

ELECTROSTEEL CASTINGS LIMITED

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



20 May, 2021

BSE Limited

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

National Stock Exchange of India Limited

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

Scrip Code: **500128**

Symbol: **ELECTCAST**

Dear Sir/Madam,

Sub: Outcome of Meeting of the Board of Directors of the Company held on 20 May, 2021

Pursuant to Regulation 30 and other applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), please be informed that the Board of Directors, at its meeting held today, has, inter-alia:

1. approved the Audited Standalone and Consolidated Financial Results of the Company for the quarter and Financial Year ended 31 March, 2021. In compliance with provisions of Regulation 33 and other applicable provisions of the Listing Regulations, please find enclosed herewith, the said Financial Results, along with copies of the Statutory Auditors' Reports thereon and Statements on Impact of Audit Qualifications for Standalone and Consolidated Audit Reports with modified opinion.
2. recommended a dividend of Rs. 0.25 (25%) per Equity Share of face value of Re. 1/- each for the Financial Year ended 31 March, 2021, to the shareholders of the Company for their approval at their ensuing Annual General Meeting.
3. the dividend for the Financial Year ended 31 March, 2021, if any, declared by the shareholders at the ensuing Annual General Meeting, will be paid to the shareholders after the Annual General Meeting, within such time period as required under the law.
4. re-appointed M/s. K. Arun & Co., Company Secretaries, as the Secretarial Auditor of the Company for the Financial Year 2021-22.

Brief Profile of M/s. K. Arun & Co., Company Secretaries:

K. Arun & Co., Company Secretaries, is one of the leading Corporate Consultants in Kolkata to provide wide range of quality professional services in the field of Corporate Laws and Taxation, Finance & Accounting, Legal Compliances, Corporate Governance, Corporate Social Responsibility and allied services. They serve to more than 100 corporate clients, which includes MNCs, PSUs, Corporate Houses and a reasonable number of MSMEs. Apart from Corporate Clients, they also provide their services to individuals and firms. Mr. Arun Kumar Khandelia, through K. Arun & Co., is engaged in practice of corporate laws for over 25 years.

Follow the Electrosteel Group on



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Further, he is a regular faculty in the ICSI and other Corporate Forums. He also delivers lectures in seminars and conferences organized by different Educational Institutions.

Time of Commencement of Meeting: 1200 Hours

Time of Conclusion of Meeting: 1515 Hours

This is for your information and records.

Thanking you.

Yours faithfully,

For Electrosteel Castings Limited

Indranil Mitra
Company Secretary
ICSI: A20387

Encl.: a/a



Independent Auditor's Report

To,
The Board of Directors of
Electrosteel Castings Limited

Report on the audit of the standalone annual financial results

Qualified Opinion

We have audited the accompanying standalone annual financial results of Electrosteel Castings Limited ('the Company') for the year ended 31st March 2021 (the "Statement"), attached herewith, being submitted by the Company pursuant to the requirement of regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulation").

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

- (a) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- (b) except for the possible effect of the matter described in 'Basis for Qualified Opinion' paragraph below, gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards (IND AS) and other accounting principles generally accepted in India of the net profit and other comprehensive income and other financial information for the year ended 31st March 2021.

Basis of Qualified Opinion

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

- (a) Note no. 4 in respect to cancellation of coal block allotted to the company in earlier years and non-recognition of the claims receipt thereof & non-carrying of any adjustment in the books of accounts for the reasons stated in the note. Pending finalisation of the matter & as the matter is sub judice, disclosures as per Indian Accounting standard will be given effect on final settlement of the matter & the balances appearing in the books of accounts in respect to such coal block have been carried forward at their carrying cost and disclosed as capital work in progress, property plant & equipment, inventories and other heads of account. The impact and consequential adjustment thereof are not presently ascertainable.
- (b) Note No. 6 in respect to Company's investment amounting to Rs. 3612.61 lakhs in Electrosteel Steels Limited (ESL), the pledge of which was invoked by the lenders of ESL and the same has been set aside by the Hon'ble High Court at Calcutta. The plea of the company to release the pledge is pending before the Hon'ble High Court at Calcutta. Further the Land of Elavur plant of the Company which is mortgaged in favour of a Lender of ESL, who has assigned their rights to another entity and the symbolic possession has been taken in the previous year, has been disputed by the company as enumerated in the note. Above exposures have been carried forward at their existing carrying value & no impairment has been provided in respect to above and the impact of which is not presently ascertainable.

- (c) Note No 7 in respect to carry forward of claim recoverable amounting to Rs. 1778.11 Lakhs towards the compensation claimed from the Railway Authorities as mentioned in the note. The recovery of the same is dependent on the outcome of the arbitration process and is not presently ascertainable.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other Matter

The standalone annual financial results include the results for the quarter ended 31st March, 2021 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us as required under the listing regulations.

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

GOPAL
JAIN

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GOPAL JAIN
Date: 2021.05.20
12:54:11 +05'30'

(Gopal Jain)
Partner

Membership No.: 059147
UDIN: 21059147AAAABB1163

Place: Kolkata

Date: 20th day of May, 2021



ELECTROSTEEL CASTINGS LIMITED

CIN: L27310OR1955PLC000310

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Corporate Office: 19, Camac Street, Kolkata 700 017

Website: www.electrosteelcastings.com

E-mail: companysecretary@electrosteel.com

(Rs.in lakhs)

STATEMENT OF AUDITED STANDALONE RESULTS FOR THE QUARTER AND YEAR ENDED 31/03/2021					
Particulars	3 months ended 31/03/2021	Preceding 3 months ended 31/12/2020	Corresponding 3 months ended in the previous year 31/03/2020	Year to date figures for current year ended 31/03/2021	Year to date figures for previous year ended 31/03/2020
	(Audited) (Refer note 12)	(Unaudited)	(Audited) (Refer note 12)	(Audited)	(Audited)
1. Revenue From Operations	72076.64	69717.69	62242.87	223611.59	247988.93
2. Other Income	664.87	1650.43	555.88	4856.18	3761.22
3. Total income (1 + 2)	72741.51	71368.12	62798.75	228467.77	251750.15
4. EXPENSES					
(a) Cost of materials consumed	34784.16	30782.33	26528.63	103701.42	111841.99
(b) Purchases of Stock-in-Trade	783.53	1051.48	874.19	3199.60	3166.87
(c) Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	722.77	2313.07	717.26	3232.14	(557.40)
(d) Employee benefits expense	4746.42	4798.07	4251.63	17055.77	17193.30
(e) Finance costs	5635.89	4532.73	5451.95	18383.15	21989.75
(f) Depreciation and amortization expense	1315.95	1344.68	1338.46	5267.21	5274.32
(g) Other expenses	22185.00	21848.86	23287.90	72733.62	80487.79
Total expenses	70173.72	66671.22	62450.02	223572.91	239396.62
5. Profit / (Loss) before tax (3 - 4)	2567.79	4696.90	348.73	4894.86	12353.53
6. Tax expense:					
Current tax	963.40	832.91	360.91	1796.30	1351.26
Deferred tax	(348.24)	258.18	(992.07)	(1154.54)	1159.68
Related to earlier year	(71.01)	-	1.56	(71.01)	(16.19)
7. Profit / (Loss) for the period (5 - 6)	2023.64	3605.81	978.33	4324.11	9858.78
8. Other Comprehensive Income					
A (i) Items that will not be reclassified to profit or loss					
a) Remeasurements of the defined benefit plans	118.69	0.84	(165.97)	121.23	3.39
b) Equity instruments through other comprehensive income	2462.95	(0.24)	(10.10)	2504.14	(14.46)
(ii) Income tax relating to items that will not be reclassified to profit or loss	(29.88)	(0.15)	60.63	(39.94)	2.46
B (i) Items that will be reclassified to profit or loss	-	-	-	-	-
Other Comprehensive Income for the period (net of tax)	2551.76	0.45	(115.44)	2585.43	(8.61)
9. Total Comprehensive Income for the period (7 + 8)	4575.40	3606.26	862.89	6909.54	9850.17
10. Paid-up equity share capital (Face value - Re. 1/-)	4329.55	4329.55	4329.55	4329.55	4329.55
11. Other equity excluding revaluation reserve				256135.84	250525.16
12. Earnings per equity share of par value of Re. 1 each.					
(1) Basic (Rs.)	0.47	0.83	0.23	1.00	2.36
(2) Diluted (Rs.)	0.47	0.83	0.23	1.00	2.36



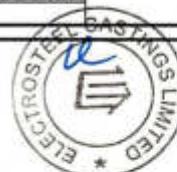
(Rs.in lakhs)		
STATEMENT OF STANDALONE ASSETS AND LIABILITIES		
Particulars	As at March 31, 2021	As at March 31, 2020
A. ASSETS		
(1) Non-current assets		
(a) Property, Plant and Equipment	158869.16	160789.28
(b) Capital work-in-progress	115588.99	116541.67
(c) Other Intangible assets	140.96	136.76
(d) Right-of-use assets	2306.78	2358.78
(e) Investments in subsidiaries, associates and joint ventures	51897.69	51897.69
(f) Financial Assets		
(i) Investments	4572.13	2120.41
(ii) Loans	1467.24	1316.50
(iii) Other financial assets	5226.47	5550.00
(g) Other non-current assets	504.22	554.09
Total Non-Current assets	340573.64	341265.18
(2) Current assets		
(a) Inventories	66986.06	61355.11
(b) Financial Assets		
(i) Investments	-	0.52
(ii) Trade receivables	53853.57	63778.18
(iii) Cash and cash equivalents	3746.23	2223.55
(iv) Bank balances other than (iii) above	5049.29	4042.40
(v) Loans	1188.40	1317.27
(vi) Other financial assets	18188.94	18884.01
(c) Other current assets	6039.59	5626.04
Total Current assets	155052.08	157227.08
Total Assets	495625.72	498492.26
B. EQUITY AND LIABILITIES		
Equity		
(a) Equity Share capital	4329.55	4329.55
(b) Other Equity	256135.84	250525.16
Total Equity	260465.39	254854.71
Liabilities		
(1) Non-current liabilities		
(a) Financial Liabilities		
(i) Borrowings	66866.94	70130.07
(ii) Lease liabilities	353.44	467.87
(b) Provisions	2899.70	2810.77
(c) Deferred tax liabilities (Net)	23142.17	24256.77
(d) Other non-current liabilities	4377.05	5343.12
(e) Non-current Tax Liabilities (Net)	5250.71	5157.78
Total Non-current liabilities	102890.01	108166.38
(2) Current liabilities		
(a) Financial Liabilities		
(i) Borrowings	60774.70	60391.31
(ii) Lease liabilities	230.65	122.29
(iii) Trade payables		
(a) Total Outstanding dues of Micro enterprises and small enterprises: and	127.10	161.85
(b) Total Outstanding dues of creditor other than Micro enterprises and small enterprises	33670.44	33065.17
(iv) Other financial liabilities	15178.29	26012.21
(b) Other current liabilities	20883.75	14509.94
(c) Provisions	1171.70	1208.40
(d) Current Tax Liabilities (Net)	233.69	-
Total Current liabilities	132270.32	135471.17
Total Equity and Liabilities	495625.72	498492.26



STATEMENT OF STANDALONE CASH FLOW

(Amount Rs.in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before Tax	4894.86	12353.53
Add: Depreciation and amortisation expenses	5267.21	5274.32
Sundry balances /Assets / Advances written off	38.07	2820.71
Bad Debts	67.27	47.93
Credit loss allowances on trade receivables/advances/Others	95.20	41.23
Impairment in valuation of investments	-	45.05
Net (gain) /loss on Fair valuation of Current Investments	-	0.15
Profit/(Loss) on sale / discard of Fixed Assets (Net)	250.12	214.85
Finance cost	18383.15	21989.75
	24101.02	30434.00
Less: Interest income	1259.44	1149.29
Bad Debts realised	-	89.58
Dividend income from investments	1352.14	1158.79
Net gain/(loss) on derecognition of financial assets at amortised cost	0.12	29.71
Fair Valuation of derivative instruments through Profit & Loss	560.56	(665.97)
Unrealised foreign exchange fluctuation and translation	(793.18)	1315.23
Profit / (Loss) on sale of Current Investment	0.27	(14.94)
Profit on sale of Non Current Investment	16.63	-
Provisions / Liabilities no longer required written back	663.16	63.46
	3059.14	3125.16
Operating Profit before Working Capital changes	25936.74	39662.37
Movements in working capital		
Less: Increase/(Decrease) in Inventories	5630.95	5012.63
Increase/(Decrease) in Trade Receivables	(7913.96)	1093.23
Increase/(Decrease) in Loans & Advances, other financial and non-financial assets	(707.61)	162.42
(Increase)/Decrease in Trade Payables, other financial and non financial liabilities and provisions	(7466.98)	9139.49
	(10457.60)	15407.77
Cash generated From Operations	36394.34	24254.60
Less: Direct Taxes paid (Net)	1436.19	470.82
Net cash flow from Operating Activities (A)	34958.15	23783.78
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment, Intangible Assets and movements in Capital work in progress	(2783.95)	(5467.46)
Realisation of Property, Plant and Equipment, Intangible Assets	60.14	22.46
Sale of Investment in Associate, Subsidiary and Joint Venture	-	1.50
Sale of Current Investment	0.79	60.20
Sale of Non Current Investment	69.05	-
Interest received	1234.72	1183.48
Dividend received	1352.14	1158.79
Movement in bank balances other than cash and cash equivalents	(683.36)	1412.21
	(750.47)	(1628.82)
Net Cash flow from Investing Activities (B)	(750.47)	(1628.82)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/(Repayment) from short term borrowings (net)	1212.92	(4181.26)
Repayment of Long term borrowings	(37595.20)	(11644.33)
Proceeds from Long term borrowings	23600.00	6000.00
Interest and other borrowing cost paid	(18541.79)	(20681.64)
Interest paid on Lease Liability	(61.28)	(73.22)
Dividend paid	(1,298.86)	-
	(32684.21)	(25580.45)
Net cash flow from Financing Activities (C)	(32684.21)	(25580.45)
D. Net increase / (decrease) in Cash and Cash equivalents (A+B+C)	1523.47	(3425.49)
E. Cash and Cash equivalents at the beginning of the year	2223.55	5647.38
F. Add/(Less): Unrealised exchange gain/(loss) on bank balances	(0.79)	1.66
G. Cash and Cash equivalents at the end of the year	3746.23	2223.55



Notes:

1. The above standalone financial results which have been prepared in accordance with Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI circular dated July 5, 2016, have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on May 20, 2021. These results have been subjected to Audit by the Statutory Auditors.
2. The Company operates mainly in one business segment viz. Pipes and all other activities revolve around the main business.
3. Due to delay in grant of forest, environment and other clearances from various authorities and execution of mining lease of an area of 192.50 ha. by the State Government of Jharkhand for iron and manganese ores at Dirsumburu in Kodilabad Reserve Forest, Saranda of West Singhbhum, Jharkhand, the validity period of letter of intent granted in this respect expired on January 11, 2017. The Company filed a writ petition before the Hon'ble High Court at Jharkhand on January 10, 2017, praying inter-alia for direction for grant of said lease in favour of the Company. The Hon'ble High Court in its order while observed, being not averse in granting relief with respect to cut off date, admitted the said petition and fixed the case for further hearing and adjudication. Pending decision of the Hon'ble High Court, Rs. 3895.26 lakhs so far incurred in connection with these Mines/related facilities, have been carried forward under respective heads of fixed assets, capital work in progress and advances.
4. In pursuance of the Order dated September 24, 2014 issued by the Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated October 21, 2014 (Ordinance) for implementing the Order, allotment of Parbatpur coal block (coal block/mines) to the Company which was under advanced stage of implementation, had been cancelled w.e.f. April 01, 2015. In terms of the Ordinance, the Company was allowed to continue the operations in the said block till March 31, 2015. Accordingly, the said block had been handed over to Bharat Coking Coal Limited (BCCL) as per the direction from Coal India Ltd. (CIL) with effect from April 01, 2015 and the same has been subsequently allotted to Steel Authority of India Limited (SAIL). The company also understand that the SAIL has handed over back the said coal block to the custody of BCCL.

Following a petition filed by the Company, the Hon'ble High Court at Delhi had pronounced its judgement on March 09, 2017. Accordingly based on the said judgement, the Company has claimed Rs.153176.00 lakhs towards compensation against the said coal block, acceptance whereof is awaited. Aggrieved due to delay in acceptance of claim and on a petition filed by the Company, the Hon'ble High Court had directed the Nominated Authority appointed under Ministry of Coal to determine the compensation. Earlier the Nominated Authority had upheld its decision of compensation already paid and the same was set aside by the Hon'ble High Court with a direction to the Nominated authority to reconsider. The Nominated authority further passed an order dated 11.11.2019 awarding an additional compensation of Rs. 180 lakhs and with a further direction to re-determine the value of certain assets by the appropriate authority. The newly appointed Nominated Authority had appointed a valuer to determine the value of those specified assets as per the direction of Nominated Authority dated 11.11.2019 and the process of valuation is under progress as per the available information. The company has also approached the newly appointed Nominated Authority/ Ministry of Coal to reconsider the compensation determined by the previous Nominated Authority and also exploring other possibilities.

Pending finalisation of the matter as above;

- (i) Rs.128884.11 lakhs incurred pertaining to the coal block till March 31, 2015 after setting off income, stocks etc. there against as per the accounting policy then followed by the Company has been continued to be shown as freehold land, capital work in progress, other fixed assets and other respective heads of account;
- (ii) Interest and other finance cost for the year ended March 31, 2016 against the fund borrowed and other expenses directly attributable in this respect amounting to Rs. 9514.74 lakhs has been considered as other recoverable under current assets; and
- (iii) Compensation of Rs. 8312.34 lakhs so far received and net realisations/claims against sale of assets, advances, input credits etc. amounting to Rs. 2054.70 lakhs have been adjusted.

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

5. In terms of the Hon'ble Supreme Court Order as referred above, North Dhadhu Coal Block, allotted in joint venture with other companies, has also been cancelled w.e.f. September 24, 2014. The Company barring initial contribution of Rs. 822.81 lakhs and Company's share of bank guarantee amounting to Rs. 2745.00 lakhs (encashment of which has been stayed by Hon'ble High Court at Jharkhand) has not made any further investments in the said joint venture company. In view of the management, the compensation to be received in terms of the "The Coal Mines (Special Provision) Ordinance 2014" is expected to cover the cost incurred by the Joint Venture Company. However as an abundant precaution, impairment in the value of the investment amounting to Rs. 822.81 lakhs in Joint venture was made in the previous year. In view of stay order by Hon'ble High Court, no provision in the share of the said bank guarantee has been considered necessary.
6. During the quarter, the company has fair valued the equity shares of Electrosteel Steels Limited (ESL) based on the fair valuation report obtained and a gain of Rs. 2462.95 lakhs has been accounted for in other comprehensive Income.

Further the notices issued by the consortium of lenders of ESL for invocation of pledge of company's investment of 173,34,999 equity shares of Rs. 10 each in ESL amounting to Rs. 3612.61 lakhs was set aside by the Hon'ble High Court at Calcutta. The plea of the company for release of the pledge is pending before the Hon'ble Court.

In the earlier years, certain land amounting to Rs. 29493.58 lakhs (value as at 31-03-2021) of the company, situated at Elavur, Tamilnadu, were mortgaged to a lender of ESL and the lender had subsequently assigned the right of the said property to a third party although the claims of the said lender were fully settled by the ESL as per the approved Resolution Plan of NCLT. Further the third party had taken the symbolic possession of the said property in the previous year. The Company had disputed the assignment by the lender and filed an appeal before the Commercial Appellate, Hon'ble Madras High Court for deciding the appropriate forum wherein company can file the suit for release of such property. The Madras High Court has granted injunction and the matter is sub judice. Pending finalization of the matter, these assets have been carried forward at their carrying book value.



7. As reported earlier, the Railway Authorities had withdrawn the permission of operation of Railway siding under construction which is situated at Haldia, West Bengal. The company has claimed the compensation from the Railway Authorities for the amount incurred for the said siding which was denied and the matter is under arbitration based on the direction of Hon'ble High Court at Calcutta. Pending arbitration proceedings, the company had recognised a charge of Rs. 2318.35 lakhs during the previous year and the balance amounting to Rs. 1778.11 lakhs has been considered recoverable by the company and shown as "Other Financial Assets" under the "Current Assets".
8. The Company's operations and financial results for the first quarter were adversely impacted due to stoppage of operations for more than two months' full lock down due to outbreak of COVID-19 pandemic. Thereafter it took nearly another two months for attaining back full production level. In view of the impact of pandemic, the results for the year ended March 31, 2021 are, therefore, not comparable with those of comparative year ended March 31, 2020. The Company has also considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of property, plant and equipment, Investments, Inventories, receivables and other current assets. The company has performed sensitivity analysis on the assumptions used and expects to recover the carrying amount of these assets.
9. The Board of Directors of the Company at its meeting held on October 5, 2020, had approved a scheme of amalgamation between the Company and Srikalahasthi Pipes Limited (SPL) wherein w.e.f the appointed date i.e. October 1, 2020, SPL will merge with the Company on a going concern basis subject to obtaining of necessary approvals. Pending such approvals, no adjustment has been carried out in the books of the accounts.
10. The Board of Directors have recommended a dividend of Re. 0.25 per share (i.e. 25%), subject to approval of the shareholders in the ensuing Annual General Meeting.
11. The Code on Social Security, 2020 ('Code') relating to various employee benefits has received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been yet notified. The Company will assess the impact of the Code when it comes into effect and will account for any related impact in the period the Code becomes effective.
12. The figures for the quarter ended March 31, 2021 and March 31, 2020 are the balancing figures between the audited figures in respect of the full financial and the year to date upto December 31 of the respective years which have been subjected to Limited Review by the Statutory Auditors.
13. Previous periods' figures have been regrouped/rearranged wherever necessary.

For ELECTROSTEEL CASTINGS LIMITED



Umang Kejriwal
Managing Director
(DIN: 000065173)

Kolkata
May 20, 2021

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, 2021
[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	228467.77	Not Ascertainable
	2.	Total Expenditure	223572.91	
	3.	Net Profit/(Loss) (including other comprehensive income)	6909.54	
	4.	Earnings Per Share	1.00	
	5.	Total Assets	495625.72	
	6.	Total Liabilities	235160.33	
	7.	Net Worth (Equity Share Capital plus Other Equity)	260465.39	
	8.	Any other financial item(s) (as felt appropriate by the management)	-	

II. Audit Qualification (each audit qualification separately):

a. Details of Audit Qualification:

Attention has been drawn by the Auditors' under the heading "Basis of Qualified Opinion" of the Auditors' Report to the following notes of the financial results for the quarter and year ended 31st March 2021 -

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

Sub Para (b): Note No. 6 in respect to Company's investment amounting to Rs. 3612.61 lakhs in Electrosteel Steels Limited (ESL), the pledge of which was invoked by the lenders of ESL and the same has been set aside by the Hon'ble High Court at Calcutta. The plea of the company to release the pledge is pending before the Hon'ble High Court at Calcutta. Further the Land of Elavur plant of the Company which is mortgaged in favour of a Lender of ESL, who has assigned their rights to another entity and the symbolic possession has been taken in the previous year, has been disputed by the company as enumerated in the note. Above



exposures have been carried forward at their existing carrying value & no impairment has been provided in respect to above and the impact of which is not presently ascertainable.

Sub Para (c): Note No 7 in respect to carry forward of claim recoverable amounting to Rs. 1778.11 Lakhs towards the compensation claimed from the Railway Authorities as mentioned in the note. The recovery of the same is dependent on the outcome of the arbitration process and is not presently ascertainable.

- b. Type of Audit Qualification:** Qualified Opinion / Disclaimer of Opinion / Adverse Opinion
- c. Frequency of qualification:** Whether appeared first time / repetitive / since how long continuing – Note no. 4 since financial year 2014-15, Note no. 6 since financial year 2017-18 and Note no. 7 since financial year 2019-20.
- d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**
N.A
- e. For Audit Qualification(s) where the impact is not quantified by the auditor:**
- (i) **Management's estimation on the impact of audit qualification:** N.A
- (ii) **If management is unable to estimate the impact, reasons for the same:**

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

Following a petition filed by the Company, the Hon'ble High Court at Delhi had pronounced its judgement on March 09, 2017. Accordingly based on the said judgement, the Company has claimed Rs.153176.00 lakhs towards compensation against the said coal block, acceptance whereof is awaited. Aggrieved due to delay in acceptance of claim and on a petition filed by the Company, the Hon'ble High Court had directed the Nominated Authority appointed under Ministry of Coal to determine the compensation. Earlier the Nominated Authority had upheld its decision of compensation already paid and the same was set aside by the Hon'ble High Court with a direction to the Nominated authority to reconsider. The Nominated authority further passed an order dated 11.11.2019 awarding an additional compensation of Rs. 180 lakhs and with a further direction to re-determine the value of certain assets by the appropriate authority. The newly appointed Nominated Authority had appointed a valuer to determine the value of those specified assets as per the direction of Nominated Authority dated 11.11.2019 and the process of valuation is under progress as per the available information. The company has also approached the newly appointed Nominated Authority/ Ministry of Coal to reconsider the compensation determined by the previous Nominated Authority and also exploring other possibilities.

Pending finalisation of the matter as above;

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



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

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

(iii) Compensation of Rs. 8312.34 lakhs so far received and net realisations/claims against sale of assets, advances, input credits etc. amounting to Rs. 2054.70 lakhs have been adjusted.

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

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

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

During the quarter ending December 2018, shares of ESL were delisted and Vedanta Star Limited (holding company of ESL) has made an exit offer to the shareholders of ESL at a price of Rs. 9.54 per share which was open till December 20, 2019. During the quarter, the company has fair valued the equity shares of Electrosteel Steels Limited (ESL) based on the fair valuation report obtained and a gain of Rs. 2462.95 lakhs has been accounted for in other comprehensive Income.

Further 1,73,34,999 equity shares of Rs. 10 each in ESL amounting to Rs. 3612.61 lakhs as on March 31, 2021 are pledged with the lenders of the ESL. The consortium of the lenders of ESL had issued notice for the invocation of pledged shares which has been disputed by the Company and on the plea filed by the Company, the Hon'ble High Court of Calcutta has set aside the notices issued by the lenders. The Company's plea for release of the pledge is pending before the Hon'ble Court.

In the earlier years, certain land amounting to Rs. 29493.58 lakhs (value as at 31-03-2021) of the company, situated at Elavur, Tamilnadu, were mortgaged to a lender of ESL and the lender had subsequently assigned the right of the said property to a third party although the claims of the said lender were fully settled by the ESL as per the approved Resolution Plan of NCLT. Further the third party had taken the symbolic possession of the said property in the previous year. The Company had disputed the assignment by the lender and filed an appeal before the Commercial Appellate, Hon'ble Madras High Court for deciding the appropriate forum wherein company can file the suit for release of such property. The Madras High Court has granted injunction and the matter is sub judice. Pending finalization of the matter, these assets have been carried forward at their carrying book value.

Sub Para (c): As reported earlier, the Railway Authorities had withdrawn the permission of operation of Railway siding under construction which is situated at Haldia, West Bengal. The company has



claimed the compensation from the Railway Authorities for the amount incurred for the said siding which was denied and the matter is under arbitration based on the direction of Hon'ble High Court at Kolkata. Pending arbitration proceedings, the company has recognised a charge of Rs. 2318.35 lakhs during the previous year and a balance amounting to Rs. 1778.11 lakhs have been considered recoverable by the management of the company and shown as "Other Financial Assets" under the "Current Assets".

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

As stated herein above, the impact with respect to above and consequential adjustments cannot be ascertained by the management and as such cannot be commented upon by us.

III.

Signatories:

CEO/Managing Director	  <p>Umang Kejriwal (Managing Director)</p>
CFO	  <p>Ashutosh Agarwal (Chief Financial Officer)</p>
Audit Committee Chairman	 <p>Binod Kumar Khaitan (Audit Committee Chairman)</p>
Statutory Auditor	<p>For Singhi & Co Chartered Accountants Firm's Registration No: 302049E</p> <p>Digitally signed by GOPAL JAIN Date: 2021.05.20 14:50:34 +05'30'</p> <p>GOPAL JAIN Gopal Jain (Partner) Membership No: 59147</p>

Place: Kolkata
Date: May 20, 2021

Independent Auditors' Report

To the Board of Directors of Electrosteel Castings Limited

Report on the audit of the Consolidated Annual Financial Results

Qualified Opinion

We have audited the accompanying consolidated annual financial results ("the Statement") of Electrosteel Castings Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associate and its joint venture for the year ended 31st March, 2021, attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

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

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

Name of the Subsidiaries	
Electrosteel Trading S.A. Spain	Electrosteel Algeria SPA
Electrosteel Castings Gulf FZE	Electrosteel Castings (UK) Limited
Electrosteel Doha for Trading LLC	Electrosteel USA, LLC
Electrosteel Brasil Ltd. Tubos e Conexoes Duteis	WaterFab LLC (acquired 100% share capital through wholly owned subsidiary Electrosteel USA, LLC)
Electrosteel Bahrain Holding Company S.P.C	Electrosteel Bahrain Trading W.L.L (Subsidiary of Electrosteel Bahrain Holding Company S.P.C)
Electrosteel Europe S.A.	Srikalahasthi Pipes Limited (ceased to be an associate on September 17, 2020 and became a subsidiary from September 18, 2020 (refer note 1(ii) below in Other Matters)
Name of the Joint Venture Companies	
North Dhadhu Mining Company Private Limited (Refer note 4 below in Other Matters)	Domco Private Limited (Refer note 5 below in Other Matters)

- b. each presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- c. except for the possible effect of the matter described in 'Basis for Qualified Opinion' paragraph below, gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards (IND AS) and other accounting principles generally accepted in India of the net loss and other comprehensive income and other financial information for the year ended 31st March 2021.

Basis for Qualified Opinion

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

- (a) Note no. 4 in respect to cancellation of coal block allotted to the company in earlier years and non-recognition of the claims receipt thereof & non-carrying of any adjustment in the books of accounts for the reasons stated in the note. Pending finalisation of the matter & as the matter is sub judice, disclosures as per Indian Accounting standard will be given effect on final settlement of the matter & the balances appearing in the books of accounts in respect to such coal block have been carried forward at their carrying cost and disclosed as capital work in progress, property plant & equipment, inventories and other heads of account. The impact and consequential adjustment thereof are not presently ascertainable.
- (b) Note No. 6 in respect to Company's investment amounting to Rs. 3612.61 lakhs in Electrosteel Steels Limited (ESL), the pledge of which was invoked by the lenders of ESL and the same has been set aside by the Hon'ble High Court at Calcutta. The plea of the company to release the pledge is pending before the Hon'ble High Court at Calcutta. Further, the Land of the Elavur plant of the Company which is mortgaged in favour of a Lender of ESL, who has assigned their rights to another entity and the symbolic possession has been taken in the previous year, has been disputed by the company as enumerated in the note. Above exposures have been carried forward at their existing carrying value & no impairment has been provided in respect to above and the impact of which is not presently ascertainable.
- (c) Note No 7 in respect to carry forward of claim recoverable amounting to Rs. 1778.11 Lakhs towards the compensation claimed from the Railway Authorities as mentioned in the note. The recovery of the same is dependent on the outcome of the arbitration process and is not presently ascertainable.

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

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

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

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

The Holding Company's Management and the Board of Directors are responsible for the preparation and presentation of these consolidated annual financial results that give a true and fair view of the consolidated net loss and other comprehensive income and other financial information of the Group including its associate and joint venture in accordance with the recognition and measurement principles laid

down in Indian Accounting Standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated annual financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of consolidated annual financial statements on whether the company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the consolidated annual financial results made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate and joint venture to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual financial results, including the disclosures, and whether the consolidated annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group and its associate and joint venture to express an opinion on the consolidated annual financial results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results of which we are the independent auditors. For the other entities included in the consolidated annual financial results, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

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

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

Other Matters

1. The accompanying Statement includes the audited financial results/statements and the other financial information, in respect of:

- (i) 10 (ten) Subsidiaries (including two step down subsidiaries), whose financial results / statements include total assets of Rs. 78585.62 lakhs as at 31st March, 2021, total revenues of Rs. 26794.75 lakhs and Rs. 97587.06 lakhs, total net profit after tax of Rs. 809.91 lakhs and Rs 2187.87 lakhs, total comprehensive income of Rs. 553.14 lakhs and Rs. 2343.77 lakhs for the quarter and the year ended on that date respectively, and net cash flows of Rs. 2248.18 lakhs for the year ended 31st March, 2021 as considered in the statement which have been audited by their respective independent auditors.
 - (ii) 1 (One) Subsidiary, Srikalahasthi Pipes Limited (SPL) {ceased to be an associate and became subsidiary as on 18th September 2020}, whose financial result / statement include total assets of Rs. 236941.93 lakhs as at 31st March, 2021, total revenues of Rs. 47971.53 lakhs & Rs. 99744.72 lakhs, total net profit after tax of Rs. 3988.81 lakhs & Rs 9140.74 lakhs, total comprehensive income of Rs. 3987.36 lakhs & Rs. 12991.38 lakhs for the quarter ended 31st March, 2021 and period from 18th September, 2020 to 31st March, 2021 respectively, net cash flows of Rs. 9851.51 lakhs for the period from 18th September, 2020 to 31st March, 2021 and group's share of net profit after tax of Rs. 541.65 Lakhs and other comprehensive loss of Rs. 2.88 Lakhs for the period from April 01,2020 to September 17, 2020, as considered in the statement whose financial result / financial statement and other financial information have been audited by its independent auditor.
 - (iii) The independent auditors report on the financial statements / financial information / financial results of above-mentioned subsidiaries have been furnished to us by the management and our opinion on the statement in so far as it relates to the amounts and disclosures included in the respect of these subsidiaries is based solely on the reports of such auditors and the procedures performed by us as stated in paragraph above.
 - (iv) Subsidiaries mentioned in sub-paragraph (i) above are located outside India whose annual financial results have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been reviewed by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding's management has converted the financial results of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. The Holding company has also carried out Fit for consolidation adjustment in the financials result / statement of its subsidiary "Srikalahasthi Pipes Limited". We have reviewed these conversion adjustments made by the Holding company's management. Our conclusion in so far as it relates to the balances and affairs of such subsidiaries located both outside & inside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding company and reviewed by us.
2. The accompanying statement also includes unaudited financial result / statement and other unaudited financial information in respect of:
- (i) 1 (one) Subsidiary, whose financial results /statement and other financial information reflect total assets of Rs. 0.28 thousand as at 31st March, 2021 and total revenues of Rs. Nil and Rs. Nil, total net profit / loss after tax of Rs. Nil and Rs. Nil, total comprehensive income of Rs. 359.16 thousand and Rs. (247.94) thousand for the quarter and the year ended on that date respectively and net cash outflows of Rs. 0.03 thousand for the year ended 31st March, 2021.

- (ii) This unaudited financial statement / financial information / financial result have been approved and furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosure included in respect of this subsidiary, is based solely on such unaudited financial statement / financial information / financial result. In our opinion and according to the information and explanation given to us by the Management, these financial statement / financial information / financial result are not material to the group.
3. Our opinion on the statement is not modified in respect of the matters mentioned in paragraph 1 & 2 above of "other Matters" with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information / financial results certified by the Management.
4. As stated in Note No. 5 of the audited consolidated financial results, the investment in North Dhadhu Mining Company Private Limited, a Joint Venture of the Holding Company, has been fully provided in the books. In view of this the results of North Dhadhu Mining Company Private Limited have not been incorporated in the annual consolidated results.
5. As stated in Note No. 11 of the audited consolidated financial results, the financial statements of Domco Private Limited, a joint venture, have not been consolidated in the annual consolidated results, due to non availability of the Statements as required in terms of IND AS-28 on "Investments in Associate and Joint Ventures".
6. The Statement includes the consolidated financial results for the quarter ended 31st March, 2021 being the balancing figures between the audited consolidated figures in respect of the full financial year ended 31st March, 2021 and the published unaudited year to date figures up to the end of third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

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

GOPAL
L JAIN
Digitally signed
by GOPAL JAIN
Date: 2021.05.20
12:56:52 +05'30'

(Gopal Jain)
Partner

Membership No.: 059147
UDIN: 21059147AAAABD5135

Place: Kolkata
Date: 20th May 2021



ELECTROSTEEL CASTINGS LIMITED
CIN: L27310OR1955PLC000310

Registered Office : Rathod Colony, Rajgangpur, Sundergarh, Odisha 770 017
Tel. No.:+91 06624 220 332; Fax:+91 06624 220 332
Corporate Office: 19, Camac Street, Kolkata 700 017
Website: www.electrosteel.com
E-mail: companysecretary@electrosteel.com

(Rs. in lakhs)

STATEMENT OF AUDITED CONSOLIDATED RESULTS FOR THE QUARTER AND YEAR ENDED 31/03/2021

Particulars	3 months ended 31/03/2021	Preceding 3 months ended 31/12/2020	Corresponding 3 months ended in the previous year 31/03/2020	Year to date figures for current year ended 31/03/2021	Year to date figures for previous year ended 31/03/2020
	(Audited) (Refer Note 10)	(Unaudited)	(Audited) (Refer Note 10)	(Audited)	(Audited)
1. Revenue From Operations	122801.48	116253.33	71263.65	347056.22	271104.29
2. Other Income	1149.43	2982.92	480.53	5821.63	3320.77
3. Total income (1 + 2)	123950.91	119236.25	71744.18	352877.85	274425.06
4. EXPENSES					
(a) Cost of materials consumed	50613.12	49668.38	26528.63	141637.38	111841.99
(b) Purchases of Stock-in-Trade	6154.52	4180.89	4566.50	15126.86	15661.63
(c) Changes in Inventories of finished goods, Stock-in-Trade and work-in-progress	3029.56	(2267.04)	(126.99)	6835.72	(9795.08)
(d) Employee benefits expense	9935.24	9689.33	5640.84	31348.05	22660.63
(e) Finance costs	6503.67	5649.14	5584.74	21063.43	22758.44
(f) Depreciation and amortization expense	2957.19	3108.62	1525.89	9118.51	5714.65
(g) Other expenses	35880.46	37555.22	26757.68	109020.77	94133.40
Total expenses	115073.76	107584.54	70477.29	334150.72	262975.66
5. Profit / (Loss) before exceptional items and tax (3 - 4)	8877.15	11651.71	1266.89	18727.13	11449.40
6. Exceptional Item	-	-	-	(24423.40)	-
7. Profit / (Loss) before tax (5+ 6)	8877.15	11651.71	1266.89	(5696.27)	11449.40
8. Tax expense:					
Current tax	2274.55	2689.97	600.55	5327.28	1716.28
Deferred tax	18.37	481.91	(992.89)	(1224.24)	1159.62
Related to earlier year	(71.01)	-	(38.27)	(71.01)	(56.02)
9. Profit / (Loss) after tax (7-8)	6655.24	8479.83	1697.50	(9728.30)	8629.52
10. Add: -Share of Profit/(Loss) in Associates and Joint Venture (Net)	-	-	2096.69	541.65	7518.85
11. Profit / (Loss) for the period (9+10)	6655.24	8479.83	3794.19	(9186.65)	16148.37
12. Profit / (Loss) for the period attributable to:					
- Owners of the Company	4255.87	5717.51	3776.31	(14588.05)	16106.51
- Non-Controlling Interest	2399.37	2762.32	17.88	5401.40	41.86
13. Other Comprehensive Income					
A (i) Items that will not be reclassified to profit and loss					
a) Remeasurements of the defined benefit plans	116.75	(3.82)	(165.97)	114.63	3.39
b) Equity instruments through other comprehensive income	2462.95	(0.24)	(10.10)	2504.14	(14.46)
c) Gain on consolidation transfer to capital reserve	-	-	-	12001.88	-
(ii) Income tax relating to items that will not be reclassified to profit and loss	(29.39)	1.02	60.63	(38.28)	2.46
B (i) Items that will be reclassified to profit and loss					
- Foreign currency translation differences	(253.17)	261.31	736.04	153.42	1274.76
(ii) Income tax relating to item that will be reclassified to profit and loss	-	-	-	-	-
C Share of Other Comprehensive Income in Associates and Joint Ventures (Net of tax)	-	-	(0.19)	(2.88)	(5.76)
Other Comprehensive Income (net of tax)	2297.14	258.27	620.41	14732.91	1260.39
14. Other Comprehensive Income attributable to:					
- Owners of the Company	2298.00	260.31	620.41	14735.81	1260.39
- Non-Controlling Interest	(0.86)	(2.04)	-	(2.90)	-
15. Total Comprehensive Income for the period (11+13)	8952.38	8738.10	4414.60	5546.26	17408.76
16. Total Comprehensive Income attributable to:					
- Owners of the Company	6553.87	5977.82	4396.72	147.76	17366.90
- Non-Controlling Interest	2398.51	2760.28	17.88	5398.50	41.86
17. Paid-up equity share capital (Face value - Re. 1/-)	4329.55	4329.55	4329.55	4329.55	4329.55
18. Other equity excluding revaluation reserve	-	-	-	282534.34	283685.44
19. Earnings per equity share of per value of Re. 1 each.					
(1) Basic (Rs.)	0.98	1.32	0.87	(3.37)	3.85
(2) Diluted (Rs.)	0.98	1.32	0.87	(3.37)	3.85



(Rs. in lakhs)

STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES

Particulars		As at March 31, 2021	As at March 31, 2020
A.	ASSETS		
	(1) Non-current assets		
	(a) Property, Plant and Equipment	259792.61	166215.33
	(b) Capital work-in-progress	133677.92	116561.86
	(c) Goodwill on consolidation	216.03	216.03
	(d) Other Intangible assets	1370.55	192.99
	(e) Right-of-use assets	5856.05	3675.65
	(f) Investments in associates and joint ventures	-	72546.86
	(g) Financial Assets		
	(i) Investments	4572.75	2120.68
	(ii) Loans	2592.96	1337.96
	(iii) Other financial assets	5260.00	5550.00
	(h) Non Current Tax Assets (Net)	637.57	-
	(i) Other non-current assets	705.16	593.25
	Total Non-Current assets	414681.60	369010.61
	(2) Current assets		
	(a) Inventories	122950.87	89702.96
	(b) Financial Assets		
	(i) Investments	15660.59	0.52
	(ii) Trade receivables	76875.29	61793.70
	(iii) Cash and cash equivalents	21299.01	5945.63
	(iv) Bank balances other than (iii) above	29748.29	4042.40
	(v) Loans	4674.32	1942.89
	(vi) Other financial assets	20437.45	18884.01
	(c) Other current assets	11817.26	7955.92
	Total Current assets	303463.08	190268.03
	Total Assets	718144.68	559278.64
B.	EQUITY AND LIABILITIES		
	Equity		
	(a) Equity Share capital	4329.55	4329.55
	(b) Other Equity	282534.34	283685.44
	(c) Non-Controlling Interest	89806.47	121.65
	Total Equity	376670.36	288136.64
	LIABILITIES		
	(1) Non-current liabilities		
	(a) Financial Liabilities		
	(i) Borrowings	80240.29	70264.81
	(ii) Lease liabilities	3588.29	1572.62
	(b) Provisions	3755.95	2818.72
	(c) Deferred tax liabilities (Net)	37169.37	24271.72
	(d) Other non-current liabilities	4748.85	5367.63
	(e) Non-current Tax Liabilities (Net)	5250.71	5157.78
	Total Non-current liabilities	134753.46	109453.28
	(2) Current liabilities		
	(a) Financial Liabilities		
	(i) Borrowings	112626.03	78845.64
	(ii) Lease liabilities	599.98	214.90
	(iii) Trade payables		
	(a) Total Outstanding dues of Micro enterprises and small enterprises; and	2681.89	161.85
	(b) Total Outstanding of creditor other than Micro enterprises and small enterprises	43549.17	38417.95
	(iv) Other financial liabilities	23627.07	26169.40
	(b) Other current liabilities	21052.25	16182.03
	(c) Provisions	1810.74	1391.84
	(d) Current Tax Liabilities (Net)	773.73	305.11
	Total Current liabilities	206720.86	161688.72
	Total Equity and Liabilities	718144.68	559278.64



STATEMENT OF CONSOLIDATED CASH FLOW

(Amount Rs. in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before Tax	(5696.27)	11449.40
Adjustment for:		
Add : Depreciation and amortisation expenses	9118.51	5714.65
Bad Debts	221.95	632.09
Sundry balances/Assets / Advances written off	38.07	2820.71
Credit loss allowances on trade receivables/advances	85.37	832.18
Net (gain) /loss on Fair valuation of Investments	24375.27	0.15
(Profit)/Loss on sale / discard of Fixed Assets (net)	247.46	214.85
Finance costs	21063.43	22758.44
	55150.06	32973.07
Less: Interest Income	3072.50	1168.03
Bad Debts realised	-	89.58
Dividend Income from Investments	1.06	0.72
Profit on sale of Current Investment	213.97	(14.19)
Profit on sale of Non Current Investment	16.63	-
Fair Valuation of derivative instruments through Profit & Loss	993.56	(665.97)
Net gain/(loss) on derecognition of financial assets at amortised cost	0.12	29.71
Unrealised Foreign Exchange Fluctuation and translation	(777.46)	1315.23
Reversal of Impairment Allowances for doubtful debts	-	355.41
Provisions / Liabilities no longer required written back	697.97	63.46
	4218.35	2341.98
Operating Profit before Working Capital changes	45235.44	42080.49
Movement in working capital		
Less: Increase/(Decrease) in Inventories	8009.60	14250.28
Increase/(Decrease) in Trade Receivables	(7428.68)	(592.01)
Increase/(Decrease) in Loans and Advances, other financial and non-financial assets	(3782.66)	(270.44)
(Increase)/Decrease in Trade Payables, other financial and non-financial liabilities and provisions	(2675.79)	5363.07
	(5877.53)	18750.90
Cash generated From Operations	51112.97	23329.59
Less: Direct Taxes paid (Net)	4633.94	854.89
Net cash flow from Operating activities (A)	46479.03	22474.70
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment, Intangible Assets and movements in Capital work in progress	(13240.67)	(5898.80)
Realisation of Property, Plant and Equipment, Intangible Assets	62.80	22.46
Sale of Non Current Investment	69.05	1.50
(Purchase)/Sale of Current Investment (net)	2901.03	60.20
Interest received	3415.40	1202.22
Dividend received	1352.14	1158.79
Bank Balances Other than Cash and Cash Equivalents	14749.24	1412.21
	9308.99	(2041.42)
Net Cash flow from Investing activities (B)	9308.99	(2041.42)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of share capital	-	5000.00
Proceeds/(Repayments) from short term borrowings (net)	(6297.30)	604.08
Repayment of Long Term borrowings	(40744.92)	(12083.88)
Proceeds from Long Term borrowings	27541.15	6000.00
Interest and other borrowing cost paid	(21158.22)	(21394.55)
Interest paid on Lease Liability	(206.71)	(116.12)
Dividend paid	(1298.86)	-
	(42164.86)	(21990.47)
Net cash flow from Financing activities (C)	(42164.86)	(21990.47)
D. Net Increase/ (decrease) in Cash and Cash equivalents (A+B+C)	13623.16	(1557.19)
E. Cash and Cash equivalents at the beginning of the year	5945.63	7501.16
F. Cash and Cash equivalents as at 17th September 2020 of Srikalahasthi Pipes Limited	1731.01	-
G. Add / (Less) : Unrealised exchange gain / (loss) on bank balances	(0.79)	1.66
H. Cash and Cash equivalents at the end of the year	21299.01	5945.63



Notes:

1. The above consolidated financial results which have been prepared in accordance with Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), have been reviewed by the the Audit Committee and approved by the Board of Directors at their meeting held on May 20, 2021. The consolidated results for the year ended March 31, 2021 have been subjected to the Audit of the Statutory Auditors of the group.
2. The group operates mainly in one business segment viz, Pipes and all other activities revolve around the main business.
3. Due to delay in grant of forest, environment and other clearances from various authorities and execution of mining lease of an area of 192.50 ha. by the State Government of Jharkhand for iron and manganese ores at Dirsumburu in Kodilabad Reserve Forest, Saranda of West Singhbhum, Jharkhand, the validity period of letter of intent granted in this respect expired on January 11, 2017. The parent company filed a writ petition before the Hon'ble High Court at Jharkhand on January 10, 2017, praying inter-alia for direction for grant of said lease in favour of the parent company. The Hon'ble High Court in its order while observed, being not averse in granting relief with respect to cut off date, admitted the said petition and fixed the case for further hearing and adjudication. Pending decision of the Hon'ble High Court, Rs. 3895.26 lakhs so far incurred in connection with these Mines/related facilities, have been carried forward under respective heads of fixed assets, capital work in progress and advances.
4. In pursuance of the Order dated September 24, 2014 issued by the Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated October 21, 2014 (Ordinance) for implementing the Order, allotment of Parbatpur coal block (coal block/mines) to the parent Company which was under advanced stage of implementation, had been cancelled w.e.f. April 01, 2015. In terms of the Ordinance, the parent Company was allowed to continue the operations in the said block till March 31, 2015. Accordingly, the said block had been handed over to Bharat Coking Coal Limited (BCCL) as per the direction from Coal India Ltd. (CIL) with effect from April 01, 2015 and the same has been subsequently allotted to Steel Authority of India Limited (SAIL). The parent company also understand that the SAIL has handed over back the said coal block to the custody of BCCL.

Following a petition filed by the parent Company, the Hon'ble High Court at Delhi had pronounced its judgement on March 09, 2017. Accordingly based on the said judgement, the parent Company has claimed Rs.153176.00 lakhs towards compensation against the said coal block, acceptance whereof is awaited. Aggrieved due to delay in acceptance of claim and on a petition filed by the parent Company, the Hon'ble High Court had directed the Nominated Authority appointed under Ministry of Coal to determine the compensation. Earlier the Nominated Authority had upheld its decision of compensation already paid and the same was set aside by the Hon'ble High Court with a direction to the Nominated authority to reconsider. The Nominated authority further passed an order dated 11.11.2019 awarding an additional compensation of Rs. 180 lakhs and with a further direction to re-determine the value of certain assets by the appropriate authority. The newly appointed Nominated Authority has appointed a valuer to determine the value of those specified assets as per the direction of Nominated Authority dated 11.11.2019 and the process of valuation is under progress as per the available information. The parent Company has also approached the newly appointed Nominated Authority/ Ministry of Coal to reconsider the compensation determined by the previous Nominated Authority and also exploring other possibilities.

Pending finalisation of the matter as above;

- (i) Rs.128884.11 lakhs incurred pertaining to the coal block till March 31, 2015 after setting off income, stocks etc. there against as per the accounting policy then followed by the parent company has been continued to be shown as freehold land, capital work in progress, other fixed assets and other respective heads of account;
- (ii) Interest and other finance cost for the year ended March 31, 2016 against the fund borrowed and other expenses directly attributable in this respect amounting to Rs. 9514.74 lakhs has been considered as other recoverable under current assets; and
- (iii) Compensation of Rs. 8312.34 lakhs so far received and net realisations/claims against sale of assets, advances, input credits etc. amounting to Rs. 2054.70 lakhs have been adjusted.

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

5. 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 parent Company barring initial contribution of Rs. 822.81 lakhs and its share of bank guarantee amounting to Rs. 2745.00 lakhs (encashment of which has been stayed by Hon'ble High Court at Jharkhand) has not made any further investments in the said joint venture company. In view of the management, the compensation to be received in terms of the "The Coal Mines (Special Provision) Ordinance 2014" is expected to cover the cost incurred by the Joint Venture Company. However as an abundant precaution, impairment in the value of the investment amounting to Rs. 822.81 lakhs in Joint venture was made in the previous year. In view of stay order by Hon'ble High Court, no provision in the share of the said bank guarantee has been considered necessary. In view of the provision made during the earlier years, the performance of the joint venture company has not been consolidated during the quarter and year ended March 31, 2021.
6. During the quarter, the parent company has fair valued the equity shares of Electrosteel Steels Limited (ESL) based on the fair valuation report obtained and a gain of Rs. 2462.95 lakhs has been accounted for in other comprehensive Income.

Further the notices issued by the consortium of lenders of ESL for invocation of pledge of company's investment of 173,34,999 equity shares of Rs. 10 each in ESL amounting to Rs. 3612.61 lakhs was set aside by the Hon'ble High Court at Calcutta. The plea of the parent company for release of the pledge is pending before the Hon'ble Court.

In the earlier years, certain land amounting to Rs. Rs. 29493.58 lakhs (value as at 31-03-2021) of the parent company, situated at Elavur, Tamilnadu, were mortgaged to a lender of ESL and the lender had subsequently assigned the right of the said property to a third party although the claims of the said lender were fully settled by the ESL as per the approved Resolution Plan of NCLT. Further the third party had taken the symbolic possession of the said property in the previous year. The parent Company had disputed the assignment by the lender and filed an appeal before the Commercial Appellate, Hon'ble Madras High Court for deciding the appropriate forum wherein the company can file the suit for release of such property. The Madras High Court has granted injunction and the matter is sub judice. Pending finalization of the matter, these assets have been carried forward at their carrying book value.



7. As reported earlier, the Railway Authorities had withdrawn the permission of operation of Railway siding under construction which is situated at Haldia, West Bengal. The parent company has claimed the compensation from the Railway Authorities for the amount incurred for the said siding which was denied and the matter is under arbitration based on the direction of Hon'ble High Court at Calcutta. Pending arbitration proceedings, the parent company had recognised a charge of Rs. 2318.35 lakhs during the previous year and a balance amounting to Rs. 1778.11 lakhs has been considered recoverable by the management of the parent company and shown as "Other Financial Assets" under the "Current Assets".
8. The Board of Directors have recommended a dividend of Re. 0.25 per share (i.e. 25%), subject to approval of the shareholders in the ensuing Annual General Meeting.
9. The financial statements of Electrosteel Brasil Ltda. Tubos e Conexoes Duteis, a subsidiary company for the year ended March 31, 2021 has not been subjected to audit by their auditor.
10. The figures for the quarter ended March 31, 2021 and March 31, 2020 are the balancing figures between the audited figures in respect of the full financial and the year to date upto December 31 of the respective years. The figures for the quarter ended March 31, 2021 have been subjected to Limited Review by the Statutory Auditors.
11. The parent company has investment of Rs. 730.00 lakhs (including advance of Rs. 700.00 lakhs) in Domco Private Limited (DPL), and has joint control (proportion of ownership interest of the parent Company being 50%). The other Venturers had filed a petition before the Company Law Board, Principal Bench, New Delhi (CLB) on various matters including for forfeiture of the parent Company's investment in equity shares of the DPL. The parent Company had also inter alia filed an arbitration proceeding under Arbitration & Conciliation Act, 1996 against recovery of the said amount against which the ventures also filed their counter claims on the parent Company. The matter is sub judice before the NCLT. Pending final outcome of the above matter, the amounts in equity shares and advance have been fully provided for in the financial statements. The other venturers since not providing the financial statements of DPL, and thereby necessary disclosures could not be provided in these financial results.
12. The group's operations and financial results for the first quarter were adversely impacted due to stoppage of operations for more than two months' full lock down due to the outbreak of COVID-19 pandemic. Thereafter it took nearly another two months for attaining back full production level. In view of the impact of pandemic, the results for the year ended March 31, 2021 are, therefore, not comparable with those of comparative year ended March 31, 2020. The group has also considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of property, plant and equipment, Investments, Inventories, receivables and other current assets. The group has performed sensitivity analysis on the assumptions used and expects to recover the carrying amount of these assets.
- 13.(a) The Board of Directors of the parent Company at its meeting held on October 5, 2020, had approved a scheme of amalgamation between the parent Company and Srikalahasthi Pipes Limited (SPL) wherein w.e.f the appointed date i.e. October 1, 2020, SPL will merge with the parent Company on a going concern basis subject to obtaining of necessary approvals. Pending such approvals, no adjustment has been carried out in the books of the accounts.
- 13.(b) As reported in earlier quarter's, with effect from September 18, 2020 the results of SPL has been consolidated by combining the like items of assets, liabilities, equity, income, expenses and cash flows of SPL in line with the guidelines prescribed under Ind AS 110 "Consolidated Financial Statements" which was hitherto considered as an associate in the consolidated financial statement. In view of the above the consolidated results for the quarter and year ended March 31, 2021 are not comparable with the previous quarter/ year end.
14. The Code on Social Security, 2020 ('Code') relating to various employee benefits, in respect to group companies incorporated in India, has received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been yet notified. The parent Company will assess the impact of the Code when it comes into effect and will account for any related impact in the period the Code becomes effective.
15. Previous periods' figures have been regrouped/rearranged wherever necessary.

Kolkata
May 20, 2021

For ELECTROSTEEL CASTINGS LIMITED



Umang Kejriwal

Umang Kejriwal
Managing Director
(DIN: 000065173)

ANNEXURE I

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

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2021
[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	352877.85	Not Ascertainable
	2.	Total Expenditure	334150.72	
	3.	Net Profit/(Loss) (including other comprehensive income)	5546.26	
	4.	Earnings Per Share	(3.37)	
	5.	Total Assets	718144.68	
	6.	Total Liabilities	341474.32	
	7.	Net Worth (Equity Share Capital plus Other Equity)	376670.36	
	8.	Any other financial item(s) (as felt appropriate by the management)	-	

II. Audit Qualification (each audit qualification separately):

a. Details of Audit Qualification:

Attention has been drawn by the Auditors' under the heading "Basis of Qualified Opinion" of the Auditors' Report to the following notes of the financial results for the quarter and year ended 31st March 2021 -

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

Sub Para (b): Note No. 6 in respect to Company's investment amounting to Rs. 3612.61 lakhs in Electrosteel Steels Limited (ESL), the pledge of which was invoked by the lenders of ESL and the same has been set aside by the Hon'ble High Court at Calcutta. The plea of the company to release the pledge is pending before the Hon'ble High Court at Calcutta. Further the Land of Elavur plant of the Company which is mortgaged in favour of a Lender of ESL, who has assigned their rights to another entity and the symbolic possession has been taken in the previous year, has been disputed by the company as enumerated in the note. Above exposures have been carried forward



at their existing carrying value & no impairment has been provided in respect to above and the impact of which is not presently ascertainable.

Sub Para (c): Note No 7 in respect to carry forward of claim recoverable amounting to Rs. 1778.11 Lakhs towards the compensation claimed from the Railway Authorities as mentioned in the note. The recovery of the same is dependent on the outcome of the arbitration process and is not presently ascertainable.

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

c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing – Note no. 4 since financial year 2014-15, Note no. 6 since financial year 2017-18 and Note no. 7 since financial year 2019-20.

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

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

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

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

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

Following a petition filed by the Company, the Hon'ble High Court at Delhi had pronounced its judgement on March 09, 2017. Accordingly based on the said judgement, the Company has claimed Rs.153176.00 lakhs towards compensation against the said coal block, acceptance whereof is awaited. Aggrieved due to delay in acceptance of claim and on a petition filed by the Company, the Hon'ble High Court had directed the Nominated Authority appointed under Ministry of Coal to determine the compensation. Earlier the Nominated Authority had upheld its decision of compensation already paid and the same was set aside by the Hon'ble High Court with a direction to the Nominated authority to reconsider. The Nominated authority further passed an order dated 11.11.2019 awarding an additional compensation of Rs. 180 lakhs and with a further direction to re-determine the value of certain assets by the appropriate authority. The newly appointed Nominated Authority had appointed a valuer to determine the value of those specified assets as per the direction of Nominated Authority dated 11.11.2019 and the process of valuation is under progress as per the available information. The company has also approached the newly appointed Nominated Authority/ Ministry of Coal to reconsider the compensation determined by the previous Nominated Authority and also exploring other possibilities.

Pending finalisation of the matter as above;



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

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

(iii) Compensation of Rs. 8312.34 lakhs so far received and net realisations/claims against sale of assets, advances, input credits etc. amounting to Rs. 2054.70 lakhs have been adjusted.

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

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

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

During the quarter ending December 2018, shares of ESL were delisted and Vedanta Star Limited (holding company of ESL) has made an exit offer to the shareholders of ESL at a price of Rs. 9.54 per share which was open till December 20, 2019. During the quarter, the company has fair valued the equity shares of Electrosteel Steels Limited (ESL) based on the fair valuation report obtained and a gain of Rs. 2462.95 lakhs has been accounted for in other comprehensive Income.

Further 1,73,34,999 equity shares of Rs. 10 each in ESL amounting to Rs. 3612.61 lakhs as on March 31, 2021 are pledged with the lenders of the ESL. The consortium of the lenders of ESL had issued notice for the invocation of pledged shares which has been disputed by the Company and on the plea filed by the Company, the Hon'ble High Court of Calcutta has set aside the notices issued by the lenders. The Company's plea for release of the pledge is pending before the Hon'ble Court.

In the earlier years, certain land amounting to Rs. 29493.58 lakhs (value as at 31-03-2021) of the company, situated at Elavur, Tamilnadu, were mortgaged to a lender of ESL and the lender had subsequently assigned the right of the said property to a third party although the claims of the said lender were fully settled by the ESL as per the approved Resolution Plan of NCLT. Further the third party had taken the symbolic possession of the said property in the previous year. The Company had disputed the assignment by the lender and filed an appeal before the Commercial Appellate, Hon'ble Madras High Court for deciding the appropriate forum wherein company can file the suit for release of such property. The Madras High Court has granted injunction and the matter is sub judice. Pending finalization of the matter, these assets have been carried forward at their carrying book value.

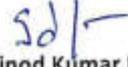


Sub Para (c): As reported earlier, the Railway Authorities had withdrawn the permission of operation of Railway siding under construction which is situated at Haldia, West Bengal. The company has claimed the compensation from the Railway Authorities for the amount incurred for the said siding which was denied and the matter is under arbitration based on the direction of Hon'ble High Court at Kolkata. Pending arbitration proceedings, the company has recognised a charge of Rs. 2318.35 lakhs during the previous year and a balance amounting to Rs. 1778.11 lakhs has been considered recoverable by the management of the company and shown as "Other Financial Assets" under the "Current Assets".

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

As stated herein above, the impact with respect to above and consequential adjustments cannot be ascertained by the management and as such cannot be commented upon by us.

III. **Signatories:**

CEO/Managing Director	  Umang Kejriwal (Managing Director)
CFO	  Ashutosh Agarwal (Chief Financial Officer)
Audit Committee Chairman	 Binod Kumar Khaitan (Audit Committee Chairman)
Statutory Auditor	For Singhi & Co Chartered Accountants Firm's Registration No: 302049E GOPAL JAIN <small>Digitally signed by GOPAL JAIN Date: 2021.05.20 14:51:25 +05'30</small> Gopal Jain (Partner) Membership No: 59147

Place: Kolkata
Date: May 20, 2021

