

**INDEPENDENT AUDITORS' REPORT****The Members of ESL Steel Limited (Formerly Electrosteel Steels Limited)****Report on the Audit of the Standalone Financial Statements****Opinion**

We have audited the standalone financial statements of ESL Steel Limited ("the Company"), which comprise the balance sheet as at March 31, 2022, and the statement of Profit and Loss (including other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other notes for the year ended on that date (hereinafter referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and its loss, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the financial statements 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 ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material Uncertainty Related to Going Concern**

We draw attention to Note no. 44 of the financial Statement which indicates that matters relating to denial of approval for Consent to Operate (CTO) and Environmental Clearance (EC) are pending before Ministry of Environment, Forest and Climate Change (MoEF), irrespective of the direction of Hon'ble Supreme Court of India issued on December 09, 2021 to process the EC Application as per the applicable law within a period of three months. Pending decision on the matter by the MoEF for the reasons stated in the said note, the financial statements of the company even though have been prepared on going concern assumption, the uncertainty on the Company's ability to continue as a going concern continues to exist as on this date. Our opinion is not modified in respect of this matter.





**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the Key Audit Matters to be communicated in our report:

| Key Audit Matters  | Addressing the key audit matters  |
|--|---|
| <b>Impairment of Property, Plant and Equipment (PPE), Capital Work in Progress (CWIP) and Intangible Assets (as described in note 5.4 and 6.1 of the financial statements)</b>   |   |
| <p>Evaluation of the impairment involves assessment of value in use of the Cash Generating Units (CGUs) and requires significant judgements and assumptions about the forecast for cash flows, production, volume of operations, selling prices of the product and its discount rate.</p> <p>The above includes the evaluation of plant and equipment pertaining to expansion project undertaken in earlier years and it's prospects for implementation in near future and implementation in this respect.</p> <p>Impairment testing of PPE, CWIP and Intangible assets were carried out during the year ended March 31, 2018 and provision of Rs. 5,11,193.01 lakhs were made. No further provision or reversal thereof has been considered necessary during this year.</p> | <p>Our Audit procedures based on which we arrived at the conclusion regarding reasonableness of Impairment includes the following:</p> <ul style="list-style-type: none"> <li>• Critical evaluation of internal and external factors impacting the entity's performance and indicators of impairment (or reversal thereof) in line with Ind AS 38;</li> <li>• Analysing the management's review, contention and representation regarding the project in progress and adjustments possible against carrying value of the assets. This includes, reviewing the feasibility study of the project carried out by an independent technical consultant and status of plant and equipment so far procured for the same;</li> <li>• Reviewed the physical verification of plant and equipment and finding there from and adequacy of provision made against the discrepancies;</li> <li>• Review of impairment covering the entire block of tangible and intangible assets and capital work in progress and valuation models used to determine the recoverable amount by analysing the key assumptions used by management in this respect including: <ul style="list-style-type: none"> <li>- Consistency with respect to forecast for arriving at the valuation and assessing the potential impact of any variances;</li> <li>- Price assumptions used in the models; and</li> <li>- The assumption/estimation for the weighted average cost of capital and rate of discount for arriving at the value in use.</li> </ul> </li> <li>• Review of projections without taking future expansion and projected outcome thereagainst and impact thereof on overall impairment assessment.</li> <li>• Placing reliance on the management's assumption for future prospects, expansion of current capacity, expected volume of business and sustainability of the cash flows.</li> </ul> |
| <b>Recognition of Deferred Tax Assets (as described in note 48 of the financial statements)</b>  |   |
| <p>Deferred tax assets amounting to Rs. 2,63,457.43 lakhs (attributable to depreciation and losses carry forwards) have been carried forward in the financial statements as at March 31, 2022.</p>   | <p>Our Audit procedures based on which we arrived at the conclusion regarding reasonableness of recognition of Deferred Tax includes the following:</p> <ul style="list-style-type: none"> <li>• Utilisation of Deferred tax assets have been tested on the basis of internal forecasts prepared by the Company and probability of future taxable income;</li> </ul>  |





| Key Audit Matters  | Addressing the key audit matters  |
|--|---|
|  | <ul style="list-style-type: none"> <li>• We critically examined the temporary differences between the carrying amounts for Ind AS financial statement and tax purposes;</li> <li>• Reversal of deferred liability due to timing differences and possible adjustments of deferred tax assets there against; and</li> <li>• Critical review of the underlying assumptions for consistency and principle of prudence for arriving at reasonable degree of probability on the matters.</li> <li>• Review of management’s assumption with respect to profit in future periods and taxability thereof and placing reliance on such assumptions and projections given the current and future scale of operations and prevailing conditions and situations.</li> </ul>  |
| <b>Evaluation of Accounting of Iron Ore Mines (as described in note 7.1 of the financial statements)</b>   |   |
| <p>Recognition of Mining rights and Assets, stripping activity assets and generation thereagainst is based on Technical/commercial evaluation by the management in respect of categorization of Mines as exploratory, development, producing, production profile, stripping ratio, and proved/ probable reserves, impairment, and liability for decommissioning costs.</p> | <p>Our Audit procedures based on which we arrived at the conclusion regarding reasonableness of disclosure includes the following:</p> <ul style="list-style-type: none"> <li>• Review of the Production Profile and related overburden as submitted by the management to the authorities based on which the commercial production date, amortization, cost of production and decommissioning cost has been estimated;</li> <li>• Identified the cost assumptions used that have the most significant impact on the capitalization, provisions and tested the appropriateness of these assumptions.</li> <li>• Examined the valuation process/methodology and checks being performed to ensure that the valuation of inventory as per the policy followed in this respect.</li> <li>• Evaluated the approach adopted by the management in determining the expected costs of decommissioning.</li> <li>• Reviewed the appropriateness of discount and inflation rates used in the estimation for decommissioning liability and verified the unwinding of interest as well as understanding if any restoration was undertaken during the year.</li> <li>• Assessed the appropriateness of the disclosures made in the financial statements.</li> <li>• Reliance has been placed on the judgments and estimation of the internal/ external experts for the purpose of technical /commercial evaluation and also submission made to authorities in this respect.</li> </ul> |
| <b>Non-Renewal of Consent to Operate from JSPCB (as described in note 44 of the financial statements)</b>  |   |
| <p>The Company’s application for renewal of Consent to Operate (‘CTO’) was denied by Jharkhand State Pollution Control Board (‘JSPCB’). Further Environmental Clearance has also not been granted by Ministry of Environment and Forest (MoEF).</p>  | <p>Our Audit procedures based on which we arrived at the conclusion regarding reasonableness of “Going Concern” include the following:</p> <ul style="list-style-type: none"> <li>• Obtained the status of the case from the legal department and their view on the matter;</li> <li>• Evaluated the steps being taken by management for ensuring the related compliances including those</li> </ul>  |



| Key Audit Matters  | Addressing the key audit matters  |
|--|---|
| <p>MoEF vide it's letter dated August 25, 2021 has rejected the above proposal sighting the reason for pendency of similar matters for granting EC lying before certain high courts whereby SOPs issued for the purpose have been stayed and matters have not been finally decided. Pursuant a SLP filed on September 25, 2021 before Hon'ble Supreme Court of India against the said decision of MoEF, Hon'ble Supreme Court vide order dated December 09, 2021 has set aside the impugned order and directed MoEF to process the EC Application of ESL as per the applicable law within a period of three months.</p> <p>Pending decision of MoEF on the mater, Hon'ble Supreme Court has directed that operation of steel plant shall not be interfered with on the ground of want of EC, FC, CTE or CTO.</p> | <p>relating to compensatory land and/or costs thereof to be provided by the company and plans for future course of actions in this respect;</p> <ul style="list-style-type: none"> <li>• Reviewed the appropriateness of provision made for afforestation and other costs to be incurred based on the report received from EIA consultant after considering the various concerns raised during the public hearing on the matter and disclosures made in this respect by the management; and</li> <li>• Reliance placed on the legal expert's view vis-à-vis direction of Hon'ble Supreme court of India concerning the operation of the plant and consultants recommendation and report, pending final decision on the matter.</li> </ul> |

**Information Other than the Financial Statements and Auditors' Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the financial statements and our auditors' report thereon. The other information as stated above is expected to be made available to us after the date of this Auditors' Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

**Responsibilities of the Management and those charged with governance for the Financial Statements**

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

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.





In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### **Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 financial statements.

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 financial statements, 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system with reference to 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 management;
- Conclude on the appropriateness of management's 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 auditors' report to the related disclosures in the financial statements 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements 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 financial statements.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. Further to our comments in the annexure referred to in the paragraph above, as required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act; and
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements in place and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal control with reference to financial statements.
3. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note no. 40(A) to the financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note no. 47(d) to the financial statements;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on the audit procedures and generally accepted auditing practices followed in terms of SAs that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement; and

v. The company has not declared any dividend during the year thereby reporting under Section 143(11)(f) is not applicable for the company.

4. With respect to the reporting under section 197(16) of the Act to be included in the Auditors' Report, In our opinion and according to the information and explanations given to us, the remuneration (including sitting fees) paid by the Company to its Directors during the current year is in accordance with the provisions of section 197 of the Act and is not in excess of the limit laid down therein.

Place: Kolkata  
Date: April 19, 2022



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

*R. P. Singh*

R. P. Singh

Partner

Membership No: 52438

UDIN: 22052438AHJQRO7826



**ANNEXURE "A" TO THE AUDITORS' REPORT OF EVEN DATE:**

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of ESL Steel Limited of even date)**

- i)
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situations of Property, Plant and Equipments and Intangible Assets.
  - b. The Company has a program of verification to cover all the items of Property, Plant and Equipment in a phased manner which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to this program, a comprehensive and detailed verification of Property, plant and Equipment and Capital Work in Progress was carried out by engaging the services of an Independent firm of professional for the purpose. The discrepancies noted on such verification as stated in Note no. 6.1 of the financial statements even though material in certain cases have been properly dealt with in the books of account.
  - c. According to the information and explanations given to us, the records examined by us and based on the title documents, records, confirmation from Security Trustees provided to us, we report that, the title deeds, comprising of all the immovable properties of land and building are held in the name of the Company as on the balance sheet date except certain land for which lease deeds are yet to be executed as detailed below: (Refer Note no. 5.3 of the financial statements).

(Amount Rs. In Lakhs)

| Particulars   | Area         | Gross Block |
|---|--------------|-------------|
| Land- Pending execution of Lease Deed                   | 325.19 acres | 5,530.82    |
| Land- Pending compliance of compensatory afforestation* | 455.35 acres | 31,937.81   |

\*Amount includes estimated compensation towards compensatory afforestation capitalized as Right of Use (ROU) Assets, pending clearance from MoEF.

As stated in Note no. 5.3, the title deed with respect to above land are to be regularised after obtaining necessary approvals of the authorities and charge holders.

- d. The company has not revalued any of its Property, Plant and Equipment (including Right-of-Use Assets) and Intangible Assets during the year. Accordingly, clause 3 (i)(d) of the Order is not applicable to the Company.
  - e. As per the information and explanation given to us and as represented by the management no proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder. Accordingly, clause 3 (i)(e) of the Order is not applicable to the Company.
- ii)
    - a. As informed, the inventories of the Company except for materials in transit and iron ore raised from mines and lying as inventory at year end have been physically verified by the independent firm of professionals along with the management during the year. In respect of inventory at iron ore mines such verification has been carried out by the management jointly with government officials as required for the payment of royalty thereagainst. In our opinion and according to the information and explanations given to us, the frequency of such verification is reasonable, and procedure followed for such verification is appropriate. As the Company's inventory of raw materials comprises mostly of bulk materials such as coal, coke, iron ore, etc. requiring technical expertise for quantification, the Company has hired an independent agency for the physical verification of the stock of these materials. The material discrepancies noted during the year on verification as stated in Note no. 30.1 of the financial statement have been properly dealt with in the books of the account.





- b. According to the information and explanation given to us the company has been sanctioned working capital limit in excess of Rupees Five Crores on the basis of securities of Current Assets of the company. On the basis of examination of returns/statements submitted by the Company to the banks in this respect, as provided to us for the purpose, there were in agreement with the books and records and the financial statements prepared therefrom by the management.
- iii) The Company has not made investments, provided any guarantee of security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, clause 3 (iii) of the Order is not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made investments or provided any guarantees/securities to parties covered under Section 185 and 186 of the Act. Accordingly, clause 3 (iv) of the Order is not applicable to the Company.
- v) The Company has not accepted any deposits during the year and does not have any unclaimed deposits as at March 31, 2022 from public covered under Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder and therefore, the provisions of clause 3(v) of the Order is not applicable to the company.
- vi) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148 (1) of the Act in respect of the Company's products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed records have been maintained. We have however, not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
- vii) a. According to the information and explanations given to us, during the year, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Goods and Service Tax, Service tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues as applicable to it. Further, there were no undisputed amounts payable in respect of these statutory dues in arrear as at March 31, 2022 for a period of more than six months from the date they become payable.
- b. Disputed dues of sales tax, income tax, customs duty, wealth tax, excise duty, service tax, and Cess, if any, prior to the effective date i.e., June 04, 2018 stand extinguished in terms of the resolution plan approved by Hon'ble NCLT. This is supported by the legal opinion taken by the company and various judicial pronouncements on the said matter. Having regard to this, there are no dues of Provident Fund, Investor Education Protection fund, Employees' State Insurance, Income Tax, Sales Tax, Goods and Service Tax, Wealth Tax, Service tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues, which have not been deposited on account of any dispute.
- viii) In our opinion and on the basis of information and explanations given to us and as represented by the management, we have neither come across nor have been informed of transactions which were previously not recorded in books of account and that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix) a. In our opinion and on the basis of information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.





- b. According to the information and explanations given to us by the management, the Company has not been declared wilful defaulter by any bank or financial institution or any other lender.
  - c. In our opinion and on the basis of information and explanations given to us by the management, the Company has not taken any term loan during the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.
  - d. On an overall examination of the financial statements of the Company, funds raised on short-term basis from banks against working capital limits have prima facie, not been used during the year for long-term purposes by the Company.
  - e. In our opinion and on the basis of examination of the books of records the company does have any subsidiaries, associates or joint ventures and hence, reporting under clause 3(ix)(e) and (f) of the Order is not applicable.
- x) a. In our opinion and according to the information and explanations given to us, the company did not raise any money by way of initial public offer or further public offer (including debt instruments) or term loans during the year. Accordingly, provisions of clause 3 (x)(a) of the Order is not applicable.
  - b. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3 (x)(b) of the Order is not applicable to the Company.
- xi) a. During the course of our examination of books of account carried out during the year in accordance with generally accepted auditing practices in India, we have neither come across incidence of any material fraud by or on the company nor have we been informed of any such case by the management.
  - b. No report under sub-section (12) of section 143 of the Companies Act 2013 in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 have been filed with the Central Government by us.
  - c. As represented to us by the management and as far as ascertained from examination of books of and records in accordance with generally accepted auditing practices in India, we have taken into consideration the whistle blower complaints received by the company during the year and those considered relevant and material have been taken into account while determining the nature, timing and extent of audit procedures.
- xii) The Company is not a Nidhi company and hence reporting under paragraph 3(xii) of the Order is not applicable to the Company.
  - xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Financial statements as required by the applicable accounting standards.
  - xiv) a. The Internal audit of the Company has been carried out by a firm of Chartered Accountants. The system followed, in our opinion, is generally commensurate with the size and nature of its business.
  - b. Further, the internal audit reports as submitted to us by the management have been considered by us in during the course of our audit.
  - xv) According to the information and explanations given to us and as represented to us by the management and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.





- xvi) a. In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a) of the Order is not applicable.
- b. The Company has not conducted any Non-Banking Financial or Housing Finance Activities without a valid certificate of registration as required under Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(b) of the Order is not applicable.
- c. The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Hence, reporting under clause 3(xvi)(c) of the Order is not applicable.
- d. In our opinion and based on the representation received by us from the management, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year and as such requirement for disclosing the amount in this respect under clause 3(xvii) of the Order is not applicable.
- xviii) There has been no resignation of the statutory auditors of the Company during the year and accordingly reporting under clause 3(xviii) of the Order is not applicable.
- xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due for payment.
- xx) According to the information and explanations given to us and as represented to us by the management and based on our examination of the records of the Company, there was no unspent amount on account of CSR as envisaged under Section 135 of the Act. Hence, reporting under clause 3(xx)(a) and (b) of the Order are not applicable.
- xxi) The company does not have any subsidiary/associate hence consolidated financial statements are not applicable to the company and thereby reporting under clause 3(xxi) of the Order is not applicable

Place: Kolkata  
Date: April 19, 2022



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

*R. P. Singh*

R. P. Singh  
Partner

Membership No: 52438  
UDIN: 22052438AHJQRO7826



**ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' of our report the Members of ESL Steel Limited of even date)

**Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of ESL Steel Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated under the Committee of Sponsoring Organisations of the Treadway Commission (2013 framework) ("COSO 2013"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

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

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

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

**Meaning of Internal Financial Controls Over Financial Reporting**

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





company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

#### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in COSO 2013.

Place: Kolkata  
Date: April 19, 2022



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

*R.P. Singh*  
R. P. Singh  
Partner  
Membership No: 52438  
UDIN: 22052438AHJQRO7826



ESL STEEL LIMITED  
[Formerly known as Electrosteel Steels Limited]  
BALANCE SHEET AS AT March 31, 2022

| Particulars  | Note No. | (Rs. in lakhs)          |                         |
|--|----------|-------------------------|-------------------------|
|  |          | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| <b>ASSETS</b>  |          |                         |                         |
| <b>Non-current assets</b>  |          |                         |                         |
| (a) Property, Plant and Equipment  | 5        | 4,56,766.56             | 4,76,305.09             |
| (b) Capital work-in-progress   | 6        | 80,611.34               | 83,465.94               |
| (c) Other Intangible Assets  | 7        | 54,195.73               | 425.97                  |
| (d) Financial Assets:  |          |                         |                         |
| (i) Other Financial Assets   | 8        | 8,623.71                | 1,112.17                |
| (e) Non Current Tax Assets (net)   | 9        | 1,630.06                | 1,286.10                |
| (f) Deferred Tax Assets (net)  | 48       | 2,63,457.43             | 2,75,228.77             |
| (g) Other Non-Current Assets   | 10       | 11,877.00               | 233.31                  |
| <b>Total Non-Current Assets</b>  |          | <b>8,77,161.83</b>      | <b>8,38,057.35</b>      |
| <b>Current assets</b>  |          |                         |                         |
| (a) Inventories  | 11       | 1,17,967.10             | 63,552.34               |
| (b) Financial Assets:  |          |                         |                         |
| (i) Investments  | 12       | 18,015.91               | 40,889.96               |
| (ii) Trade Receivables   | 13       | 8,057.82                | 10,289.77               |
| (iii) Cash and Cash Equivalents  | 14       | 6,411.03                | 12,082.00               |
| (iv) Bank Balances other than (iii) above  | 15       | 53,557.95               | 27,256.07               |
| (vi) Other Financial Assets  | 16       | 3,532.61                | 1,25,525.74             |
| (c) Other Current Assets   | 17       | 30,381.36               | 16,758.17               |
| <b>Total Current Assets</b>  |          | <b>2,37,923.78</b>      | <b>2,96,354.05</b>      |
| <b>TOTAL ASSETS</b>  |          | <b>11,15,085.61</b>     | <b>11,34,411.40</b>     |
| <b>EQUITY AND LIABILITIES</b>  |          |                         |                         |
| <b>Equity</b>  |          |                         |                         |
| (a) Equity Share Capital   | 18       | 1,84,903.02             | 1,84,903.02             |
| (b) Other Equity   | 19       | 4,27,869.81             | 4,37,530.37             |
| <b>Total Equity</b>  |          | <b>6,12,772.83</b>      | <b>6,22,433.39</b>      |
| <b>Liabilities</b>   |          |                         |                         |
| <b>Non-current liabilities</b>   |          |                         |                         |
| (a) Financial Liabilities:   |          |                         |                         |
| (i) Borrowings   | 20       | 2,40,202.51             | 2,86,247.91             |
| (ii) Lease Liabilities   | 39       | 1,526.84                | 478.16                  |
| (b) Provisions   | 21       | 22,661.58               | 21,869.42               |
| <b>Total Non-Current Liabilities</b>   |          | <b>2,64,390.93</b>      | <b>3,08,595.49</b>      |
| <b>Current liabilities</b>   |          |                         |                         |
| (a) Financial Liabilities:   |          |                         |                         |
| (i) Borrowings   | 22       | 46,041.60               | 45,509.16               |
| (ii) Lease Liabilities   | 39       | 21,942.50               | 28,081.62               |
| (iii) Operational Buyers' Credit / Suppliers' Credit                                     | 45       | 75,166.51               | 55,122.71               |
| (iv) Trade Payables  | 23       |                         |                         |
| - Total Outstanding dues of micro enterprises and small enterprises                      |          | 14,675.90               | 11,002.84               |
| - Total Outstanding dues of creditors other than micro enterprises and small enterprises |          | 32,205.09               | 27,268.57               |
| (v) Other Financial Liabilities  | 24       | 8,425.17                | 4,417.16                |
| (b) Other Current Liabilities  | 25       | 38,395.22               | 31,264.73               |
| (c) Provisions   | 26       | 1,069.86                | 715.73                  |
| <b>Total Current Liabilities</b>   |          | <b>2,37,921.85</b>      | <b>2,03,382.52</b>      |
| <b>Total Liabilities</b>   |          | <b>5,02,312.78</b>      | <b>5,11,978.01</b>      |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |          | <b>11,15,085.61</b>     | <b>11,34,411.40</b>     |

Significant accounting policies and other accompanying notes (1 to 51) form an integral part of the financial statements

As per our report of even date

For Lodha & Co,  
Chartered Accountants

R.P. Singh  
Partner



Place: Bokaro  
Dated: April 19, 2022

For and on behalf of the Board of Directors

Poovannan Sumathi  
(DIN : 07147100)

Navpath Laxman Vhatte  
(DIN : 09048441)

Mahester Iyer  
Chief Financial Officer

Manish Kumar Chaudhary  
M.No. ACS 23037  
Company Secretary

Sensitivity: Confidential (C2)



**ESL STEEL LIMITED**

(Formerly known as Electrosteel Steels Limited)


**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022**

| Particulars  | Note No. | (Rs. in lakhs)                 |                              |
|--|----------|--------------------------------|------------------------------|
|  |          | Period ended<br>March 31, 2022 | Year ended<br>March 31, 2021 |
| <b>Revenue from Operations</b>   |          |                                |                              |
| Sale of Products   | 27       | 6,47,434.78                    | 4,66,804.69                  |
| Other Operating Income   | 28       | 12,152.13                      | 10,338.08                    |
| <b>Total Revenue from Operations</b>   |          | <b>6,59,586.91</b>             | <b>4,77,142.77</b>           |
| Other Income   | 29       | 20,396.88                      | 12,780.64                    |
| <b>Total Income</b>  |          | <b>6,79,983.79</b>             | <b>4,89,923.41</b>           |
| <b>Expenses</b>  |          |                                |                              |
| Cost of Materials Consumed   | 30       | 4,59,173.41                    | 2,68,286.00                  |
| Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress  | 31       | (25,000.09)                    | 13,058.66                    |
| Employee Benefits Expense  | 32       | 16,158.68                      | 15,440.21                    |
| Finance Costs  | 33       | 33,822.02                      | 37,652.67                    |
| Depreciation and Amortisation Expense  | 34       | 34,529.97                      | 34,642.80                    |
| Other Expenses   | 35       | 1,53,031.81                    | 95,390.24                    |
| <b>Total Expenses</b>  |          | <b>6,71,715.80</b>             | <b>4,64,470.58</b>           |
| <b>Profit/ (Loss) before exceptional items and tax</b>   |          | <b>8,267.99</b>                | <b>25,452.83</b>             |
| <b>Exceptional Items</b>   | 36       | <b>(5,847.67)</b>              | <b>(27,634.25)</b>           |
| <b>Profit/ (loss) before tax</b>   |          | <b>2,420.32</b>                | <b>(2,181.42)</b>            |
| <b>Tax expense:</b>  | 48       |                                |                              |
| (1) Current tax  |          |                                |                              |
| (2) Income Tax for earlier years   |          |                                | (181.26)                     |
| (3) Deferred Tax   |          | 11,879.51                      | (2,75,201.36)                |
| <b>Profit/ (loss) for the year</b>   |          | <b>(9,459.19)</b>              | <b>2,73,201.20</b>           |
| <b>Other Comprehensive Income:</b>   |          |                                |                              |
| (i) Items that will not be reclassified to profit or loss  | 37       | (309.54)                       | (78.44)                      |
| (ii) Income tax relating to items that will not be reclassified to profit or loss  | 48       | 108.17                         | 27.41                        |
| <b>Other Comprehensive Income (net of taxes)</b>   |          | <b>(201.37)</b>                | <b>(51.03)</b>               |
| <b>Total Comprehensive Income for the year (comprising of Profit/(Loss) and Other Comprehensive Income for the year)</b> |          | <b>(9,660.56)</b>              | <b>2,73,150.17</b>           |
| <b>Earning per Equity Share [Face value of Rs. 10 each]:</b>   | 42       |                                |                              |
| Basic and Diluted  |          | (0.51)                         | 14.78                        |

Significant accounting policies and other accompanying notes (1 to 51) form an integral part of the financial statements

As per our report of even date

**For Lodha & Co,**  
Chartered Accountants

  
R.P. Singh  
Partner


 Place: Bokaro  
Dated: April 19, 2022

For and on behalf of the Board of Directors

  
**Poovannan Sumathi** Non-Executive Director  
(DIN : 07147100)

  
**Navnath Laxman Vhatte** Whole time Director  
(DIN : 09048441)

  
**Mahesh Iyer** Chief Financial Officer

  
**Manish Kumar Chaudhary** Company Secretary  
M.No. ACS 23037


Sensitivity: Confidential (C2)



## ESL STEEL LIMITED

[Formerly known as Electrosteel Steels Limited]

## STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2022

| Particulars   | (Rs. in lakhs)               |                              |
|---|------------------------------|------------------------------|
|   | Year Ended<br>March 31, 2022 | Year Ended<br>March 31, 2021 |
| <b>A. Cash flow from Operating Activities</b>   |                              |                              |
| Profit/(Loss) before tax  | 2,420.32                     | (2,181.42)                   |
| Adjustment to reconcile Profit/(Loss) before tax to net cash generated from operating activities                |                              |                              |
| Provision against Compliance Cost for Environmental Clearence   | 694.49                       | 21,350.95                    |
| Provision against Capital work in progress  | 4,587.67                     | 6,283.30                     |
| Adjustment pertaining to land   | 565.51                       | -                            |
| Provision for Obsolete and Non-moving Stores and Spares   | 76.94                        | 395.18                       |
| Depreciation and amortization expenses  | 34,529.97                    | 34,642.80                    |
| Loss/(profit) on sale/discard of fixed assets   | 260.20                       | 201.68                       |
| Sundry Credit balances/Provision no longer required written back  | (8,820.26)                   | (850.46)                     |
| Sundry Balances written-off   | 6,722.73                     | 716.55                       |
| Unrealised (gain)/ Loss on foreign currency translation and transaction   | 751.92                       | (650.28)                     |
| Net gain/(loss) on Derivative Instruments on fair valuation through profit and loss                             | (200.26)                     | 1,075.57                     |
| Interest Income   | (6,245.69)                   | (10,100.44)                  |
| Net Gain/(loss) on Current Investments on Fair Valuation through profit and loss                                | (616.92)                     | (867.94)                     |
| Impairment Allowance for doubtful debts, Advances and deposits  | 65.30                        | 512.21                       |
| Finance Cost  | 33,822.02                    | 37,652.67                    |
| Operating profit before Working Capital Changes   | <b>68,613.94</b>             | <b>88,180.37</b>             |
| <b>Movements in working capital :</b>   |                              |                              |
| Decrease/(Increase) in Inventories  | (54,491.71)                  | 23,127.32                    |
| (Decrease)/Increase in Trade Payables, Other financial/Non-Financial liabilities and Provisions                 | 37,390.42                    | 1,113.18                     |
| Decrease/(Increase) in Trade Receivables  | (2,440.30)                   | 17,313.91                    |
| Decrease/(increase) in loans and advances, Other financial/non-financial assets and other assets                | 1,06,413.69                  | (1,22,811.31)                |
| Cash generated from / (used in) operations  | <b>1,55,486.04</b>           | <b>6,923.47</b>              |
| Income taxes (paid)/refund (net)  | (343.96)                     | 920.23                       |
| <b>Net Cash flow generated by/ (used in) Operating Activities (A)</b>   | <b>1,55,142.08</b>           | <b>7,843.70</b>              |
| <b>B. Cash flow from Investing Activities</b>   |                              |                              |
| Purchase of Property, Plant and Equipments including intangible assets and movement in Capital Work in Progress | (77,921.95)                  | (5,112.33)                   |
| Proceeds from sale of Property, Plant and Equipments  | 3.56                         | 1.14                         |
| Movement in Fixed Deposits and other bank balances (having original maturity of more than three months)         | (33,443.05)                  | (16,445.83)                  |
| Investment in mutual funds  | (2,25,488.73)                | (2,34,393.89)                |
| Sale Proceeds on disposal of mutual funds   | 2,48,979.70                  | 3,04,418.19                  |
| Interest received   | 13,588.24                    | 2,500.16                     |
| <b>Net Cash flow generated / (used in) Investing Activities (B)</b>   | <b>(74,282.23)</b>           | <b>50,967.44</b>             |
| <b>Cash flow from Financing Activities</b>  |                              |                              |
| Repayment of long-term borrowings (net)   | (45,512.96)                  | (25,327.31)                  |
| Payment of Lease Liability  | (7,164.89)                   | (247.30)                     |
| Interest and other borrowing cost paid  | (33,852.97)                  | (38,232.15)                  |
| <b>Net Cash flow generated / (used in) Financing Activities (C)</b>   | <b>(86,530.82)</b>           | <b>(63,806.76)</b>           |
| Net Increase/(Decrease) in cash and cash equivalents (A+B+C)  | (5,670.97)                   | (4,995.62)                   |
| Cash and cash equivalents at the beginning of the year  | 12,082.00                    | 17,077.62                    |
| <b>Cash and cash equivalents at the end of the year (Refer Note no. 14)</b>                                     | <b>6,411.03</b>              | <b>12,082.00</b>             |



Sensitivity: Confidential (C2)





**ESL STEEL LIMITED**

[Formerly known as Electrosteel Steels Limited]

**STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2022**

(Rs. in lakhs)

**Notes**

1. The above Statement of Cash flow has been prepared under Indirect Method as set out in Ind AS 7 "Statement of Cash Flows" as notified under Companies Act, 2013

**2. Change in Company's liabilities arising from financing activities:**

| Particulars  | As at<br>March 31, 2021 | Cash flows* | Non-Cash Flows | As at<br>March 31, 2022 |
|--|-------------------------|-------------|----------------|-------------------------|
| Non-current borrowings [Refer Note no. 20]                     | 2,86,247.91             | (3.80)      | (46,041.60)    | 2,40,202.51             |
| Current maturities of long term debt [Refer Note no. 22]       | 45,509.16               | (45,509.16) | 46,041.60      | 46,041.60               |
| Finance Lease Liabilities [Refer Note no. 39]                  | 28,559.78               | (7,164.89)  | 2,074.45       | 23,469.34               |
| Interest accrued but not due on borrowings [Refer Note no. 24] | 1,991.61                | (1,991.61)  | 1,960.65       | 1,960.65                |

\*Includes cash flows on account of both principal and interest.

**3. Cash and cash equivalents consists of the following for the purpose of the Cash Flow Statement:**

| Particulars   | Year Ended<br>March 31, 2021 | Year Ended<br>March 31, 2020 |
|---|------------------------------|------------------------------|
| <b>Balances with Banks</b>                                  |                              |                              |
| In Current Accounts   | 4,411.03                     | 5,082.00                     |
| Fixed Deposits with original maturity of less than 3 months | 2,000.00                     | 7,000.00                     |
| <b>Total cash and cash equivalents (Refer Note No. 14)</b>  | <b>6,411.03</b>              | <b>12,082.00</b>             |

Significant accounting policies and other accompanying notes ( 1 to 51) form an integral part of the financial statements

As per our report of even date

**For Lodha & Co,**  
Chartered Accountants

*R.P. Singh*  
**R.P. Singh**  
Partner



Place: Bokaro  
Dated: April 19, 2022

For and on behalf of the Board of Directors

*P. Sumathi*  
**Poovannan Sumathi** Non-Executive Director  
(DIN : 07147100)

*Navnath Laxman Vhatte*  
**Navnath Laxman Vhatte** Whole time Director  
(DIN : 09048441)

*Mahesh Iyer*  
**Mahesh Iyer** Chief Financial Officer

*Manish Kumar Chaudhary*  
**Manish Kumar Chaudhary** Company Secretary  
M.No. ACS 23037





STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH, 31, 2022

| A. Equity Share Capital             |                    | (Rs. in lakhs) |
|-------------------------------------|--------------------|----------------|
| Particulars                         | Amount             |                |
| Balance as at March 31, 2020        | 1,84,903.02        |                |
| Changes during the year             | -                  |                |
| <b>Balance as at March 31, 2021</b> | <b>1,84,903.02</b> |                |
| Changes during the year             | -                  |                |
| <b>Balance as at March 31, 2022</b> | <b>1,84,903.02</b> |                |

B. Other Equity  
As at March 31, 2022

| Particulars                                    | Capital Reserve    | Capital Reserve on Amalgamation | Reserves and Surplus |                      | Other Comprehensive Income             | Total              |
|--|--------------------|---------------------------------|----------------------|----------------------|--|--------------------|
|  |                    |                                 | Securities premium   | Retained earnings    | Re-measurement of defined benefit plan |                    |
| Balance as at March 31, 2021                   | 9,59,908.68        | (1,74,593.58)                   | 1,79,036.44          | (5,26,821.17)        | -                                      | 4,37,530.37        |
| Profit/(Loss) for the Year                     | -                  | -                               | -                    | (9,459.19)           | -                                      | (9,459.19)         |
| Other Comprehensive Income for the year        | -                  | -                               | -                    | -                    | (201.37)                               | (201.37)           |
| <b>Total comprehensive income for the year</b> | -                  | -                               | -                    | <b>(9,459.19)</b>    | <b>(201.37)</b>                        | <b>(9,660.56)</b>  |
| Transfer to Retained Earning                   | -                  | -                               | -                    | (201.37)             | 201.37                                 | -                  |
| <b>Balance as at March 31, 2022</b>            | <b>9,59,908.68</b> | <b>(1,74,593.58)</b>            | <b>1,79,036.44</b>   | <b>(5,36,481.73)</b> | -                                      | <b>4,27,869.81</b> |

As at March 31, 2021

| Particulars                                    | Capital Reserve    | Capital Reserve on Amalgamation | Reserves and Surplus |                      | Other Comprehensive Income             | Total              |
|--|--------------------|---------------------------------|----------------------|----------------------|--|--------------------|
|  |                    |                                 | Securities premium   | Retained earnings    | Re-measurement of defined benefit plan |                    |
| Balance as at March 31, 2020                   | 9,59,908.68        | (1,74,593.58)                   | 1,79,036.44          | (7,99,971.34)        | -                                      | 1,64,380.20        |
| Profit/(Loss) for the Year                     | -                  | -                               | -                    | 2,73,201.20          | -                                      | 2,73,201.20        |
| Other Comprehensive Income for the year        | -                  | -                               | -                    | -                    | (51.03)                                | (51.03)            |
| <b>Total comprehensive income for the year</b> | -                  | -                               | -                    | <b>2,73,201.20</b>   | <b>(51.03)</b>                         | <b>2,73,150.17</b> |
| Transfer to Retained Earning                   | -                  | -                               | -                    | (51.03)              | 51.03                                  | -                  |
| <b>Balance at March 31, 2021</b>               | <b>9,59,908.68</b> | <b>(1,74,593.58)</b>            | <b>1,79,036.44</b>   | <b>(5,26,821.17)</b> | -                                      | <b>4,37,530.37</b> |

Refer Note no. 19 for nature and purpose of reserves

Significant accounting policies and other accompanying notes (1 to 51) form an integral part of the financial statements

As per our report of even date

For Lodha & Co,  
Chartered Accountants

R.P. Singh  
Partner



Place: Bokaro  
Dated: April 19, 2022

For and on behalf of the Board of Directors

P. Jethi  
Poovannan Sumathi  
(DIN : 07147100)

Non-Executive Director

Navnath Laxman Vhatte  
(DIN : 09048441)

Whole time Director

Mahesh Iyer

Chief Financial Officer

Manish Kumar Chaudhary  
M.No. ACS 23037

Company Secretary



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

**1 CORPORATE INFORMATION**

ESL Steel Limited ("ESL" or "the Company") is a public limited company in India having its registered office at, Siyaljori, P.O. Jogidih, O.P. Bangaria, P.S. Chandankyari, Bokaro, Jharkhand and is engaged in the manufacture and supply of Billets, TMT Bars, Wire Rods and Ductile Iron(DI) Pipes and also deals in Pig Iron and Iron and Steel Scrap products generated while manufacturing these products. It also produces Metallurgical Coke, Sinter and Power for captive consumption. The Company caters to the needs of construction, automobile, industrial machinery and equipments and water Infrastructure development. The company is a subsidiary of Vedanta Limited.

**2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS****i. Statement of Compliance**

The financial statements have been prepared in accordance with Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013 ("the Act"). The Company has complied with Ind As issued, notified and made effective till the date of authorisation of the financial statements.

Accounting Policies have been consistently applied except where a newly issued Indian Accounting Standard is initially adopted or a revision to an existing Indian Accounting Standard requires a change in the accounting policy hitherto in use.

**ii. Application of new and revised standards:**

Effective April 01, 2021, the company has adopted the amendment vide Companies (Indian Accounting Standards) Amendment Rules, 2021 notifying amendment to existing Ind AS 109 "Financial Instruments" and Ind AS 107 "Financial Instruments: Disclosures" related to practical expedient for modification of financial instruments due to Inter-Bank Offered Rate Reforms. Further, extension on practical expedient to rent concession was continued under Ind AS 116 "Leases" and amendments were made consequent to issue of Conceptual Framework for financial reporting under Ind AS 102 "Share-based Payment", Ind AS 103 "Business Combinations", Ind AS 106 "Exploration for and Evaluation of Mineral Resources", Ind AS 114 "Regulatory Deferral Accounts", Ind AS 1 "Presentation of Financial Statements", Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", Ind AS 34 "Interim Financial Reporting", Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets" and Ind AS 38 "Intangible Assets".

There were certain other updates mostly clarifactory in nature under Ind AS 101 "First-time Adoption of Indian Accounting Standards", Ind AS 104 "Insurance Contracts", Ind AS 105 "Non-current assets held for sale and discontinued operations", Ind AS 111 "Joint Arrangements", Ind AS 115 "Revenue from Contracts with Customers", Ind AS 12 "Income Taxes", Ind AS 16 "Property, Plant and Equipment", Ind AS 27 "Separate Financial Statements", Ind AS 28 "Investments in Associates and Joint Ventures" and Ind AS 40 "Investment Property".

Revision in these standards did not have any material impact on the profit/loss and earning per share for the year.

**iii. Recent accounting pronouncements**

On April 04, 2022, Ministry of Corporate Affairs (MCA) has made certain ammendments to existing Ind AS vide Companies (Indian Accounting Standard) Ammendment Rules, 2022. These ammendments to the extent relevant to the company's operation include ammendment to Ind AS 16 "Property, Plant and Equipment" which clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment and Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets" which specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

There are other ammendments in various standards including Ind AS 101 "First-time Adoption of Indian Accounting Standards", Ind AS 103 "Business Combinations", Ind AS 109 "Financial Instruments", and Ind AS 41 "Agriculture" which have not been listed herein above since these are not relevant to the company.

Even though the company will evaluate the impact of above, none of these ammendments as such are vital in nature and are not likely to have material impact on the financial statements of the company.



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## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### 3 SIGNIFICANT ACCOUNTING POLICIES

#### A. Basis of Preparation

The Financial Statements have been prepared under the historical cost convention on accrual basis except for

- a) certain financial instruments that are measured in terms of relevant Ind AS at fair values/ amortized costs at the end of each reporting period;
- b) certain class of Property, Plant and Equipment which on the date of transition have been fair valued to be considered as deemed costs; and
- c) Defined benefit plans- Plan Assets measured at fair value

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

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Ind AS-1 'Presentation of Financial Statements' and Schedule III to the Companies Act, 2013. Having regard to the nature of business being carried out by the Company, the Company has determined its operating cycle as twelve months for the purpose of current and non-current classification.

The functional currency of the Company is determined as the currency of the primary economic environment in which it operates. The Financial Statements are presented in Indian Rupees and all values are rounded off to the nearest two decimal lakhs except otherwise stated.

#### Fair value measurement

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

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

- a) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- b) Level 2: Inputs other than quoted prices included in inputs that are observable, either directly or indirectly for the asset or liability.
- c) Level 3: Inputs for the asset or liability which are not based on observable market data.

The Company has an established control framework with respect to the measurement of fair value. This includes a finance team headed by Chief Financial Officer who has overall responsibility for overseeing all significant fair value measurements who regularly reviews significant unobservable inputs, valuation adjustments and fair value hierarchy under which the valuation should be classified.

#### B. PROPERTY, PLANT AND EQUIPMENT (PPE)

Property, plant and equipment are stated at cost of acquisition, construction and subsequent improvements thereto less accumulated depreciation and impairment losses, if any. For this purpose cost includes deemed cost on the date of transition i.e. have been fair valued to be considered as deemed costs and comprises purchase price of assets or its construction cost including inward freight, duties and taxes (net of input credit availed) and other expenses related to acquisition or installation and any cost directly attributable to bringing the assets into the location and condition necessary for it to be capable of operating in the manner intended for its use.

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

The cost of replacing part of an item of PPE is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of PPE are recognised in the statement of profit and loss when incurred. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

The company's leased assets (other than those dealt hereunder as Mining Assets) comprises of land, building, plant and machinery etc and these have been separately shown/disclosed under PPE as Right of Use (ROU) Assets.

Direct Expenditure on implementation of the project prior to commencement of production and stabilization thereof for commercial production of the respective plant facility, are classified as Project Development Expenditure and disclosed under Capital Work-in-Progress (net of income earned during the project development stage).

Capital work in progress includes Project Development expenditure, equipment to be installed, construction and erection costs, etc. Such costs are added to the related items of PPE and are classified to the appropriate categories when completed and ready for its intended use.



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## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### C. LEASES

The Company's lease assets (other than those dealt hereunder as Mining Assets) primarily consist of leases for land, office space, transit houses, vehicles, plant and equipments, furnitures and fixtures etc. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability where applicable for all lease arrangements, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options considered for arriving at ROU and lease liabilities when it is reasonably certain that they will be exercised.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option. ROU asset are separately presented/disclosed under PPE. Lease liability obligations is presented separately under the head "Financial Liabilities" and lease payments are classified as financing cash flows.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease. Direct costs incurred in this respect are added to the said cost and lease incentives if any are deducted therefrom. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any.

### D. DEPRECIATION AND AMORTISATION

Depreciation on PPE except otherwise stated, is provided as per Schedule II of the Companies Act, 2013 on straight line method over the estimated useful lives. Certain Plant and Machinery have been considered Continuous Process Plant on the basis of technical assessment. Depreciation on upgradation of Property, Plant and Equipment is provided over the remaining useful life of the entire component/ PPE.

Depreciation on PPE commences when the assets are ready for their intended use. Based on above, the estimated useful lives of assets for the current period are as follows:

| Category  | Useful life   |
|---|---------------|
| Buildings   | Upto 60 years |
| Roads   | Upto 10 years |
| Plant and machinery   | Upto 40 years |
| Computer equipment  | 3 to 6 years  |
| Furniture and fixtures, Electrical Installation and Laboratory Equipments | 10 Years      |
| Railway Sidings   | 15 Years      |
| Office equipment  | 5 Years       |
| Vehicles  |               |
| - Motor cycles, scooters and other mopeds                                 | 10 Years      |
| - Others  | 8 Years       |

For Buildings and Plant and Machinery, the useful life has been determined based on internal assessment and independent evaluation carried out by technical experts. The useful life in case of remaining assets have been taken as per Schedule II of the Act. The company believes that the useful life as given above represents the period over which the company expects to use the assets.

Major Furnance relining are depreciated over a period of 15 years (average expected life)



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## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Pipe Moulds of 350 MM and above are depreciated over a period of three years. Other such moulds are charged to consumption in the year of issue.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

Mining Rights capitalised as Intangible Assets are amortised on unit of production basis over total estimated remaining commercial proved and probable mine reserve of respective mines.

Other Intangible Assets i.e. Computer Software are amortised over useful life using straight line method over a period of 3-5 years.

Machinery Spares which can be used in connection with an item of PPE and whose use are expected to be irregular, are amortised over the useful life of the respective PPE.

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

### E. MINING ASSETS

#### Acquisition Costs

Costs associated with acquisition of lease/licenses and rights to explore, stamp duty, registration fees and other such costs are capitalised as Mining Rights and classified under Intangible Assets. Other assets pertaining to mining operations are capitalised under respective head of Property, Plant and Equipment.

Bid premium and royalties payable with respect to mining operations is contractual obligation. The said obligations are variable and linked to market prices. The Company has accounted for the same as expenditure on accrual basis as and when related liability in this respect arises as per respective agreements/ statute.

#### Exploration and evaluation

Exploration and evaluation expenditure incurred after obtaining the mining right or the legal right to explore are capitalised as exploration and evaluation assets (intangible assets) and stated at cost less impairment. Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.

The Company measures its exploration and evaluation assets at cost and classifies as Property, plant and equipment or intangible assets according to the nature of the assets acquired and applies the classification consistently. To the extent that tangible asset is consumed in developing an intangible asset, the amount reflecting that consumption is capitalised as a part of the cost of the intangible asset. Exploration expenditure includes all direct and allocated indirect expenditure associated with finding specific mineral resources which includes depreciation and applicable operating costs of related support equipment and facilities and other costs of exploration activities

#### Stripping cost

Developmental stripping costs in order to obtain access to quantities of mineral reserves that will be mined in future periods are capitalised as part of mining assets. Capitalisation of developmental stripping costs ends when the commercial production of the mineral reserves begins.

Production stripping costs are incurred to extract the ore in the form of inventories and/or to improve access to an additional component of an ore body or deeper levels of material. Production stripping costs are accounted for as inventories to the extent the benefit from production stripping activity is realised in the form of inventories. Other production stripping cost incurred are expensed in the statement of profit and loss.

Developmental stripping costs are presented along with the related mining rights and are amortised over the remaining useful life thereof.

#### Site restoration, rehabilitation and environmental costs.

Provision is made for costs associated with restoration and rehabilitation of mining sites as soon as the obligation to incur such costs arises. Such restoration and closure costs are typical of extractive industries and they are normally incurred at the end of the life of the mine. The costs are estimated on the basis of mine closure plans and the estimated discounted costs of dismantling and removing these facilities and the costs of restoration are capitalised. The provision for decommissioning assets is based on the current estimates of the costs for removing and decommissioning production facilities, the forecast timing of settlement of decommissioning liabilities and the appropriate discount rate. A corresponding provision is created on the liability side. The capitalised asset is charged to profit and loss over the life of the asset through amortisation over the useful life of the respective mining area and the provision is increased each period via unwinding the discount on the provision. Management estimates are based on local legislation and/or other agreements which are reviewed periodically.



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## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### F. INTANGIBLE ASSETS

Intangible assets are stated at cost of acquisition/deemed cost on transition date, comprising of purchase price inclusive of taxes and duties (net of Input Credit) less accumulated amortization and impairment losses.

### G. DEREGCOGNITION OF TANGIBLE AND INTANGIBLE ASSETS

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

### H. IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

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

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

### I. FINANCIAL INSTRUMENTS

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

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

The financial assets and financial liabilities are classified as current if they are expected to be realised or settled within operating cycle of the company or otherwise these are classified as non-current.

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

#### i. Financial Assets and Financial Liabilities measured at amortised cost

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

The above Financial Assets and Financial Liabilities comprising of borrowings, trade and other payables subsequent to initial recognition are measured at amortized cost using Effective Interest Rate (EIR) method.

The effective interest rate is the rate that discounts estimated future cash payments or receipts (including all fees, transaction costs and other premiums or discounts) through the expected life of the Financial Asset or Financial Liability to the gross carrying amount of the financial asset or to the amortised cost of financial liability.

#### ii. Financial Asset at Fair Value through Other Comprehensive Income (FVTOCI)

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

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

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## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### iv. **Financial Assets or Liabilities at Fair value through profit or loss (FVTPL)**

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

### v. **Derivative and Hedge Accounting**

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

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

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

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

### vi. **Impairment of financial assets**

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

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

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

### vii. **Derecognition of financial instruments**

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

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable are recognized in statement of profit and loss.

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

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



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## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### viii. **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, Insolvency or bankruptcy of the Company or the counterparty.

### ix. **Cash and cash equivalents**

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

## J. **INVENTORIES**

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

Cost in respect of raw materials and stores and spares includes expenses incidental to procurement of the same. Cost in respect of finished goods represents raw material cost plus costs of conversion, comprising labor costs and an attributable proportion of manufacturing overheads based on normal levels of activity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

By-products and scrap are valued at net realisable value.

## K. **FOREIGN CURRENCY TRANSACTIONS**

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing on the date of the transactions. Foreign currency monetary assets and liabilities at the reporting date are translated at the reporting date exchange rates. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction. The loss or gain thereon and also on the exchange differences on settlement of the foreign currency transactions during the year are recognized as income or expense in the statement of Profit and Loss account. Foreign exchange gain/loss to the extent considered as an adjustment to Interest Cost are considered as part of borrowing cost.

## L. **EQUITY SHARE CAPITAL**

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

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

## M. **PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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

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

When there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure for contingent liability is made.

Contingent Assets are not recognized but disclosed in the financial statement by way of notes when inflow of economic benefit is probable.



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## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### N. EMPLOYEE BENEFITS

Employee benefits are accrued in the year in which services are rendered by the employee.

#### Short-term Employee Benefits

Short term Employee benefits are recognised as an expense in the statement of profit and loss in the year in which services are rendered.

#### Post-employment Benefit Plans

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

Contribution to gratuity, superannuation etc., under defined benefit plans in keeping with the related scheme are recognised as expenditure for the year.

In case of Defined Benefit Plans, the cost of providing the benefit is determined using the Projected Unit Credit Method with actuarial valuation being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in Other Comprehensive Income for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, if any, and as reduced by the fair value of plan assets, where funded. Any asset resulting from this calculation is limited to the present value of any economic benefit available in the form of refunds from the plan or reductions in future contributions to the plan.

#### Other Long-term Employee Benefits (Unfunded)

The cost of providing long-term employee benefits consisting of Leave Encashment is determined using Projected Unit Credit Method with actuarial valuation being carried out at each Balance Sheet date. Actuarial gains and losses and past service cost are recognised immediately in the Statement of Profit and Loss for the period in which they occur. Long term employee benefit obligation recognised in the Balance Sheet represents the present value of related obligation.

### O. REVENUE RECOGNITION

#### i. REVENUE FROM SALE OF PRODUCT

Revenue from Sales is recognised when control of the products has been transferred and/or the products are delivered to the customers. Delivery occurs when the product has been shipped or delivered to the specific location as the case may be, and control has been transferred and either the customer has accepted the product in accordance with the contract or the company has objective evidence that all criteria for acceptance has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable net of returns, claims and discounts to customers. Goods and Service Tax (GST) and such other taxes collected on behalf of third party not being economic benefits flowing to the Company are excluded from revenue.

Discount as estimated based on expected sales volume or otherwise is deducted from Revenue from Operations. Past experience is used to estimate the discounts, using the most likely method and revenue is recognised to the extent that it is highly probable that a significant reversal will not occur.

The Company provides warranties for defects, replacement etc. that existed at the time of sale based on historical trend and records.

#### ii. INTEREST, DIVIDEND AND CLAIMS

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

#### iii. EXPORT BENEFITS

Export incentives are accounted for in the year of export if the entitlements and realisability thereof can be estimated with reasonable accuracy and conditions precedent to such benefit is fulfilled.

### P. BORROWING COST

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



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## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### Q. RESEARCH AND DEVELOPMENT

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

### R. GOVERNMENT GRANTS

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

### S. TAXES ON INCOME

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

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

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences with respect to carry forward of any unused tax losses/depreciation to the extent that it is probable that taxable profits will be available against these can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

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

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

### T. EARNINGS PER SHARE

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

### U. SEGMENT REPORTING

Operating segments are identified and reported taking into account the different risk and return, organisation structure and the internal reporting provided to the chief-operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Segment manager who allocates resources and assess the operating activities, financial results, forecasts, or plans for the segment.





## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### V. BUYERS' CREDIT/ SUPPLIER'S' CREDIT and VENDOR FINANCING

The Company enters into arrangements whereby banks and financial institutions make direct payments to suppliers for raw materials and project materials. The banks and financial institutions are subsequently repaid by the Company at a later date providing working capital timing benefits. These are normally settled up to twelve months (for raw materials) and up to 36 months (for project and materials). Where these arrangements are with a maturity of up to twelve months, the economic substance of the transaction is determined to be operating in nature and these are recognised as operational buyers' credit/suppliers' credit and disclosed on the face of the balance sheet.

Interest expense on these are recognised in the finance cost. Payments made by banks and financial institutions to the operating vendors are treated as a non-cash item and settlement of operational buyer's credit/ suppliers' credit by the Company is treated as cash flows from operating activity reflecting the substance of the payment.

Where such arrangements are with a maturity beyond twelve months and up to thirty six months, the economic substance of the transaction is determined to be financing in nature, and these are presented within borrowings in the balance sheet. Payments made to vendors are treated as cash item and disclosed as cash flows from operating/ investing activity depending on the nature of the underlying transaction. Settlement of dues to banks and financial institution are treated as cash flows from financing activity.

### 4 CRITICAL ACCOUNTING JUDGMENTS, ASSUMPTIONS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

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

Application of accounting policies that require significant areas of estimation, uncertainty and critical judgments and the use of assumptions in the financial statements have been disclosed below. The notes provide an overview of the areas that involved a high degree of judgement or complexity and of items which are likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant note together with information about basis of calculation of each affected line item in the financial statements. The key assumptions concerning the future and other key sources of estimation/assumptions at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities and related revenue impact within the next financial year are discussed below:

#### a) Depreciation / amortisation of and impairment loss on property, plant and equipment / intangible assets.

Property, plant and equipment, ROU and intangible assets are depreciated/amortized over the estimated useful lives in accordance with Internal assessment and Independent evaluation carried out by technical expert/ Schedule II of the Companies Act, 2013 and estimate for proven and probable mineral reserve, taking into account the estimated residual value, wherever applicable.

The company reviews its carrying value of its Tangible and Intangible Assets whenever there is objective evidence that the assets are impaired. The required level of impairment losses to be made is estimated by reference to the estimated value in use or recoverable amount. In such situation Assets' recoverable amount is estimated which is higher of asset's or cash generating units (CGU) fair value less cost of disposal and its value in use. In assessing value in use the estimated future cash flows are discounted using pre-tax discount rate which reflect the current assessment of time value of money. In determining fair value less cost of disposal, recent market realisations are considered or otherwise in absence of such transactions appropriate valuations are adopted.

In earlier years, the company determined the recoverable amount of the CGU based on the transaction price in terms of approved resolution plan and impairment with respect to carrying value of the assets was provided. This has been reviewed based on the assumptions and adjustments for forecasts which may vary subsequently. According to such review, no further adjustment in the carrying value thereof has been considered essential. As at March 31, 2022, the carrying amount of Property, Plant and Equipment, Intangible assets and Capital Work in Progress is Rs.5,91,573.63 lakhs (March 31, 2021: Rs. 5,60,197.00 lakhs)



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## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

### b) **Arrangement contain leases and classification of leases**

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the company's operations taking into account among other thing, the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

### c) **Impairment loss on trade receivables**

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

### d) **Income taxes**

Significant judgment is required in determination of taxability of certain income and deductibility of certain expenses during the estimation of the provision for income taxes. Also there are many transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Further judgement is involved in determining the deferred tax position on the balance sheet date.

The Company has significant amount of unused tax losses. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing for utilisation thereof against taxable profit together with future tax planning strategies. The management has reviewed the rationale for continuing recognition of DTA recognised in earlier years based on the likely timing and level of profitability in future and expected utilisation of deferred tax thereagainst DTA has been continued to be carried forward for future period. Since these are based on assumptions and projections and thereby are inherently uncertain. The amount of DTA may vary in subsequent period depending upon then prevailing conditions, circumstances and profitability.

### e) **Going Concern assumption**

As indicated in Note no. 44 of the financial statements, Hon'ble Supreme Court vide order dated December 09, 2021 has set aside the impugned order and directed MoEF to process the EC Application of ESL as per the applicable law within a period of three months. Further, the said Court has allowed the operation until the decision of MoEF. On receipt of EC, necessary application for obtaining Consent to Establish (CTE) and then for Consent to Operate (CTO) will be made. Even though there is uncertainty in this respect as on this date and considering that effective steps are being taken for obtaining required clearances and EAC has decided favourably on the matter and also the direction given by the Hon'ble Supreme Court of India that operations of steel plant shall not be interferred with on the ground of want of EC, the accounts of the company have been prepared on going concern basis.

### f) **Mining Rights and Assets**

#### **Mine Reserve and Site restoration Cost**

Provision for site restoration are estimated based on available information, taking into account applicable local legal requirements, mlning plans, available information, data base using existing technology, current prices and discount rates. All assumptions are reviewed annually and variations are accounted for accordingly.

#### **Commitment under MDPA arrangement**

In terms of the Mine development and production agreement ('MDPA') signed with respect to two mine blocks the Company is required to fulfil certain minimum production quantities each year from commencement of mining lease. In the event the Company is unable to fulfil the required minimum production quantities, it would be liable to pay penalty, as prescribed in the MDPA.

Based on management's evaluation and mining plan submitted, the accounts have been prepared on the assumption that there will not be any shortfall in minimum production as required under MDPA.



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**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

**g) Defined benefit obligation (DBO)**

The present value of the defined benefit obligations and long term employee benefits depends on a number of factors that are determined on an actuarial basis using a number of assumptions. An actuarial valuation involves making various assumptions that may differ based on actual developments in future. These include the determination of the discount rate, inflation, future salary increases and mortality rates. Due to the complexities involved in the valuation and being long-term in nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period.

**h) Provisions and Contingencies**

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

Management uses in-house and external legal professional to make judgment for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations/ against the Company as it is not possible to predict the outcome of pending matters with accuracy.

In accordance with ARP, contingent liabilities prior to the effective date of NCLT Order have been extinguished which has been further substantiated based on various judicial pronouncements including those of Hon'ble Supreme Court of India. The said order of Hon'ble Supreme Court has been submitted to various judicial authorities for disposal of the same and accordingly the same has not been disclosed in the financial statements. Although there can be no assurance with regard to final outcome of the legal proceeding, the company does not expect to have an adverse impact in this respect.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Rs. in lakhs)

5 PROPERTY, PLANT AND EQUIPMENT:

| As at March 31, 2022            |                  |                      |                    |                          |                            |                     |                        |               |                          |                   |                  |                     |
|---------------------------------|------------------|----------------------|--------------------|--------------------------|----------------------------|---------------------|------------------------|---------------|--------------------------|-------------------|------------------|---------------------|
| Particulars                     | Freehold land    | ROU - Land Leasehold | Buildings          | ROU - Building Leasehold | ROU - Equipments Leasehold | Plant and Equipment | Furniture and Fixtures | Vehicles      | ROU - Vehicles Leasehold | Office Equipments | Railway Siding   | Total               |
| <b>Gross Block</b>              |                  |                      |                    |                          |                            |                     |                        |               |                          |                   |                  |                     |
| As at March 31, 2021            | 41,129.61        | 37,469.57            | 1,99,609.83        | 319.64                   | 746.38                     | 8,09,416.00         | 630.51                 | 389.54        | 18.77                    | 3,566.72          | 20,040.29        | 11,13,336.86        |
| Additions                       | -                | 1,050.48             | 697.42             | 230.58                   | 311.32                     | 16,675.07           | 390.79                 | 39.25         | 1,532.55                 | 715.56            | 67.30            | 21,710.32           |
| Deductions/ Disposal            | (3,458.12)       | -                    | -                  | -                        | -                          | (796.99)            | (94.99)                | (187.09)      | -                        | (86.32)           | -                | (4,623.51)          |
| Other Adjustments               | 1,773.57         | (1,773.57)           | -                  | (10.10)                  | (6.53)                     | -                   | -                      | -             | (1.90)                   | -                 | -                | (18.53)             |
| <b>As at March 31, 2022</b>     | <b>39,445.06</b> | <b>36,746.48</b>     | <b>2,00,307.25</b> | <b>540.12</b>            | <b>1,051.17</b>            | <b>8,25,294.08</b>  | <b>926.31</b>          | <b>241.70</b> | <b>1,549.42</b>          | <b>4,195.96</b>   | <b>20,107.59</b> | <b>11,30,405.14</b> |
| <b>Accumulated Depreciation</b> |                  |                      |                    |                          |                            |                     |                        |               |                          |                   |                  |                     |
| As at March 31, 2021            | -                | 2,283.48             | 38,288.03          | 207.21                   | 364.33                     | 1,66,104.07         | 298.36                 | 255.28        | 1.56                     | 2,126.14          | 5,117.98         | 2,15,046.44         |
| Charge for the year             | -                | 1,189.34             | 3,911.10           | 93.50                    | 175.08                     | 27,032.82           | 48.02                  | 15.63         | 266.07                   | 143.41            | 770.61           | 33,645.58           |
| Deductions/ Disposal            | -                | -                    | -                  | -                        | -                          | (343.13)            | (61.75)                | (159.47)      | -                        | (62.76)           | -                | (627.11)            |
| Other Adjustments               | -                | -                    | -                  | -                        | -                          | -                   | -                      | -             | -                        | -                 | -                | -                   |
| <b>As at March 31, 2022</b>     | <b>-</b>         | <b>3,472.82</b>      | <b>42,199.13</b>   | <b>300.71</b>            | <b>539.41</b>              | <b>1,92,793.76</b>  | <b>284.63</b>          | <b>111.44</b> | <b>267.63</b>            | <b>2,206.79</b>   | <b>5,888.59</b>  | <b>2,48,064.91</b>  |
| <b>Impairment</b>               |                  |                      |                    |                          |                            |                     |                        |               |                          |                   |                  |                     |
| As at March 31, 2021            | 19,848.34        | -                    | 77,522.21          | -                        | -                          | 3,15,599.82         | 156.95                 | 60.27         | -                        | 1,112.86          | 7,684.88         | 4,21,985.33         |
| Charge for the year             | -                | -                    | -                  | -                        | -                          | -                   | -                      | -             | -                        | -                 | -                | -                   |
| Deductions/ Disposal            | -                | -                    | -                  | -                        | -                          | (207.79)            | (22.27)                | (19.37)       | -                        | (21.76)           | -                | (271.19)            |
| Other Adjustments               | (1,842.13)       | -                    | -                  | -                        | -                          | 5,701.66            | -                      | -             | -                        | -                 | -                | 3,859.53            |
| <b>As at March 31, 2022</b>     | <b>18,006.21</b> | <b>-</b>             | <b>77,522.21</b>   | <b>-</b>                 | <b>-</b>                   | <b>3,21,093.69</b>  | <b>134.68</b>          | <b>40.90</b>  | <b>-</b>                 | <b>1,091.10</b>   | <b>7,684.88</b>  | <b>4,25,573.67</b>  |
| Net carrying amount             |                  |                      |                    |                          |                            |                     |                        |               |                          |                   |                  |                     |
| As at March 31, 2022            | 21,438.85        | 33,273.66            | 80,585.91          | 239.41                   | 511.76                     | 3,11,406.63         | 507.00                 | 89.36         | 1,281.79                 | 898.07            | 6,534.12         | 4,56,766.56         |





NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Rs. in lakhs)  
(Rs. in lakhs)

| As at March 31, 2021            |                  |                      |                    |                          |                            |                     |                        |               |                          |                   |                  |                     |
|---------------------------------|------------------|----------------------|--------------------|--------------------------|----------------------------|---------------------|------------------------|---------------|--------------------------|-------------------|------------------|---------------------|
| Particulars                     | Freehold land    | ROU - Land Leasehold | Buildings          | ROU - Building Leasehold | ROU - Equipments Leasehold | Plant and Equipment | Furniture and Fixtures | Vehicles      | ROU - Vehicles Leasehold | Office Equipments | Railway Siding   | Total               |
| <b>Gross Block</b>              |                  |                      |                    |                          |                            |                     |                        |               |                          |                   |                  |                     |
| As at March 31, 2020            | 66,455.73        | 5,531.76             | 1,99,589.11        | 360.90                   | 661.70                     | 8,00,919.59         | 592.68                 | 389.29        | -                        | 3,478.05          | 20,046.13        | 10,98,024.94        |
| Additions                       | -                | 6,611.69             | 20.72              | 4.31                     | 178.22                     | 8,964.38            | 37.83                  | 8.71          | 18.77                    | 91.85             | -                | 15,936.48           |
| Deductions/ Disposal            | -                | -                    | -                  | -                        | -                          | (467.97)            | -                      | (8.46)        | -                        | (3.18)            | (5.84)           | (485.45)            |
| Other Adjustments               | (25,326.12)      | 25,326.12            | -                  | (45.57)                  | (93.54)                    | -                   | -                      | -             | -                        | -                 | -                | (139.11)            |
| <b>As at March 31, 2021</b>     | <b>41,129.61</b> | <b>37,469.57</b>     | <b>1,99,609.83</b> | <b>319.64</b>            | <b>746.38</b>              | <b>8,09,416.00</b>  | <b>630.51</b>          | <b>389.54</b> | <b>18.77</b>             | <b>3,566.72</b>   | <b>20,040.29</b> | <b>11,13,336.86</b> |
| <b>Accumulated Depreciation</b> |                  |                      |                    |                          |                            |                     |                        |               |                          |                   |                  |                     |
| As at March 31, 2020            | -                | 1.67                 | 34,415.31          | 101.36                   | 70.89                      | 1,39,891.64         | 265.00                 | 247.98        | -                        | 1,218.62          | 4,353.81         | 1,80,566.28         |
| Charge for the year             | -                | 2,281.81             | 3,872.72           | 105.85                   | 293.44                     | 26,314.29           | 33.36                  | 12.53         | 1.56                     | 910.04            | 766.24           | 34,591.84           |
| Deductions/ Disposal            | -                | -                    | -                  | -                        | -                          | (101.86)            | -                      | (5.23)        | -                        | (2.52)            | (2.07)           | (111.68)            |
| Other Adjustments               | -                | -                    | -                  | -                        | -                          | -                   | -                      | -             | -                        | -                 | -                | -                   |
| <b>As at March 31, 2021</b>     | <b>-</b>         | <b>2,283.48</b>      | <b>38,288.03</b>   | <b>207.21</b>            | <b>364.33</b>              | <b>1,66,104.07</b>  | <b>298.36</b>          | <b>255.28</b> | <b>1.56</b>              | <b>2,126.14</b>   | <b>5,117.98</b>  | <b>2,15,046.44</b>  |
| <b>Impairment</b>               |                  |                      |                    |                          |                            |                     |                        |               |                          |                   |                  |                     |
| As at March 31, 2020            | 19,848.34        | -                    | 77,522.21          | -                        | -                          | 3,12,899.17         | 156.95                 | 62.55         | -                        | 1,113.49          | 7,686.90         | 4,19,289.61         |
| Charge for the year             | -                | -                    | -                  | -                        | -                          | -                   | -                      | -             | -                        | -                 | -                | -                   |
| Deductions/ Disposal            | -                | -                    | -                  | -                        | -                          | (148.54)            | -                      | (2.28)        | -                        | (0.63)            | (2.02)           | (153.47)            |
| Other Adjustments               | -                | -                    | -                  | -                        | -                          | 2,849.19            | -                      | -             | -                        | -                 | -                | 2,849.19            |
| <b>As at March 31, 2021</b>     | <b>19,848.34</b> | <b>-</b>             | <b>77,522.21</b>   | <b>-</b>                 | <b>-</b>                   | <b>3,15,599.82</b>  | <b>156.95</b>          | <b>60.27</b>  | <b>-</b>                 | <b>1,112.86</b>   | <b>7,684.88</b>  | <b>4,21,985.33</b>  |
| Net carrying amount             |                  |                      |                    |                          |                            |                     |                        |               |                          |                   |                  |                     |
| <b>As at March 31, 2021</b>     | <b>21,281.27</b> | <b>35,186.09</b>     | <b>83,799.59</b>   | <b>112.43</b>            | <b>382.05</b>              | <b>3,27,712.11</b>  | <b>175.20</b>          | <b>73.99</b>  | <b>17.21</b>             | <b>327.72</b>     | <b>7,237.43</b>  | <b>4,76,305.09</b>  |

5.1 Gross block includes certain property, plant and equipment i.e. freehold land which have been valued on April 01, 2015 i.e. the date of transition by an Independent Valuer and considered as "deemed cost" resulting in increase in value thereof by Rs. 15,513.41 lakhs (March 31, 2021: Rs. 17,355.54 lakhs)

5.2 Gross book value of Railway siding includes Rs. 121,37.50 lakhs (March 31, 2021: Rs 12,070.19 lakhs), incurred for construction of Railway siding ownership of which has not been vested with the company.



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

(Rs. in lakhs)

**5.3 ROU Land Leasehold includes:-**

- a) Rs. 5,461.16 lakhs in respect of 325.19 acres which are under process of regularisation by conversion to leasehold land (including Rs.4,144.74 lakhs being demand for such conversion) pending execution of lease deed against which Rs. 3,315.79 lakhs has been paid as advance. Such Leasehold land has been accounted for in accordance with Ind AS 116 with effect from April 01, 2019 pending execution of Lease deed and will be amortised over the tenure of lease on execution of the deed thereof;
- b) Estimated cost of compensatory area of land to be provided against 455.35 acres of forest land amounts to Rs. 30,164.24 lakhs (on proportionate basis) including demand of Rs. 23,552.55 lakhs (as dealt herein below under 5.3(d)) against which Rs. 2,295.98 lakhs has been paid. The title deed for such land pertain to forest department pending compliance of requirement of afforestation and approval from respective authorities; and
- c) Necessary steps are being taken for regularisation etc., as detailed in Note no. 44 in respect of above land and execution of title deed in this respect is subject to necessary approval from relevant authorities and charge holders.
- d) As per the Stage 1 clearance, the company apart from afforestation cost was required to provide five times of non-forest land in exchange of land used by the company for the Steel Plant and Rs. 23,552.55 lakhs being the cost as estimated by the management to be incurred in this respect and considered adequate for meeting the liability in this respect had been provided in the financial statements. Further, Rs. 6,611.69 lakhs being the NPV for area under utilisation as per the report of EIA consultant had been capitalised during the previous year as detailed in Note no. 44. The costs to be incurred in this respect, pending regularisation of title deed etc. and determination of further amount if any in this respect has been considered as ROU Assets and have been amortised considering a period of thirty years from the date of demand/capitalisation.

**5.4** In earlier years, the Company had carried out the Impairment testing determining the Fair Value less cost to Sale and Value in Use of PPE (including those under Capital Work in Progress and Intangible Assets). The said Valuation was been carried out by an Independent Valuer appointed in this respect.

For the said purpose, the entire Steel manufacturing facility consisting of DI Pipe, Wire Rod, TMT Bar, Steel Billets and Pig Iron was considered as a single unit for arriving at the value in use. This had been estimated as per the Discounted Cash Flow method based on future projections and assumptions.

The recoverable amount of the CGU was determined to be Rs. 6,08,186.00 lakhs as on that date and impairment of Rs. 5,11,193.01 lakhs was provided in that year. During the year, no further impairment/reversal thereof has been indicated and provision for impairment as determined has remained unchanged.

**5.5** Refer note. No. 20 in respect of charge created against borrowings. This includes 325.19 acres of land to be converted to leasehold land as stated in Note no. 5.3(a) above.

**6 CAPITAL WORK-IN-PROGRESS**

| Particulars                          | As at          |                |
|--------------------------------------|----------------|----------------|
|                                      | March 31, 2022 | March 31, 2021 |
| (a) Capital Work in Progress         |                |                |
| As per last Balance Sheet            | 95,301.02      | 96,776.15      |
| Add: Addition during the year        | 10,327.51      | 2,184.02       |
| Less: Capitalisation during the year | (9,020.43)     | (3,659.16)     |
| Less: Adjustment during the year     | (11,573.04)    | -              |
|                                      | 85,035.06      | 95,301.02      |
| (b) Project Development Expenditure  |                |                |
| As per last Balance Sheet            | 68,832.61      | 71,469.15      |
| Less: Capitalisation during the year | (5,276.12)     | (2,636.54)     |
| Less: Adjustment during the year     | (8,710.02)     | -              |
|                                      | 54,846.47      | 68,832.61      |

(c) Impairment



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*(Handwritten signatures and initials)*



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

|  |         | (Rs. in lakhs)   |
|--|---------|------------------|
| Less: Adjustment during the year               | 36.1(b) | (74,384.39)      |
| (d) Provision against Capital Work in Progress | 6.1     | -                |
| As per last Balance Sheet                      |         | -                |
| Recognised during the year                     |         | (6,283.30)       |
| Reversal during the year                       | 36.1(b) | (6,283.30)       |
|  |         | <b>80,611.34</b> |
|  |         | <b>83,465.94</b> |

6.1 The project undertaken in earlier years for enhancing the production capacity from 1.5MTPA to 2.57MTPA mainly consisting of one Blast Furnace, Horizontal Coke Oven and other related equipments and facilities and selection of vendors etc, for the project is under progress. Accordingly, Rs. 73,157.62 lakhs being cost of various plant and equipment acquired for the project in earlier years has been carried forward as capital work in progress. During the year on completion of physical verification of project equipments and material carried forward as capital work in progress, discrepancies arising thereof as stated in Note no. 36.1(b) has fully been adjusted and shown under exceptional items as stated in Note no. 36.1(b). The balance amount being carried forward in capital work in progress is proposed to be used in the planned expansion project post technical evaluation and consequential adjustments, as considered appropriate.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Rs. in lakhs)

6.2 Project Development Expenditure

'Project Development Expenditure' as given in 6(b) above, represents proportionate interest and other directly attributable expenditure related to the above project accounted pending allocation to the respective assets and/or otherwise to be adjusted on completion of the project.

6.3 Ageing Schedule of Capital Work in Progress

| Particulars                                   | Amount in CWIP for a Period of |           |           | As at March 31, 2022 | Amount in CWIP for a Period of |                  |           | As at March 31, 2021 |
|---|--------------------------------|-----------|-----------|----------------------|--------------------------------|------------------|-----------|----------------------|
|   | Less than 1 Year               | 1-2 Years | 2-3 Years |                      | More than 3 Years              | Less than 1 Year | 1-2 Years |                      |
| <b>Projects in Progress</b>                   |                                |           |           |                      |                                |                  |           |                      |
| Old Expansion Project (1.5 MTPA to 2.57 MTPA) | 2,824.57                       | -         | -         | 72,810.05            | -                              | 280.01           | 16.22     | 87,352.92            |
| Sustaining Capex- Modification and Addition   | 7,458.66                       | 342.63    | -         | 7,801.29             | 2,396.32                       | -                | -         | 2,396.32             |

6.4 Projects Overdue and expected Completion date

a) The expansion project from 1.5 MTPA to 2.57 MTPA which was started as a part of the main project was required to be completed within three years in terms of the resolution plan approved by Hon'ble NCLT on April 17, 2018. However, this could not be progressed due to pending issue of CTO as dealt with in Note no. 44. Effective steps are being taken towards obtaining the CTO and the project will be commenced subsequent to such approval.

b) Status with respect to other projects are as follows:

| Particulars  | Amount in CWIP for a Period of |           |           | As at March 31, 2022 | Amount in CWIP for a Period of |                  |           | As at March 31, 2021 |
|--|--------------------------------|-----------|-----------|----------------------|--------------------------------|------------------|-----------|----------------------|
|  | Less than 1 Year               | 1-2 Years | 2-3 Years |                      | More than 3 Years              | Less than 1 Year | 1-2 Years |                      |
| <b>Sustaining Capex- Modification and Addition</b> |                                |           |           |                      |                                |                  |           |                      |
| SMS PLANT  | 49.88                          | -         | -         | 49.88                | -                              | 454.81           | -         | 454.81               |
| WIRE ROD   | -                              | -         | -         | -                    | 784.48                         | -                | -         | 784.48               |
| REBAR ML   | -                              | -         | -         | -                    | 22.58                          | -                | -         | 22.58                |
| BF2  | 186.67                         | -         | -         | 186.67               | 16.21                          | 10.78            | -         | 26.99                |
| BF3  | 3,799.06                       | -         | -         | 3,799.06             | 28.20                          | -                | -         | 28.20                |
| COMN FACILITY                                      | 1,674.55                       | -         | -         | 1,674.55             | 808.82                         | 9.13             | -         | 817.95               |
| V. COKEOVEN  | 310.93                         | -         | -         | 310.93               | 261.31                         | -                | -         | 261.31               |
| DIP  | 17.40                          | -         | -         | 17.40                | -                              | -                | -         | -                    |
| SINTER PLANT                                       | 983.84                         | -         | -         | 983.84               | -                              | -                | -         | -                    |



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

7. OTHER INTANGIBLE ASSETS

(Rs. in lakhs)

| Particulars                 | Gross Block          |                  |                   | Amortisation         |                       |                   | Impairment           |                |                   | Net carrying amount<br>As at March 31, 2022 |                      |
|-----------------------------|----------------------|------------------|-------------------|----------------------|-----------------------|-------------------|----------------------|----------------|-------------------|---|----------------------|
|                             | As at March 31, 2021 | Additions        | Other Adjustments | As at March 31, 2022 | Charge for the period | Other Adjustments | As at March 31, 2022 | For the period | Other Adjustments |   | As at March 31, 2021 |
| Mining Rights               | -                    | 53,892.03        | -                 | 53,892.03            | 728.06                | -                 | 728.06               | -              | -                 | -   | 53,163.97            |
| Computer Softwares          | 834.12               | 762.12           | -                 | 1,596.24             | 156.33                | -                 | 509.82               | -              | -                 | 54.66                                       | 1,031.76             |
| <b>As at March 31, 2022</b> | <b>834.12</b>        | <b>54,654.15</b> | -                 | <b>55,488.27</b>     | <b>884.39</b>         | -                 | <b>1,237.88</b>      | -              | -                 | <b>54.66</b>                                | <b>54,195.73</b>     |

As at March 31, 2021

| Particulars                 | Gross Block          |               |                   | Amortisation         |                       |                   | Impairment           |                |                   | Net carrying amount<br>As at March 31, 2021 |                      |
|-----------------------------|----------------------|---------------|-------------------|----------------------|-----------------------|-------------------|----------------------|----------------|-------------------|---|----------------------|
|                             | As at March 31, 2020 | Additions     | Other Adjustments | As at March 31, 2021 | Charge for the period | Other Adjustments | As at March 31, 2021 | For the period | Other Adjustments |   | As at March 31, 2021 |
| Mining Rights               | -                    | -             | -                 | -                    | -                     | -                 | -                    | -              | -                 | -   | -                    |
| Computer Softwares          | 496.58               | 337.54        | -                 | 834.12               | 50.96                 | -                 | 353.49               | -              | -                 | 54.66                                       | 425.97               |
| <b>As at March 31, 2022</b> | <b>496.58</b>        | <b>337.54</b> | -                 | <b>834.12</b>        | <b>50.96</b>          | -                 | <b>353.49</b>        | -              | -                 | <b>54.66</b>                                | <b>425.97</b>        |

7.1 Refer note. No. 20 in respect of charge created against borrowings.

7.2 Lease deed in respect of Iron Ore and Manganese Block with Lease Area of 117.21 Hectares having proposed mining plan of 1,56,58,750 MT in Naddihni Iron and Manganese Ore Block Village and another Iron Ore Block with Lease Area of 74.50 Hectares having proposed mining plan of 2,25,22,752 MT in Naddihni Iron Ore Block Village allotted to the company has been executed on November 20, 2021 with the Government of Odisha. The commercial operation of these mines have been commenced on February 11, 2022 and Rs. 53,892.03 lakhs being costs incurred for acquisition of licences, rights for mining, stamp duty, registration fee and other such costs till the said date has been capitalised as Mining Rights and shown under Intangible Assets.





**8 OTHER FINANCIAL ASSETS**

| Particulars  | Refer Note No. | As at           | As at           |
|--|----------------|-----------------|-----------------|
|  |                | March 31, 2022  | March 31, 2021  |
| (a) Security Deposits  |                |                 |                 |
| Considered good  |                | 303.59          | 53.89           |
| Considered doubtful  |                | 63.91           | 840.81          |
| Less: Impairment Allowance for doubtful deposit                        | 8.1            | (63.91)         | (840.81)        |
| (b) Fixed Deposits with Banks (having maturity of more than 12 months) | 15.2           | 8,177.31        | 1,036.14        |
| (c) Interest receivable on fixed deposits                              | 15.2           | 142.81          | 22.14           |
|  |                | <b>8,623.71</b> | <b>1,112.17</b> |

**8.1 Movement of Impairment Allowances for doubtful deposits**

| Particulars                          | For the Year ended | For the Year ended |
|--------------------------------------|--------------------|--------------------|
|                                      | March 31, 2022     | March 31, 2021     |
| Balance at the beginning of the year | 840.81             | 853.94             |
| Recognised during the year           | 63.91              | -                  |
| Reversal during the year             | (840.81)           | (13.13)            |
| Balance at the end of the year       | <b>63.91</b>       | <b>840.81</b>      |

**9 NON-CURRENT TAX ASSETS (NET)**

| Particulars   | Refer Note No. | As at           | As at           |
|---|----------------|-----------------|-----------------|
|   |                | March 31, 2022  | March 31, 2021  |
| Advance Income Tax including Tax deducted at source |                | 1,630.06        | 1,286.10        |
|   |                | <b>1,630.06</b> | <b>1,286.10</b> |

**10 OTHER NON-CURRENT ASSETS**

| Particulars  | Refer Note No. | As at            | As at          |
|--|----------------|------------------|----------------|
|  |                | March 31, 2022   | March 31, 2021 |
| (a) Capital advances                                     |                |                  |                |
| Considered good  |                | 11,489.40        | 17.51          |
| Considered Doubtful                                      |                | -                | 2,656.72       |
| Less: Impairment Allowance for doubtful Capital Advances | 10.1           | -                | (2,656.72)     |
| (b) Prepaid Expenses                                     |                | 387.60           | 156.97         |
| (c) Gratuity Fund Receivable                             |                | -                | 58.83          |
|  |                | <b>11,877.00</b> | <b>233.31</b>  |

**10.1 Movement of Impairment Allowances for doubtful advances**

| Particulars                          | For the Year ended | For the Year ended |
|--------------------------------------|--------------------|--------------------|
|                                      | March 31, 2022     | March 31, 2021     |
| Balance at the beginning of the year | 2,656.72           | 3,010.03           |
| Recognised during the year           | -                  | -                  |
| Reversal during the year             | (2,656.72)         | (353.31)           |
| Balance at the end of the year       | <b>-</b>           | <b>2,656.72</b>    |

**11 INVENTORIES**

| Particulars   | Refer Note No. | As at              | As at            |
|---|----------------|--------------------|------------------|
|   |                | March 31, 2022     | March 31, 2021   |
| (a) Raw Materials   | 11.3           | 53,149.60          | 31,608.38        |
| (b) Raw Materials in transit                                  |                | 4,493.37           | 2,028.56         |
| (c) Semi Finished Goods/ Work In Progress                     |                | 30,577.35          | 6,630.96         |
| (d) Finished Goods  |                | 2,311.86           | 4,286.65         |
| (e) Finished Goods in transit                                 |                | 486.76             | 479.41           |
| (f) Stores and Spares   | 11.1           | 22,751.85          | 18,499.05        |
| Less: Provision for Obsolete and Non-moving Stores and Spares | 11.2           | (4,275.10)         | (4,239.70)       |
| (g) Stores and Spare Parts in transit                         |                | 1,663.45           | 430.67           |
| Less: Provision for Obsolete and Non-moving Stores and Spares |                | (41.54)            | -                |
| (h) Scrap and By Products                                     |                | 6,849.50           | 3,828.36         |
|   |                | <b>1,17,967.10</b> | <b>63,552.34</b> |

11.1 Stores and Spares stock includes stock of DI Pipe Mould of size 350 mm and above amounting to Rs. 707.38 lakhs (March 31, 2021: 1,156.04 lakhs).



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11.2 The Company has a policy of provisions against obsolete and non-moving stores and spares for a period above two years, The movement in provisions are as follows:

| Particulars                          | For the Year ended |                 |
|--------------------------------------|--------------------|-----------------|
|                                      | March 31, 2022     | March 31, 2021  |
| Balance at the beginning of the year | 4,239.70           | 3,844.52        |
| Recognised during the year           | 76.94              | 395.18          |
| Reversal during the year             | -                  | -               |
| Balance at the end of the year       | <b>4,316.64</b>    | <b>4,239.70</b> |

11.3 Raw Materials includes Rs. 4,271.82 lakhs (March 31, 2021: Rs. 833.66 lakhs) of Coke and Rs. 5,256.52 lakhs (March 31, 2021: Rs. 6,455.34 lakhs) of Iron Ore procured from third parties. Such materials produced internally have been included under Semi-Finished goods.

11.4 Also refer Note no. 43 in respect of charge created against borrowings

**12 INVESTMENTS**

| Particulars  | As at          |                  | As at          |                  |
|--|----------------|------------------|----------------|------------------|
|  | March 31, 2022 |                  | March 31, 2021 |                  |
|  | Units          | Amount           | Units          | Amount           |
| <b>Investments measured at fair value through Profit and Loss</b>                        |                |                  |                |                  |
| <b>Investment in Mutual Funds (quoted)</b>   |                |                  |                |                  |
| (a) Tata Liquid Fund- Direct Plan- Growth Option (Face Value: Rs. 1,000)                 | 89,308.44      | 3,001.17         | -              | -                |
| (b) NIPPON India Liquid Fund- Direct Plan- Growth Option (LFAGG) (Face Value: Rs. 1,000) | -              | -                | 3,24,548.21    | 16,333.19        |
| (c) UTI Liquid Cash Plan - Direct- Growth Plan (Face Value: Rs. 1,000)                   | -              | -                | 3,86,559.56    | 13,028.94        |
| (d) Axis Overnight Fund- Direct Growth Plan (Face Value: Rs. 1,000)                      | 1,78,017.88    | 2,000.64         | -              | -                |
| (e) Tata Overnight Fund- Direct Plan- Growth Option (Face Value: Rs. 1,000)              | 1,78,365.82    | 2,000.27         | -              | -                |
| (f) Aditya Birla Sunlife Liquid Fund- Regular Growth Plan (Face Value: Rs. 100)          | 13,14,007.33   | 4,508.68         | -              | -                |
| (g) HDFC Overnight Fund- Direct Growth Plan (Face Value: Rs. 1,000)                      | 63,350.99      | 2,000.28         | -              | -                |
| (h) ICICI Prudential Overnight Fund- Direct Plan - Growth Option (Face Value: Rs. 100)   | 17,45,645.06   | 2,000.65         | -              | -                |
| (i) ICICI Prudential Liquid Fund- Direct Plan- Growth Option (Face Value: Rs. 100)       | 7,94,345.19    | 2,504.22         | 37,82,886.68   | 11,527.83        |
|  |                | <b>18,015.91</b> |                | <b>40,889.96</b> |

12.1 Aggregate amount of quoted Investments in Mutual Funds

18,015.91

40,889.96

12.2 Aggregate amount of NAV of Investments in Mutual Funds

18,015.91

40,889.96

12.3 Particulars of Investments as required under Section 186(4) of the Companies Act, 2013 have been disclosed herein above.

12.4 Also refer Note no. 43 in respect of charge created against borrowings

**13 TRADE RECEIVABLES**

| Particulars   | Refer Note No. | As at           |                  |
|---|----------------|-----------------|------------------|
|   |                | March 31, 2022  | March 31, 2021   |
| <b>Unsecured</b>  |                |                 |                  |
| Considered good   | 13.1           | 7,822.16        | 9,690.20         |
| Considered good, having significant increase in Credit Risk | 13.1           | 235.66          | 599.57           |
| Credit Impaired   |                | 112.53          | 1,920.90         |
| Less: Impairment Allowance for doubtful debts               | 13.2           | (112.53)        | (1,920.90)       |
|   |                | <b>8,057.82</b> | <b>10,289.77</b> |

13.1 Trade Receivables ageing schedule based on the due date for payment there against are as follows:

| Particulars  | As at           |                 |
|--|-----------------|-----------------|
|  | March 31, 2022  | March 31, 2021  |
| <b>Undisputed Trade Receivables- Considered Good</b>                     |                 |                 |
| Within the credit period   | 4,983.78        | 6,257.62        |
| Less than 6 Months   | 2,838.38        | 3,217.04        |
| 6 months - 1 Year  | -               | 185.29          |
| 1-2 Years  | -               | 30.25           |
|  | <b>7,822.16</b> | <b>9,690.20</b> |
| <b>Undisputed Trade Receivables- Significant increase in Credit Risk</b> |                 |                 |
| 6 months - 1 Year  | 198.59          | 185.29          |
| 1-2 Years  | 24.95           | 561.52          |
| 2-3 years  | 12.11           | 38.05           |
|  | <b>235.66</b>   | <b>784.85</b>   |



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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

| Particulars  | (Rs. in lakhs)          |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| <b>Disputed Trade Receivables- Credit impaired</b> |                         |                         |
| Less than 6 Months                                 | 20.52                   | -                       |
| 6 months - 1 Year                                  | 2.15                    | -                       |
| 1-2 Years  | 10.50                   | -                       |
| 2-3 years  | 42.75                   | 314.37                  |
| More than 3 years                                  | 36.61                   | 1,606.53                |
|  | <b>112.53</b>           | <b>1,920.90</b>         |

13.2 Movement of Impairment Allowances for doubtful debts

| Particulars                          | (Rs. in lakhs)          |                         |
|--------------------------------------|-------------------------|-------------------------|
|                                      | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| Balance at the beginning of the year | 1,920.90                | 1,920.90                |
| Recognised during the year           | 112.53                  | -                       |
| Reversal during the year             | (1,920.90)              | -                       |
| Balance at the end of the year       | <b>112.53</b>           | <b>1,920.90</b>         |

13.3 Also refer Note no. 43 in respect of charge created against borrowings

14 CASH AND CASH EQUIVALENTS

| Particulars   | Refer Note No. | (Rs. in lakhs)          |                         |
|---|----------------|-------------------------|-------------------------|
|   |                | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| (a) <b>Balances with Banks:</b>                                 |                |                         |                         |
| - In Current Accounts   |                | 4,411.03                | 5,082.00                |
| (b) Fixed Deposits with original maturity of less than 3 months |                | 2,000.00                | 7,000.00                |
|   |                | <b>6,411.03</b>         | <b>12,082.00</b>        |

14.1 Also refer Note no. 43 in respect of charge created against borrowings

15 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

| Particulars  | Refer Note No. | (Rs. in lakhs)          |                         |
|--|----------------|-------------------------|-------------------------|
|  |                | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| (a) <b>Balances with Banks:</b>  |                |                         |                         |
| - In Current Accounts  | 15.1 and 15.3  | 3.65                    | 5,177.66                |
| (b) Fixed Deposits with Banks (having original maturity of more than 3 months) | 15.1 and 15.2  | 53,554.30               | 22,078.41               |
|  |                | <b>53,557.95</b>        | <b>27,256.07</b>        |

15.1 Refer Note no. 43 in respect of charge created against borrowings

15.2 Fixed Deposits with banks includes:

- a) Rs. 56,188.08 lakhs (March 31, 2021: Rs. 22,913.69 lakhs) (including Rs. 3,185.71 lakhs (March 31, 2021: Rs. 1,028.87 Lakhs) disclosed under other non-current assets) which have been lodged with bank as margin money against Letter of Credit/Bank Guarantees/OD facilities issued/granted by them; and  
b) Rs. 5,543.53 lakhs (March 31, 2021: Rs. 55.90 lakhs) (including Rs. 4,361.60 lakhs (March 31, 2021: Rs. 7.27 lakhs) disclosed under other non-current assets) lying with Customers/ Vendors/ Government Authorities in term of agreement/orders.

15.3 Balances with banks in current account includes

- a) Nil (March 31, 2021: Rs. 2,821.25 lakhs) and balances with government authorities includes Nil (March 31, 2021: Rs. 148.57 lakhs) against accounts freezed and amount withheld by commercial tax department against sales tax demand.  
b) Includes Rs. 3.65 lakhs (March 31, 2021: Rs. 2,356.41 lakhs) in respect of Interest Service Reserve Account maintained in terms of agreement with borrowers as detailed in Note no. 20

16 OTHER FINANCIAL ASSETS

| Particulars   | Refer Note No. | (Rs. in lakhs)          |                         |
|---|----------------|-------------------------|-------------------------|
|   |                | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| (a) Earnest Money/ Security Deposits to Vendors             |                |                         |                         |
| Considered good   | 16.2           | 2,156.55                | 1,17,658.08             |
| Considered Doubtful   |                | 101.38                  | 36.08                   |
| Less: Impairment Allowance for doubtful deposits            | 16.1           | (101.38)                | (36.08)                 |
| (b) Earnest Money to Customers                              |                |                         |                         |
| Considered good   |                | -                       | 4.00                    |
| Considered Doubtful   |                | -                       | 6.75                    |
| Less: Impairment Allowance for doubtful debts               | 16.1           | -                       | (6.75)                  |
| (c) Derivative Assets at fair value through profit and loss | 46(d)(iii)     | 566.88                  | -                       |
| (d) Interest receivable                                     |                | 222.83                  | 7,686.06                |
| (e) Export incentive receivables                            |                | 86.35                   | 177.60                  |
| (f) Insurance Claim Receivable                              |                | 500.00                  | -                       |
|   |                | <b>3,532.61</b>         | <b>1,25,525.74</b>      |



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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Rs. in lakhs)

16.1 Movement of Impairment Allowances for doubtful Debts and Deposits

| Particulars                          | For the Year ended |                |
|--------------------------------------|--------------------|----------------|
|                                      | March 31, 2022     | March 31, 2021 |
| Balance at the beginning of the year | 42.83              | 72.26          |
| Recognised during the year           | 65.92              | -              |
| Reversal during the year             | (7.37)             | (29.43)        |
| Balance at the end of the year       | 101.38             | 42.83          |

16.2 Includes Interest bearing security deposit of Nil (March 31, 2021: Rs. 1,17,000.00 lakhs) lying with the holding company in terms of Agreement for Sale and Purchase of Coking Coal, Limestone and other supplies to be refunded on expiration of the contract along with interest at SBI 1Y MCLR+0.15.

16.3 Refer Note no. 43 in respect of charge created against borrowings

17 OTHER CURRENT ASSETS

| Particulars                                      | Refer Note No. | As at            |                  |
|--|----------------|------------------|------------------|
|  |                | March 31, 2022   | March 31, 2021   |
| (a) Balance with Government Authorities          |                |                  |                  |
| Considered good                                  | 17.2           | 3,283.75         | 914.96           |
| Considered doubtful                              |                | 340.28           | 501.55           |
| Less: Impairment Allowance for doubtful balances | 17.1           | (340.28)         | (501.55)         |
| (b) Advances for supply of goods and services    |                |                  |                  |
| Considered good                                  |                | 24,364.74        | 11,512.15        |
| Considered doubtful                              |                | 895.67           | 1,362.54         |
| Less: Impairment Allowance for doubtful balances | 17.1           | (895.67)         | (1,362.54)       |
| (c) Prepaid Expenses                             |                | 2,269.62         | 3,386.40         |
| (d) Advances against salaries                    |                | 6.31             | 12.10            |
| (e) Stamp papers on hand                         |                | -                | 10.22            |
| (f) MEIS Licences                                |                | 148.29           | 578.97           |
| (g) Others- GST Clearing accounts                |                | 308.65           | 343.37           |
|  |                | <b>30,381.36</b> | <b>16,758.17</b> |

17.1 Movement of Impairment Allowances for doubtful balances:

| Particulars                          | As at          |                |
|--------------------------------------|----------------|----------------|
|                                      | March 31, 2022 | March 31, 2021 |
| Balance at the beginning of the year | 1,864.09       | 1,437.36       |
| Recognised during the year           | -              | 501.56         |
| Reversal during the year             | (628.14)       | (74.83)        |
| Balance at the end of the year       | 1,235.95       | 1,864.09       |

17.2 Includes Rs. 1,288.43 lakhs (March 31, 2021: Nil) related to Input Tax Credit on burnout based on the order of Hon'ble Supreme Court of India and Rs. 525.57 lakhs (March 31, 2021: Nil) lying as deposit paid under protest against various judicial authorities in terms of the respective Orders.

17.3 Refer Note no. 43 in respect of charge created against borrowings

18 EQUITY SHARE CAPITAL

| Particulars  | As at               |                     |
|--|---------------------|---------------------|
|  | March 31, 2022      | March 31, 2021      |
| (a) <b>Authorised:</b>   |                     |                     |
| 10,02,00,00,000 (March 31, 2021: 10,02,00,00,000) Equity Shares of Rs. 10/- each | 10,02,000.00        | 10,02,000.00        |
|  | <b>10,02,000.00</b> | <b>10,02,000.00</b> |
| (b) <b>Issued, Subscribed and Fully Paid Up:</b>                                 |                     |                     |
| 1,84,90,30,224 (March 31, 2021: 1,84,90,30,224) Equity Shares of Rs. 10/- each   | 1,84,903.02         | 1,84,903.02         |
|  | <b>1,84,903.02</b>  | <b>1,84,903.02</b>  |

18.1 Reconciliation of the number of Equity Shares Outstanding:

| Particulars                       | As at                 |                       |
|-----------------------------------|-----------------------|-----------------------|
|                                   | March 31, 2022        | March 31, 2021        |
| No. of shares as at the beginning | 1,84,90,30,224        | 1,84,90,30,224        |
| Changes during the year           | -                     | -                     |
| No. of shares as at the end       | <b>1,84,90,30,224</b> | <b>1,84,90,30,224</b> |

18.2 Shareholders holding more than 5% Shares Equity Shares:

| Name of Shareholder                            | As at March 31, 2022 |           | As at March 31, 2021 |           |
|--|----------------------|-----------|----------------------|-----------|
|  | Nos                  | Holding % | Nos                  | Holding % |
| Vedanta Limited (Holding and Promoter Company) | 1,76,55,53,040       | 95.49%    | 1,76,55,53,040       | 95.49%    |

18.3 The Company has one class of shares referred to as Equity Shares having a par value of Rs. 10/-. Each Holder of Equity Shares is entitled to one vote per share. In the event of liquidation of the Company, the equity shareholders will be entitled to receive assets of the Company remaining after distribution of all preferential amounts, in proportion of their shareholding.



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19 OTHER EQUITY

| Particulars                              |         | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|---------|-------------------------|-------------------------|
| (a) Capital Reserve                      | 19.1(A) |                         |                         |
| As per last Balance Sheet                |         | 9,59,908.68             | 9,59,908.68             |
| (b) Capital Reserve on Amalgamation      | 19.1(B) |                         |                         |
| As per last Balance Sheet                |         | (1,74,593.58)           | (1,74,593.58)           |
| (c) Securities Premium                   | 19.2    |                         |                         |
| As per last Balance Sheet                |         | 1,79,036.44             | 1,79,036.44             |
| (d) Retained Earnings                    | 19.3    |                         |                         |
| As per last Balance Sheet                |         | (5,26,821.17)           | (7,99,971.34)           |
| Profit/(Loss) for the Year               |         | (9,459.19)              | 2,73,201.20             |
| Transfer from Other Comprehensive Income |         | (201.37)                | (51.03)                 |
|  |         | (5,36,481.73)           | (5,26,821.17)           |
| (e) Other Comprehensive Income           | 19.4    |                         |                         |
| Re-measurement of defined benefit plan   |         |                         |                         |
| As per last Balance Sheet                |         | -                       | -                       |
| Other Comprehensive Income for the year  |         | (201.37)                | (51.03)                 |
| Transfer to Retained Earnings            |         | 201.37                  | 51.03                   |
|  |         | -                       | -                       |
|  |         | 4,27,869.81             | 4,37,530.37             |

19.1 Capital Reserve

A) Capital Reserve includes:

- Rs. 9,61,219.97 lakhs recognised on Consolidation and Reduction of Equity Share Capital of the Company on Jun 14, 2018 in terms of Hon'ble NCLT Order dated April 17, 2018.
- Further on amalgamation of erstwhile VSL with the company with effect from October 01, 2018:
  - Differential of Rs. 519.85 lakhs arising on cancellation of equity shares acquired by erstwhile VSL pursuant to 'Exit Offer' with respect to face value thereof were added to capital reserve and
  - Differential of Rs. 1,831.14 lakhs with respect to the cost of investment in the books of VSL and face value thereof was adjusted to Capital Reserve.

B) Capital Reserve on Amalgamation represents the excess of consideration paid i.e. equity shares issued with respect to net assets and reserves acquired consequent to amalgamation of erstwhile VSL with the company.

19.2 Securities Premium

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

19.3 Retained Earnings

Retained earnings generally represents the undistributed profit/ amount of accumulated earnings/losses of the company. This includes Other Comprehensive Income of (Rs. 447.11 lakhs) (March 31, 2021: (Rs. 245.74 lakhs)) relating to remeasurement of defined benefit plans (net of tax) which cannot be reclassified to Statement of Profit and Loss.

19.4 Other Comprehensive Income

This includes gain/losses on defined benefit obligations which is transferred to retained earnings as stated in Note 19.3 above.

20 BORROWINGS

| Particulars   | Refer Note No.       | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|----------------------|-------------------------|-------------------------|
| <b>Secured Borrowings</b>   |                      |                         |                         |
| (a) From Banks:   |                      |                         |                         |
| - Term Loan   | 20.1, 20.2, and 20.3 | 2,70,484.11             | 3,13,475.47             |
| Total (a)   |                      | 2,70,484.11             | 3,13,475.47             |
| <b>Unsecured Borrowings</b>   |                      |                         |                         |
| (a) Inter-Corporate Deposits from Holding Company                   | 20.2 and 20.3        | 15,760.00               | 18,281.60               |
|   |                      | 15,760.00               | 18,281.60               |
| Less: Disclosed under Current Maturity of Long Term Debt- Unsecured | 22                   | (2,521.60)              | (2,521.60)              |
| Less: Disclosed under Current Maturity of Long Term Debt- Secured   | 22                   | (43,520.00)             | (42,987.56)             |
|   |                      | 2,40,202.51             | 2,86,247.91             |

20.1 Security

- Term Loan from banks is secured by:
  - First ranking pari passu charge by way of hypothecation on all fixed assets of the Borrower, including the bank accounts and the bank balances earmarked against the Interest Service Reserve Account and amounts lying therein;
  - First ranking pari passu charge by deed of Hypothecation on November 28, 2018 and October 08, 2021 in favour of Vistra ITCL (India) Limited, security trustees by way of deposit of 1,993.35 acres and 264.45 acres respectively of title deed of mortgageable lands.
  - Corporate Guarantee, in favour of the Security Trustee for the benefit of the Lenders in form and substance satisfactory to the Security Trustee. These shall be collectively referred to as the "Security"; and
  - Negative Pledge over shares of the company i.e. post merger, Guarantor (M/s Vedanta Ltd.) to hold 76% of the shares of the company and Non Disposal Undertaking of these shares in favour of the Security Trustee acting for the Lenders.



20.2 The interest rate for the above loans ranges from 6.55% to 9.35%.

20.3 Repayment terms:  
Year

| Year      | Term Loan from Banks | Inter-Corporate Deposit from Holding Company |
|-----------|----------------------|--|
| 2022-2023 | 43,520.00            | 2,521.60                                     |
| 2023-2024 | 43,520.00            | 2,521.60                                     |
| 2024-2025 | 43,520.00            | 2,521.60                                     |
| 2025-2026 | 43,520.00            | 2,521.60                                     |
| 2026-2027 | 43,520.00            | 2,521.60                                     |
| 2027-2028 | 43,520.00            | 2,521.60                                     |
| 2028-2029 | 10,880.00            | 630.40                                       |

20.4 The amount disclosed herein above represents the amortised cost in accordance with Ind AS 109 "Financial Instruments".

21 PROVISIONS

| Particulars                                  | Refer Note No. | As at March 31, 2022 | As at March 31, 2021 |
|--|----------------|----------------------|----------------------|
| (a) Provision for Employee Benefits          | 32.1           | 524.02               | 518.47               |
| (b) Provision for Compliance Cost for EC     | 21.1 and 21.3  | 22,030.57            | 21,350.95            |
| (c) Provision for Site Restoration for Mines | 21.2 and 21.3  | 106.99               | -                    |
|  |                | <b>22,661.58</b>     | <b>21,869.42</b>     |

21.1 Provision for compliance cost for EC represents cost to be incurred being estimated cost of damages etc., for forest area diversion, wild life development and green belt conservation and other concerns raised on public hearing for granting EC based on the report of EIA consultant appointed in terms of TOR as detailed in Note no. 44.

21.2 Provision for site restoration for mines relates to compensatory afforestation, mine closure and rehabilitation obligations. These amounts have been computed based on the Mining Plan submitted to the authority and will be incurred on closure of the mines over a period of 1 to 5 years.

21.3 Movement of the Provisions are as follows:

| Particulars                          | Provision for Compliance Cost for EC |                      | Provision for Site Restoration for Mines |                      |
|--------------------------------------|--------------------------------------|----------------------|--|----------------------|
|                                      | As at March 31, 2022                 | As at March 31, 2021 | As at March 31, 2022                     | As at March 31, 2021 |
| Balance at the beginning of the year | 21,350.95                            | -                    | -  | -                    |
| Recognised during the year           | 679.62                               | 21,350.95            | 106.99                                   | -                    |
| Written back during the year         | -                                    | -                    | -  | -                    |
| Balance at the end of the year       | <b>22,030.57</b>                     | <b>21,350.95</b>     | <b>106.99</b>                            | <b>-</b>             |

22 BORROWINGS

| Particulars  | Refer Note No. | As at March 31, 2022 | As at March 31, 2021 |
|--|----------------|----------------------|----------------------|
| (a) Current maturities of long-term debts- Unsecured | 20             | 2,521.60             | 2,521.60             |
| (b) Current maturities of long-term debts- Secured   | 20             | 43,520.00            | 42,987.56            |
|  |                | <b>46,041.60</b>     | <b>45,509.16</b>     |

22.1 The company has availed borrowings (both fund and non-fund based) from banks on the basis of security of current assets. The quarterly return or statements of current assets filed in this respect are in agreement with the books of accounts.

22.2 Also refer Note no. 43 in respect of security against working capital facilities

23 TRADE PAYABLES

| Particulars                        | Refer Note No. | As at March 31, 2022 | As at March 31, 2021 |
|------------------------------------|----------------|----------------------|----------------------|
| Payable for goods and services     | 23.2           | -                    | -                    |
| Due to Micro and Small Enterprises | 23.1           | 14,675.90            | 11,002.84            |
| Others                             |                | 32,205.09            | 27,268.57            |
|                                    |                | <b>46,880.99</b>     | <b>38,271.41</b>     |

23.1 Disclosure of Trade payables as required under section 22 of Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, based on the confirmation and information available with the company regarding the status of suppliers.

| Particulars   | As at March 31, 2022 | As at March 31, 2021 |
|---|----------------------|----------------------|
| a) Principal amount remaining unpaid but not due as at year end   | 14,675.90            | 11,002.84            |
| b) Interest amount remaining unpaid but not due as at year end  | -                    | -                    |
| c) Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year                             | -                    | -                    |
| d) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006 | -                    | -                    |
| e) Interest accrued and remaining unpaid as at year end   | -                    | -                    |
| f) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise   | -                    | 0.09                 |





**23.2 Trade Payable ageing schedule based on the outstanding based on the period from date of transaction are as follows:**

| Particulars                  | As at            |                  |
|------------------------------|------------------|------------------|
|                              | March 31, 2022   | March 31, 2021   |
| <b>Undisputed - Non MSME</b> |                  |                  |
| Less than 1 year             | 30,604.82        | 26,723.12        |
| 1-2 years                    | 1,525.63         | 208.81           |
| 2-3 years                    | 57.65            | 89.54            |
| More than 3 years            | -                | 155.04           |
|                              | <b>32,188.10</b> | <b>27,176.51</b> |
| <b>Undisputed - MSME</b>     |                  |                  |
| Less than 1 year             | 14,675.91        | 11,002.84        |
| 1-2 years                    | -                | -                |
| 2-3 years                    | -                | -                |
| More than 3 years            | -                | -                |
|                              | <b>14,675.91</b> | <b>11,002.84</b> |
| <b>Disputed - Non MSME</b>   |                  |                  |
| Less than 1 year             | 16.98            | 23.21            |
| 1-2 years                    | -                | 12.20            |
| 2-3 years                    | -                | 19.16            |
| More than 3 years            | -                | 37.49            |
|                              | <b>16.98</b>     | <b>92.06</b>     |
|                              | <b>46,880.99</b> | <b>38,271.41</b> |

**23.3 Unbilled amount included above being less than 1 year are as follows:**

| Particulars           | As at            |                 |
|-----------------------|------------------|-----------------|
|                       | March 31, 2022   | March 31, 2021  |
| Undisputed - Non MSME | 8,966.28         | 6,501.08        |
| Undisputed - MSME     | 1,524.61         | 1,011.89        |
|                       | <b>10,490.89</b> | <b>7,512.97</b> |

**24 OTHER FINANCIAL LIABILITIES**

| Particulars   | Refer Note No. | As at           |                 |
|---|----------------|-----------------|-----------------|
|   |                | March 31, 2022  | March 31, 2021  |
| (a) Interest accrued but not due on borrowings                                  | 20             | 1,960.65        | 1,991.61        |
| (b) Earnest Money Deposit   |                | 216.91          | 98.01           |
| (c) Capital Vendors   | 24.1           | 3,977.75        | 1,178.70        |
| (d) Derivative Instrument Liability at fair value through profit and loss (net) | 46(d)(iii)     | -               | 185.03          |
| (e) Others Payables   |                |                 |                 |
| - Employees payable   |                | 2,074.45        | 886.89          |
| - Others  |                | 195.41          | 76.92           |
|   |                | <b>8,425.17</b> | <b>4,417.16</b> |

24.1 Includes Rs. 828.95 lakhs (March 31, 2021: Rs. 828.95 lakhs) provided for balance amount of demand (Net of Advance of Rs. 3,315.79 lakhs) for execution of leasehold agreement (Refer Note No. 5.3(a)).

**25 OTHER CURRENT LIABILITIES**

| Particulars  | Refer Note No. | As at            |                  |
|--|----------------|------------------|------------------|
|  |                | March 31, 2022   | March 31, 2021   |
| (a) Advance from customers   |                | 16,407.59        | 21,014.54        |
| (b) Statutory Dues Payables  |                | 21,987.63        | 10,250.19        |
| (includes Royalty on Iron Ore mines, Provident Fund, GST, Tax deducted at source etc.) |                | <b>38,395.22</b> | <b>31,264.73</b> |

**26 PROVISIONS**

| Particulars                     | Refer Note No. | As at           |                |
|---------------------------------|----------------|-----------------|----------------|
|                                 |                | March 31, 2022  | March 31, 2021 |
| Provision for Employee Benefits | 32.1           | 116.03          | 79.81          |
| Other Provisions                | 26.1           | 953.83          | 635.92         |
|                                 |                | <b>1,069.86</b> | <b>715.73</b>  |

26.1 Other Provisions represent amount provided in respect of defined contribution for employee benefit including contractual workmen pursuant to the Order of Hon'ble Supreme Court pending final decision/demand from the relevant authorities in this respect. Movement of such Provisions are as follows:

| Particulars                          | Refer Note No. | As at          |                |
|--------------------------------------|----------------|----------------|----------------|
|                                      |                | March 31, 2022 | March 31, 2021 |
| Balance at the beginning of the year |                | 635.92         | 318.04         |
| Recognised during the year           |                | 317.91         | 317.88         |
| Written back during the year         |                | -              | -              |
| Balance at the end of the year       |                | <b>953.83</b>  | <b>635.92</b>  |



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27 REVENUE FROM OPERATIONS

| Particulars              | Refer Note No. | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|--------------------------|----------------|--------------------------------------|--------------------------------------|
| <b>Sale of Products:</b> |                |                                      |                                      |
| - Export Sales           |                | 65,072.70                            | 45,236.42                            |
| - Domestic Sales         |                | 5,82,362.08                          | 4,21,568.27                          |
|                          |                | <b>6,47,434.78</b>                   | <b>4,66,804.69</b>                   |

27.1 Disclosure as per Ind AS 115:

Disaggregate Revenue

The break up with respect to type of revenue stream of the Company are as follows:

| Particulars          | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|----------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
|                      | Government                           |                                      | Non-Government                       |                                      |
| <b>Within India</b>  |                                      |                                      |                                      |                                      |
| - Billets            | -                                    | -                                    | 11,973.66                            | 5,961.38                             |
| - TMT bars           | 16,674.47                            | 8,932.52                             | 1,94,377.90                          | 1,33,717.27                          |
| - Wire rods          | -                                    | -                                    | 2,03,474.53                          | 1,40,910.89                          |
| - DI pipes           | 1,457.69                             | 53,501.66                            | 82,425.59                            | 8,367.23                             |
| - PIG Iron           | -                                    | -                                    | 71,807.59                            | 54,328.98                            |
| - Others             | -                                    | -                                    | 170.65                               | 15,848.34                            |
| <b>Outside India</b> |                                      |                                      |                                      |                                      |
| - Billets            | -                                    | -                                    | 34,166.10                            | 36,659.37                            |
| - Wire rods          | -                                    | -                                    | 25,180.00                            | 8,577.05                             |
| - DI pipes           | -                                    | -                                    | 39.26                                | -                                    |
| - PIG Iron           | -                                    | -                                    | 5,687.34                             | -                                    |
|                      | <b>18,132.16</b>                     | <b>62,434.18</b>                     | <b>6,29,302.62</b>                   | <b>4,04,370.51</b>                   |

28 OTHER OPERATING INCOME

| Particulars                   | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|-------------------------------|--------------------------------------|--------------------------------------|
| Scrap/ By-products and Others | 11,193.02                            | 8,816.15                             |
| Incentive on Exports          | 959.11                               | 1,521.93                             |
|                               | <b>12,152.13</b>                     | <b>10,338.08</b>                     |

29 OTHER INCOME

| Particulars   | Refer Note No. | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|---|----------------|--------------------------------------|--------------------------------------|
| (a) Interest income on Fixed deposits, Security Deposits, overdue debts etc. measured at amortised cost |                | 6,245.69                             | 10,100.44                            |
| (b) Interest income on financial assets measured at amortised cost                                      |                | 2.72                                 | 3.18                                 |
| (c) Sundry Credit balances/Provision no longer required written back                                    | 29.1           | 8,820.26                             | 850.46                               |
| (d) Net (gain)/loss on foreign exchange fluctuation   |                | 1,716.71                             | 184.68                               |
| (e) Net gain/(loss) on Derivative Instruments on fair valuation through profit and loss                 |                | 200.26                               | -                                    |
| (e) Net Gain on Current Investments at Fair Value through profit and loss                               |                | 616.92                               | 867.94                               |
| (f) Miscellaneous Income  | 17.2           | 2,794.32                             | 773.94                               |
|   |                | <b>20,396.88</b>                     | <b>12,780.64</b>                     |

29.1 Includes provision created against old debit balances of certain suppliers/service providers/ Trade Receivables being no longer recoverable have been written off with corresponding provision made in earlier year thereagainst being written back.

30 COST OF MATERIALS CONSUMED

| Particulars                                      | Refer Note No. | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|--|----------------|--------------------------------------|--------------------------------------|
| <b>Raw material and other materials consumed</b> |                |                                      |                                      |
| Inventory at the beginning of the year           |                | 33,636.94                            | 42,473.86                            |
| Add: Purchases                                   |                | 4,83,179.44                          | 2,59,449.08                          |
| Less: Inventory at the end of the year           |                | 57,642.97                            | 33,636.94                            |
|  | 30.1           | <b>4,59,173.41</b>                   | <b>2,68,286.00</b>                   |

30.1 Based on the physical verification of Inventories carried out by an Independent professionals and on reconciliation with book stock, the variation thereof (Increase/(Decrease)) have been adjusted to the Cost of Material consumed/ Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress. This also includes adjustments arising on heap clearances of material:

| Particulars  | Refer Note No. | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|--|----------------|--------------------------------------|--------------------------------------|
| <b>Cost of Material consumed</b>   |                |                                      |                                      |
| Raw Material   |                | (2,279.31)                           | (2,388.26)                           |
| <b>Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress</b> |                |                                      |                                      |
| Finished Goods   |                | (6.83)                               | (2.69)                               |
| Semi-Finished Goods  |                | -                                    | (6.18)                               |
| Scrap/ By-products   |                | (422.92)                             | (676.97)                             |
|  |                | <b>(2,709.06)</b>                    | <b>(3,074.10)</b>                    |



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31 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

| Particulars                                   | Refer Note No. | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|---|----------------|--------------------------------------|--------------------------------------|
| (i) Inventories at the end of the year        |                |                                      |                                      |
| (a) Finished Goods                            |                | 2,798.62                             | 4,766.06                             |
| (b) Semi-Finished Goods                       |                | 30,577.35                            | 6,630.96                             |
| (c) Scrap / By-products                       |                | 6,849.50                             | 3,828.36                             |
|   |                | <b>40,225.47</b>                     | <b>15,225.38</b>                     |
| (ii) Inventories at the beginning of the year |                |                                      |                                      |
| (a) Finished Goods                            |                | 4,766.06                             | 19,659.99                            |
| (b) Semi-Finished Goods                       |                | 6,630.96                             | 5,973.64                             |
| (c) Scrap / By-products                       |                | 3,828.36                             | 2,650.41                             |
|   |                | <b>15,225.38</b>                     | <b>28,284.04</b>                     |
|   | 30.1           | <b>(25,000.09)</b>                   | <b>13,058.66</b>                     |

31.1 Also Refer Note no. 30.1 for adjustments carried out on reconciliation of physical stock with book stock.

31.2 Disclosures as required under Ind AS 2 "Inventories" are as follows:

|                                      | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|--------------------------------------|--------------------------------------|--------------------------------------|
| a) Inventories recognised as expense | 5,43,743.19                          | 3,85,956.40                          |

32 EMPLOYEE BENEFITS EXPENSE

| Particulars                                   | Refer Note No. | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|---|----------------|--------------------------------------|--------------------------------------|
| (a) Salaries and wages                        | 32.1           | 14,877.08                            | 14,531.46                            |
| (b) Contribution to Provident and Other Funds | 32.1           | 903.77                               | 704.93                               |
| (c) Staff welfare expenses                    |                | 377.83                               | 203.82                               |
|   |                | <b>16,158.68</b>                     | <b>15,440.21</b>                     |

32.1 POST RETIREMENT EMPLOYEE BENEFITS

The disclosures required under Ind AS 19 on "Employee Benefits", are given below:

(I) Defined Contribution Plans

The Company makes contributions to Provident Fund and Pension Scheme for eligible employees. Under the schemes, the Company is required to contribute a specified percentage/fixed amount of the payroll costs to fund the benefits. The contributions as specified under the law are paid to the respective fund set up by the government authority. Contributions towards provident funds are recognised as an expense for the year. Both the employees and the Company make monthly contributions to the Funds at specified percentage of the employee's salary and aggregate contributions along with interest thereon are paid to the employees/nominees at retirement, death or cessation of employment.

Contributions to Defined Contribution Plans, recognized for the year are as under:

| Particulars                                      | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Employer's Contribution to Provident Fund        | 413.82                               | 394.96                               |
| Employer's Contribution to Pension Scheme        | 216.85                               | 224.31                               |
| Employer's Contribution to Superannuation Scheme | 104.66                               | 51.45                                |

(II) Post Employment Defined Benefit Plans:

The Post Employment defined benefit scheme are managed by TATA AIA is a defined benefit plan. The present value of obligation is determined based on independent actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Details of such fund are as follows:

a) Gratuity (Funded)

The Company's gratuity scheme, a defined benefit plan is as per the Payment of Gratuity Act, 1972, covers the eligible employees and is administered through certain gratuity fund trusts. Such gratuity funds, whose investments are managed by insurance companies, make payments to vested employees or their nominees upon retirement, death, incapacitation or cessation of employment, of an amount based on the respective employee's salary and tenure of employment. Vesting occurs upon completion of five years of service. The amount of gratuity payable is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

b) Superannuation (Funded)

The Company's Superannuation scheme, a Defined Benefit plan, is administered through trust funds and covers certain categories of employees. Investments of the funds are managed by insurance companies /trustees themselves. Benefits under these plans had been are based on certain category of employees. Upon retirement, death or cessation of employment, Superannuation Funds purchase annuity policies in favour of vested employees or their spouses to secure periodic pension. Such superannuation benefits are based on respective employee's tenure of employment and salary.





(III) The following tables set forth the particulars in respect of aforesaid Defined Benefit plans of the Company for the year ended March 31, 2022 and corresponding figures for the previous year:

(a) Change in the present value of the defined benefit obligation:

|  | Gratuity (funded)       |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
| Liability at the beginning of the year         | 1,109.65                | 1,083.16                |
| Interest Cost                                  | 76.57                   | 73.65                   |
| Current Service Cost                           | 159.43                  | 156.54                  |
| Benefits paid                                  | (298.01)                | (286.44)                |
| Remeasurements - Due to Financial Assumptions  | (32.59)                 | (11.77)                 |
| Remeasurements - Due to Experience Adjustments | 334.55                  | 94.51                   |
| Liability at the end of the year               | <b>1,349.60</b>         | <b>1,109.65</b>         |

(b) Changes in the Fair Value of Plan Asset

|   | As at           | As at           |
|---|-----------------|-----------------|
|   | March 31, 2022  | March 31, 2021  |
| Fair value of Plan Assets at the beginning of the year        | 1,168.49        | 1,090.07        |
| Expected return on Plan Assets                                | 80.63           | 74.12           |
| Contributions by the Company                                  | -               | -               |
| Benefits paid   | -               | -               |
| Remeasurements - Return on Assets (Excluding Interest Income) | (7.58)          | 4.30            |
| Fair value of Plan Assets at the end of the year              | <b>1,241.54</b> | <b>1,168.49</b> |

(c) Amount recognised in Balance Sheet

|  | As at          | As at          |
|--|----------------|----------------|
|  | March 31, 2022 | March 31, 2021 |
| Liability at the end of the year                 | 1,349.60       | 1,109.65       |
| Fair value of Plan Assets at the end of the year | 1,241.54       | 1,168.49       |
| Amount recognised in the Balance Sheet           | <b>108.06</b>  | <b>(58.84)</b> |

(d) Components of Defined Benefit Cost

|  | For the Year ended | For the Year ended |
|--|--------------------|--------------------|
|  | March 31, 2022     | March 31, 2021     |
| Current Service Cost   | 159.43             | 156.54             |
| Interest Cost  | 76.57              | 73.65              |
| Expected return on plan assets   | (80.63)            | (74.12)            |
| Total Defined benefit recognised in Statement of Profit & Loss Account | <b>155.37</b>      | <b>156.07</b>      |

(e) Remeasurements recognised in Other Comprehensive Income

|   | For the Year ended | For the Year ended |
|---|--------------------|--------------------|
|   | March 31, 2022     | March 31, 2021     |
| Remeasurements - Due to Financial Assumptions           | (32.59)            | (11.77)            |
| Remeasurements - Due to Experience Adjustments          | 334.55             | 94.51              |
| Remeasurements - Return on Assets                       | 7.58               | (4.30)             |
| Remeasurements recognised in Other Comprehensive Income | <b>309.54</b>      | <b>78.44</b>       |

(f) Balance Sheet Reconciliation

|   | As at          | As at          |
|---|----------------|----------------|
|   | March 31, 2022 | March 31, 2021 |
| Opening Net Liability   | (58.84)        | (6.91)         |
| Defined Benefit Cost included in Statement of Profit and Loss Account | 155.37         | 156.07         |
| Remeasurements recognised in OCI                                      | 309.54         | 78.44          |
| Employers Contribution  | -              | -              |
| Benefit Paid Directly by Enterprise                                   | (298.01)       | (286.44)       |
| Amount recognised in Balance Sheet                                    | <b>108.06</b>  | <b>(58.84)</b> |

(g) respect of fund managed by insurer is

|                         | As at          | As at          |
|-------------------------|----------------|----------------|
|                         | March 31, 2022 | March 31, 2021 |
| Fund managed by Insurer | 100.00%        | 100.00%        |



Sensitivity: Confidential (C2)



(h) The Principal actuarial assumptions as at the Balance Sheet date are set out as below:

|   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| <b>Summary of Financial Assumptions</b>                             |                         |                         |
| Discount Rate   | 7.14%                   | 6.90%                   |
| Future Salary Increase  | 6.00%                   | 6.00%                   |
| Salary Escalation- After Five Years                                 | 6.00%                   | 6.00%                   |
| Expected Return on Plan Assets                                      | 7.14%                   | 6.90%                   |
| <b>Summary of Demographic Assumptions</b>                           |                         |                         |
| Mortality Rate [as % of IALM (2012-14) (Mod.) Ult. Mortality Table] | 100.00%                 | 100.00%                 |
| Disability Table (as % of above mortality rate)                     | 5.00%                   | 5%                      |
| Withdrawal Rate   | 1% to 8%                | 1% to 8%                |
| Retirement Age  | 60/58 Years             | 60/58 Years             |
| Average Future Service  | 21.94                   | 22.35                   |
| Weighted Average Duration   | 13.17                   | 13.34                   |
| Best Estimate of Employer's expected contribution for next year     | 187.02                  | 171.17                  |

**Sensitivity Analysis**

| Particulars                                    | Change in Assumption | Gratuity As at March 31, 2022 | Gratuity As at March 31, 2021 |
|--|----------------------|-------------------------------|-------------------------------|
| <b>Changes in Defined Benefit Obligations:</b> |                      |                               |                               |
| Salary Escalation                              | +1%                  | 140.44                        | 127.10                        |
| Salary Escalation                              | -1%                  | (130.75)                      | (109.79)                      |
| Discount Rates                                 | +1%                  | (128.82)                      | (107.99)                      |
| Discount Rates                                 | -1%                  | 139.57                        | 127.23                        |

The above sensitivity analysis is based on a change in assumption while holding all other assumption constant. In practice, this is unlikely to occur, and changes in some of the assumption may be co-related. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligations recognised in the balance sheet. The methods and type of assumption used in preparing the sensitivity analysis did not change compared to the prior period.

Estimate of expected benefit payments (in absolute terms i.e. undiscounted)

| Particulars                | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|----------------------------|-------------------------|-------------------------|
| Year 1                     | 114.80                  | 58.35                   |
| Year 2                     | 49.27                   | 41.62                   |
| Year 3                     | 49.22                   | 39.78                   |
| Year 4                     | 61.34                   | 49.63                   |
| Year 5                     | 63.93                   | 49.11                   |
| Remaining Subsequent Years | 1,011.04                | 871.15                  |

**Other Long Term Employee benefits**

**Compensated Absences**

The obligation for compensated absences is recognised in the same manner as gratuity except remeasurement benefit which is treated as part of other comprehensive income. The actuarial liability of Compensated Absences (unfunded) of accumulated privileged and sick leaves of the employees of the Company as at March 31, 2021 & March 31, 2020 is given below:

|                                   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|-----------------------------------|-------------------------|-------------------------|
| Privileged Leave                  | 509.98                  | 572.12                  |
| Sick Leave                        | 27.98                   | 26.16                   |
| Average number of people employed | 1,726                   | 1,871                   |

**Risk analysis**

Through its defined benefit plans, the Company is exposed to a number of risks in the defined benefit plans. Most significant risks pertaining to defined benefit plans and, management's estimation of the impact of these risks are as follows:

**Investment risk**

The Gratuity plan is funded with Tata AIA Limited and the company does not have any liberty to manage the fund provided to them. The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to Government of India bonds. If the return on plan asset is below this rate, it will create a plan deficit.

**Interest risk**

A decrease in the interest rate on plan assets will increase the plan liability.

**Longevity risk / Life expectancy**

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and at the end of the employment. An increase in the life expectancy of the plan participants will increase the plan liability

**Salary growth risk**

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.



Sensitivity: Confidential (C2)



## 33 FINANCE COSTS

| Particulars   | Refer Note No. | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|---|----------------|--------------------------------------|--------------------------------------|
| (a) Interest Expense on financial liabilities not measured at FVTPL                     |                | 32,347.84                            | 36,375.01                            |
| (b) Other Borrowing Cost (i.e. LC charges, Suppliers Credit, Guarantee Commission etc.) |                | 1,474.18                             | 1,277.66                             |
|   |                | <b>33,822.02</b>                     | <b>37,652.67</b>                     |

## 34 DEPRECIATION AND AMORTISATION EXPENSE

| Particulars                           | Refer Note No. | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|---------------------------------------|----------------|--------------------------------------|--------------------------------------|
| (a) Depreciation on Tangible Assets   | 5              | 33,645.58                            | 34,591.84                            |
| (b) Amortisation of Intangible Assets | 7              | 884.39                               | 50.96                                |
|                                       |                | <b>34,529.97</b>                     | <b>34,642.80</b>                     |

## 35 OTHER EXPENSES

| Particulars   | Refer Note No. | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|---|----------------|--------------------------------------|--------------------------------------|
| (a) Consumption of Stores and Spares  |                | 23,325.58                            | 16,377.35                            |
| (b) Power and Fuel  |                | 32,745.91                            | 23,460.44                            |
| (c) Freight and Forwarding Charges  |                | 22,459.76                            | 20,007.59                            |
| (d) Rent  | 39(v)          | 261.67                               | 183.94                               |
| (e) Rates and taxes   |                | 520.15                               | 369.28                               |
| (f) Mining Royalty  |                | 2,761.02                             | -                                    |
| (g) Mine Bid Premium and other mining expenses  |                | 17,641.16                            | -                                    |
| (h) Insurance   |                | 1,592.32                             | 1,618.20                             |
| (i) Repairs to Plant and Machinery  |                | 4,758.00                             | 2,155.35                             |
| (j) Repairs to Building   |                | 292.77                               | 289.90                               |
| (k) Repairs to Others   |                | 1.47                                 | 169.59                               |
| (l) Operation & Processing charges  |                | 17,198.15                            | 11,006.52                            |
| (m) Machine Hire Charges  |                | 577.08                               | 656.44                               |
| (n) Material Handling Expenses  |                | 1,441.33                             | 1,127.45                             |
| (o) Listing & Registrar Expenses  |                | 45.23                                | 12.94                                |
| (p) Security Expenses   |                | 1,685.88                             | 1,186.66                             |
| (q) Advertisement and Business Promotion Expenses                                       |                | 58.20                                | 35.04                                |
| (r) Travelling & Conveyance   |                | 1,262.95                             | 1,143.87                             |
| (s) Legal & Professional Fees   |                | 3,485.02                             | 3,371.03                             |
| (t) Payment to Auditors   | 35.1           | 66.47                                | 75.79                                |
| (u) Net (gain)/loss on Derivative Instruments on fair valuation through profit and loss |                | -                                    | 1,075.57                             |
| (v) Loss on Sale/Discard of Fixed Assets (Net)  |                | 260.20                               | 201.68                               |
| (w) Selling & Distribution Expenses   |                | 189.29                               | 585.91                               |
| (x) Impairment Allowance for Doubtful Debt and Deposits                                 |                | 65.30                                | -                                    |
| (y) Provision for Doubtful Advance  |                | -                                    | 512.21                               |
| (z) Provision for Obsolete and Non-moving Stores and Spares                             |                | 76.94                                | 395.18                               |
| (aa) Charity and Donation   |                | -                                    | 0.19                                 |
| (ab) Sundry Balances written-off  |                | 6,722.73                             | 716.55                               |
| (ac) Brand Fees   | 35.2           | 9,488.60                             | 6,763.70                             |
| (ad) Commission and Sitting Fees to Directors   |                | 54.25                                | 10.25                                |
| (ae) Other Miscellaneous Expenses   |                | 3,994.38                             | 1,881.62                             |
|   |                | <b>1,53,031.81</b>                   | <b>95,390.24</b>                     |

## 35.1 Payment to Auditors

| Particulars                | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|----------------------------|--------------------------------------|--------------------------------------|
| (a) Statutory Audit Fee    | 30.00                                | 26.50                                |
| (b) Tax Audit Fee          | 4.00                                 | 3.50                                 |
| (c) Certification etc.*    | 31.68                                | 44.50                                |
| (d) Out of Pocket Expenses | 0.79                                 | 1.29                                 |
|                            | <b>66.47</b>                         | <b>75.79</b>                         |

\* This includes Nil (March 31, 2021: Rs. 20.00 Lakhs) for various certification and reports in connection with offering of US Guaranteed Senior Bonds by Vedanta Resources Finance II PLC

35.2 The company in terms of the Brand Licence Agreement dated September 24, 2019 with Vedanta Resources Limited has agreed to pay 1.5% of the Turnover as "Brand Fee". In accordance with the said agreement the company has paid advance of Rs. 7,512.37 lakhs (March 31, 2021: Rs. 8,662.42 lakhs) against which Rs. 9,488.60 lakhs (March 31, 2021: Rs. 6,763.70 lakhs) has been recognised as expenses in terms of the agreement.

## 36 EXCEPTIONAL ITEMS

| Particulars   | Refer Note No. | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|---|----------------|--------------------------------------|--------------------------------------|
| Provision against Compliance Cost for Environmental Clearance | 36.1(a)        | (694.49)                             | (21,350.95)                          |
| Adjustment against Capital-work-in-progress                   | 36.1(b)        | (4,587.67)                           | (6,283.30)                           |
| Adjustment pertaining to Land                                 | 36.1(c)        | (565.51)                             | -                                    |
|   |                | <b>(5,847.67)</b>                    | <b>(27,634.25)</b>                   |



Sensitivity: Confidential (C2)





36.1 Exceptional Item relates to:

- a) Provision of Rs.21,350.95 lakhs made during the previous year ended March 31, 2021 in respect of costs for forest area diversion, wild life development and green belt conservation and other concerns raised on public hearing relating to environmental clearance in connection with issue of CTO. Over and above, Rs. 694.49 lakhs has further been provided for during the year ended March 31, 2022 in this respect based on the order concerning Site-Specific Wild Conservation Plan received from the Regional Chief Conservator of Forest.
- b) Adjustment of Rs. 10,870.97 lakhs (including Rs. 4,587.67 for the year ended March 31, 2022) carried out during the year ended March 31, 2022, in respect of discrepancies ascertained on completion of physical verification of project equipment and material carried forward under Capital Work in Progress
- c) Rs. 565.51 lakhs written off during the year ended March 31, 2022 being the cost of 102.43 acres of land located outside the plant for which details of original owners/sellers etc., are not available and the physical possession or the ownership of the same as such cannot be obtained.

37 COMPONENTS OF OTHER COMPREHENSIVE INCOME

| Particulars   | Refer Note No. | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|---|----------------|--------------------------------------|--------------------------------------|
| Items that will not be reclassified to Statement of Profit and Loss |                |                                      |                                      |
| Remeasurement of Defined benefit plans                              | 32.1           | (309.54)                             | (78.44)                              |
|   |                | <u>(309.54)</u>                      | <u>(78.44)</u>                       |

38 RELATED PARTY TRANSACTIONS

Related party disclosure as identified by the management in accordance with the Ind AS 24 on 'Related Party Disclosures' are as follows:

**Names of the related parties and description of relationships:**

| A | Company   | Relationship   |
|---|---|--|
|   | Volcan Investment Limited (VIL)   | Ultimate Holding Company   |
|   | Vedanta Limited (VL)  | Holding Company  |
| B | Key Management personnel  | Designation  |
|   | Prasun Kumar Mukherjee  | Director   |
|   | Mahendra Singh Mehta  | Director   |
|   | Poovannan Sumathi   | Director   |
|   | Navnath Laxman Vhatte   | Whole Time Director and Chief Executive Officer (Appointed w.e.f. July 30, 2021) |
|   | Pankaj Malhan   | Whole Time Director (Resigned w.e.f. April 20, 2021)                             |
|   | Jalaj Kumar Malpani   | Chief Financial Officer (Resigned w.e.f. July 31, 2020)                          |
|   | Mahesh Iyer   | Chief Financial Officer (Appointed w.e.f. August 01, 2020)                       |
| C | Group Entities or Companies under common control and with whom transaction have taken place during the year |  |
|   | Bharat Aluminium Company Limited (BALCO)  |  |
|   | Sterlite Power Transmission limited (SPTL)  |  |
|   | Vizag General Cargo Berth Private Limited (VGCBP)   |  |
|   | Maritime Ventures Private Limited (MVPL)  |  |
|   | Vedanta Resources Limited (VRL)   |  |
|   | Talwandi Saboo Power Limited (TSPL)   |  |
|   | Hindusthan Zinc Limited (HZL)   |  |
|   | Janhit Electoral Trust (JET)  |  |
|   | Ferro Alloy Corporation Limited (FACL)  |  |
|   | MALCO Energy Limited (Earlier Vedanta Aluminium Limited) (MEL)  |  |
|   | Sterlite Technologies Limited (STL)   |  |
|   | Minova Runaya Private Limited (MRPL)  |  |
| E | Related party transaction:  |  |

| Nature of Transaction                       | Holding Company- VL |             |
|---|---------------------|-------------|
|   | 2021-22             | 2020-21     |
| Recovery of Expenses                        | 98.06               | 4.26        |
| Purchase of materials                       | 56,889.86           | 173.92      |
| Purchase of assets                          | 26.17               | 8.72        |
| Interest Expenses                           | 1,499.29            | 1,684.05    |
| Interest Income                             | 4,743.57            | 7,925.52    |
| Security Deposit given                      | -                   | 1,20,000.00 |
| Guarantee Commission                        | 919.01              | 989.87      |
| Corporate Cost Allocation and reimbursement | 3,703.76            | 2,690.58    |
| Purchase of Scripts/Licences                | -                   | 354.29      |
| <b>Closing balance as at March 31</b>       |                     |             |
| Inter Corporate Deposit Payable             | 15,760.00           | 18,281.60   |
| Security Deposit Receivable                 | -                   | 1,17,000.00 |
| Trade Payables                              | -                   | 18.04       |
| Reimbursement of Expenses Payable           | 905.43              | 2,412.53    |
| Interest Receivable                         | -                   | 7,528.03    |



Sensitivity: Confidential (C2)



| Nature of Transaction                          | Key Management Personnel |         | Companies under Common control or Group Enterprises |          |
|--|--------------------------|---------|---|----------|
|  | 2021-22                  | 2020-21 | 2021-22   | 2020-21  |
| <b>Sale of goods</b>                           |                          |         |   |          |
| SPTL   | -                        | -       | 3,239.04  | 2,427.17 |
| MRPL   | -                        | -       | 2,962.74  | -        |
| STL  | -                        | -       | 10.82   | -        |
| HZL  | -                        | -       | -   | 43.82    |
| <b>Purchase of assets</b>                      |                          |         |   |          |
| HZL  | -                        | -       | 2.53  | -        |
| <b>Recovery of Expenses</b>                    |                          |         |   |          |
| FACL   | -                        | -       | 0.50  | -        |
| HZL  | -                        | -       | 36.10   | -        |
| BACL   | -                        | -       | 33.27   | -        |
| <b>Reimbursement of Expenses</b>               |                          |         |   |          |
| BACL   | -                        | -       | 6.63  | 3.42     |
| FACL   | -                        | -       | 2.25  | -        |
| HZL  | -                        | -       | 3.71  | 254.33   |
| VGCBPL   | -                        | -       | 4.34  | 5.25     |
| <b>Purchase of Materials/Services Received</b> |                          |         |   |          |
| VGCBPL   | -                        | -       | 146.93  | 262.91   |
| FACL   | -                        | -       | 669.09  | 51.62    |
| MEL  | -                        | -       | 3,229.35  | -        |
| MVPL   | -                        | -       | 645.67  | 528.11   |
| <b>Brand Fees</b>                              |                          |         |   |          |
| VRL  | -                        | -       | 9,488.60  | 6,763.70 |
| <b>Interest Received</b>                       |                          |         |   |          |
| SPTL   | -                        | -       | 58.35   | 36.10    |
| <b>Purchase of Scripts/Licences</b>            |                          |         |   |          |
| VGCBPL   | -                        | -       | 127.67  | 3.02     |
| HZL  | -                        | -       | 84.70   | -        |
| BACL   | -                        | -       | 112.20  | 432.15   |
| <b>Remuneration</b>                            |                          |         |   |          |
| Jalaj Kumar Malpani                            | -                        | 62.59   | -   | -        |
| Pankaj Malhan                                  | 17.43                    | 141.88  | -   | -        |
| Mahesh Iyer                                    | 89.53                    | 52.36   | -   | -        |
| Navnath Laxman Vhatte                          | 142.48                   | -       | -   | -        |
| <b>Director sitting fees and comission</b>     |                          |         |   |          |
| Prasun Kumar Mukherjee                         | 27.25                    | 5.25    | -   | -        |
| Mahendra Singh Mehta                           | 27.00                    | 5.00    | -   | -        |
| <b>Closing balance as at March 31</b>          |                          |         |   |          |
| <b>Remuneration Payable</b>                    |                          |         |   |          |
| Mahesh Iyer                                    | 3.60                     | -       | -   | -        |
| Navnath Laxman Vhatte                          | 6.44                     | -       | -   | -        |
| <b>Trade Payable</b>                           |                          |         |   |          |
| HZL  | -                        | -       | -   | 0.04     |
| FACL   | -                        | -       | 154.82  | -        |
| VGCBPL   | -                        | -       | 0.73  | 0.74     |
| MVPL   | -                        | -       | 277.85  | 10.73    |
| BACL   | -                        | -       | -   | 31.26    |
| VRL  | -                        | -       | 77.51   | -        |
| <b>Advances Given</b>                          |                          |         |   |          |
| VRL  | -                        | -       | -   | 1,898.72 |
| <b>Trade Receivable</b>                        |                          |         |   |          |
| MRPL   | -                        | -       | 474.35  | -        |
| SPTL   | -                        | -       | 298.07  | 21.99    |
| MEL  | -                        | -       | 261.34  | -        |



Sensitivity: Confidential (C2)



**F. Compensation of Key management personnel**

The remuneration of directors and other member of key management personnel during the year was as follows:

| Particulars                  | Year ended<br>March 31, 2022 | Year ended March<br>31, 2021 |
|------------------------------|------------------------------|------------------------------|
| Short-term employee benefits | 224.69                       | 219.05                       |
| Post-employment benefits     | 19.68                        | 26.60                        |
| Other long-term benefits     | 5.07                         | 11.18                        |

Notes:

- The above related party information is as identified by the management and relied upon by the auditor
- In respect of above parties, there is no provision for doubtful debts as on March 31, 2022 and no amount has been written back or written off during the year in respect of debts due from/ to them
- Post-Employee benefits and other long term employee benefits have been disclosed based on retirement/resignation of services but does not include provision made on actuarial basis as the same is available for all the employees together.
- Terms and conditions of transactions with related parties**

All transactions are from related parties are made in ordinary course of business. For the year ended March 31 2022, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

**39 DISCLOSURE AS PER IND AS 116**

i) Following are the changes in the carrying value of right of use assets for the year ended March 31, 2022:

| Particulars                 | Vehicle         | Land             | Buildings     | Equipment     | Total            |
|-----------------------------|-----------------|------------------|---------------|---------------|------------------|
| As at March 31, 2020        | -               | 5,530.09         | 259.54        | 590.81        | 6,380.44         |
| Addition                    | 18.77           | 6,611.69         | 4.31          | 178.22        | 6,812.99         |
| Adjustments                 | -               | 25,326.12        | -             | -             | 25,326.12        |
| Deletion                    | -               | -                | 45.57         | 93.54         | 139.11           |
| Depreciation                | 1.56            | 2,281.81         | 105.85        | 293.44        | 2,682.66         |
| <b>As at March 31, 2021</b> | <b>17.21</b>    | <b>35,186.09</b> | <b>112.43</b> | <b>382.05</b> | <b>35,697.78</b> |
| Addition                    | 1,532.55        | 1,050.48         | 230.58        | 311.32        | 3,124.93         |
| Adjustments                 | (1.90)          | (1,773.57)       | (10.10)       | (6.53)        | (1,792.10)       |
| Deletion                    | -               | -                | -             | -             | -                |
| Depreciation                | 266.07          | 1,189.34         | 93.50         | 175.08        | 1,723.99         |
| <b>As at March 31, 2022</b> | <b>1,281.79</b> | <b>33,273.66</b> | <b>239.41</b> | <b>511.76</b> | <b>35,306.62</b> |

ii) The following is the break-up of current and non-current lease liabilities:

| Particulars                   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|-------------------------------|-------------------------|-------------------------|
| Current lease liabilities     | 21,942.50               | 28,081.62               |
| Non-current lease liabilities | 1,526.84                | 478.16                  |
| <b>Total</b>                  | <b>23,469.34</b>        | <b>28,559.78</b>        |

iii) The following is the movement in lease liabilities:

| Particulars                              | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Opening                                  | 28,559.78               | 884.86                  |
| Additions                                | 2,074.44                | 28,069.56               |
| Finance cost accrued during the period   | 146.91                  | 53.96                   |
| Deletions                                | -                       | (139.11)                |
| Payment of lease liabilities             | (7,164.89)              | (247.30)                |
| Payment of interest on lease liabilities | (146.92)                | (62.19)                 |
| <b>Closing</b>                           | <b>23,469.32</b>        | <b>28,559.78</b>        |

iv) The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis

| Particulars                                      | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Not later than one year                          | 21,942.50               | 28,081.62               |
| Later than one year and not more than five years | 1,526.84                | 478.16                  |
| Later than five years                            | -                       | -                       |

v) Further to above, the Company has certain operating lease arrangements for office, transit houses, furnitures and fixtures etc. for short-term leases. Expenditure incurred on account of rental payments under such leases during the year and recognized as rent in the Profit and Loss account amounts to Rs. 261.67 lakhs (March 31, 2021: Rs. 183.94 lakhs).

**40 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR):**

**A) CONTINGENT LIABILITIES**

| Particulars  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Guarantees given by banks on behalf of the Company | 20.20                   | 320.70                  |
|  | <b>20.20</b>            | <b>320.70</b>           |



Sensitivity: Confidential (C2)





Notes:

In view of the management supported by legal opinion and various judicial pronouncements, the contention of the claimants including in respect of statutory liability prior to June 04, 2018 are not tenable as per the Resolution Plan approved by Hon'ble NCLT and no outflow of fund with respect to these are expected. The Company's other pending litigations comprises of claims against the company and proceedings pending with Statutory/ Government Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, and disclosed contingent liabilities, where applicable, in its financial statements and does not expect any cash outflow in this respect.

**B) CAPITAL AND OTHER COMMITMENTS**

| Particulars   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| (a) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for (net)  | 1,05,423.66             | 1,782.45                |
|   | In Foreign Currency     | In Foreign Currency     |
| (b) Forward Contract Outstanding  |                         |                         |
| In USD/INR  | 8,56,96,940             | 4,06,02,220             |
| In GBP/USD  | -                       | 13,650                  |
| In EURO/USD   | 1,46,818                | 6,05,460                |
| (c) In terms of the MDPA signed with respect to two mine blocks in Odisha stipulates, that the company is required to fulfill certain minimum production quantities each year from commencement of mining lease. In the event the company is unable to fulfill the required minimum production quantities, it would be liable to pay penalty, as prescribed in the MDPA and Bank Guarantee of Rs. 7,954.42 lakhs has been provided in this respect. |                         |                         |

Based on management's evaluation and mining plan submitted, the accounts have been prepared on the assumption that there will not be any shortfall in minimum production as required under MDPA.

**41 Segment information**

**(a) Description of segments and principal activities**

The Company is engaged in the manufacture and supply of TMT bars, Wire rods and Ductile Iron(DI) Pipes and also deals in Billets, Pig iron and Iron and Steel scrap products generated while manufacturing these products. In term of Ind AS 108 "Operating Segment", the Company has one business segment i.e. Iron and Steel and related products and all other activities revolve around the said business.

**(b) Geographical information**

The company is domiciled in India, however also sells its products outside India. The amount of its revenue from external customers broken down in each product is shown in the table below.

| Particulars                            | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| <b>Revenue from external customers</b> |                         |                         |
| <b>In India</b>                        |                         |                         |
| - Billets                              | 11,973.66               | 5,961.38                |
| - TMT bars                             | 2,11,052.37             | 1,42,649.79             |
| - Wire rods                            | 2,03,474.53             | 1,40,910.89             |
| - DI pipes                             | 83,883.28               | 61,868.89               |
| - PIG Iron                             | 71,807.59               | 54,328.98               |
| - Others                               | 170.65                  | 15,848.34               |
| <b>Outside India</b>                   |                         |                         |
| - Billets                              | 34,166.10               | 36,659.37               |
| - Wire rods                            | 25,180.00               | 8,577.05                |
| - DI pipes                             | 39.26                   | -                       |
| - PIG Iron                             | 5,687.34                | -                       |

(c) There are no single customer directly or indirectly from whom more than 10% of the revenue is derived.



42 Calculation of Earning Per Share is as follows:

| Particulars  | As at             | As at              |
|--|-------------------|--------------------|
|  | March 31, 2022    | March 31, 2021     |
| a) Net Profit/ (Loss) for basic and diluted earnings per share as per Statement of Profit and Loss                                     | (9,459.19)        | 2,73,201.20        |
| <b>Net Profit/ (Loss) for Basic and Diluted earnings per share</b>   | <b>(9,459.19)</b> | <b>2,73,201.20</b> |
| b) Weighted average number of equity shares for calculation of basic and diluted earnings per share<br>(Face value Rs. 10/- per share) |                   |                    |
| Number of equity shares outstanding as on March 31   | 1,84,90,30,224    | 1,84,90,30,224     |
| Add: Movement in Equity Shares issued during the period  | -                 | -                  |
| Number of equity shares outstanding  | 1,84,90,30,224    | 1,84,90,30,224     |
| Weighted average number of equity shares considered for calculation of basic and diluted earnings per share                            | 1,84,90,30,224    | 1,84,90,30,224     |
| c) Share of Rs. 10/- each:   |                   |                    |
| Basic EPS (Rs.) (a/b)  | (0.51)            | 14.78              |
| Diluted EPS (Rs.) (a/b)  | (0.51)            | 14.78              |

43 The Company has availed various fund and non-fund based working capital facilities from banks amounting to Rs. 1,12,500.00 lakhs secured by First ranking pari passu charge by deed of Hypothecation executed in favour of Vistra ITCL (India) Limited, security trustees over the whole of the current assets of the company both present and future including stock of raw materials, stock-in-process, semi-finished goods, finished goods, stores and spares. Further secured by all of the book debts, amount outstanding, monies receivable, investments, claims and bills of the borrower and Letter of Comfort backed by Board Resolution from the Holding company.

44 In respect of company's application for obtaining Environmental Clearance (EC) from Ministry of Environment, Forest and Climate Change (MoEF), the Forest Advisory Committee (FAC) of MoEF granted the Stage 1 clearance and approved the related Terms of Reference (TOR) on August 25, 2020. Draft Environmental Impact Assessment (EIA)/Environment Management Plan (EMP) was submitted to JSPCB on November 05, 2020 and on conclusion of Public hearing by JSPCB, Final EIA/EMP report was uploaded on Parivesh Portal of MoEF on January 11, 2021 for consideration by Expert Advisory Committee (EAC). The proposal submitted by ESL after completing the public consultation process has been accepted by EAC in its 41st meeting held on July 30, 2021 and EAC has considered favourably and decided for issuance of EC to ESL subject to environmental safeguards to be taken by the company. Provision of Rs. 23,552.55 lakhs towards cost of land for Compensatory Afforestation pending final determination of amount thereof, have been made in earlier year. The company is currently in the process of identifying, procuring and handing over the land to the authorities. Provision for other cost etc. as required in this respect have also been estimated and made and included in Note 36.1(a) above.

MoEF vide its letter dated August 25, 2021 has rejected the above proposal of EAC sighting the reason for pendency of similar matters for granting EC lying before certain high courts whereby SOPs issued for the purpose have been stayed and matters have not been finally decided. Pursuant to a SLP filed on September 25, 2021 before Hon'ble Supreme Court of India against the said decision of MoEF, Hon'ble Supreme Court of India vide order dated December 09, 2021 has set aside the impugned order and directed MoEF to process the EC Application of ESL as per the applicable law within a period of three months. On receipt of EC, necessary application for obtaining Consent to Establish (CTE) and then for Consent to Operate (CTO) will be made. However, MoEF vide its letter dated February 02, 2022 has deferred the grant of EC till Forest Clearance (FC) Stage-II is granted to the company. The company vide its letter dated February 11, 2022 has requested for reconsideration of the said decision and for issuance of EC in terms of the above order of Hon'ble Supreme Court Order of India.

Pending issue of EC by MoEF as given herein above, Hon'ble Supreme Court has directed that operation of steel plant shall not be interfered with on the ground of want of EC, FC, CTE or CTO. Considering this and favourable conclusion of EAC for granting EC and effective steps being taken by the management for obtaining CTO, the accounts of the company have been prepared on going concern basis.

45 Operational Buyers' Credit and Suppliers' Credit is availed in foreign currency from offshore branches of Indian banks or foreign banks at an interest rate ranging from 0.28% to 1.50% per annum and in rupee from domestic bank at interest rate ranging from 2.00% to 8.00% per annum. These trade credits are largely repayable within 180 days from the date of draw down. Operational Buyer's credit availed in foreign currency is backed by Standby Letter of Credit issued under working capital facilities sanctioned by domestic banks. These facilities as stated in Note no. 43 above are secured by first pari passu charge over the present and future current assets of the Company.



## 46 FINANCIAL INSTRUMENTS

a) The accounting classification of each category of financial instrument, their carrying amount and fair value are as follows:-

| Particulars  | As at March 31, 2022 |             | As at March 31, 2021 |             |
|--|----------------------|-------------|----------------------|-------------|
|  | Carrying Amount      | Fair Value  | Carrying Amount      | Fair Value  |
| <b>Financial Assets (Current and Non-Current)</b>              |                      |             |                      |             |
| <b>Fair Value through Profit and Loss Account</b>              |                      |             |                      |             |
| Derivative Assets - not designated as hedging instruments      |                      |             |                      |             |
| -Forward Contracts   | 566.88               | 566.88      | -                    | -           |
| Investments in Mutual Funds                                    | 18,015.91            | 18,015.91   | 40,889.96            | 40,889.96   |
| <b>Financial Assets at amortised cost</b>                      |                      |             |                      |             |
| Trade receivables  | 8,057.82             | 8,057.82    | 10,289.77            | 10,289.77   |
| Cash and Bank Balances   | 4,414.68             | 4,414.68    | 10,259.66            | 10,259.66   |
| Fixed Deposits with bank                                       | 63,731.61            | 63,731.61   | 30,114.55            | 30,114.55   |
| Interest bearing Deposits                                      | -                    | -           | 1,17,000.00          | 1,17,000.00 |
| Other Financial Assets   | 3,412.13             | 3,412.13    | 8,601.77             | 8,601.77    |
| <b>Financial Liabilities (Current and Non-Current)</b>         |                      |             |                      |             |
| <b>Financial Liabilities at amortised cost</b>                 |                      |             |                      |             |
| Borrowings- Floating Rate                                      | 2,70,484.11          | 2,70,484.11 | 3,13,475.47          | 3,13,475.47 |
| Borrowings- Fixed Rate   | 15,760.00            | 15,760.00   | 18,281.60            | 18,281.60   |
| Lease Liability  | 23,469.34            | 23,469.34   | 28,559.78            | 28,559.78   |
| Trade payables   | 46,880.99            | 46,880.99   | 38,271.41            | 38,271.41   |
| Operational Buyers' Credit / Suppliers' Credit                 | 75,166.51            | 75,166.51   | 55,122.71            | 55,122.71   |
| Interest on Loans and Borrowings                               | 1,960.65             | 1,960.65    | 1,991.61             | 1,991.61    |
| Others financial liabilities                                   | 6,464.52             | 6,464.52    | 2,240.52             | 2,240.52    |
| <b>Fair Value through Profit and Loss Account</b>              |                      |             |                      |             |
| Derivative Liabilities - not designated as hedging instruments |                      |             |                      |             |
| -Forward Contracts   | -                    | -           | 185.03               | 185.03      |

## b) Fair Valuation Techniques

The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

- The fair value of cash and cash equivalents, current trade receivables and payables, current financial liabilities and assets and borrowings approximate their carrying amount largely due to the short-term nature of these instruments. The management considers that the carrying amounts of financial assets and financial liabilities recognised at nominal cost in the financial statements approximate their fair values.
- The Company's long-term debt has been contracted at floating rates of interest. Fair value of variable interest rate borrowings approximates their carrying value subject to adjustments made for transaction cost. In respect of fixed interest rate borrowings, fair value is determined by using discount rates that reflects the present borrowing rate of the company.
- Investment in liquid and short-term mutual funds which are classified as fair value through profit and loss are measured using net asset value as published at the reporting date multiplied by the quantity held.
- The fair value of derivative financial instruments is determined based on observable market inputs including currency spot and forward rates, yield curves, currency volatility etc. The said valuation has been carried out by the counter party with whom the contract has been entered with and Management has evaluated the credit and non-performance risks associated with the counterparties and believes them to be insignificant and not requiring any credit adjustments.





c) Fair value hierarchy

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2022:

| Particulars   | As at March 31, 2022 | As at March 31, 2021 | Fair value measurements at reporting date using |               |         |
|---|----------------------|----------------------|---|---------------|---------|
|   |                      |                      | Level 1   | Level 2       | Level 3 |
| <b>Financial Assets</b>                             |                      |                      |   |               |         |
| - Derivative- not designated as hedging instruments |                      |                      |   |               |         |
| o Forward Contracts                                 | 566.88               | -                    | -   | 566.88        | -       |
| - Investment in Mutual Funds                        | 18,015.91            | 40,889.96            | 18,015.91                                       | -             | (-)     |
| - Investment in Fixed Deposits                      | 63,731.61            | 30,114.55            | (40,889.96)                                     | (-)           | (-)     |
| - Interest bearing Deposits                         | -                    | 1,17,000.00          | -   | 63,731.61     | -       |
|   |                      |                      | (-)   | (30,114.55)   | (-)     |
| <b>Financial Liabilities</b>                        |                      |                      |   |               |         |
| - Borrowings- Floating Rate                         | 2,70,484.11          | 3,13,475.47          | -   | 2,70,484.11   | -       |
| - Borrowings- Fixed Rate                            | 15,760.00            | 18,281.60            | (-)   | (3,13,475.47) | (-)     |
| - Operational Buyers' Credit / Suppliers' Credit    | 75,166.51            | 55,122.71            | -   | 15,760.00     | -       |
| - Lease Liability                                   | 23,469.34            | 28,559.78            | (-)   | (18,281.60)   | (-)     |
| - Derivative- not designated as hedging instruments |                      |                      | -   | 75,166.51     | -       |
| o Forward Contracts                                 | -                    | 185.03               | (-)   | (55,122.71)   | (-)     |
|   |                      |                      | -   | 23,469.34     | -       |
|   |                      |                      | (-)   | (28,559.78)   | (-)     |
|   |                      |                      | (-)   | -             | -       |
|   |                      |                      | (-)   | (185.03)      | (-)     |

(\*) Figures in round brackets ( ) indicate figures as at March 31, 2021

During the year ended March 31, 2022 and March 31, 2021, there were no transfers between Level 1, Level 2 and Level 3.

The Inputs used in fair valuation measurement are as follows:

-Fair valuation of Financial assets and liabilities not within the operating cycle of the company is amortised based on the borrowing rate of the company.

-Financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace. In respect of derivative financial instruments, the inputs used for forward contracts are Forward foreign currency exchange rates and Interest rates to discount future cash flow.

d) Derivatives assets and liabilities:

The Company follows established risk management policies, including the use of derivatives to hedge its exposure to foreign currency fluctuations on foreign currency assets / liabilities. The counter party in these derivative instruments is a bank and the Company considers the risks of non-performance by the counterparty as non-material.

i) The following tables present the aggregate contracted principal amounts of the Company's derivative contracts outstanding:

| Category    | Currency | As at March 31, 2022 |                            | As at March 31, 2021 |                            |
|-------------|----------|----------------------|----------------------------|----------------------|----------------------------|
|             |          | No. of Deals         | Amount in Foreign Currency | No. of Deals         | Amount in Foreign Currency |
| Buy Forward | USD/INR  | 28                   | 8,56,96,940                | 64                   | 4,06,02,220                |
|             | EURO/USD | 1                    | 1,46,818                   | 2                    | 6,05,460                   |
|             | GBP/USD  | 0                    | -                          | 1                    | 13,650                     |

ii) Unhedged Foreign Currency exposures are as follows: -

(Amount in Foreign Currency)

| Nature                                 | Currency | As at March 31, 2022 | As at March 31, 2021 |
|--|----------|----------------------|----------------------|
| Trade Payables (Including acceptances) | EURO     | -                    | 85,476               |
| Trade Receivable                       | USD      | 8,28,529             | 15,62,610            |

iii) The foreign exchange forward contracts mature within twelve months. The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet date:

(Amount in Rs. Lakh)

| Particulars  | As at March 31, 2022 | As at March 31, 2021 |
|--|----------------------|----------------------|
| Not later than one month                             | 370.24               | (71.34)              |
| Later than one month and not later than three months | 121.16               | (156.08)             |
| Later than three months and not later than one year  | 75.48                | 42.39                |
| Later than one year                                  | -                    | -                    |



## e) Sale of financial assets

In the normal course of business, the Company transfers its bills receivable to banks. Under the terms of the arrangements, the Company surrenders control over the financial assets and transfer is without recourse. Accordingly, such transfers are recorded as sale of financial assets. Gains and losses on sale of financial assets without recourse are recorded at the time of sale based on the carrying value of the financial assets. In certain cases, transfer of financial assets may be with recourse. Under arrangements with recourse, the Company is obligated to repurchase the uncollected financial assets, subject to limits specified in the agreement with the banks. Accordingly, in such cases the amounts received are recorded as borrowings in the statement of financial position and cash flows from financing activities.

During the year ended March 31, 2022 and 2021, the Company transferred and recorded as sale of financial assets of Rs. 71,177.12 lakhs and Rs. 53,699.43 lakhs respectively, under arrangements without recourse and has included the proceeds from such sale in net cash flow generated by operating activities. These transfers resulted in loss (discounting charges) of Rs. 787.24 lakhs and Rs. 593.82 lakhs for the year ended March 31, 2022 and 2021 respectively.

## f) FINANCIAL RISK MANAGEMENT

The Company's activities are exposed to a variety of financial risks. The key financial risk includes market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Director's reviews and approves policies for managing these risks. The risks are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

## MARKET RISK

Market risk is the risk or uncertainty arising from possible market fluctuation resulting in variation in the fair value of future cash flows of a financial instrument. The major components of Market risks are currency risk, interest rate risk, commodity price risk and other price risk. Financial instruments affected by market risk includes trade receivables, investment in fixed deposits and mutual funds, borrowings and trade and other payables.

## Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's trade and other payables and trade receivables.

In order to mitigate forex losses, the company has a comprehensive risk management review system wherein it actively hedges its foreign currency exposure with defined parameters through use of hedging instrument such as forward contracts. The Company periodically reviews its risk management initiatives and also takes expert advice on regular basis on hedging strategy.

The carrying amount of the various exposure to foreign currency as at the end of the reporting period are as follows:

| Particulars              | (Amount in Foreign Currency) |                         |                         |                         |
|--------------------------|------------------------------|-------------------------|-------------------------|-------------------------|
|                          | As at<br>March 31, 2022      | As at<br>March 31, 2021 | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|                          | USD                          | USD                     | EURO                    | EURO                    |
| Trade Receivable         | 8,28,529                     | 15,62,610               | -                       | -                       |
| Trade and other Payables | -                            | -                       | -                       | -                       |
| Net assets/(liabilities) | 8,28,529                     | 15,62,610               | -                       | -                       |

Sensitivity analysis resulting in profit or loss arises mainly from USD denominated receivables and payables are as follows:

| Particulars                                 | Effect on Profit before tax          |                                      |
|---|--------------------------------------|--------------------------------------|
|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
| PAYABLES (Weakening of INR by 5%)<br>USD    | -                                    | -                                    |
| RECEIVABLES (Weakening of INR by 5%)<br>USD | 0.41                                 | 0.78                                 |

A 5% strengthening of INR would have an equal and opposite effect on the Company's financial statements

## Interest Rate Risk

The company exposure in market risk relating to change in interest rate primarily arises from floating rate borrowing from the banks and financial institutions. Considering the same the carrying amount of said borrowing was considered to be at fair value.

Further there are deposits with banks and related party which are for short term period are exposed to interest rate falling due for renewal. These deposits are however generally for trade purposes and as such do not cause material implication.

With all other variables held constant, the following table demonstrates the impact of the borrowing cost on floating rate portion of loans and borrowings:

| Particulars  | Effect on Profit before tax          |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
| Increase in 50 basis points<br>Borrowings- Floating Rate | 1,352.42                             | 1,567.38                             |

A decrease in 50 basis point would have an equal and opposite effect on the Company's financial statements.



**Commodity price risk**

The Company's revenue is exposed to the market risk of price fluctuations related to the sale of its steel products. Market forces generally determine prices for the steel products sold by the Company. These prices may be influenced by factors such as supply and demand, production costs (including the costs of raw material inputs) and global and regional economic conditions and growth. Adverse changes in any of these factors may reduce the revenue that the Company earns from the sale of its steel products. The Company is subject to fluctuations in prices for the purchase of iron ore, coking coal, ferro alloys, zinc, scrap and other raw material inputs.

The Company aims to sell the products at prevailing market prices. Similarly, the Company procures key raw materials like iron ore and coal based on prevailing market rates as the selling prices of steel prices and the prices of input raw materials move in the same direction. Further, consequent to commencement of mining operations during the year supply of Iron Ore at the specified cost may be assured minimising the risk to that extent and may not have significant impact on the working results of the company.

**Other price risk**

The Company also invests in mutual fund schemes of leading fund houses. Such investments are susceptible to market price risk that arise mainly from changes in interest rate which may impact the return and value of such investments. However, given the relatively short tenure of underlying portfolio of the mutual fund schemes in which the Company has invested, such price risk is not significant.

**CREDIT RISK**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables). To manage this, the management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends and ageing of accounts receivable. Individual risk limits are set accordingly. Further the company obtains necessary security including letter of credits and/or bank guarantee to mitigate its credit risk.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. Receivables from customers are reviewed/evaluated periodically by the management and appropriate provisions are made to the extent recovery there against has been considered to be remote.

The carrying amount of respective financial assets recognised in the financial statements, (net of impairment losses) represents the Company's maximum exposure to credit risk. The concentration of credit risk is limited due to the customer base being large and unrelated. Of the trade receivables balance at the end of the year, there are two (March 31, 2021: three) customers having outstanding of Rs. 4,995.43 lakhs (March 31, 2021: Rs. 6,197.93 lakhs) which accounts for more than 10% of the accounts receivable.

The Company takes collateral or other credit enhancements to secure the credit risk. The Company has also taken advances, security deposits and Letter of Credit from its customers, which mitigate the credit risk to that extent.

**Financial assets that are neither past due nor impaired**

Cash and cash equivalents and deposits with banks are neither past due nor impaired. Cash and cash equivalents with banks are held with reputed and credit worthy banking institutions.

**Financial assets that are past due but not impaired**

Trade receivables amounting to Rs. 3,067.47 lakhs (March 31, 2021: Rs. 4,032.15 lakhs) which are past due at the end of the reporting period, no credit losses there against are expected to arise.

**LIQUIDITY RISK**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's objective is to maintain optimum level of liquidity to meet its cash and collateral requirements at all times. The company relies on internal accruals and borrowings from holding company to meet its fund requirement. The ongoing implementation measures will have a positive cash flow and in term help to control the liquidity crisis.

**Liquidity and interest risk tables**

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

**Interest rate and currency of borrowings**

| Particulars  | As at March 31, 2022     |                       |                                    |
|--------------|--------------------------|-----------------------|------------------------------------|
|              | Floating rate borrowings | Fixed rate borrowings | Weighted average Interest Rate (%) |
| INR          | 2,70,484.11              | 15,760.00             | 8.58%                              |
| <b>Total</b> | <b>2,70,484.11</b>       | <b>15,760.00</b>      |                                    |

| Particulars  | As at March 31, 2021     |                       |                                    |
|--------------|--------------------------|-----------------------|------------------------------------|
|              | Floating rate borrowings | Fixed rate borrowings | Weighted average Interest Rate (%) |
| INR          | 3,13,475.47              | 18,281.60             | 8.88%                              |
| <b>Total</b> | <b>3,13,475.47</b>       | <b>18,281.60</b>      |                                    |





## Maturity Analysis of Financial Liabilities

As at March 31, 2022

| Particulars                                    | Carrying Amount | On Demand | Less than 6 months | 6 to 12 months | > 1 year    | Total       |
|--|-----------------|-----------|--------------------|----------------|-------------|-------------|
| Interest bearing borrowings                    | 2,86,244.11     | -         | 23,020.80          | 23,020.80      | 2,40,202.51 | 2,86,244.11 |
| Interest payable                               | 1,960.65        | -         | 1,960.65           | -              | -           | 1,960.65    |
| Lease Liability                                | 23,469.34       | 20,968.77 | 633.80             | 339.93         | 1,526.84    | 23,469.34   |
| Operational Buyers' Credit / Suppliers' Credit | 75,166.51       | -         | 75,166.51          | -              | -           | 75,166.51   |
| Trade and other payables                       | 53,345.51       | 53,345.51 | -                  | -              | -           | 53,345.51   |

As at March 31, 2021

| Particulars  | Carrying Amount | On Demand | Less than 6 months | 6 to 12 months | > 1 year    | Total       |
|--|-----------------|-----------|--------------------|----------------|-------------|-------------|
| Interest bearing borrowings (including current maturities) | 3,31,757.07     | -         | 23,020.80          | 23,020.80      | 2,85,715.47 | 3,31,757.07 |
| Interest payable   | 1,991.61        | -         | 1,991.61           | -              | -           | 1,991.61    |
| Lease Liability  | 28,559.78       | 27,868.26 | 197.79             | 90.84          | 402.89      | 28,559.78   |
| Operational Buyers' Credit / Suppliers' Credit             | 55,122.71       | -         | 55,122.71          | -              | -           | 55,122.71   |
| Trade and other payables                                   | 40,511.93       | 40,511.93 | -                  | -              | -           | 40,511.93   |

The company has current financial assets which will be realised in ordinary course of business. Further it has significant retained surplus lying invested in fixed deposits and mutual funds so as to ensure that it has sufficient cash on demand to meet expected operational expenses and obligations.

## CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value. The Company's objective when managing capital is to safeguard their ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stake holders. The Company is focused on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required without impacting the risk profile of the Company.

The gearing ratio as at March 31, 2022 and March 31, 2021 are as follows:

| Particulars   | As at March 31, 2022 | As at March 31, 2021 |
|---|----------------------|----------------------|
| Current loans and borrowings  | 48,041.60            | 45,509.16            |
| Non-current loans and borrowings                                    | 2,40,202.51          | 2,86,247.91          |
| <b>Total loans and borrowings</b>                                   | <b>2,86,244.11</b>   | <b>3,31,757.07</b>   |
| Less: Cash and Cash Equivalents                                     | 6,411.03             | 12,082.00            |
| <b>Net Debt</b>   | <b>2,79,833.08</b>   | <b>3,19,675.07</b>   |
| Total equity attributable to the equity shareholders of the Company | 6,12,772.83          | 6,22,433.39          |
| <b>Capital and Debt</b>   | <b>8,92,605.91</b>   | <b>9,42,108.46</b>   |
| <b>Total capital (loans and borrowings and equity)</b>              | <b>0.46</b>          | <b>0.51</b>          |

## 47 RATIOS

The following are analytical ratios for the year ended March 31, 2022 and March 31, 2021

| Particulars                     | Numerator  | Denominator  | As at / For the year ended March 31, 2022 | As at / For the year ended March 31, 2021 | Variance | Remarks  |
|---------------------------------|--|--|---|---|----------|--|
| Current Ratio                   | Current Assets   | Current Liabilities  | 1.00                                      | 1.46                                      | -31.52%  | Due to optimum utilisation of Working capital limits                       |
| Debt-Equity ratio               | Short Term Borrowings+ Long Term Borrowings+ Lease Liabilities   | Total Equity   | 0.51                                      | 0.53                                      | -5.17%   |  |
| Debt service coverage ratio     | Earning before Interest, Depreciation and Tax+ Exceptional Items | Interest Expense+Principal Repayment of Long Term Debt+ Repayment of Lease Liabilities | 0.89                                      | 1.55                                      | -42.93%  | Lower EBITDA due to increase in price of principal inputs                  |
| Return on Equity Ratio          | Profit after Tax+ Exceptional Items                              | Total Equity   | -0.59%                                    | 48.33%                                    | -101.22% | Due to increase in price of principal inputs                               |
| Inventory turnover ratio        | Revenue from operations less EBITDA                              | Average Inventory  | 6.42                                      | 5.04                                      | 27.51%   | Optimum Inventory Management inspite of increase in Sales/Production cost. |
| Trade Receivable turnover ratio | Revenue from Operation   | Average Trade Receivables  | 71.90                                     | 34.75                                     | 106.91%  | Due to better realisation  |



Sensitivity: Confidential (C2)



| Particulars                   | Numerator  | Denominator   | As at / For the year ended March 31, 2022 | As at / For the year ended March 31, 2021 | Variance    | Remarks                                      |
|-------------------------------|--|---|---|---|-------------|--|
| Trade payables turnover ratio | Total Purchases                                    | Average Trade Payables including Operational Buyers' Credit / Suppliers' Credit | 4.92                                      | 3.18                                      | 54.82%      | Due to timely release of payments            |
| Net capital turnover ratio    | Revenue from operations                            | Working Capital   | 3,42,847.85                               | 5.13                                      | 6680309.30% | On account of Working capital                |
| Net profit ratio              | Profit after Tax+ Exceptional Items                | Revenue from Operation  | -0.55%                                    | 63.05%                                    | -100.87%    | Due to increase in price of principal inputs |
| Return on capital employed    | Earning before Interest and Tax+ Exceptional Items | Average Capital Employed (Capital Employed= Total Assets- Current Liabilities)  | 4.62%                                     | 8.17%                                     | -43.46%     | Due to increase in price of principal inputs |
| Return on Investments         | Income generated from investments                  | Time weighted average investments   | 3.55%                                     | 2.17%                                     | 63.50%      | Due to rate fluctuation of Mutual Funds      |

**48 INCOME TAX**

- (a) Income Tax has been provided considering the provisions of Income Tax Act and based on the legal opinion and advices received in this respect.
- (b) In assessing the reliability of deferred tax assets (DTA), the Company considers the extent to which, it is probable that the deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits against which those temporary differences and tax loss carry-forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment.

**Movement of Deferred Tax from beginning to the end of the financial year is as follows:**

| Particulars   | As at March 31, 2020 | Charge/ (Credit) to Statement of Profit | Charge/ (Credit) to Other | As at March 31, 2021 | Charge/ (Credit) to Statement of Profit | Charge/ (Credit) to Other | As at March 31, 2022 |
|---|----------------------|---|---------------------------|----------------------|---|---------------------------|----------------------|
| <b>Deferred Tax Liability</b>                                     |                      |   |                           |                      |   |                           |                      |
| a) Related to Property, Plant and Equipment and Intangible Assets | 45,678.26            | 3,607.98                                | -                         | 49,286.24            | 3,532.56                                | -                         | 52,818.80            |
| b) Fair Valuation of Mutual Funds                                 | 453.74               | (430.64)                                | -                         | 23.10                | (18.29)                                 | -                         | 4.81                 |
| c) Loans carried at Amortised Cost                                | 975.33               | (260.89)                                | -                         | 714.44               | (184.73)                                | -                         | 529.71               |
| d) Forward Contract receivable                                    | 361.53               | (361.53)                                | -                         | -                    | 198.09                                  | -                         | 198.09               |
| <b>Total Deferred Tax Liability</b>                               | <b>47,468.86</b>     | <b>2,554.92</b>                         | <b>-</b>                  | <b>50,023.78</b>     | <b>3,527.63</b>                         | <b>-</b>                  | <b>53,551.41</b>     |
| <b>Deferred Tax Assets</b>  |                      |   |                           |                      |   |                           |                      |
| a) Accumulated Unabsorbed depreciation                            | 43,917.13            | (1,99,396.88)                           | -                         | 2,43,314.01          | (12,473.60)                             | -                         | 2,55,787.61          |
| b) Accumulated Unabsorbed business loss                           | -                    | (67,753.42)                             | -                         | 67,753.42            | 9,067.62                                | -                         | 58,685.80            |
| c) Provision for doubtful debts, advances, and other provisions   | 3,279.88             | (10,417.92)                             | -                         | 13,697.80            | 11,645.90                               | -                         | 2,051.90             |
| c) Amount deductible on payment basis                             | 259.21               | 77.56                                   | (27.41)                   | 209.06               | (166.30)                                | (108.17)                  | 483.53               |
| c) Others   | 12.64                | (265.62)                                | -                         | 278.26               | 278.26                                  | -                         | -                    |
| <b>Total Deferred Tax Assets</b>                                  | <b>47,468.86</b>     | <b>(2,77,756.28)</b>                    | <b>(27.41)</b>            | <b>3,25,252.55</b>   | <b>8,351.88</b>                         | <b>(108.17)</b>           | <b>3,17,008.84</b>   |
| <b>Deferred Tax Liability/(Assets) (Net)</b>                      | <b>(0.00)</b>        | <b>(2,75,201.36)</b>                    | <b>(27.41)</b>            | <b>(2,75,228.77)</b> | <b>11,879.51</b>                        | <b>(108.17)</b>           | <b>(2,63,457.43)</b> |



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

| (Rs. in lakhs)                |  |   |   |   |             |  |
|-------------------------------|--|---|---|---|-------------|--|
| Particulars                   | Numerator  | Denominator   | As at / For the year ended March 31, 2022 | As at / For the year ended March 31, 2021 | Variance    | Remarks                                      |
| Trade payables turnover ratio | Total Purchases                                    | Average Trade Payables including Operational Buyers' Credit / Suppliers' Credit | 4.92                                      | 3.18                                      | 54.82%      | Due to timely release of payments            |
| Net capital turnover ratio    | Revenue from operations                            | Working Capital   | 3,42,847.85                               | 5.13                                      | 6680309.30% | On account of Working capital                |
| Net profit ratio              | Profit after Tax+ Exceptional Items                | Revenue from Operation  | -0.55%                                    | 63.05%                                    | -100.87%    | Due to increase in price of principal inputs |
| Return on capital employed    | Earning before Interest and Tax+ Exceptional items | Average Capital Employed (Capital Employed= Total Assets- Current Liabilities)  | 4.62%                                     | 8.17%                                     | -43.46%     | Due to increase in price of principal inputs |
| Return on Investments         | Income generated from investments                  | Time weighted average investments   | 3.55%                                     | 2.17%                                     | 63.50%      | Due to rate fluctuation of Mutual Funds      |

48 INCOME TAX

- (a) Income Tax has been provided considering the provisions of Income Tax Act and based on the legal opinion and advices received in this respect.
- (b) In assessing the reliability of deferred tax assets (DTA), the Company considers the extent to which, it is probable that the deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits against which those temporary differences and tax loss carry-forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment.

Movement of Deferred Tax from beginning to the end of the financial year is as follows:

| Particulars   | As at March 31, 2020 | Charge/ (Credit) to Statement of | Charge/ (Credit) to Other | As at March 31, 2021 | Charge/ (Credit) to Statement of | Charge/ (Credit) to Other | As at March 31, 2022 |
|---|----------------------|----------------------------------|---------------------------|----------------------|----------------------------------|---------------------------|----------------------|
| <b>Deferred Tax Liability</b>                                     |                      |                                  |                           |                      |                                  |                           |                      |
| a) Related to Property, Plant and Equipment and Intangible Assets | 45,678.26            | 3,607.98                         | -                         | 49,286.24            | 3,532.56                         | -                         | 52,818.80            |
| b) Fair Valuation of Mutual Funds                                 | 453.74               | (430.64)                         | -                         | 23.10                | (18.29)                          | -                         | 4.81                 |
| c) Loans carried at Amortised Cost                                | 975.33               | (260.89)                         | -                         | 714.44               | (184.73)                         | -                         | 529.71               |
| d) Forward Contract receivable                                    | 361.53               | (361.53)                         | -                         | -                    | 198.09                           | -                         | 198.09               |
| <b>Total Deferred Tax Liability</b>                               | <b>47,468.86</b>     | <b>2,554.92</b>                  | <b>-</b>                  | <b>50,023.78</b>     | <b>3,527.63</b>                  | <b>-</b>                  | <b>53,551.41</b>     |
| <b>Deferred Tax Assets</b>  |                      |                                  |                           |                      |                                  |                           |                      |
| a) Accumulated Unabsorbed depreciation                            | 43,917.13            | (1,99,396.88)                    | -                         | 2,43,314.01          | (12,473.60)                      | -                         | 2,55,787.61          |
| b) Accumulated Unabsorbed business loss                           | -                    | (67,753.42)                      | -                         | 67,753.42            | 9,067.62                         | -                         | 58,685.80            |
| c) Provision for doubtful debts, advances, and other provisions   | 3,279.88             | (10,417.92)                      | -                         | 13,697.80            | 11,645.90                        | -                         | 2,051.90             |
| c) Amount deductible on payment basis                             | 259.21               | 77.56                            | (27.41)                   | 209.06               | (166.30)                         | (108.17)                  | 483.53               |
| c) Others   | 12.64                | (265.62)                         | -                         | 278.26               | 278.26                           | -                         | -                    |
| <b>Total Deferred Tax Assets</b>                                  | <b>47,468.86</b>     | <b>(2,77,756.28)</b>             | <b>(27.41)</b>            | <b>3,25,252.55</b>   | <b>8,351.88</b>                  | <b>(108.17)</b>           | <b>3,17,008.84</b>   |
| <b>Deferred Tax Liability/(Assets) (Net)</b>                      | <b>(0.00)</b>        | <b>(2,75,201.36)</b>             | <b>(27.41)</b>            | <b>(2,75,228.77)</b> | <b>11,879.51</b>                 | <b>(108.17)</b>           | <b>(2,63,457.43)</b> |

The rationale for recognition of Deferred Tax Assets has been reviewed based on the expected sustainability of profit and growth in volume of business as per the current projections and estimates prepared by the management. Accordingly, Deferred Tax Assets of Rs. 11,771.34 lakhs (net) have been reversed during the year ended March 31, 2022 and balance amount of Rs. 2,63,457.43 lakhs based on management's assumption for reasonable certainty of utilisation thereof as required in terms of Ind AS 12 "Income Taxes" has been carried forward as at March 31, 2022.

In view of the management, future taxable income of the company considering the projected volume of operations based on current profitability and estimate for sustainability in this respect in future, will be sufficient to absorb the deferred tax assets for utilisation thereof over a period of time.

- (c) The Expiry date for accumulated business loss are as follows:

| Particulars             | Year of Expiry | Amount      |
|-------------------------|----------------|-------------|
| Business Loss           | 2023-2024      | 28,638.62   |
| Business Loss           | 2026-2027      | 27,793.81   |
| Business Loss           | 2027-2028      | 1,11,510.00 |
| Unabsorbed depreciation | Not Applicable | 7,31,992.96 |



Sensitivity: Confidential (C2)



(d) Reconciliation of Tax expense and the accounting profit multiplied by domestic tax rate for March 31, 2020

| Particulars   | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Profit/ (Loss) before tax   | 2,420.32                             | (2,181.42)                           |
| Income Tax Charge/(Credit) thereon based on tax rate @ 34.94%                         | 845.76                               | (762.27)                             |
| Adjustment for:   |                                      |                                      |
| Unrecognised Deferred Tax in earlier years recognised during the year                 | -                                    | (2,85,878.20)                        |
| Difference in amount of Unabsorbed business loss considered for last year computation | (2,429.53)                           | (2,049.08)                           |
| Losses lapsed during the year   | 12,850.01                            | -                                    |
| Other Permanent difference  | 613.27                               | 70.39                                |
| Unrecognised Unabsorbed Business losses   | -                                    | 13,417.80                            |
|   | <b>11,879.51</b>                     | <b>(2,75,201.36)</b>                 |

49 **Relationship with Struck-off Companies:** Based on information available with the company from the website of Ministry of Corporate Affairs. There were no transaction during the current year with such companies. During the previous year Rs. 4.70 lakhs was outstanding as payable to one such company i.e. HI-Q-CHEMIQUE PVT LTD. The amount being outstanding since long was written back in the previous year.

50 These financial statements have been approved by the Board of Directors of the Company on April 19, 2022, for issue to the shareholders for their adoption.

51 Schedule III to the Companies Act, 2013 vide notification dated March 24,2021 issued by Ministry of Corporate Affairs has been amended with effect from April 01, 2021 and these financial statement have been prepared giving effect to the said amendments. Accordingly, comparative figures for the previous year have been regrouped wherever applicable to make them comparable with those of the current year's figure.

As per our report of even date

For Lodha & Co,  
Chartered Accountants

*R.P. Singh*  
R.P. Singh  
Partner



Place: Bokaro  
Dated: April 19, 2022

For and on behalf of the Board of Directors

*P. Sumathi*  
Poovannan Sumathi  
(DIN : 07147100) Non-Executive Director

*Navnath Laxman Vhatte*  
Navnath Laxman Vhatte  
(DIN : 09048441) Whole time Director

*Mahesh Iyer*  
Mahesh Iyer Chief Financial Officer

*Manish Kumar Chaudhary*  
Manish Kumar Chaudhary  
M.No. ACS 23037 Company Secretary



*AB*