance is Rs. 2,68,19.56 lakhs (March 31, 2016: Rs 2,71,37.17 lakhs and April 1, 2015: Rs 2,18,54.69 lakhs).

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

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

60. FIRST TIME ADOPTION OF Ind AS – Disclosures, Reconciliation etc.

a) Reconciliation in terms of Ind AS 101 "First time adoption of Indian Accounting Standards"

i) Reconciliation of Equity as at March 31, 2016 and April 1, 2015

(Amount Rs. in lakhs)

Particulars	Refer Note No. (Under 60 (c))	As at March 31, 2016 (End of last period presented under Previous GAAP)			As at April 1, 2015		
		As per Previous GAAP	Effect of transition to Ind AS	As per Ind AS	As per Previous GAAP	Effect of transition to Ind AS	As per Ind AS
ASSETS							
1 Non-Current Assets							
(a) Property, Plant and Equipment	(i), (ii) and (v)	11,26,34.61	6,42,42.95	17,68,77.56	11,27,73.46	6,43,70.25	17,71,43.71
(b) Capital work-in-progress	(v) and (viii)	12,85,55.42	(7,13.73)	12,78,41.69	12,85,54.90	(9,25.46)	12,76,29.44
(c) Goodwill	(i)	14,19.71	(12,03.68)	2,16.03	14,19.71	(12,03.68)	2,16.03
(d) Other Intangible assets		9,01.39	–	9,01.39	11,72.43	–	11,72.43
(e) Financial Assets							
(i) Investments	(iv), (v) and (vi)	6,81,10.98	1,02,68.12	7,83,79.10	7,58,78.66	93,81.50	8,52,60.16
(ii) Trade receivables	(iii)	1,36.18	(18.97)	1,17.21	3,39.15	(69.75)	2,69.40
(iii) Loans	(iii)	24,56.04	(3,47.85)	21,08.19	13,72.70	(3,16.89)	10,55.81
(iv) Others		25,00.50	–	25,00.50	0.54	–	0.54
(f) Other Non current Assets	(iii) and (v)	5,16.05	2,21.65	7,37.70	10,62.57	2,93.98	13,56.55
2 Current assets							
(a) Inventories		5,92,39.34	–	5,92,39.34	6,88,95.62	–	6,88,95.62
(b) Financial Assets							
(i) Investments	(v) and (vii)	2,67.16	–	2,67.16	7,67.00	(44.38)	7,22.62
(ii) Trade receivables		5,38,51.56	–	5,38,51.56	5,16,18.37	–	5,16,18.37
(iii) Cash and Cash equivalents	(v)	1,24,52.06	(0.54)	1,24,51.52	1,12,80.65	(0.15)	1,12,80.50
(iv) Bank balances other than (iii) above	(v)	16,83.87	(1,05.18)	15,78.69	1,32,47.02	(48.98)	1,31,98.04
(v) Loans		43,42.22	–	43,42.22	32,89.15	–	32,89.15
(vi) Others	(v) and (viii)	1,26,11.55	1,46.37	1,27,57.92	90,28.89	13,87.38	1,04,16.27
(c) Other current Assets		3,66,19.22	–	3,66,19.22	4,11,34.47	–	4,11,34.47
Total Assets		**49,82,97.86**	**7,24,89.14**	**57,07,87.00**	**52,18,35.29**	**7,28,23.82**	**59,46,59.11**
EQUITY AND LIABILITIES							
Equity							
(a) Equity share capital		35,69.55	–	35,69.55	35,69.55	–	35,69.55
(b) Other Equity	50(a)(ii)	19,79,80.46	4,75,07.07	24,54,87.53	20,34,50.18	4,81,86.27	25,16,36.45
(c) Non Controlling Interest		22.25		22.25	22.12		22.12
Liabilities							
1 Non-current liabilities							
(a) Financial liabilities							
(i) Borrowings	(viii)	11,60,19.61	(7,73.73)	11,52,45.88	12,96,74.24	(3,10.90)	12,93,63.34
(ii) Other financial liabilities		1,37.64	–	1,37.64	1,37.63	–	1,37.63
(b) Provisions		15,76.51	–	15,76.51	12,98.62	–	12,98.62
(c) Deferred tax liabilities (net)	(ix)	27,55.98	2,70,80.21	2,98,36.19	30,19.36	2,79,42.94	3,09,62.30
(d) Other non-current liabilities	(ii)	1,48,55.00	10.06	1,48,65.06	66.23	10.71	76.94
2 Current liabilities							
(a) Financial liabilities							
(i) Borrowings	(v)	8,62,18.91	–	8,62,18.91	9,02,89.31	–	9,02,89.31
(ii) Trade payables		3,20,19.95	(1.62)	3,20,18.33	2,94,58.56	(0.85)	2,94,57.71
(iii) Other financial liabilities		2,31,87.26	–	2,31,87.26	4,59,35.82	–	4,59,35.82
(b) Other Current liabilities	(v)	1,12,69.28	(0.07)	1,12,69.21	72,48.24	(0.07)	72,48.17
(c) Provisions	(v), (viii) and (xi)	49,78.08	(13,32.78)	36,45.30	53,98.15	(30,04.28)	23,93.87
(d) Current tax liabilities (Net)		37,07.38	–	37,07.38	22,67.28	–	22,67.28
Total equity and liabilities		**49,82,97.86**	**7,24,89.14**	**57,07,87.00**	**52,18,35.29**	**7,28,23.82**	**59,46,59.11**

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

ii) Reconciliation of Total Equity as given above :

(Amount Rs. in lakhs)

Particulars	**Ref Note No. (Under 60 (c))**	As at March 31, 2016 (End of last period presented under Previous GAAP)	As at April 01, 2015 (Date of transition)
Total equity (shareholders' funds) under Previous GAAP		**20,15,72.26**	**20,70,41.85**
IND AS Adjustment			
Effect of Finance Cost as per Effective Interest Rate Method and amortisation of Financial Assets	(iii) and (ix)	6,53.09	3,10.90
Effect of fair valuation of Equity instrument measured at fair value through other comprehensive income	(vi)	27.97	27.97
Effect of Derivative instruments measured at Fair Value			
- Fair Value through Profit and Loss	(viii)	88.00	13,93.84
- Fair Value through Other Comprehensive Income	(viii)	(7,46.74)	–
Effect of Dividend and related dividend distribution tax.	(xi)	21,48.12	27,92.55
Effect of fair valuation on date of transition as deemed cost and other adjustments under the head Property, Plant and Equipment	(i)	6,26,42.37	6,27,69.71
Share of fair valuation on date of transition as deemed cost and other adjustments under the head Property, Plant and Equipment in case of Associates	(v)	2,06,94.45	1,98,15.56
Effect of fair valuation on date of transition as deemed cost and other adjustments under the head Property, Plant and Equipment in case of Subsidiaries	(i)	15,81.20	15,81.20
Effect of re-measurement of goodwill on fair valuation of subsidiaries	(i)	(12,03.68)	(12,03.68)
Effect of fair Valuation on the date of transition as deemed cost of Investments in Associates	(iv)	(1,12,88.66)	(1,12,88.66)
Others	(ii), (iii) and (vii)	(8.84)	(70.18)
Adjustment of Deferred tax Liability created due to Ind AS impact and reversal of the same during the year.	(x)	(2,70,80.21)	(2,79,42.94)
Total adjustment to equity		**4,75,07.07**	**4,81,86.27**
Total equity under Ind AS		**24,90,79.33**	**25,52,28.12**

iii) Reconciliation of Statement of Profit and Loss for the year ended March 31, 2016 :

Particulars	**Ref Note No. (Under 60 (c))**	**As per previous GAAP**	**Ind AS Adjustments**	**As per Ind AS**
Revenue from operations		22,04,23.09	–	22,04,23.09
Other Income	(iii), (v) and (vii)	27,81.98	1,28.73	29,10.71
Total revenue		**22,32,05.07**	**1,28.73**	**22,33,33.80**
EXPENSES				
Cost of materials consumed		8,55,40.33	–	8,55,40.33
Purchase of Stock-in-Trade		1,25,33.60	–	1,25,33.60
Changes in inventories of finished goods, Stock-in-Trade and work-in progress		(18,06.53)	–	(18,06.53)
Employee Benefit Expenses	(xii)	2,30,88.10	(1,78.76)	2,29,09.34
Finance costs	(iii) and (ix)	1,83,74.92	(3,42.19)	1,80,32.73
Depreciation, and Amortisation expenses	(i) and (ii)	65,97.94	1,27.34	67,25.28
Other Expenses	(ii), (iii), (v) and (viii)	7,27,71.53	13,84.47	7,41,56.00
Total expenses		**21,70,99.89**	**9,90.86**	**21,80,90.75**
Profit/(loss) before tax		**61,05.18**	**(8,62.13)**	**52,43.05**

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	Ref Note No. (Under 60 (c))	As per previous GAAP	Ind AS Adjustments	As per Ind AS
Tax expense:				
Current tax	(v)	25,01.39	(3.51)	24,97.88
Deferred tax	(ix)	(2,63.39)	(5,42.43)	(8,05.82)
Profit/(Loss) after tax		**38,67.18**	**(3,16.19)**	**35,50.99**
Add:-Share of Profit/(Loss) in Associates and Joint Venture (net)	(v)	(71,80.79)	8,95.73	(62,85.06)
Add:- Share of Unrealised Profit/(Loss) in Associates (net)		(7.85)	–	(7.85)
Profit/(Loss) for the year		**(33,21.46)**	**5,79.54**	**(27,41.92)**
Profit/(Loss) for the year attributable to:				
– Owners of the Parent		(33,21.59)	5,79.54	(27,42.05)
– Non-Controlling Interest		0.13	–	0.13
Other Comprehensive Income				
A (i) Items that will not be reclassified to profit or loss	(xii)	–	(1,78.76)	(1,78.76)
(ii) Income tax related to items that will not be reclassified to profit or loss	(x)	–	61.86	61.86
B (i) Items that will be reclassified to profit or loss	(viii)	–	(7,46.74)	(7,46.74)
(ii) Income tax related to items that will be reclassified to profit or loss	(x)	–	2,58.43	2,58.43
C Share of Other Comprehensive Income in Associates and Joint Venture		–	(9.11)	(9.11)
Total Comprehensive Income for the year (net of tax)		**(33,21.46)**	**(34.78)**	**(33,56.24)**

iv) Reconciliation of Total Comprehensive Income for the year ended March 31, 2016 :

Particulars	For the Year ended March 31, 2016
Net profit / Other Equity under previous GAAP	**(33,21.59)**
Adjustment for amount recognised in other comprehensive income	1,78.76
Fair valuation / deemed cost and other adjustments for Property, Plant and equipment	(1,27.34)
Effect on measuring financial instrument at fair valuation of forward and derivative contract	(13,05.84)
Finance Costs as per Effective Interest Rate method	3,42.19
Others	61.48
Effect of Taxes on above	5,42.43
Effect of change due to equity method consolidation in Joint venture	(11.25)
Effect of change in current tax due to equity method consolidation of Joint venture	3.51
Effect of change in share of Profit/(Loss) due to adaption of Ind AS in Associates and Joint Venture	8,95.73
Net Profit for the period / Other Equity as at March 31, 2016 under Ind AS	**(27,41.92)**
Other Comprehensive Income (net of taxes)	
Actuarial gain / (loss) on Employees defined benefit	(1,16.90)
Cash Flow hedge reserve	(4,88.31)
Share of Associates and Joint Venture	(9.11)
Total Comprehensive Income for the period / Other Equity as at March 31, 2016 under IND-AS	**(33,56.24)**

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

v) Effect of Ind AS adoption on the statement of cash flows for the year ended March 31, 2016 (Amount Rs. in lakhs)

Particulars	Previous GAAP	Effect of transition to Ind AS	Ind AS
Net cash flows from operating activities	5,26,85.96	6,01.90	5,32,87.86
Net cash flows from investing activities	73,54.87	(2,41.72)	71,13.15
Net cash flows from financing activities	(5,91,63.26)	(68.24)	(5,92,31.50)
Net increase / (decrease) in cash and cash equivalents	**8,77.57**	**2,91.94**	**11,69.51**
Cash and cash equivalents at the beginning of the period	1,14,41.15	(1,60.65)	1,12,80.50
Effects of exchange rate changes on the balance of cash held in foreign currencies	1.51	–	1.51
Cash and cash equivalents at the end of the period	**1,23,20.23**	**1,31.29**	**1,24,51.52**

Analysis of cash and cash equivalents as at March 31, 2016 and as at April 1, 2015 for the purpose of statement of cash flows under Ind AS

Particulars	As at March 31, 2016 (End of last period presented under Previous GAAP)	As at April 1, 2015 (Date of transition)
Cash and cash equivalents for the purpose of statement of cash flows as per Previous GAAP	**1,23,20.23**	1,14,41.15
Unpaid Dividend Account considered as cash and cash equivalents	(2,44.36)	(1,11.52)
Acceptances regrouped with Trade payables	4,81.37	–
Effect of change in accounting of Joint Venture from proportionate consolidation to equity accounting	(1,05.72)	–
Cash and cash equivalents for the purpose of statement of cash flows under Ind AS	**1,24,51.52**	**1,13,29.63**

b) FIRST-TIME ADOPTION – Mandatory Exceptions and optional Exemptions

These consolidated financial statements are covered by Ind AS 101, "First Time Adoption of Indian Accounting Standards", as they are the Group's first Ind AS consolidated financial statements for the year ended March 31, 2017.

i) Overall principle:

a) The Group excepting as detailed under (b) below has prepared the opening balance sheet as per Ind AS as at April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying certain items from Previous GAAP to Ind AS as required under the Ind AS, and applying Ind AS in the measurement of recognised assets and liabilities. The accounting policies that the Group used in its opening Ind-AS Balance Sheet may have differed from those that it used for its previous GAAP. The resulting adjustments arising from events and transactions occuring before the date of transition to Ind-AS has been recognised directly in retained earnings at the date of transition.

b) Assets and liabilities pertaining to coal mines have been carried under freehold land, capital work in progress, property, plant and equipment and other respective heads of account, pending decision of the court as on the transition date and determination of exact status of the assets and company's claim thereagainst as detailed in note no. 47, have been kept unaltered and carried forward and shown under respective heads of accounts as accounted for under the previous GAAP.

c) However, this principle is subject to certain mandatory exceptions and certain optional exemptions availed by the Group as detailed below.

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

ii) Derecognition of financial assets and financial liabilities

The Group has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

iii) Fair Value as deemed cost for Property, Plant and Equipment

Property, plant and equipment has been carried in accordance with previous GAAP carrying value as deemed cost at the date of transition excepting freehold land and buildings valued at Fair value at the date of transition, which has been considered as deemed cost. On transition, previous GAAP revaluation reserve has also been transfered to retained earnings.

iv) Deemed cost for Intangible assets

The Group has elected to continue with the carrying value of all of its intangible assets recogniased as of transition date measured as per the Previous GAAP and used that carrying value as its deemed cost as of the transition date.

v) Investment in Associates and Joint Ventures

The Group has elected to measure its investment in Joint Venture at the previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS. In case of Investment in Associates, the Group has considered the fair value of such associates as its deemed cost on the date of transition to Ind AS as permitted under Ind AS 101 "First time Adoption of Indian Accounting Standards".

vi) Impairment of financial assets

Ind AS 109 “Financial Instruments” requires the impairment to be carried out retrospectively; however, as permitted by Ind AS 101, the Group has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Group has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

vii) Determining whether an arrangement contains a lease

The Group as on the date of transition complied with Ind AS 17 “Leases” to determine whether an arrangement contains a Lease on the basis of facts and circumstances existing at the date of transition to Ind AS, accordingly leasehold land has been reclassified as operating lease.

viii) Long Term Foreign Currency Monetary items

The Group has adopted to continue the accounting policy related to exchange difference arising from translation of existing long term foreign currency monetary items recognised in the financial statements under previous GAAP as on the date of transition. Accordingly, the Group has continued the policy of capitalisation of forex on such long-term loans outstanding as on 1st April 2015 and such capitalised amount is being amortised over the remaining useful life of the assets.

ix) Business Combination

In terms of Ind AS 101 "First Time Adoption of Indian Accounting Standards", the Group has elected to not to apply Ind AS 103 "Business Combination" for past combinations.

c) Explanatory Notes to reconciliation between Previous GAAP and Ind AS

(i) Property, Plant and Equipment

The Group has used previous GAAP carrying value as deemed cost excepting fair value of certain Property, Plant and Equipment (PPE) i.e. freehold land and building as carried out by an external valuer in its opening Ind AS financial statement as deemed cost. i) the aggregate of those fair values is Rs. 17,71,43.71 lakhs

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

ii) the aggregate adjustment to the carrying amount of land and building reported under previous GAAP is Rs. 6,20,81.42 lakhs and Rs. 22,69.49 lakhs respectively.

iii) the resultant impact have been accounted for in retained earning leading to increase in other equity by Rs 6,31,36.70 lakhs and decrease in goodwill on consolidation by Rs. 12,03.68 lakhs being adjustment made on account of excess amount paid over the book value in the year of acquisition of the subsidiary .

The fair value of PPE has been determined based on the valuation carried out by External Independent Valuer. The fair value of the properties was determined based on market value of similar assets, significantly adjusted for differences in the nature, location or condition of the specific items of PPE. The fair valuation involves higher degree of uncertainty and subjectivity.

(ii) Accounting of Leasehold Land as Finance lease

Under the previous GAAP, leasehold land at Haldia was shown as a part of Property, Plant and Equipment at a carying value consisting of the initial costs incurred and was amortised over the period of lease.

Under Ind AS 101, the Company has recognised the present value of minimum lease payments to its carrying value with corresponding recognition of lease liability.

On transition, this has resulted in capitalisation of Rs. 19.57 lakhs in Property, Plant and Equipment with corresponding recognition of lease liabilty of Rs. 10.71 lakhs as on April 1, 2015. This has resulted in increase in total equity by Rs. 9.25 lakhs and Rs. 8.86 lakhs as on March 31, 2016 and April 1, 2015 respectively.

(iii) Fair Valuation of financial assets and liabilities

Under previous GAAP, receivables and payables were measured at transaction cost less allowances for recoverability, if any.

Under Ind AS, financial assets and liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less allowances for impairment, if any. The resulting changes are recognised either under finance income or expenses in the Statement of profit and loss.

On transition, the company has fair valued certain financial assets including Security deposits and Trade receivables. This has resulted in decrease in total equity by Rs. 1,38.99 lakhs and Rs. 86.24 lakhs as on March 31, 2016 and April 1, 2015 respectively.

(iv) Investment in Associates

In terms of Ind AS 101, the Company has used fair valued its equity investments in Electrosteel Steels Limited and Srikalahasthi Pipes Limited, an associate of the Company as on the date of transition. The fair valuation of the said equity investment has been carried out by external valuer and the aggregate fair value of such equity investment is Rs. 10,61,22.52 lakhs. The aggregate adjustment to the carrying value of such investment under previous GAAP is Rs. 1,12,88.66 lakhs, with corresponding decrease in total equity as on April 1 , 2015.

The fair value of above equity investment has been determined based on the valuation carried out by External Independent Valuer. The fair value of the said investment was determined based on the average of the market value of the investment, P/E ratio of similar sector company along with premium/discount for controlling interest. The fair valuation involves higher degree of uncertainty and subjectivity.

(v) Investment accounted under Equity method

As required under Ind AS-28 "Investments in Associates and Joint Ventures", the group has accounted for interest in Joint Venture as at transition date under equity method of accounting. Accordingly all assets and liabilities pertaining to Joint Ventures which were consolidated line by line in previous accounting standards were excluded and balance difference between assets and liabilities pertains to Investment in Joint ventures accounted under previous GAAP.

Further the Joint Ventures and Associates have also adopted Ind AS with effect from 1st April, 2016 (transition date being 1st April,2015). The adjustments made upon conversion to Ind AS in Associates and Joint Ventures financial statements including using fair value of PPE as deemed cost on the date of transition have been given effect to in this consolidated financial statements as at the transition date. This has resulted in an increase in investments by Rs. 2,15,28.81 lakhs and Rs 2,06,42.19 lakhs as on March 31, 2016 and April 1, 2015 respectively with corresponding increase in other equity by Rs. 1,98,15.56 lakhs and Rs. 2,06,94.95 lakhs as on March 31, 2016 and April 1,2015.

The following previously proportionately consolidated assets and liabilities and items of statement of profit and loss have been aggregated into a single line investment balance in the joint venture at the date of transition to Ind AS:

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

Particulars	As at March 31, 2016	As at April 1, 2015
ASSETS		
1 Non-Current Assets		
(a) Property, Plant and Equipment	0.19	0.23
(b) Capital work-in-progress	7,13.73	7,13.73
(c) Financial Assets		
(i) Investments	(8,22.81)	(8,22.81)
(d) Other Non current Assets	6.17	6.45
2 Current Assets		
(a) Financial Assets		
(i) Investments	–	51.55
(ii) Cash and Cash equivalents	0.54	0.15
(iii) Bank balances other than (ii) above	1,05.18	48.98
(iv) Others	10.22	6.46
Total Assets	**13.22**	**4.74**

Particulars	As at March 31, 2016	As at April 1, 2015
EQUITY AND LIABILITIES		
Equity		
(a) Other Equity	11.53	3.82
Liabilities		
1 Current Liabilities		
(a) Financial liabilities		
(i) Trade Payables	1.62	0.85
(b) Other current liabilities	0.07	0.07
Total Equity and liabilities	**13.22**	**4.74**

Particulars	As at March 31, 2016
Other Income	13.87
Total revenue	**13.87**
EXPENSES	
Depreciation and Amortisation expenses	0.04
Other Expenses	2.58
Total expenses	**2.62**
Profit/(loss) before tax	**11.25**
Tax expense:	
Current tax	3.51
Profit/(Loss) after tax	**7.74**

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

(vi) Investment in Equity Instruments

Under previous GAAP, Non-current Investments were stated at cost less provision, if any, for diminuation in value other than temporary.

Under Ind AS, the Group has made an irrevocable decision to consider equity instruments other than Investment in Subsidiaries, Associates and Joint Ventures not held for trading to be recognised at FVTOCI.

On transition, the Group has recognised a gain of Rs. 27.97 lakhs as on March 31, 2016 and April 1, 2015 in OCI with the corresponding increase in the carrying value of such investments.

(vii) Fair valuation of Current Investment

Under previous GAAP, Current investments were measured at lower of cost or market price.

Under Ind AS, these investment are measured at fair value through profit or loss and accordingly, difference between the fair value and carrying value is recognised in Statement of profit or loss.

On transition, the Company has recognised a gain of Rs. 7.17 lakhs as on April 1, 2015 in respect of bonds with corresponding increase in total equity.

(viii) Fair Valuation of Derivative Instruments

Under previous GAAP, exchange difference arising with respect to forward contracts other than those entered into to hedge foreign currency risk on unexecuted firm contracts or of highly probable forecast transactions were recognised in the period in which they arise and the difference between the forward contract and exchange rate at the date of transaction is recognised as revenue/expense over the life of the contract.

In respect of derivative instruments (other than forward contracts dealt as above) premium paid, gain/losses on settlement and losses on restatement were recognised in the statement of profit and loss except in case they relate to acquisition or construction of fixed assets, in which case they were adjsuted to the cost of fixed assets/capital work in progress.

Under Ind AS, both reductions and increases to the fair value of derivative contracts that is either not designated as a hedge or is so designated but is ineffective are recognised in statement of Profit and Loss. Changes in fair value of the derivative hedging instrument designated as a cashflow hedge are recognised in OCI.

On transition, the Company has fair valued the outstanding forward contract, Swap and Options resulting in loss of Rs. 6,58.74 lakhs as on March 31, 2016 and gain of Rs. 13,93.84 lakhs as on April 1, 2015 with a corresponding impact in total equity. Further, fair valuation of Interest Rate Swap related to capital work in progress amounting to Rs. 76.91 lakhs and Rs. 2,11.73 lakhs as on March 31, 2016 and April 1, 2015 respectively was recognised in Capital Work in progress/Claim Receivable.

(ix) Borrowings

Under previous GAAP, transaction costs incurred in connection with borrowings are accounted upfront and charged to Statement of profit and loss in the year in which such costs were incurred.

Under Ind AS, Finance Liabilities consisting of Long Term Borrowings are to be fair valued and designated and measured at amortised cost based on Effective Interest Rate (EIR) method. The transaction costs so incurred are required to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in Statement of profit and loss over the tenure of the borrowing as part of the interest expense by applying EIR.

On transition, the Company has adjusted the unamortised portion of oustanding borrowings based on EIR resulting in reduction of its borrowings by Rs. 7,73.73 Lakhs and Rs. 3,10.90 Lakhs as on March 31, 2016 and April 1, 2015 respectively with corresponding impact in total equity.

(x) Taxation

Deferred tax has been recognised in respect of on accounting differences between previous GAAP and Ind AS. These adjustments have resulted increase in deferred tax liability and decrease in equity by Rs. 2,70,80.21 lakhs and Rs. 2,79,42.94 lakhs as on March 31, 2016 and April,1,2015 respectively.

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

(xi) Proposed Dividend and related Corporate Dividend Tax

Under previous GAAP, in accordance with "Contingencies and Events occuring after the Balance Sheet Date", proposed dividend as recommended by the Board of Directors was recognised as liability in the period to which they relate irrespective of the approval of the shareholders.

Under Ind AS, such dividends are recognised as liability in the period in which they are approved by the shareholders or paid.

On transition, the company has derecognised proposed dividend and dividend tax amounting to Rs 21,48.12 lakhs and Rs. 27,92.55 lakhs for the year ended March 31, 2016 and April 1, 2015 respectively as it was subsequently approved by the Shareholders. This has resulted in increase in total equity by Rs. 21,48.12 lakhs and Rs. 27,92.55 lakhs respectively as on March 31, 2016 and April 01, 2015 respectively.

(xii) Remeasurement of Defined Benefit Plan

Under previous GAAP and Ind AS, the Company recognises cost related to its post-employment defined benefit plan on an actuarial basis.

Under previous GAAP, the entire cost including re-measurement are charged to Statement of profit and loss.

Under Ind AS, the actuarial gain and losses from part of remeasurements net defined benefit liability/asset which is recognised in OCI. Consequently, the tax effect on the same has also been recognised in OCI instead of statement of profit and loss.

Under Ind AS, the entity is permitted to transfer amounts recognised in the Other Comprehensive Income within equity. The Company has taken recourse of the said provision and has transferred all re-measurement costs recognised relating prior to the transition date from retained earnings as on the date of transition as permitted under Ind AS.

On transition, this has resulted in reclassification of re-measurement losses on defined benefit plans of Rs. 1,78.76 lakhs for the year ended March 31, 2016 from Statement of profit and loss to OCI.

xiii) Previous GAAP figures have been reclassifed/regrouped wherever necessary to confirm with financial statements prepared under Ind AS.

61. Disclosure of Specified Bank Notes (SBN)

The details of SBN (Rs. 500 and Rs. 1000 notes existing as on November 08, 2016) and other notes held and transacted during the period from November 8, 2016 to December 30, 2016 as defined and required vide MCA Notification Number GSR 308(E) dated March 30, 2017 in respect of the Company and its Indian subsidiary are as below:

(Amount in Rs.)

Particulars	SBNs	Other Denomination Notes	Total
Closing Cash in hand as on 08.11.2016	75,15,00.00	28,38,81.00	103,53,81.00
(+) Permitted Receipts	–	299,57,65.00	299,57,65.00
(-) Permitted Payments	–	250,65,11.00	250,65,11.00
(-) Amount deposited in Banks	75,15,00.00	–	75,15,00.00
Closing cash in hand as on 30.12.2016	–	77,31,35.00	77,31,35.00

62. The financial statements of North Dhadhu Mining Company Private Limited and Electrosteel Brasil Ltda. Tubos e Conexoes Duteis for the year ended 31st March, 2017 has not been subjected to audit by their auditor.

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

63. Disclosure of additional information pertaining to the Parent Company, Subsidiaries and Associates as per Schedule III of Companies Act, 2013

(Amount Rs. in lakhs)

Name of the Company	Net Assets (Total Assets minus Total Liabilities)		Share in Profit or Loss		Other Comprehensive Income		Total Comprehensive Income	
	2016-17		2016-17		2016-17		2016-17	
	As % of Consolidated net assets	Net Assets	As % of Consolidated net assets	Profit/Loss	As % of Consolidated net assets	Other Comprehen-sive Income	As % of Consolidated net assets	Other Comprehen-sive Income
Parent	1,08.65	28,64,50.01	46.77	77,28.30	1,06.04	58.76	46.96	77,87.06
Subsidiaries								
Indian								
Mahadev Vyapaar Private Limted	0.60	15,84.78	0.05	8.70	–	–	0.05	8.70
Foreign								
Electrosteel Castings (UK) Limited	0.75	19,82.46	5.63	9,29.59	–	–	5.61	9,29.59
Electrosteel Europe S.A.	2.11	55,53.10	8.27	13,66.98	–	–	8.24	13,66.98
Electrosteel Algeria SPA	0.15	4,03.57	0.41	67.90	–	–	0.41	67.90
Electrosteel USA, LLC	0.19	4,97.70	–	0.55	–	–	–	0.55
Electrosteel Trading S.A. Spain	0.03	73.92	–	(0.21)	–	–	–	(0.21)
Electrosteel Doha For Trading LLC	0.09	2,26.78	(0.18)	(30.27)	–	–	(0.18)	(30.27)
Electrosteel Castings Gulf FZE	0.52	13,70.91	1.93	3,18.35	–	–	1.92	3,18.35
Electrosteel Brasil Ltda. Tubos e Conexoes Duteis	(0.02)	(65.38)	(0.03)	(4.99)	–	–	(0.03)	(4.99)
Electrosteel Bahrain Holding Company S.P.C	0.26	6,79.82	1.76	2,90.21	–	–	1.75	2,90.21
Non controlling interest in all subsidiaries	(0.01)	(21.34)	0.01	0.91	–	–	0.01	0.91
Associates (Investment as per Equity method)								
Indian								
Srikalahasthi Pipes Limited	31.55	8,31,76.49	40.19	66,41.85	(6.03)	(3.34)	40.04	66,38.51
Electrosteel Steels Limited	–	–	–	–	–	–	–	–
Electrosteel Thermal Power Limited	–	0.97	–	(0.07)	–	–	–	(0.07)
Joint Ventures (Investment as per Equity method)								
Indian								
North Dhadhu Mining Company Private Limited	0.32	8,37.11	0.02	2.77	–	–	0.02	2.77

Notes to Consolidated Financial Statements for the year ended March 31, 2017 *(Contd.)*

(Amount Rs. in lakhs)

Name of the Company	Net Assets (Total Assets minus Total Liabilities)		Share in Profit or Loss		Other Comprehensive Income		Total Comprehensive Income	
	2015-16		2015-16		2015-16		2015-16	
	As % of Consolidated net assets	Net Assets	As % of Consolidated net assets	Profit/Loss	As % of Consolidated net assets	Other Comprehensive Income	As % of Consolidated net assets	Other Comprehensive Income
Parent	1,12.69	28,06,61.07	(2,03.75)	55,87.02	98.52	(6,05.21)	(1,48.43)	49,81.81
Subsidiaries								
Indian								
Mahadev Vyapaar Private Limted	0.63	15,76.08	(0.27)	7.37	–	–	(0.22)	7.37
Foreign								
Electrosteel Castings (UK) Limited	0.42	10,52.87	(2.58)	70.74	–	–	(2.11)	70.74
Electrosteel Europe S.A.	1.68	41,86.12	74.20	(20,34.59)	–	–	60.62	(20,34.59)
Electrosteel Algeria SPA	0.13	3,35.66	11.71	(3,21.13)	–	–	9.57	(3,21.13)
Electrosteel USA, LLC	0.20	4,97.15	8.99	(2,46.61)	–	–	7.35	(2,46.61)
Electrosteel Trading S.A. Spain	0.03	74.13	(0.29)	7.91	–	–	(0.24)	7.91
Electrosteel Doha For Trading LLC	0.10	2,57.05	(0.15)	4.18	–	–	(0.12)	4.18
Electrosteel Castings Gulf FZE	0.42	10,52.56	(26.98)	7,39.92	–	–	(22.05)	7,39.92
Electrosteel Brasil Ltda. Tubos e Conexoes Duteis	(0.02)	(60.39)	1.20	(32.78)	–	–	0.98	(32.78)
Electrosteel Bahrain Holding Company S.P.C	0.16	3,89.61	0.90	(24.80)	–	–	0.74	(24.80)
Non controlling interest in all subsidiaries	(0.01)	(22.25)	–	(0.13)	–	–	–	(0.13)
Associates (Investment as per Equity method)								
Indian								
Srikalahasthi Pipes Limited	31.12	7,75,03.05	(2,70.36)	74,13.53	1.48	(9.11)	(2,20.61)	74,04.42
Electrosteel Steels Limited	–	–	5,00.14	(13,714.09)	–	–	4,08.60	(13,714.09)
Electrosteel Thermal Power Limited	–	1.04	–	(0.07)	–	–	–	(0.07)
Joint Ventures (Investment as per Equity method)								
Indian								
North Dhadhu Mining Company Private Limited	0.33	8,34.34	(0.28)	7.72	–	–	(0.23)	7.72

63.1. The financial statement of Domco Private Limited has not been consolidated for reasons referred to in note no. 7.3

63.2. Figures given herein above are as per standalone financial statements of the respective companies and hence effect of inter company and other adjustments carried out on consolidation has not been considered for the purpose of above disclosure.

64. These consolidated financial statements have been approved by the Board of Directors of the Company on 19th May 2017 for issue to the shareholders for their adoption.

As per our report of even date
For Lodha & Co
Chartered Accountants

R. P. Singh
Partner

Kolkata
May 19, 2017

For and on behalf of the Board of Directors

Mahendra Kumar Jalan
Director
(DIN : 00311883)

Umang Kejriwal
Managing Director
(DIN : 00065173)

Brij Mohan Soni
Chief Financial Officer

Subhra Giri Patnaik
Company Secretary

ANNEXURE I

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

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2017

[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	22,39,30.52	Not Ascertainable
2.	Total Expenditure	21,06,71.27	
3.	Net Profit/(Loss) (including other comprehensive income)	1,65,79.74	
4.	Earnings Per Share	4.63	
5.	Total Assets	57,65,71.79	
6.	Total Liabilities	31,29,10.84	
7.	Net Worth (Equity Share Capital plus Other Equity)	26,36,60.95	
8.	Any other financial item(s) (as felt appropriate by the management)	–	–

II. Audit Qualification (each audit qualification separately) :

a. Details of Audit Qualification :

Attention has been drawn by the Auditors' under Para 3 of the Auditors' Report to the following notes of the financial results for the quarter and year ended 31st March 2017 –

Para 3(a) : Note no. 5 dealing with cancellation of coal blocks allotted to the company and non-recognition of the claim for compensation pending acceptance thereof and thereby having impact to the extent indicated in the said note on the balances of capital work in progress, fixed assets, inventories and other heads of account being carried forward under the respective heads. Pending acceptance, the amount finally recoverable against the claim and consequential adjustments thereof are presently not ascertainable.

Para 3(b) : Note no. 6 regarding non-provision for impairment in the value of investments in a joint venture company, pending determination of the claim for compensation against North Dhadu Coal Block.

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

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

c. Frequency of qualification : ~~Whether appeared first time~~ / ~~repetitive~~ / since how long continuing – since financial year 2014-15.

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

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

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

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

Para 3(a) – In pursuance of the Order dated September 24, 2014 issued by the Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated October 21, 2014 (Ordinance) for implementing the Order, allotment of Parbatpur coal block (coal block/mines) to the Company which was under advanced stage of implementation, had been cancelled w.e.f. April 01, 2015. In terms of the Ordinance, the Company was allowed to continue the operations in the said block till March 31, 2015. Accordingly, the same had been handed over to Bharat Coking Coal Limited (BCCL) as per the direction from Coal India Ltd. (CIL) with effect from April 01, 2015 and the same has been subsequently alloted to Steel Authority of India Limited (SAIL).

Following a petition filed by the Company, the Hon'ble High Court at Delhi has pronounced it's judgement on March 09, 2017. Accordingly based on the said judgement, the Company has claimed Rs. 153176 lakhs towards compensation against the said coal block now being alloted to SAIL, acceptance whereof is awaited. Pending acceptance of the Company's claim as above;

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

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

(iii) Compensation of Rs. 8312.34 lakhs so far received and net realisations against sale of assets, advances etc. amounting to Rs. 636.62 lakhs have been adjusted.

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

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

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

As stated herein above, the impact with respect to above and consequential adjustments cannot be ascertained by the management and as such cannot be commented upon by us.

III. Signatories :

CEO/Managing Director	Umang Kejriwal *Managing Director*
CFO	Brij Mohan Soni *Chief Financial Officer*
Audit Committee Chairman	Binod Kumar Khaitan *Audit Committee Chairman*
Statutory Auditor	For Lodha & Co *Chartered Accountants* Firm's ICAI Registration No.: 301051E R. P. Singh *(Partner)* Membership No: 52438

Place : Kolkata
Date : May 19, 2017

NOTES

NOTES

www.electrosteelcastings.com