

**Limited Review Report on Quarterly and Six Month Ended Financial Results of Electrosteel Castings Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**To,  
The Board of Directors,  
Electrosteel Castings Limited**

We have reviewed the accompanying statement of Unaudited Financial Results of **Electrosteel Castings Limited** ("the Company") for the quarter and six months ended 30<sup>th</sup> September, 2017 ("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 read with SEBI's Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors in their meeting held on 8<sup>th</sup> November, 2017, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under section 133, of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

Attention is drawn to the fact that the figures for the quarter ended 30<sup>th</sup> June 2017, quarter and six months ended 30<sup>th</sup> September 2016 and for the year ended 31<sup>st</sup> March 2017 are based on the previously issued standalone quarterly /half yearly financial results and annual standalone financial statements that were reviewed/audited by the erstwhile auditors (vide their modified limited review report dated 3<sup>rd</sup> August 2017, 10<sup>th</sup> December 2016 and modified audit report dated 19<sup>th</sup> May 2017 respectively).

We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Financial Statement is free of material misstatement.

A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

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

- a) Note No. 4 in respect to cancellation of a coal block allotted to the company in earlier years and non recognition of claims receipt thereof for the reasons stated in the note and thereby non carrying out of any adjustment in the books of accounts. Pending acceptance of the claim, the balances appearing in the books of accounts in respect to such mines has 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 are presently not ascertainable;
- b) Note no. 5 regarding non-provision for impairment in the value of investment in joint venture company, pending determination of the claim for compensation against North Dhadhu Coal Block; and,
- c) Impact with respect to (a) and (b) above are presently not ascertainable and as such cannot be commented upon by us.



Based on our review conducted as stated above, we report that, excepting the possible effect of the matters stated in note (a) & (b) above, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with the applicable Indian Accounting Standards as prescribed under section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI's Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material mis-statement.



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

**(GOPAL JAIN)**  
**Partner**  
**Membership No. 59147**

Place: Kolkata

Date: 8<sup>th</sup> Day of November, 2017





## ELECTROSTEEL CASTINGS LIMITED

CIN: L27310OR1955PLC000310

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Corporate Office: 19, Camac Street, Kolkata 700 017

Website: www.electrosteelcastings.com

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(Rs.in lakhs)

## STATEMENT OF STANDALONE UNAUDITED RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30/09/2017

Particulars	3 months ended 30/09/2017	Preceding 3 months ended 30/06/2017	Corresponding 3 months ended in the previous year 30/09/2016	Year to date figures for current period ended 30/09/2017	Year to date figures for previous period ended 30/09/2016	Previous year ended 31/03/2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. Revenue From Operations	42346.13	47886.64	44968.36	90232.77	87999.53	183418.06
2. Other Income	1448.89	1994.29	1744.60	3443.18	2454.45	9493.75
3. <b>Total income ( 1 + 2 )</b>	<b>43795.02</b>	<b>49880.93</b>	<b>46712.96</b>	<b>93675.95</b>	<b>90453.98</b>	<b>192911.81</b>
4. <b>EXPENSES</b>						
(a) Cost of materials consumed	18817.36	22657.67	18304.55	41475.03	33124.32	75872.28
(b) Purchases of Stock-in-Trade	3277.52	829.24	1379.36	4106.76	3204.74	5661.26
(c) Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	(3682.42)	(410.28)	(1883.33)	(4092.70)	318.08	(1456.82)
(d) Employee benefits expense	5355.86	4739.40	5072.41	10095.26	9275.97	18419.28
(e) Finance costs	5285.52	4754.96	4243.10	10040.48	8748.76	19461.11
(f) Depreciation and amortization expense	1516.73	1491.46	1572.60	3008.19	3141.02	6368.85
(g) Other expenses	13264.87	15749.25	13630.73	29014.12	26683.24	57736.82
<b>Total expenses</b>	<b>43835.44</b>	<b>49811.70</b>	<b>42319.42</b>	<b>93647.14</b>	<b>84496.13</b>	<b>182062.78</b>
5. <b>Profit before tax ( 3 - 4 )</b>	<b>(40.42)</b>	<b>69.23</b>	<b>4393.54</b>	<b>28.81</b>	<b>5957.85</b>	<b>10849.03</b>
6. Tax expense:						
Current tax	27.04	237.33	1471.24	264.37	2191.04	3202.67
Deferred tax	(439.66)	(190.18)	(291.36)	(629.84)	(453.71)	(81.94)
7. <b>Profit for the period ( 5 - 6 )</b>	<b>372.20</b>	<b>22.08</b>	<b>3213.66</b>	<b>394.28</b>	<b>4220.52</b>	<b>7728.30</b>
8. <b>Other Comprehensive Income</b>						
A (i) Items that will not be reclassified to profit or loss	(41.38)	(25.63)	(41.48)	(67.01)	(82.95)	(99.70)
(ii) Income tax relating to items that will not be reclassified to profit or loss	13.69	8.87	14.35	22.56	28.71	34.83
B (i) Items that will be reclassified to profit or loss	(11.10)	61.14	49.38	50.04	90.30	189.05
(ii) Income tax related to items that will be reclassified to profit or loss	3.84	(21.16)	(17.09)	(17.32)	(31.25)	(65.42)
<b>Other Comprehensive Income for the year (net of tax)</b>	<b>(34.95)</b>	<b>23.22</b>	<b>5.17</b>	<b>(11.73)</b>	<b>4.81</b>	<b>58.76</b>
9. <b>Total Comprehensive Income for the period ( 7 + 8 )</b>	<b>337.25</b>	<b>45.30</b>	<b>3218.83</b>	<b>382.55</b>	<b>4225.33</b>	<b>7787.06</b>
10. Paid-up equity share capital (Face value - Re. 1/-)	3569.55	3569.55	3569.55	3569.55	3569.55	3569.55
11. <b>Other equity excluding revaluation reserve</b>						282880.46
12. <b>Earnings per equity share of per value of Re. 1 each.</b>						
(1) Basic (Rs.)	0.10	0.01	0.90	0.11	1.18	2.17
(2) Diluted (Rs.)	0.10	0.01	0.90	0.11	1.18	2.17



**STATEMENT OF STANDALONE ASSETS AND LIABILITIES**

Particulars		As at September 30, 2017	As at March 31, 2017
<b>A.</b>	<b>ASSETS</b>		
	<b>( 1 ) Non-current assets</b>		
	(a) Property, Plant and Equipment	<b>161236.98</b>	163486.48
	(b) Capital work-in-progress	<b>121311.78</b>	120975.85
	(c) Other Intangible assets	<b>368.77</b>	504.78
	(d) Financial Assets		
	(i) Investments	<b>114600.62</b>	114606.11
	(ii) Trade receivables	<b>111.40</b>	108.56
	(iii) Loans	<b>1947.12</b>	1211.80
	(iv) Other financial assets	<b>3604.65</b>	3560.89
	(e) Other non-current assets	<b>1042.65</b>	624.67
	<b>Total Non-Current assets</b>	<b>404223.97</b>	405079.14
	<b>( 2 ) Current assets</b>		
	(a) Inventories	<b>47147.21</b>	43853.46
	(b) Financial Assets		
	(i) Investments	<b>84.61</b>	90.51
	(ii) Trade receivables	<b>58159.41</b>	47000.98
	(iii) Cash and cash equivalents	<b>2968.32</b>	26310.13
	(iv) Bank balances other than (iii) above	<b>9519.39</b>	7037.29
	(v) Loans	<b>1079.29</b>	1462.40
	(vi) Other financial assets	<b>12113.46</b>	11812.81
	(c) Other current assets	<b>36699.49</b>	34358.45
	<b>Total Current assets</b>	<b>167771.18</b>	171926.03
	<b>Total Assets</b>	<b>571995.15</b>	577005.17
<b>B.</b>	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
	(a) Equity Share capital	<b>3569.55</b>	3569.55
	(b) Other Equity	<b>281114.90</b>	282880.46
	<b>Total Equity</b>	<b>284684.45</b>	286450.01
	<b>LIABILITIES</b>		
	<b>( 1 ) Non-current liabilities</b>		
	(a) Financial Liabilities		
	(i) Borrowings	<b>100936.01</b>	112720.27
	(b) Provisions	<b>1966.68</b>	1956.16
	(c) Deferred tax liabilities (Net)	<b>29185.60</b>	29820.68
	(d) Other non-current liabilities	<b>19115.95</b>	20120.75
	(e) Non-current Tax Liabilities (Net)	<b>3310.38</b>	3338.84
	<b>Total Non-current liabilities</b>	<b>154514.62</b>	167956.70
	<b>( 2 ) Current liabilities</b>		
	(a) Financial Liabilities		
	(i) Borrowings	<b>72105.30</b>	57699.28
	(ii) Trade payables	<b>20859.78</b>	21593.85
	(iii) Other financial liabilities	<b>25428.96</b>	22379.29
	(b) Other current liabilities	<b>11633.30</b>	15953.19
	(c) Provisions	<b>2296.71</b>	4083.21
	(d) Current Tax Liabilities (Net)	<b>472.03</b>	889.64
	<b>Total Current liabilities</b>	<b>132796.08</b>	122598.46
	<b>Total Equity and Liabilities</b>	<b>571995.15</b>	577005.17





**Notes:**

1. The above financial results which have been prepared in accordance with Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI circular dated July 5, 2016, have been reviewed by Audit Committee and approved by the Board of Directors at their meeting held on November 08, 2017. The above results have been subjected to Limited Review by the Statutory Auditors.
2. The Company operates mainly in one business segment viz. Pipes and all other activities revolve around the main business.
3. The Board of Directors of the Company, at its meeting held on August 11, 2014 had approved the Scheme of Amalgamation ("the Scheme") of its wholly owned subsidiary, Mahadev Vyapaar Pvt. Ltd. with the Company with effect from April 1, 2014 ("Appointed Date"). Mahadev Vyapaar Pvt. Ltd. had filed an application before the Hon'ble High Court at Calcutta, which has sanctioned the said Scheme. The application filed by the Company before the Hon'ble High Court at Orissa will be taken by the National Company Law Tribunal, Kolkata Bench ("NCLT") as per Notification no.S.O. 3677(E) dated December 7, 2016 and Rule 3 of Companies (Transfer of Pending Proceedings) Rules, 2016. The said application is yet to be transferred to NCLT. No effect of the Scheme has therefore been given in the above results of the Company.
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 same had been handed over to Bharat Coking Coal Limited (BCCL) as per the direction from Coal India Ltd. (CIL) with effect from April 01, 2015 and the same has been subsequently allotted to Steel Authority of India Limited (SAIL).  
  
Following a petition filed by the Company, the Hon'ble High Court at Delhi has pronounced its judgement on March 09, 2017. Accordingly based on the said judgement, the Company has claimed Rs.153176 lakhs towards compensation against the said coal block now being allotted to SAIL. acceptance whereof is awaited. Pending acceptance of the Company's claim as above:  
  
(i) Rs.128884.11 lakhs incurred pertaining to the coal block till March 31, 2015 after setting off income, stocks etc. there against as per the accounting policy then followed by the company has been continued to be shown as freehold land, capital work in progress, other fixed assets and other respective head of accounts;  
(ii) Interest and other finance cost for the year ended March 31, 2016 against the fund borrowed and other expenses directly attributable in this respect amounting to Rs. 9514.74 lakhs has been considered as other recoverable under current assets; and  
(iii) Compensation of Rs. 8312.34 lakhs so far received and net realisations against sale of assets, advances etc. amounting to Rs. 633.83 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 of Jharkhand) has not made any further investments in the said joint venture company. In respect of Company's investment in North Dhadhu Coal Block, allotted in joint venture with other companies, in view of the management, the compensation to be received in terms of the ordinance is expected to cover the cost incurred by the Joint Venture Company and thereby no impairment requiring any adjustments in value of such investment is expected to arise.
6. 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 of Jharkhand on January 10, 2017, praying inter-alia for direction for grant of said lease in favour of the Company. The Hon'ble High Court in its order while observed, being not averse in granting relief with respect to cut off date, admitted the said petition and fixed the case for further hearing and adjudication. Pending decision of the High Court, Rs. 6216.02 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.
7. The Company's investment in Electrosteel Steels Limited(ESL), an Associate as required in terms of Ind AS has been carried at Rs. 60592.88 lakhs. ESL is passing through financial stringency and one of the lending banker has filed an application before Hon'ble National Company Law Tribunal (NCLT) for initiation of Corporate Insolvency Resolution Process (CIRP), which has since been admitted and order to the effect and appointment of Interim Resolution Professional (IRP) has been passed on July 21, 2017. Pending completion of the resolution process and ameliorative measures to be implemented in this respect, Company's investment in the said associate has been carried at deemed cost being fair value on April 1, 2015, the date of transition to Ind AS and no impairment in value thereof has been considered necessary.
8. Post the applicability of Goods and Service Tax (GST) with effect from July 01, 2017, revenue from operations is disclosed net of GST. Accordingly, the revenue from operations and other expenses for the quarter/ half year ended September 30, 2017 are not comparable with the previous periods presented in the results. The impact of the same however is not significant.
9. Pre Goods & Service Tax (GST), the Company was enjoying certain benefits under Industrial Promotion scheme of state government. Post GST, pending notifications by the state government, on prudent basis, the company has not recognised any income under the scheme for quarter ended September 30, 2017.



10. The listed non-convertible debentures of the Company aggregating Rs. 5000.00 lakhs as on September 30, 2017 are fully secured against Company's fixed assets other than assets at Elavur.

11. Additional disclosures as per Regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements 2015), are given below in respect of listed Non Convertible Debentures (NCD's) pertaining to the Company as on September 30, 2017

NCD Particulars	Present Rating	Previous Rating	Assets Cover Ratio ****	Details of last Interest Payment		Details of last Principal Payment		Details of Next Interest Payment		Details of Next Principal Payment	
				Due Date	Status	Due Date	Status	Due Date	Amount Rs. in lakhs	Due Date	Amount Rs. in lakhs
11% NCD	BWR A+ CARE BBB+	BWR A+ CARE BBB+	10.47	05.07.2017	Paid	N/A	N/A	05.07.2018	550.00	05.07.2018	5000.00

(ii) Other disclosures:

Particulars	30.09.2017	31.03.2017
Networth*	284684.45	286450.00
Debenture Redemption Reserve (Rs. In Lakhs)	6250	6250
Debt Equity Ratio	0.68	0.66
Debt Service Coverage ratio (DSCR)**	1.32	1.38
Interest Service Coverage Ratio (ISCR)***	1.32	1.91
* Networth= Equity Share Capital + Other equity		
**DSCR = PBDIT / (Net Finance charges + Scheduled principal repayments (excluding repayments from investment / refinancing ) during the period)		
***ISCR = PBDIT/Net Finance charges		
Net finance Charges: Interest Cost - Interest Income on Fixed Deposit - exchange loss related to interest cost		
**** Asset Cover Ratio= Net Block/Total Debt		

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

For ELECTROSTEEL CASTINGS LIMITED

Kolkata  
November 8, 2017



**Mahendra Kumar Jalan**  
Whole-time Director  
(DIN: 00311883)

