

Limited Review Report**The Board of Directors
Electrosteel Castings Limited**

1. We have reviewed the accompanying statement of unaudited Financial Results of Electrosteel Castings Limited ('the Company') for the Quarter and Nine Months ended on 31st December 2016 ('the Results'). The Statement has been prepared by the Company pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July 2016 which has been initiated by us for the purpose of identification. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Attention is drawn to the following notes of the accompanying results:
 - a) Note no. 7(a) dealing with cancellation of coal blocks allotted to the company and accounting being followed in this respect and the resultant amount of the claim for compensation along with interest thereon and consequential adjustments thereof presently not being ascertained and given effect to, pending decision of the court on the matter;
 - b) Note no. 7(b) regarding impairment in the value of investments in a joint venture company, pending determination of the claim for compensation against North Dhadu Coal Block; and,
 - c) Note no. 9 regarding Investment in an associate company being carried at cost.
 - d) Impact with respect to (a) to (c) are presently not ascertainable and as such cannot be commented upon by us.
4. Based on our review conducted as above, we report that, excepting the possible effect of the matters stated in Para 3 above nothing has come to our attention that causes us to believe that the accompanying statement of the Results prepared in accordance with applicable Companies (Indian Accounting Standards) Rules, 2015 prescribed under Section 133 of the Companies Act, 2013 and other recognized accounting practices and policies generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

Place: Kolkata
Date: 28th January 2017



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

R.P. Singh

R P Singh
Partner
Membership No.052438



ELECTROSTEEL CASTINGS LIMITED
CIN: L27310OR1955PLC000310

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PART I

(Rs. in lakhs)

STATEMENT OF STANDALONE UNAUDITED RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31/12/2016

Particulars	3 months ended 31/12/2016	Preceding 3 months ended 30/09/2016	Corresponding 3 months ended in the previous year 31/12/2015	Year to date figures for current period ended 31/12/2016	Year to date figures for previous period ended 31/12/2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
1. Income from operations					
Net Sales/Income from operations	44932.53	44073.60	49743.78	131155.51	142948.03
Less: Excise Duty	734.66	1063.13	930.58	2739.33	3314.23
(a) Net Sales/Income from Operations (Net of excise duty)	44197.87	43010.47	48813.20	128416.18	139633.80
(b) Other operating income	1104.54	894.76	926.61	2881.09	2821.05
Total income from operations (net)	45302.41	43905.23	49739.81	131297.27	142454.85
2. Expenses					
(a) Cost of materials consumed	18158.03	18436.61	21558.26	51539.84	66547.68
(b) Purchases of stock-in-trade	758.64	1379.36	1049.02	3963.38	3937.28
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(799.13)	(1883.33)	628.19	(481.05)	(2932.95)
(d) Employee benefits expense	4463.26	5072.41	4710.90	13739.23	13426.41
(e) Depreciation and amortisation expense	1572.03	1572.60	1597.28	4713.05	4774.63
(f) Other expenses	14654.74	12286.96	14021.95	38815.80	43566.96
Total expenses	38807.57	36864.61	43565.60	112290.25	129320.01
3. Profit / (Loss) from operations before other income, finance costs (1-2)	6494.84	7040.62	6174.21	19007.02	13134.84
4. Other Income	1089.61	1744.60	436.38	3544.06	3254.66
5. Profit / (Loss) from ordinary activities before finance costs (3 + 4)	7584.45	8785.22	6610.59	22551.08	16389.50
6. Finance costs	3965.38	4391.68	4221.77	12974.16	12594.95
7. Profit / (Loss) from ordinary activities after finance costs but before tax (5 - 6)	3619.07	4393.54	2388.82	9576.92	3794.55
8. Tax expense	1217.58	1179.88	577.09	2954.91	683.88
9. Net Profit / (Loss) from ordinary activities after tax (7 - 8)	2401.49	3213.66	1811.73	6622.01	3110.67
10. Other Comprehensive Income after Tax	(105.80)	5.17	(15.42)	(100.99)	(46.26)
11. Total Comprehensive Income after Tax	2295.69	3218.83	1796.31	6521.02	3064.41
12. Paid-up equity share capital (Face value - Re. 1/-)	3569.55	3569.55	3569.55	3569.55	3569.55
13. Reserves excluding revaluation reserve as per balance sheet of previous accounting year					
14. Earnings Per Share (EPS) of Re.1 each (not annualised):					
Basic (Rs.)	0.67	0.90	0.51	1.86	0.87
Diluted (Rs.)	0.67	0.90	0.51	1.86	0.87



Notes:

1. The above financial results which have been prepared in accordance with Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI circular dated July 5, 2016, have been reviewed by Audit Committee and approved by the Board of Directors at their meeting held on January 28, 2017. The above results have been subjected to Limited Review by the Statutory Auditors.
2. These financial results have been prepared in accordance with the Indian Accounting Standards (IND-AS) notified under Companies (Indian Accounting Standards) Rules 2015 as amended by Companies (Indian Accounting Standards) (Amendment) Rules, 2016. IND-AS has been made applicable with effect from April 1, 2016 and the comparative figures for the corresponding quarter and nine months ended of the previous year (transition date being April 1, 2015) have accordingly been restated.
3. The above results may require adjustment before constituting the first set of IND-AS, financials as of and for the year ended March 31, 2017 due to changes in financial reporting assumptions and applications arising from new or revised standards or interpretations received or changes in the use of one or more optional exemptions as permitted in Indian Accounting Standards (Ind-AS) 101 issued under Companies (Indian Accounting Standards) Rules, 2015 by the Ministry of Corporate Affairs.
4. The format for Unaudited Quarterly Results as prescribed in SEBI's Circular CIR/CFD/CMD/15/2015 dated November 30, 2015 has been modified to comply with requirements of SEBI's Circular dated July 5, 2016, IND-AS and Schedule III (Division II) to the Companies Act, 2013 applicable to the companies which are preparing the financial statements as per IND-AS.
5. The Company operates mainly in one business segment viz. Pipes and all other activities revolve around the main business.
6. 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. However, the application filed by the Company before the Hon'ble High Court at Orissa will now be taken by the National Company Law Tribunal, Kolkata Bench ("NCLT, Kolkata") as per Notification no.S.O. 3677(E) dated December 7, 2016 and Rule 3 of Companies (Transfer of Pending Proceedings) Rules, 2016. No effect of the Scheme has been given in the above results of the Company, pending sanction by the NCLT, Kolkata.
- 7(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, has 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 has been handed over to Bharat Coking Coal Limited (BCCL) as per the direction from Coal India Ltd. (CIL) with effect from April 01, 2015. The Company pending acceptance and recovery of the amount of compensation, has filed a petition before the Hon'ble High Court at Delhi, hearing whereof has been concluded and judgement is awaited.

Pending decision of the Court,
(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 period from April 01, 2015 onwards against the fund borrowed and other expenses directly attributable in this respect amounting to Rs. 12653.00 lakhs (including Rs.1349.64 lakhs for the quarter ended December 31, 2016) has been considered as other recoverable under current assets.
(iii) Compensation of Rs. 8312.34 lakhs till December 31, 2016 and realisations against sale of assets, advances etc amounting to Rs. 633.83 lakhs have been adjusted there against.

The matter being subjudice the amount of compensation finally receivable is presently not ascertainable and consequential adjustments in this respect will be given effect to on ascertainment of the amounts thereof.
- 7(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 of Rs.822.81 lakhs 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.
8. Due to delay in grant of forest, environment and other clearances from various authorities and execution of mining lease of an area of 192.50 ha. by the State Government of Jharkhand for iron and manganese ores at Dirsumburu in Kodilabad Reserve Forest, Saranda of West Singhbhum, Jharkhand, the validity period of letter of intent granted in this respect has expired on January 11, 2017. The Company has filed a writ petition before the Hon'ble High Court of Jharkhand on January 10, 2017, praying inter-alia for direction for grant of said lease in favour of the Company. The Hon'ble High Court in its order while observed, being not averse in granting relief with respect to cut off date, has admitted the said petition and fixed the case for further hearing and adjudication. Pending decision of the High Court, Rs. 3704.22 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.
9. The Company has investments of Rs. 111077.64 lakhs in Electrosteel Steels Limited, which is passing through financial stringency and therefore debt and other restructuring proposal are under consideration by lenders, final outcome whereof is awaited. Pending this and resulted valuation etc., Company's investment in the said associate has been carried at cost.



10. Reconciliation between financial results, as previously reported (referred to as "Previous GAAP") and IND-AS for the quarter and nine months ended December 31, 2015 are presented as under:

Particulars	(Rs. in lakhs)	
	3 months ended in the previous year 31/12/2015	Year to date figures for previous period ended 31/12/2015
Net profit under previous GAAP	1280.03	3496.83
Adjustment for amount recognised in other comprehensive income	23.58	70.74
Effect on fair valuation of forward/ derivative contract	(17.10)	(1382.90)
Finance Costs as per Effective Interest Rate method	482.16	432.89
Others	42.87	7.15
Effect of Taxes on above	0.19	485.96
Net Profit for the period under IND-AS	1811.73	3110.67
Other Comprehensive Income (net of taxes)		
Actuarial gain/ (loss) on Employees defined benefit	(15.42)	(46.26)
Total Comprehensive Income under IND-AS	1796.31	3064.41

11. The listed non-convertible debentures of the Company aggregating Rs. 5000.00 lakhs as on December 31, 2016 are fully secured against Company's fixed assets other than assets at Chennai and Elavur.

12. Previous periods' figures have been regrouped/rearranged wherever necessary.

For ELECTROSTEEL CASTINGS LTD.



Umang Kejriwal
Managing Director
(DIN: 00065173)



Kolkata
January 28, 2017

