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 2020 (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"). The standalone financial results have been initialed by us for the purposes of identification.

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 2020

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. 1653.76 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 Calcutta High Court. Further certain fixed assets of Elavur plant of the Company which are mortgaged in favour of a Lender of ESL, who has assigned their rights to another entity and the symbolic possession has been taken during the quarter ended June 30, 2019, 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.

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(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.

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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.

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Other Matter

The standalone annual financial results include the results for the quarter ended 31st March, 2020 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)
Partner
Membership No.: 059147
UDIN: 20059147AAAAAX9585

Place: Kolkata
Date: 15th day of June, 2020

ELECTROSTEEL CASTINGS LIMITED
CIN: L27310OR1955PLC000310
Registered Office : Rathod Colony, P. O. 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.electrosteelcastings.com
E-mail: companysecretary@electrosteel.com

(Rs.in lakhs)

STATEMENT OF STANDALONE AUDITED RESULTS FOR THE QUARTER AND YEAR ENDED 31/03/2020

	Particulars	3 months ended 31/03/2020	Preceding 3 months ended 31/12/2019	Corresponding 3 months ended in the previous year 31/03/2019	Year to date figures for current year ended 31/03/2020	Year to date figures for previous year ended 31/03/2019
		(Audited) (Refer Note 12)	(Unaudited)	(Audited) (Refer Note 12)	**(Audited)**	(Audited)
1.	Revenue From Operations	**62242.87**	64681.84	67325.32	**247988.93**	239060.75
2.	Other Income	**555.88**	521.97	1699.97	**4181.89**	6413.50
3.	**Total income (1 + 2)**	**62798.75**	65203.81	69025.29	**252170.82**	245474.25
4.	**EXPENSES**					
	(a) Cost of materials consumed	**26528.63**	28272.45	29492.86	**111841.99**	110588.28
	(b) Purchases of Stock-in-Trade	**874.19**	622.74	1355.59	**3166.87**	5641.66
	(c) Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	**717.26**	1015.59	2342.37	**(557.40)**	(6268.58)
	(d) Employee benefits expense	**4251.63**	4425.20	3789.42	**17193.30**	15185.11
	(e) Finance costs	**5451.95**	5049.79	4767.54	**21989.75**	22540.22
	(f) Depreciation and amortization expense	**1338.46**	1331.65	1317.83	**5274.32**	5487.27
	(g) Other expenses	**23287.90**	19326.88	21908.47	**80908.46**	79232.46
	Total expenses	**62450.02**	60044.30	64974.08	**239817.29**	232406.42
5.	**Profit / (Loss) before exceptional items and tax (3 - 4)**	**348.73**	5159.51	4051.21	**12353.53**	13067.83
6.	Exceptional Items	**-**	-		**-**	(78990.08)
7.	**Profit /(Loss) before tax (5 - 6)**	**348.73**	5159.51	4051.21	**12353.53**	(65922.25)
8.	Tax expense:					
	Current tax	**360.91**	990.35	0.74	**1351.26**	2.96
	Deferred tax	**(992.07)**	119.08	2267.17	**1159.68**	(2348.31)
	Related to earlier year	**1.56**	-	-	**(16.19)**	-
9.	**Profit / (Loss) for the period (7 - 8)**	**978.33**	4050.08	1783.30	**9858.78**	(63576.90)
10.	**Other Comprehensive Income**					
	A (i) Items that will not be reclassified to profit or loss					
	a) Remeasurements of the defined benefit plans	**(165.97)**	56.45	175.28	**3.39**	188.18
	b) Equity instruments through other comprehensive income	**(10.10)**	18.05	(1.20)	**(14.46)**	(623.72)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	**60.63**	(23.94)	(60.97)	**2.46**	(70.75)
	B (i) Items that will be reclassified to profit or loss	**-**	-	-	**-**	**-**
	a) Effective portion of Cash flow hedge reserve	**-**	-	-	**-**	267.44
	(ii) Income tax related to items that will be reclassified to profit or loss	**-**	-	**-**	**-**	(93.46)
	Other Comprehensive Income for the year (net of tax)	**(115.44)**	50.56	113.11	**(8.61)**	(332.31)
11.	**Total Comprehensive Income for the period (9 + 10)**	**862.89**	4100.64	1896.41	**9850.17**	(63909.21)
12.	Paid-up equity share capital (Face value - Re. 1/-)	**4329.55**	4329.55	4054.82	**4329.55**	4054.82
13.	**Other equity excluding revaluation reserve**				**250525.16**	233869.77
14.	**Earnings per equity share of par value of Re. 1 each.**					
	(1) Basic (Rs.)	**0.23**	0.94	0.46	**2.36**	(16.44)
	(2) Diluted (Rs.)	**0.23**	0.94	0.46	**2.36**	(16.44)

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(Rs.in lakhs)

STATEMENT OF STANDALONE ASSETS AND LIABILITIES

	Particulars	As at March 31, 2020	As at March 31, 2019
A.	**ASSETS**		
	(1) Non-current assets		
	(a) Property, Plant and Equipment	**160789.28**	157765.20
	(b) Capital work-in-progress	**116541.67**	123656.40
	(c) Other Intangible assets	**136.76**	96.57
	(d) Right-of-use assets	**2358.78**	-
	(e) Investments in subsidiaries, associates and joint ventures	**51897.69**	51944.24
	(f) Financial Assets		
	(i) Investments	**2120.41**	2134.88
	(ii) Loans	**1316.50**	1386.56
	(iii) Other financial assets	**5550.00**	3500.00
	(g) Other non-current assets	**554.09**	262.74
	Total Non-Current assets	**341265.18**	340746.59
	(2) Current assets		
	(a) Inventories	**61355.11**	56311.21
	(b) Financial Assets		
	(i) Investments	**0.52**	75.81
	(ii) Trade receivables	**63778.18**	60116.38
	(iii) Cash and cash equivalents	**2223.55**	5647.38
	(iv) Bank balances other than (iii) above	**4042.40**	7504.61
	(v) Loans	**1317.27**	2130.06
	(vi) Other financial assets	**18884.01**	19294.95
	(c) Other current assets	**5626.04**	5499.92
	Total Current assets	**157227.08**	156580.32
	Total Assets	**498492.26**	497326.91
B.	**EQUITY AND LIABILITIES**		
	Equity		
	(a) Equity Share capital	**4329.55**	4054.82
	(b) Other Equity	**250525.16**	233869.77
	Total Equity	**254854.71**	237924.59
	Liabilities		
	(1) Non-current liabilities		
	(a) Financial Liabilities		
	(i) Borrowings	**70130.07**	83484.15
	(ii) Lease liabilities	**467.87**	-
	(b) Provisions	**2095.26**	1913.52
	(c) Deferred tax liabilities (Net)	**24256.77**	25176.52
	(d) Other non-current liabilities	**5343.12**	15977.84
	(e) Non-current Tax Liabilities (Net)	**5157.78**	4243.37
	Total Non-current liabilities	**107450.87**	130795.40
	(2) Current liabilities		
	(a) Financial Liabilities		
	(i) Borrowings	**60391.31**	63361.52
	(ii) Lease liabilities	**122.29**	-
	(iii) Trade payables		
	(a) Total Outstanding dues of Micro enterprises and small enterprises: and	**161.85**	38.24
	(b) Total Outstanding dues of creditor other than Micro enterprises and small enterprises	**33077.98**	27598.81
	(iv) Other financial liabilities	**25908.08**	17772.89
	(b) Other current liabilities	**14509.94**	17987.28
	(c) Provisions	**2015.23**	1848.18
	(d) Current Tax Liabilities (Net)	**-**	-
	Total Current liabilities	**136186.68**	128606.92
	Total Equity and Liabilities	**498492.26**	497326.91

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STATEMENT OF CASH FLOW

(Amount Rs.in lakhs)

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
A.CASH FLOW FROM OPERATING ACTIVITIES				
Profit/(Loss) before Tax		12353.53		(65922.25)
Adjustments for:				
Add: Depreciation and amortisation expenses	5274.32		5487.27	
Sundry balances /Assets / Advances written off	2820.71		690.33	
Bad Debts	47.93		-	
Credit loss allowances on trade receivables/advances	41.23		196.02	
Advance/trade receivables written off	-		21,121.70	
Impairment in valuation of investments	45.05		822.81	
Loss on sale of Current Investment	14.94		-	
Net gain /(loss) on Fair valuation of Investments	0.15		57,876.71	
Fair Valuation of derivative instruments through Profit & Loss A/c	665.97		-	
Profit/(Loss) on sale / discard of Fixed Assets (Net)	214.85		280.47	
Finance cost	21989.75	31114.90	22540.22	109015.53
		43468.43		43093.28
Less: Interest income	1149.29		1620.94	
Bad Debts realised	89.58		137.00	
Dividend income from investments	1158.79		1160.77	
Gain on redemption of financial liability at amortised cost	-		803.25	
Net gain/(loss) on derecognition of financial assets at amortised cost	29.71		56.39	
Fair Valuation of derivative instruments through Profit & Loss A/c	-		339.54	
Unrealised foreign exchange fluctuation and translation	1315.23		2681.10	
Provisions / Liabilities no longer required written back	63.46	3806.06	874.38	7673.37
Operating Profit before Working Capital changes		39662.37		35419.91
Movements in working capital				
Less: Increase/(Decrease) in Inventories	5012.63		15478.37	
Increase/(Decrease) in Trade Receivables	1093.23		9248.29	
Increase/(Decrease) in Loans & Advances, other financial and non-financial assets	162.42		1752.84	
(Increase)/Decrease in Trade Payables, other financial and non financial liabilities and provisions	9139.49	15407.77	11806.97	38286.47
Cash generated From Operations		24254.60		(2866.56)
Less: Direct Taxes paid (Net)		470.82		1482.67
Net cash flow from Operating activities (A)		23783.78		(4349.23)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment, Intangible Assets and movements in Capital work in progress	(5467.46)		(5391.28)	
Realisation of Property, Plant and Equipment, Intangible Assets	22.46		126.84	
Sale of Investment in Associate, Subsidiary and Joint Venture	1.50		-	
Sale of Current Investment	60.20		-	
Interest received	1183.48		1592.67	
Dividend received	1158.79		1160.77	
Bank balances other than cash and cash equivalents	1412.21	(1628.82)	6197.91	3686.91
Net Cash flow from Investing activities (B)		(1628.82)		3686.91
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from preferential issue of Equity Shares	5000.00		14000.00	
Proceeds/(Repayment) from short term borrowings (net)	(4181.26)		20023.58	
Repayment of Long term borrowings	(11644.33)		(65112.41)	
Proceeds from Long term borrowings	6000.00		60000.00	
Interest and other borrowing cost paid	(20681.64)		(27927.34)	
Interest paid on Lease Liability	(73.22)		-	
Dividend paid	-		(1232.31)	
Tax on dividend	-	(25580.45)	(250.04)	(498.52)
Net cash flow from Financing activities (C)		(25580.45)		(498.52)
D. Net increase / (Decrease) in Cash and Cash equivalents (A+B+C)		(3425.49)		(1160.84)
E. Cash and Cash equivalents at the beginning of the year		5647.38		6795.77
F. Add/(Less): Unrealised exchange gain/(loss) on bank balances		1.66		12.45
G. Cash and Cash equivalents at the end of the year		2223.55		5647.38

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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 June 15, 2020.

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. 4380.45 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).

   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 Company has approached the newly appointed Nominated Authority/ Ministry of Coal to reconsider the compensation determined by the previous Nominated Authority vide its order dated 11.11.2019 and grant an opportunity to present its case 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. Due to delisting of Electrosteel Steels Limited (ESL) and in absence of other available ways of valuation, the Company has continued to consider the exit price, which was open till December 20, 2019, as the basis of valuation of Investment in ESL.
   Further the notices issued by the consortium of lenders of ESL for invocation of pledge of company's investment of 17334999 equity shares of Rs. 10 each in ESL amounting to Rs. 1653.76 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.
   Furthermore during the previous periods the party, in whose favour rights of mortgage of certain Land & Building amounting to Rs. 29554.62 lakhs of the Company situated at Elavur, Tamilnadu, were assigned by a lender of the ESL, has taken the symbolic possession of said mortgaged property and the same was contested by the Company before Hon'ble Madras High Court. On disposal of Company's application by the Hon'ble High Court, the Company has preferred an appeal before Commercial Appellate, Hon'ble High Court at Madras and the matter is subjudice. Pending finalization of the matter, these assets have been carried forward at their carrying book value.

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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 has recognised a charge of Rs. 2318.35 lakhs during the quarter 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".
8.	During the quarter ended March 31, 2020, the company has decided to exercise the option under section 115BAA of the Income Tax 1961, as introduced by the Taxation Laws (Amendment) Ordinance 2019 and effective from April 1, 2019, which provides an option to opt for lower rate of Corporate Income Tax Rate subject to fulfilling of certain conditions. Consequently impact of current tax and deferred tax to the tune of Rs. 60.40 lakhs (additional charge) and Rs. 1012.20 lakhs (credit) (including Rs.16.54 lakhs through OCI) respectively on account of adoption of new tax regime for the period from April 1, 2019 to December 31, 2019 has been adjusted in the current quarter. Further deferred Tax liability (net) recognised till March 31, 2019 has been re-measured on the basis the rates prescribed under the new tax regime and credits amounting to Rs. 2079.95 lakhs and Rs. 283.25 lakhs have been given effect in the equity and current quarter deferred tax expenses respectively in line with the requirements of relevant accounting standards.
9.	Effective from April 1, 2019, the Company has adopted IND AS 116 "Leases" and applied the same to lease contracts existing on April 1, 2019 by using modified retrospective approach. By application of the standard the "Right of Use" (ROU) has been created with corresponding Lease Liability with due adjustment. The impact of application of IND AS 116 on the statement of Profit and Loss is not significant on the quarter and year ended March 31, 2020. Comparatives for previous quarter/period have not been retrospectively adjusted.
10.	The Board of Directors in their board meeting dated August 21, 2019 passed a resolution for issuance of 27472526 equity shares of Re. 1 each at a premium of Rs. 17.20 on preferential basis, which was later approved by the members in their AGM held on September 20, 2019. These equity shares have been allotted on October 11, 2019.
11.	The Board of Directors have recommended a dividend of of Re. 0.30 per share (i.e. 30%), subject to approval of shareholders in ensuing AGM.
12.	The figures for the quarter ended March 31, 2020 and March 31, 2019 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.	The spread of COVID-19 pandemic has severely impacted businesses around the globe, including India. The regular business operations of the company has been impacted post lock-down declared by Government of India (GOI) on March 24, 2020, which includes suspension of significant portion of production facilities, disruptions in supply chain and adopting work from home policies of employees across the locations. Due to above, the volumes for the month of March 2020 have been impacted. The Company is monitoring the situation closely and operations are being resumed/ramped up in a phased manner from June 2020 considering various directives from GOI. The management has considered various internal and external sources of information up to the date of approval of the standalone financial statements by the Board of Directors in determining the impact of pandemic on the various elements of standalone financial statements. The management has also evaluated its liquidity position for the next year and used the principles of prudence in applying judgments, estimates & assumptions and based on the current estimates, it expects to fully recover the carrying amount of various non current & current assets. However considering the uncertainties involved, the eventual outcome of impact of the pandemic may be different from those estimated as on the date of approval of these standalone financial statements. The Company will continue to closely monitor any material changes in future economic conditions.
14.	Previous periods' figures have been regrouped/rearranged wherever necessary.
	Kolkata June 15, 2020 SINGHI & CO. Chartered Accountants ELECTROSTEEL CASTINGS LIMITED **For ELECTROSTEEL CASTINGS LIMITED** **Umang Kejriwal** Managing Director (DIN: 000065173)

ANNEXURE I

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

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020
[*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	252,170.82	Not Ascertainable
	2.	Total Expenditure	239,817.29	
	3.	Net Profit/(Loss) (including other comprehensive income)	9,850.17	
	4.	Earnings Per Share	2.36	
	5.	Total Assets	498,492.26	
	6.	Total Liabilities	243,637.55	
	7.	Net Worth (Equity Share Capital plus Other Equity)	254,854.71	
	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 2020 -

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. 1653.76 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 Calcutta High Court. Further certain fixed assets of Elavur plant of the Company which are mortgaged in favour of a Lender of ESL, who has assigned their rights to another entity and the symbolic possession has been taken during the quarter ended June 30, 2019, has been disputed by the company

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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 for the first time.

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

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

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

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

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).

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 Company has approached the newly appointed Nominated Authority/ Ministry of Coal to reconsider the compensation determined by the previous Nominated Authority vide its order dated 11.11.2019 and grant an opportunity to present its case 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;

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(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. Due to delisting of Electrosteel Steels Limited (ESL) and in absence of other available ways of valuation, the Company has continued to consider the exit price, which was open till December 20, 2019, as the basis of valuation of Investment in ESL.

Further 1,73,34,999 equity shares of Rs. 10 each in ESL amounting to Rs. 1653.76 lakhs as on March 31, 2019 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.

One of the lenders of ESL in whose favour the Company had mortgaged certain Land & Building amounting to Rs. 29571.05 lakhs of the Company situated at Elavur, Tamilnadu, has assigned its rights in favour of another entity which has been disputed by the company. Pending settlement 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 quarter 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".

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	(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	Sd/- **Binod Kumar Khaitan** **(Audit Committee Chairman)**
Statutory Auditor	**For Singhi & Co** **Chartered Accountants** **Firm's Registration No: 302049E** **Gopal Jain** **(Partner)** **Membership No: 59147**

Place: Kolkata
Date: June 15, 2020

SINGHI & CO. Chartered Accountants

ELECTROSTEEL CASTINGS LIMITED

Singhi & Co.
Chartered Accountants
161, SARAT BOSE ROAD, KOLKATA-700 026, (INDIA)
✆ : +91(0)33-2419 6000/01/02 • E-mail : kolkata@singhico.com • Website : www.singhico.com

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 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, 2020, 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 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.	
Name of the Associate companies	
Srikalahasthi Pipes Limited	Electrosteel Thermal Power Limited (Disposed off on August 1, 2019)
Name of the Joint Venture Companies	
North Dhadhu Mining Company Private Limited (Refer note 4 of other matters)	Domco Private Limited (Refer note 5 of other matters)

b. each presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and

c. except for the possible effect of the matter described in 'Basis for Qualified Opinion' paragraph below, gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards (IND AS) and other accounting principles generally accepted in India of the net profit and other comprehensive income and other financial information of the group for the year ended 31st March 2020.

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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. 1653.76 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 Calcutta High Court. Further certain fixed assets of Elavur plant of the Company which are mortgaged in favour of a Lender of ESL, who has assigned their rights to another entity and the symbolic possession has been taken during the quarter ended June 30, 2019, 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 profit 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.

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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 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.

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- 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.

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 issuedby the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extentapplicable.

Other Matter

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. 81692.29 lakhs as at 31st March, 2020, total revenues of Rs. 27338.05 lakhs and Rs. 102400.06 lakhs, total net profit after tax of Rs. 671.23 lakhs and Rs 2054.31 lakhs, total comprehensive profit of Rs. 739.30 lakhs and Rs. 1280.65 lakhs for the quarter and the year ended on that date respectively, and net cash flows of Rs. 1868.78 lakhs for the year ended 31st March, 2020 as considered in the statement which have been audited by their respective independent auditors.

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(ii) An associate, whose financial result / statement reflect Group's share of net profit of Rs 2096.50 lakhs and Rs 7513.09 lakhs for the quarter and year ended 31st March, 2020 respectively as considered in the statement whose financial result / financial statement and other financial information have been audited by their respective independent auditors.

(iii) The independent auditors report on the financial statements / financial information / financial results of these entities 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 and associate is based solely on the reports of such auditors and the procedures performed by us as stated in paragraph above.

(iv) These subsidiaries 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. We have reviewed these conversion adjustments made by the Holding's management. Our conclusion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding 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. 0.32 thousand as at 31st March, 2020 and total revenues of Rs. Nil and Rs. 0.35 thousand, total net profit / loss after tax of Rs. 941.52 thousand and Rs. 1.99 thousand, total comprehensive loss of Rs. 326.78 thousand and Rs. 589.33 thousand for the quarter and the year ended on that date respectively and net cash outflows of Rs. 48.75 thousand for the year ended 31st March, 2020.

(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 1 & 2 above 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.

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5. As stated in Note No. 14 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, 2020 being the balancing figures between the audited consolidated figures in respect of the full financial year ended 31st March, 2020 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.

7. The statement includes consolidated figures for the corresponding quarter ended 31st March, 2019 which are the balancing figures between the audited figures in respect of the full financial year ended 31st March, 2019 and the published unaudited year to date figures upto third quarter of the previous financial year, which have been approved by Holding Company's Board of Directors, but have not been subjected to audit or review.

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

(Gopal Jain)
Partner
Membership No.: 059147
UDIN: 20059147AAAAAY4841

Place: Kolkata
Date: 15th June 2020

ELECTROSTEEL CASTINGS LIMITED
CIN: L27310OR1955PLC000310
Registered Office : Rathod Colony, P. O. 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.electrosteelcastings.com
E-mail: companysecretary@electrosteel.com

(Rs.in lakhs)

STATEMENT OF CONSOLIDATED AUDITED RESULTS FOR THE QUARTER AND YEAR ENDED 31/03/2020

	Particulars	3 months ended 31/03/2020	Preceding 3 months ended 31/12/2019	Corresponding 3 months ended in the previous year 31/03/2019	Year to date figures for current year ended 31/03/2020	Year to date figures for previous year ended 31/03/2019
		(Audited) (Refer note 13)	(Unaudited)	(Unaudited) (Refer note 13)	(Audited)	(Audited)
1.	Revenue From Operations	71263.65	69250.86	76369.28	271104.29	269943.64
2.	Other Income	480.53	728.90	1697.06	3320.77	5690.94
3.	Total income (1 + 2)	71744.18	69979.76	78066.34	274425.06	275634.58
4.	**EXPENSES**					
	(a) Cost of materials consumed	26528.63	28272.45	29492.86	111841.99	110588.28
	(b) Purchases of Stock-in-Trade	4566.50	4553.71	2296.74	15661.63	15166.64
	(c) Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	(126.99)	(2409.26)	4053.03	(9795.08)	(5209.81)
	(d) Employee benefits expense	5640.84	5838.16	5362.66	22660.63	20862.25
	(e) Finance costs	5584.74	5266.70	5027.66	22758.44	23464.52
	(f) Depreciation and amortization expense	1525.89	1418.05	1427.65	5714.65	5851.40
	(g) Other expenses	26757.68	22770.93	24509.63	94133.40	89068.03
	Total expenses	70477.29	65710.74	72170.23	262975.66	259791.31
5.	**Profit / (Loss) before exceptional items and tax (3 - 4)**	1266.89	4269.02	5896.11	11449.40	15843.27
6.	Exceptional Items	-	-	-	-	(18397.20)
7.	**Profit /(Loss) before tax (5+ 6)**	1266.89	4269.02	5896.11	11449.40	(2553.93)
8.	Tax expense:					
	Current tax	600.55	1047.50	289.44	1716.28	537.80
	Deferred tax	(992.89)	120.35	2267.35	1159.62	(2337.65)
	Related to earlier year	(38.27)	-	-	(56.02)	-
9.	**Profit/(Loss) after tax (7-8)**	1697.50	3101.17	3339.32	8629.52	(754.08)
10.	Add:-Share of Profit/(Loss) in Associates and Joint Venture (Net)	2096.69	2796.55	1476.13	7518.85	4619.89
11.	**Profit/(Loss) for the period (9+10)**	3794.19	5897.72	4815.45	16148.37	3865.81
12.	**Profit/(Loss) for the period attributable to:**					
	- Owners of the Company	3776.31	5884.72	4805.03	16106.51	3817.06
	- Non-Controlling Interest	17.88	13.00	10.42	41.86	48.75
13.	**Other Comprehensive Income**					
	A (i) Items that will not be reclassified to profit and loss					
	a) Remeasurements of the defined benefit plans	(165.97)	56.45	175.28	3.39	188.18
	b) Equity instruments through other comprehensive income	(10.10)	18.05	(1.20)	(14.46)	(623.72)
	(ii) Income tax relating to items that will not be reclassified to profit and loss	60.63	(23.94)	(60.97)	2.46	(70.75)
	B (i) Items that will be reclassified to profit and loss					
	a) Foreign currency translation differences	736.04	485.14	(233.46)	1274.76	(30.33)
	b) Effective portion of Cash flow hedge reserve	-	-	-	-	267.44
	(ii) Income tax relating to items that will be reclassified to profit and loss	-	-	-	-	(93.46)
	C Share of Other Comprehensive Income in Associates and Joint Ventures (Net of tax)	(0.19)	(2.35)	(13.41)	(5.76)	(6.45)
	Other Comprehensive Income for the period (net of tax)	620.41	533.35	(133.76)	1260.39	(369.09)
14.	**Other Comprehensive Income for the period attributable to:**					
	- Owners of the Company	620.41	533.35	(133.76)	1260.39	(369.09)
	- Non-Controlling Interest	-	-	-	-	-
15.	**Total Comprehensive Income for the period (11+13)**	4414.60	6431.07	4681.69	17408.76	3496.72
16.	**Total Comprehensive Income for the period attributable to:**					
	- Owners of the Company	4396.72	6418.07	4671.27	17366.90	3447.97
	- Non-Controlling Interest	17.88	13.00	10.42	41.86	48.75
17.	**Paid-up equity share capital (Face value - Re. 1/-)**	4329.55	4329.55	4054.82	4329.55	4054.82
18.	**Other equity excluding revaluation reserve**				283685.44	259513.33
19.	**Earnings per equity share of per value of Re. 1 each.**					
	(1) Basic (Rs.)	0.87	1.37	1.24	3.85	0.99
	(2) Diluted (Rs.)	0.87	1.37	1.24	3.85	0.99

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ELECTROSTEEL CASTINGS LIMITED

(Rs. in lakhs)

STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES

	Particulars	As at March 31, 2020	As at March 31, 2019
A.	**ASSETS**		
	(1) Non-current assets		
	(a) Property, Plant and Equipment	**166215.33**	162933.01
	(b) Capital work-in-progress	**116561.86**	123661.71
	(c) Goodwill on consolidation	**216.03**	216.03
	(d) Other Intangible assets	**192.99**	161.58
	(e) Right-of-use assets	**3675.65**	-
	(f) Investments in associates and joint ventures	**72546.86**	66192.58
	(g) Financial Assets		
	(i) Investments	**2120.68**	2135.24
	(ii) Loans	**1337.96**	1406.20
	(iii) Other financial assets	**5550.00**	3500.00
	(h) Other non-current assets	**593.25**	262.74
	Total Non-Current assets	**369010.61**	360469.09
	(2) Current assets		
	(a) Inventories	**89702.96**	75421.41
	(b) Financial Assets		
	(i) Investments	**0.52**	75.81
	(ii) Trade receivables	**61793.70**	60878.06
	(iii) Cash and cash equivalents	**5945.63**	7501.16
	(iv) Bank balances other than (iii) above	**4042.40**	7504.61
	(v) Loans	**1942.89**	3776.90
	(vi) Other financial assets	**18884.01**	19294.95
	(c) Other current assets	**7955.92**	7218.99
	Total Current assets	**190268.03**	181671.89
	Total Assets	**559278.64**	542140.98
B.	**EQUITY AND LIABILITIES**		
	Equity		
	(a) Equity Share capital	**4329.55**	4054.82
	(b) Other Equity	**283685.44**	259513.33
	(c) Non-Controlling Interest	**121.65**	65.87
	Total Equity	**288136.64**	263634.02
	LIABILITIES		
	(1) Non-current liabilities		
	(a) Financial Liabilities		
	(i) Borrowings	**70264.81**	83824.97
	(ii) Lease liabilities	**1572.62**	-
	(b) Provisions	**2103.20**	1919.27
	(c) Deferred tax liabilities (Net)	**24271.72**	25191.55
	(d) Other non-current liabilities	**5367.63**	16019.27
	(e) Non-current Tax Liabilities (Net)	**5157.78**	4243.37
	Total Non-current liabilities	**108737.76**	131198.43
	(2) Current liabilities		
	(a) Financial Liabilities		
	(i) Borrowings	**78845.64**	77030.51
	(ii) Lease liabilities	**214.90**	-
	(iii) Trade payables		
	(a) Total Outstanding dues of Micro enterprises and small enterprises: and	**161.85**	38.24
	(b) Total Outstanding of creditor other than Micro enterprises and small enterprises	**38417.95**	30846.00
	(iv) Other financial liabilities	**26169.40**	18195.96
	(b) Other current liabilities	**16182.03**	18763.22
	(c) Provisions	**2107.36**	2051.51
	(d) Current Tax Liabilities (Net)	**305.11**	383.09
	Total Current liabilities	**162404.24**	147308.53
	Total Equity and Liabilities	**559278.64**	542140.98

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ELECTROSTEEL CASTINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOW

(Amount Rs. in lakhs)

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
A.CASH FLOW FROM OPERATING ACTIVITIES				
Profit/(Loss) before Tax		1,14,49.40		(25,53.93)
Adjustment for:				
Add : Depreciation and amortisation expenses	57,14.65		58,51.40	
Bad Debts	6,32.09		1,56.46	
Assets / Advances written off	28,20.71		6,90.33	
Credit loss allowances on trade receivables/advances	8,32.18		1,96.02	
Advance/trade receivables written off	-		2,11,21.70	
Impairment in valuation of investments	-		8,38.13	
Fair Valuation of derivative instruments through Profit & Loss A/c	6,65.97		-	
Loss on sale of Current Investment	14.94		-	
Net gain /(loss) on Fair valuation of Investments	0.15		-	
Profit/(Loss) on sale / discard of Fixed Assets (Net)	2,14.85		2,77.58	
Finance Costs	2,27,58.44	3,36,53.98	2,34,64.52	5,25,96.14
		4,51,03.38		5,00,42.21
Less: Interest Income	11,68.03		16,32.86	
Bad Debts realised	89.58		1,37.00	
Dividend Income from Investments	0.72		2.71	
Gain on redemption of financial liability at amortised cost	-		8,03.25	
Net gain/(loss) on sale of Investments	0.75		-	
Net gain/(loss) on derecognition of financial assets at amortised cost	29.71		56.39	
Fair Valuation of derivative instruments through Profit & Loss A/c	-		3,39.54	
Net gain /(loss) on Fair valuation of Investments	-		27,16.17	
Unrealised Foreign Exchange Fluctuation and translation	13,15.23		26,81.10	
Reversal of Impairment Allowances for doubtful debts	3,55.41		60.61	
Provisions / Liabilities no longer required written back	63.46	30,22.89	8,74.38	93,04.01
Operating Profit before Working Capital changes		4,20,80.49		4,07,38.20
Movement in working capital				
Less: Increase/(Decrease) in Inventories	1,42,50.28		1,44,19.62	
Increase/(Decrease) in Trade Receivables	(5,92.01)		1,34,71.56	
Increase/(Decrease) in Loans and Advances, other financial and non-financial assets	(2,70.44)		5,32.67	
(Increase)/Decrease in Trade Payables, other financial and non-financial liabilities and provisions	53,63.07	1,87,50.90	1,52,32.42	4,36,56.27
Cash generated From Operations		2,33,29.59		(29,18.07)
Less: Direct Taxes paid (Net)		8,54.89		16,98.52
Net cash flow from Operating activities (A)		2,24,74.70		(46,16.59)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment, Intangible Assets and movements in Capital work in progress	(58,98.80)		(57,85.43)	
Realisation of Property, Plant and Equipment, Intangible Assets	22.46		1,37.81	
Sale of Investment in Associate, Subsidiary and Joint Venture	1.50		-	
Sale of Current Investment	60.20		-	
Interest received	12,02.22		16,04.59	
Dividend received	11,58.79		11,60.77	
Bank Balances Other than Cash and Cash Equivalents	14,12.21	(20,41.42)	61,97.91	33,15.65
Net Cash flow from Investing activities (B)		(20,41.42)		33,15.65
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of share capital	50,00.00		1,40,00.00	
Repayment of Minority Shares	-		(20.60)	
Proceeds/(Repayments) from borrowings (net)	604.08		2,08,74.95	
Repayment of Long Term borrowings	(1,20,83.88)		(7,43,63.94)	
Proceeds from Long Term borrowings	6,000.00		60,000.00	
Interest and other borrowing cost paid	(2,13,94.55)		(1,95,24.18)	
Interest paid on Lease Liability	(116.12)		-	
Dividend paid	-		(12,32.31)	
Tax on Dividend	-	(2,19,90.47)	(2,50.04)	(5,16.12)
Net cash flow from Financing activities (C)		(2,19,90.47)		(5,16.12)
D. Net Increase/ (decrease) in Cash and Cash equivalents (A+B+C)		(15,57.19)		(18,17.06)
E. Cash and Cash equivalents at the beginning of the year		75,01.16		93,05.77
F. Add / (Less) : Unrealised exchange gain / (loss) on bank balances		1.66		12.45
G. Cash and Cash equivalents at the end of the year		59,45.63		75,01.16

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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 June 15, 2020.

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.4380.45 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).

   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 Company has approached the newly appointed Nominated Authority/Ministry of Coal to reconsider the compensation determined by the Nominated Authority vide its order dated 11.11.2019 and grant an opportunity to present its case 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 quarter ended March 19, the performance of the joint venture company has not been consolidated during the quarter and nine month ended December 19.

6. Due to delisting of Electrosteel Steels Limited (ESL) and in absence of other available ways of valuation, the Company has continued to consider the exit price, which was open till December 20, 2019, as the basis of valuation of Investment in ESL.
   Further the notices issued by the consortium of lenders of ESL for invocation of pledge of group's investment of 17334999 equity shares of Rs. 10 each in ESL amounting to Rs. 1653.76 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.
   Furthermore during the previous periods the party, in whose favour rights of mortgage of certain Land & Building amounting to Rs. 29554.62 lakhs of the parent Company situated at Elavur, Tamilnadu, were assigned by a lender of the ESL, has taken the symbolic possession of said mortgaged property and the same was contested by the Company before Hon'ble Madras High Court. On disposal of Company's application by the Hon'ble High Court, the Company has preferred an appeal before Commercial Appellate, Hon'ble High Court at Madras and the matter is subjudice. Pending finalization of the matter, these assets have been carried forward at their carrying book value.

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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 has recognised a charge of Rs. 2318.35 lakhs during the quarter 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".
8.	During the quarter ended March 31, 2020, the parent company has decided to exercise the option under section 115BAA of the Income Tax 1961, as introduced by the Taxation Laws (Amendment) Ordinance 2019 and effective from April 1, 2019, which provides an option to opt for lower rate of Corporate Income Tax Rate subject to fulfilling of certain conditions. Consequently impact of current tax and deferred tax to the tune of Rs. 60.40 lakhs (additional charge) and 1012.20 lakhs (credit) (including Rs. 16.54 lakhs through OCI) respectively on account of adoption of new tax regime for the period from April 1, 2019 to December 31, 2019 has been adjusted in the current quarter. Further deferred Tax liability (net) recognised till March 31, 2019 has been re-measured on the basis the rates prescribed under the new tax regime and credits amounting to Rs. 2079.95 lakhs and Rs. 283.25 lakhs have been given effect in the equity and current quarter deferred tax expenses respectively in line with the requirements of relevant accounting standards.
9.	Effective from April 1, 2019, the group has adopted IND AS 116 "Leases" and applied the same to lease contracts existing on April 1, 2019 by using modified retrospective approach. By application of the standard the "Right of Use (ROU)" has been created with corresponding Lease Liability with due adjustment. The impact of application of IND AS 116 on the statement of Profit and Loss is not significant on the quarter and year ended March 31, 2020. Comparatives for previous quarter/period have not been retrospectively adjusted.
10.	The Board of Directors in their board meeting dated August 21, 2019 passed a resolution for issuance of 27472526 equity shares of Re. 1 each at a premium of Rs. 17.20 on preferential basis, which was later approved by the members in their AGM held on September 20, 2019. These equity shares have been allotted on October 11, 2019.
11.	The Board of Directors have recommended a dividend of of Re. 0.30 per share (i.e. 30%), subject to approval of shareholders in ensuing AGM.
12.	The financial statements of Electrosteel Brasil Ltda.Tubos e Conexoes Duteis, a subsidiary company for the year ended March 31,2020 has not been subjected to audit by their auditor
13.	The figures for the quarter ended March 31, 2020 and March 31, 2019 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, 2020 have been subjected to Limited Review by the Statutory Auditors.
14.	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.
15.	The spread of COVID-19 pandemic has severely impacted businesses around the globe. The regular business operations of the group has been impacted post lock-down declared by various governments where subsidiaries are based including India which includes suspension of production facilities, disruptions in supply chain and adopting work from home policies of employees. Due to above, the volumes for the quarter ended March 2020 have been impacted. The group's management is monitoring the situation closely and operations are being resumed/ramped up in a phased manner from the current quarter considering various statutory directives. The group's management has considered various internal & external sources of information up to the date of approval of the consolidated financial statements by the Board of Directors in determining the impact of pandemic on the various elements of consolidated financial statements. The management has used the principles of prudence in applying judgments, estimates & assumptions and based on the current estimates, it expects to fully recover the carrying amount of various Non current & current assets. However considering the uncertainties involved, the eventual outcome of impact of the pandemic may be different from those estimated as on the date of approval of these consolidated financial statements.
16.	Previous periods' figures have been regrouped/rearranged wherever necessary.
	Kolkata June 15, 2020 SINGHI & CO. Chartered Accountants ELECTROSTEEL CASTINGS LIMITED **For ELECTROSTEEL CASTINGS LIMITED** **Umang Kejriwal** Managing Director (DIN: 000065173)

ANNEXURE I

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

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020
[*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	274425.06	Not Ascertainable
	2.	Total Expenditure	262975.66	
	3.	Net Profit/(Loss) (including other comprehensive income)	17408.76	
	4.	Earnings Per Share	3.85	
	5.	Total Assets	559278.64	
	6.	Total Liabilities	271142.00	
	7.	Net Worth (Equity Share Capital plus Other Equity)	288136.64	
	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 2020 -

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. 1653.76 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 Calcutta High Court. Further certain fixed assets of Elavur plant of the Company which are mortgaged in favour of a Lender of ESL, who has assigned their rights to another entity and the symbolic possession has been taken during the quarter ended June 30, 2019, has been disputed by the company as enumerated in the

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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 for the first time.

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

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

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

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

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).

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 Company has approached the newly appointed Nominated Authority/ Ministry of Coal to reconsider the compensation determined by the previous Nominated Authority vide its order dated 11.11.2019 and grant an opportunity to present its case 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

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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. Due to delisting of Electrosteel Steels Limited (ESL) and in absence of other available ways of valuation, the Company has continued to consider the exit price, which was open till December 20, 2019, as the basis of valuation of Investment in ESL.

Further 1,73,34,999 equity shares of Rs. 10 each in ESL amounting to Rs. 1653.76 lakhs as on March 31, 2019 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.

One of the lenders of ESL in whose favour the Company had mortgaged certain Land & Building amounting to Rs. 29571.05 lakhs of the Company situated at Elavur, Tamilnadu, has assigned its rights in favour of another entity which has been disputed by the company. Pending settlement 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 quarter and a balance amounting to Rs. 1778.11 lakhs has been considered recoverable by the management of the company and shown as "Other Financial

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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	Sd/- **Binod Kumar Khaitan** **(Audit Committee Chairman)**
Statutory Auditor	**For Singhi & Co** **Chartered Accountants** **Firm's Registration No: 302049E** SINGHI & CO. ★ Chartered Accountants ★ **Gopal Jain** **(Partner)** **Membership No: 59147**

Place: Kolkata
Date: June 15, 2020

ELECTROSTEEL CASTINGS LIMITED ★