

**INDEPENDENT AUDITORS' REPORT****The Members of Electrosteel Steels Limited****Report on the Audit of the Standalone Financial Statements****Opinion**

We have audited the standalone financial statements of Electrosteel Steels Limited ("the Company"), which comprise the balance sheet as at March 31, 2020, 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 standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and 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 Standalone 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 together with the ethical requirements that are relevant to our audit of the Standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the 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 Standalone financial Statement which indicates that matters relating to denial of approval for Consent to Operate (CTO) and Environmental Clearance are pending before Hon'ble High Court of Jharkhand. Pending final decision of the court, there is a material uncertainty on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Emphasis of Matter**

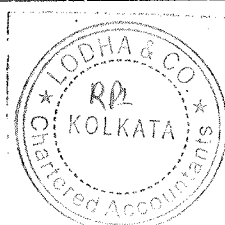
Attention is drawn to Note no. 50 of the standalone financial statement as regards the management's evaluation of impact of COVID-19 and uncertainty thereof on the assumptions and estimates concerning the financial statements as well as future performance of the company. Our opinion is not modified in respect of the above matter.

**Key Audit Matters**

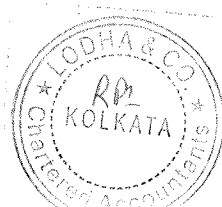
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone financial statements of the current year. These matters were addressed in the context of our audit of the Standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



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 5.5 and 6.1 of the Standalone 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, prices and discount rate.</p> <p>The above includes the evaluation of plant and equipment pertaining to expansion project undertaken in earlier years and lying unremoved pending further progress 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 was 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 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, and being a technical matter, placing reliance on management contention and technical advices in this respect;</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> </ul>
<b>Recognition of Deferred Tax Assets (as described in note 48 of the Standalone financial statements)</b>	
<p>Deferred tax assets amounting to Rs. 2,85,878.20 lakhs (attributable to depreciation and losses carry forwards) have not been recognized in the Standalone financial statements as at March 31, 2020. Recognition of such assets have been restricted to the extent of deferred tax liabilities to be reversed in due course of time.</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> <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> </ul>



Key Audit Matters	Addressing the key audit matters
<b>Statutory Claims and Liabilities prior to implementation of Resolution Plan (as described in note 40(B) of the Standalone financial statements)</b>	
<p>As per ARP, the contingent liabilities primarily concerning EPCG obligations, Custom Duty, Sales Tax, Excise Duty, Service Tax, Entry Tax, etc., and commitments, claims and obligations, prior to June 04, 2018 stand extinguished on implementation of the resolution plan approved by NCLT and therefore disclosure of contingent liabilities in this respect have not been considered necessary. However these matters are pending for decision before various judicial and legislative authorities and in certain cases even balances lying in current account with banks and government authorities have been withheld for payment/utilisations.</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>• Assessing and analysing management’s contention, disclosures, accounting and legal requirement vis-à-vis order of NCLT and conclusion drawn thereto;</li> <li>• Understanding the requirement of the Standard and the accounting being effected and overriding effect of the rulings and requirements of ARP;</li> <li>• Assessing the design and implementation of controls for monitoring and arriving at the possible implication of the various legal issues and matters; and</li> <li>• Where relevant, reading external expert advices obtained by the management or discussion of matters with the management and placing reliance on the expert advices on legal, taxation matters and conclusions drawn therefrom.</li> </ul>
<b>Non-Renewal of Consent to Operate from JPSCB (as described in note 44 of the Standalone 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). Hon’ble High Court of Jharkhand vide an Interim Order allowed the operations which has been extended till May 30, 2020 by general order dated April 27, 2020, pending final judgement in this respect.</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 and plans for future actions;</li> <li>• Reviewed the appropriateness of disclosure by the management; and</li> <li>• Reliance placed on the legal expert’s view vis-à-vis stay being granted, pending final judgement.</li> </ul>
<b>Amalgamation of Vedanta Star Limited (‘VSL’) (as described in note 45 of the Standalone financial statements)</b>	
<p>As stated in Note 45 to the financial statements, VSL has been amalgamated with the company w.e.f. October 01, 2018. The Company issued 1,76,55,53,035 shares in consideration of Net Assets of Rs. Rs. 1,76,184.30 lakhs and reserves of Rs. Rs. 1,74,222.58 lakhs acquired pursuant to the said amalgamation and differential with respect to the same has been adjusted and shown as capital reserve on amalgamation.</p> <p>This has resulted in Debit balance of Rs. 1,74,593.58 lakhs in Capital Reserve on Amalgamation with a corresponding Credit</p>	<p>Our Audit procedures based on which we arrived at the conclusion regarding reasonableness of Accounting includes the following:</p> <ul style="list-style-type: none"> <li>• Verified the significant accounting policies and accounting estimates of the amalgamating company and variations from those being followed by the Company. Verified the consequential adjustments required in this respect and give effect to in the financial statements;</li> <li>• Checked the method and process of the preparation of financial statements and tested the integrity and accuracy thereof;</li> <li>• Verified the comparative figures of the prior years being restated as required in terms of the accounting principles and standards;</li> </ul>



Key Audit Matters	Addressing the key audit matters
<p>balance of Rs. 1,75,043.27 lakhs in Securities Premium Account.</p>	<ul style="list-style-type: none"> <li>Ensured the application of accounting treatment of the Company's business combination under pooling of interest method involving balances to be incorporated at respective book value being in accordance with Appendix- C of Ind AS 103; and</li> <li>Verified the adequacy and appropriateness of the disclosures made in this respect.</li> </ul>
<p><b>Determination and Valuation of Inventories (as described in note 30.1 of the Standalone financial statements)</b></p>	
<p>Inventory of the Company amounting to Rs. 87,074.83 lakhs (as on March 31, 2020) forms about 8.38% of the total assets of the Company.</p> <p>This includes bulk materials such as coal, coke, iron ore etc, which are susceptible to handling loss, moisture loss/gain, spillage etc. and determination of the same requires estimation based on experience and technical expertise.</p> <p>As stated in Note no. 30.1, Physical Verification for year end inventories could not be carried out amidst lock down due to COVID-19 pandemic. Further, we could not attend such verification carried out by and Independent professionals subsequent to the balance sheet date due to the prevailing lock down.</p>	<p>Our Audit procedures based on which we arrived at the conclusion regarding reasonableness of determination of year-end inventory and valuation thereof include the following:</p> <ul style="list-style-type: none"> <li>The company has procedure of physical verification of inventories at regular interval by Independent professionals which were carried out till March 2020. The Company carried out the physical verification on May 11, 2020 and May 12, 2020 and services of an Independent agency for verification of Bulk and other Materials were engaged for the purpose. The services of one Independent firm of chartered accountant has been availed for observing/participation in verification;</li> <li>We have reviewed the credentials, technical and other expertise of the professional deployed for carrying out and observing the verification;</li> <li>We reviewed the report submitted for the verification along with workings and supporting details and obtained reasons/explanation for variations observed with respect to book stock;</li> <li>We have applied alternative methods of verification for arriving at Inventories as at the year-end by applying roll back principles and carrying out relevant adjustments for receipt and issues. Materiality for variations, discrepancies after considering the reasonable allowance for volumetric measurement were duly adjusted with respect to subsequent movements and discrepancies and adjustments pursuant to last such verification carried out.</li> <li>While necessary review and other corroborative evidences were obtained and verified, professional expert's report and conclusions drawn by them on the matter;</li> <li>We have verified the adjustments made for receipt and consumption to arrive at the physical stock as on March 31, 2020; and</li> <li>We examined the valuation process/methodology and checks being performed at multiple levels to ensure that the valuation is consistent with and as per the policy followed in this respect.</li> </ul>



**Information Other than the Standalone 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 Standalone 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 standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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 Standalone 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 standalone financial statements that give a true and fair view of the state of affairs (financial position), Profit or 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 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 standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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 Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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 standalone 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 standalone 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.

#### **Other Matters**

Attention is drawn to Note no. 45 of the Standalone financial statements regarding incorporation/restatement of figures of erstwhile Vedanta Star Limited (VSL) on amalgamation of VSL with the company with effect from October 01, 2018 pursuant to Scheme of Arrangement approved by Hon'ble NCLT, Kolkata. Our opinion is not modified in respect of this matter.

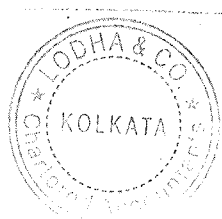
#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, 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:
- 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;
  - 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;
  - 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;
  - In our opinion, the aforesaid standalone 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;
  - On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act; and
  - 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:
- The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note no. 40(B) to the Standalone financial statements;
  - 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 Standalone financial statements; and
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by 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: May 18, 2020



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

*R. P. Singh*  
R. P. Singh  
Partner  
Membership No: 52438  
UDIN: 20052438AAAAAP4839

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

- i) a. The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets.
- b. The Company has a program of verification to cover all the items of fixed assets 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 and also as a specific and comprehensive exercise in this respect, detailed verification of fixed assets was carried out in the previous year by engaging the services of an Independent firm of professional for the purpose. The discrepancies noted on such verification as stated in Note no. 5.6 of the Standalone financial statements even though material in certain cases, pending completion of exercise of ascertaining the reasons thereof had been kept provided for in the books of the account. Considering the coverage of verification as above and the programme in this respect, no such verification has been undertaken during the year.
- c. According to the information and explanations given to us, the records examined by us and based on the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and building are held in the name of the Company as on the balance sheet date except as detailed below: (Refer Note no. 5.3(a) and 5.4 of the Standalone financial statements).

(Amount Rs. In Lakhs)

Freehold Land	Area	Gross Block
Pending Execution of Title deed	229.43 acres	1,615.99
Deeds not in possession of the company	263.74 acres	1,929.88
Title on Forest Land pending compliance of afforestation	455.35 acres	25,323.31

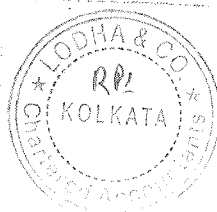
Further, deeds with defective title for 325.19 acres of land amounting to Rs. 5,530.82 lakhs as stated in Note no. 5.3(a) is to be regularised and converted to leasehold land after obtaining necessary approvals of the authorities and charge holders. Pending execution of lease deed, these have been shown as ROU Land.

- ii) As informed, the inventories of the Company except for materials in transit and those lying in depot have been physically verified by the management during the year. In our opinion and according to the information and explanations given to us, the frequency of such verification is reasonable. 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 year-end verification could not be carried out due to lock-down amidst COVID-19 pandemic. The Inventories as on that date have been arrived at by rolling back the receipts and issues with respect to verification carried out on a subsequent date in presence and supervision of an Independent firm of chartered accountant, entrusted with such responsibility. The discrepancies noted during the year on verification upto February, 2020 as stated in Note no. 30.1 of the Standalone financial statement have been properly dealt with in the books of the account.
- iii) The Company has not granted any loans secured or unsecured to companies, firms or parties covered in the register maintained under Section 189 of the Act. 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, 2020 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.
- b. There were no undisputed amounts payable in respect 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 in arrear as at March 31, 2020 for a period of more than six months from the date they become payable.
- c. According to the information and explanations given to us and as stated in Note no. 40(B) of the Standalone financial statements, all 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 on the said matter.
- viii) 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.
- ix) 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 (ix) of the Order is not applicable.
- x) During the course of our examination of books of account carried out in accordance with generally accepted auditing practices in India, we have neither come across any incidence of fraud on or by the Company nor have we been informed of any such cases by the management.
- xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- 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 Standalone Financial statements as required by the applicable accounting standards.



- xiv) 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 (xiv) of the Order is not applicable to the Company.
- 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) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

Place: Kolkata  
Date: May 18, 2020



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

*R. P. Singh*

R. P. Singh  
Partner  
Membership No: 52438  
UDIN: 20052438AAAAAP4839

**ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT  
(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' of our report 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 Electrosteel Steels Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Standalone 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 Standalone 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 Standalone 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.

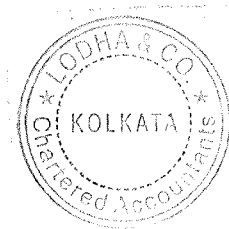
#### **Opinion**

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, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in COSO 2013.

#### **Other Matters**

The discrepancies noticed on physical verification of fixed assets as stated in Note no. 5.6 are being reviewed and corrective control measures as represented are under implementation. Reliance has been placed on the managements contention and procedures followed for testing the control and forming an opinion on the matter.

Place: Kolkata  
Date: May 18, 2020



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

*R. P. Singh*  
R. P. Singh  
Partner  
Membership No: 52438  
UDIN: 20052438AAAAAP4839

## ELECTROSTEEL STEELS LIMITED

## BALANCE SHEET AS AT MARCH 31, 2020

Particulars	Note No.	(Rs. in lakhs)	
		As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, Plant and Equipment	5	498,169.05	514,178.54
(b) Capital work-in-progress	6	91,011.72	91,073.72
(c) Other Intangible Assets	7	139.39	69.97
(d) Financial Assets:			
(i) Loans	8	52.15	69.50
(ii) Other Financial Assets	9	505.78	146.34
(e) Non Current Tax Assets (net)	10	2,206.34	1,570.99
(f) Deferred Tax Assets (net)	48	-	-
(g) Other Non-Current Assets	11	27.69	5,565.95
<b>Current assets</b>			
(a) Inventories	12	87,074.83	84,256.53
(b) Financial Assets:			
(i) Investments	13	110,046.33	62,675.96
(ii) Trade Receivables	14	17,172.51	23,312.83
(iii) Cash and Cash Equivalents	15	17,077.62	35,690.55
(iv) Bank Balances other than (iii) above	16	11,352.41	22,177.03
(v) Other Financial Assets	17	1,262.99	1,031.71
(c) Other Current Assets	18	3,870.07	4,164.99
<b>TOTAL ASSETS</b>		<b>839,968.88</b>	<b>845,984.61</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	19	184,903.02	196,165.97
(b) Other Equity	20	164,380.20	166,093.79
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial Liabilities:			
(i) Borrowings	21	331,581.57	357,192.83
(ii) Lease Liabilities	39	451.92	-
(b) Provisions	22	671.79	820.22
<b>Current liabilities</b>			
(a) Financial Liabilities:			
(i) Trade Payables	23		
- Total Outstanding dues of micro enterprises and small enterprises		4,488.44	2,768.76
- Total Outstanding dues of creditors other than micro enterprises and small enterprises		84,248.94	83,029.96
(ii) Other Financial Liabilities	24	56,350.93	29,996.67
(b) Other Current Liabilities	25	12,504.03	9,720.91
(c) Provisions	26	388.04	195.50
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>839,968.88</b>	<b>845,984.61</b>

Significant accounting policies and other accompanying notes (1 to 52) 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: May 18, 2020

For and on behalf of the Board

*A. Somathi*

A Somathi  
(DIN : 07147100)

Non-Executive Director

*Pankaj Malhan*

Pankaj Malhan  
(DIN : 08516185)

Whole time Director

*Jalaj Kumar Malpani*

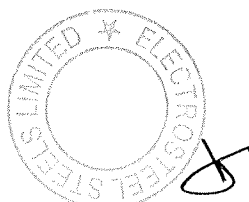
Jalaj Kumar Malpani

Chief Financial Officer

*Binaya Kumar Dash*

Binaya Kumar Dash  
(M. No. A17982)

Company Secretary



## ELECTROSTEEL STEELS LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Particulars	Note No.	(Rs. in lakhs)	
		Year ended March 31, 2020	Year ended March 31, 2019
<b>Revenue from Operations</b>			
Sale of Products	27	4,31,129.75	4,87,105.62
Other Operating Income	28	6,621.06	8,049.32
<b>Total Revenue from Operations</b>		<b>4,37,750.81</b>	<b>4,95,154.94</b>
Other Income	29	10,364.45	5,542.73
<b>Total Income</b>		<b>4,48,115.26</b>	<b>5,00,697.67</b>
<b>Expenses</b>			
Cost of Materials Consumed	30	2,82,423.70	2,91,466.71
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	31	(14,222.62)	3,952.39
Employee Benefits Expense	32	16,181.47	15,452.82
Finance Costs	33	38,413.55	32,246.02
Depreciation and Amortisation Expense	34	30,651.89	30,463.42
Other Expenses	35	96,848.19	1,01,529.55
<b>Total Expenses</b>		<b>4,50,296.18</b>	<b>4,75,110.91</b>
<b>Profit/ (Loss) before exceptional items and tax</b>		<b>(2,180.92)</b>	<b>25,586.76</b>
Exceptional Items	36	-	93,093.53
<b>Profit/ (loss) before tax</b>		<b>(2,180.92)</b>	<b>1,18,680.29</b>
<b>Tax expense:</b>	48		
(1) Current tax		-	-
(2) Deferred Tax		-	-
<b>Profit/ (loss) for the year</b>		<b>(2,180.92)</b>	<b>1,18,680.29</b>
<b>Other Comprehensive Income:</b>			
(i) Items that will not be reclassified to profit or loss	37	(52.24)	80.88
(ii) Income tax relating to items that will not be reclassified to profit or loss	48	-	-
<b>Other Comprehensive Income for the Year (net of taxes)</b>		<b>(52.24)</b>	<b>80.88</b>
<b>Total Comprehensive Income for the year</b>		<b>(2,233.16)</b>	<b>1,18,761.17</b>
<b>Earning per equity share of Par value of Rs. 10 each:</b>	42		
Basic and Diluted		(0.11)	5.37

Significant accounting policies and other accompanying notes (1 to 52) 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: May 18, 2020

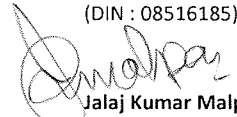
For and on behalf of the Board

  
A. Sumathi  
(DIN : 07147100)

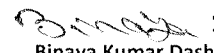
Non-Executive Director

  
Pankaj Malhan  
(DIN : 08516185)

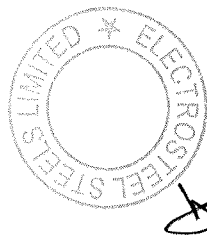
Whole time Director

  
Jalaj Kumar Malpani

Chief Financial Officer

  
Binaya Kumar Dash  
(M.No. A17982)

Company Secretary



## ELECTROSTEEL STEELS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH, 31, 2020

A. Equity Share Capital	(Rs. in lakhs)	(Rs. in lakhs)
<b>Balance as at March 31, 2019</b>		
Equity Share Capital	19,616.73	
Share Suspense	1,76,549.24	1,96,165.97
Less: Balance of Shares Suspense pending allotment as on March 31, 2019		(1,76,555.30)
Add: Shares issued to Shareholders on Amalgamation (Refer Note. 45(a))		1,76,555.30
Less: Shares cancelled pursuant to "Exit Offer" (Refer Note. 45(b))		(11,262.95)
<b>Balance as at March 31, 2020</b>		<b>1,84,903.02</b>

## B. Other Equity

As at March 31, 2020

(Rs. in lakhs)

Particulars	Capital Reserve	Capital Reserve on Amalgamation	Reserves and Surplus		Total
			Securities premium	Retained earnings	
Balance as at March 31, 2019	9,59,389.11	(1,74,593.58)	1,79,036.44	(7,97,738.18)	1,66,093.79
Amalgamation during the period (Refer Note no. 45(a))	-	-	-	-	-
Profit/(Loss) for the Year	-	-	-	(2,180.92)	(2,180.92)
Other Comprehensive Income for the year	-	-	-	(52.24)	(52.24)
<b>Total comprehensive income for the year</b>	-	-	-	<b>(2,233.16)</b>	<b>(2,233.16)</b>
Capital Reserve on cancellation of Shares pursuant to "Exit Offer" (Refer Note no. 45(b))	519.57	-	-	-	519.57
Capital Reduction during the year (Refer Note no. 43(a))	-	-	-	-	-
<b>Balance as at March 31, 2020</b>	<b>9,59,908.68</b>	<b>(1,74,593.58)</b>	<b>1,79,036.44</b>	<b>(7,99,971.34)</b>	<b>1,64,380.20</b>

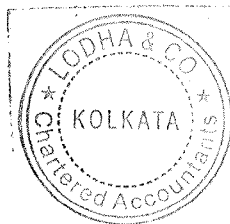
As at March 31, 2019

Particulars	Capital Reserve	Capital Reserve on Amalgamation	Reserves and Surplus		Total
			Securities premium	Retained earnings	
Balance as at March 31, 2018	-	-	3,993.17	(9,15,678.66)	(9,11,685.49)
Amalgamation during the period (Refer Note no. 45(a))	(1,831.14)	(1,74,593.58)	1,75,043.27	(820.69)	(2,202.14)
Profit/(Loss) for the Year	-	-	-	1,18,680.29	1,18,680.29
Other Comprehensive Income for the year	-	-	-	80.88	80.88
<b>Total comprehensive income for the year</b>	-	-	-	<b>1,18,761.17</b>	<b>1,18,761.17</b>
Capital Reserve on cancellation of Shares pursuant to "Exit Offer" (Refer Note no. 45(b))	0.28	-	-	-	0.28
Capital Reduction during the year (Refer Note no. 43(a))	9,61,219.97	-	-	-	9,61,219.97
<b>Balance as at March 31, 2019</b>	<b>9,59,389.11</b>	<b>(1,74,593.58)</b>	<b>1,79,036.44</b>	<b>(7,97,738.18)</b>	<b>1,66,093.79</b>

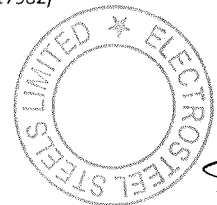
Refer Note no. 20 for nature and purpose of reserves

Significant accounting policies and other accompanying notes (1 to 52) form an integral part of the financial statements

As per our report of even date

For Lodha & Co,  
Chartered AccountantsR.P. Singh  
R.P. Singh  
PartnerPlace: Bokaro  
Dated: May 18, 2020

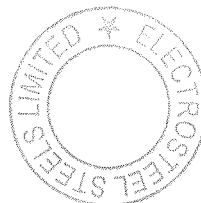
For and on behalf of the Board

A. Somathi  
Non-Executive Director  
(DIN : 07147100)Pankaj Malhan  
Whole time Director  
(DIN : 08516185)Jalaj Kumar Malpani  
Chief Financial OfficerBinaya Kumar Dash  
Company Secretary  
(M.No. A17982)

## ELECTROSTEEL STEELS LIMITED

## STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2020

	Year Ended March 31, 2020 Rs. in lakhs	Year Ended March 31, 2019 Rs. in lakhs
<b>A. Cash flow from Operating Activities</b>		
Profit before tax	(2,180.92)	1,18,680.29
Adjustment for non cash and other items:		
Liability written back being no longer required pursuant to CIRP	-	(85,627.50)
Bad Debt Written Off	-	557.18
Provision for Obsolete and Non-moving Stores and Spares	761.44	1,330.16
Depreciation and amortization expenses	30,651.89	30,463.42
Loss/(profit) on sale of fixed assets	140.53	20.53
Sundry credit balances written back	(62.47)	(184.30)
Sundry Balances written-off	4.57	95.04
Unrealised (gain)/ Loss on foreign currency translation and transaction	(882.26)	1,647.89
Net gain/(loss) on Derivative Instruments on fair valuation through profit and loss	(1,958.36)	923.60
Interest Income	(3,833.07)	(3,034.20)
Net Gain/(loss) on Current Investments on Fair Valuation through profit and loss	(857.27)	(441.21)
Net Gain/(loss) on disposal of Current Investments	(3,505.94)	(534.74)
Provision for doubtful advances	-	3,696.25
Impairment Allowance for doubtful debts, Advances and deposits	261.66	1,062.19
Finance Cost	38,413.55	32,246.02
Operating profit before Working Capital Changes	<b>56,953.35</b>	<b>1,00,900.62</b>
<b>Movements in working capital :</b>		
Decrease/(Increase) in Inventories	(3,538.71)	(1,113.91)
Increase/(Decrease) in Trade Payables, Other financial and Non-Financial liabilities and Provisions	3,477.23	(10,761.21)
Decrease/(Increase) in Trade Receivables	10,597.40	(1,145.99)
Decrease/(increase) in loans and advances, Other financial and non-financial assets and other assets	436.54	(1,391.59)
Cash generated from / (used in) operations	<b>67,925.81</b>	<b>86,487.92</b>
Direct taxes paid (net of refunds)	(635.35)	(1,076.24)
<b>Net Cash flow from / (used in) Operating Activities (A)</b>	<b>67,290.46</b>	<b>85,411.68</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	(8,210.26)	(7,094.96)
Proceeds from sale of Property, Plant and Equipments	167.27	3.12
Investment in Fixed Deposits (having original maturity of more than three months)	10,474.31	42,363.94
Investment/(Proceeds) from Investment in mutual funds (Net)	(43,007.15)	(62,582.43)
Interest received	3,918.92	3,483.17
<b>Net Cash flow from / (used in) Investing Activities (B)</b>	<b>(36,656.91)</b>	<b>(23,827.16)</b>
<b>Cash flow from Financing Activities</b>		
Proceeds from issuance of share capital	-	1,76,555.30
Repayment on Shares brought on Exit Offer	(10,744.85)	(5.44)
Proceeds/(Repayment) from long-term borrowings (net)	-	1,48,469.71
Proceeds/(Repayment) from short-term borrowings (net)	-	(42,045.88)
Repayment of Lease Liability	(136.06)	-
Interest and other borrowing cost paid	(38,365.57)	(3,10,817.23)
<b>Net Cash flow from / (used in) Financing Activities (C)</b>	<b>(49,246.48)</b>	<b>(27,843.54)</b>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(18,612.93)	33,740.98
Adjustment for amalgamation during the year (Refer Note no. 45(a))	-	(2,202.14)
Cash and cash equivalents at the beginning of the year	35,690.55	4,151.71
<b>Cash and cash equivalents at the end of the year (Refer Note no. 15)</b>	<b>17,077.62</b>	<b>35,690.55</b>





## ELECTROSTEEL STEELS LIMITED

## STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2020

## 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 March 31, 2019	Cash flows*	Non-Cash Flows	As at March 31, 2020
Non-current borrowings [Refer Note no. 21]	3,57,192.83	-	(25,611.26)	3,31,581.57
Current maturities of long term debt [Refer Note no. 24]	-	-	25,327.31	25,327.31
Finance Lease Liabilities [Refer Note no. 39]	-	(136.06)	1,020.92	884.86
Interest accrued but not due on borrowings [Refer Note no. 24]	3,036.53	(3,036.53)	2,800.56	2,800.56

\*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:

## Balances with Banks

In Current Accounts

Cash on hand

Fixed Deposits with original maturity of less than 3 months

Total cash and cash equivalents (Refer Note No. 15)

	As at March 31, 2020	As at March 31, 2019
	Rs. in lakhs	Rs. in lakhs
In Current Accounts	3,026.67	7,608.72
Cash on hand	0.95	4.70
Fixed Deposits with original maturity of less than 3 months	14,050.00	28,077.13
<b>Total cash and cash equivalents</b>	<b>17,077.62</b>	<b>35,690.55</b>

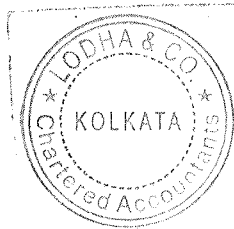
Significant accounting policies and other accompanying notes (1 to 52) form an integral part of the financial statements

As per our report of even date

For Lodha & Co,

Chartered Accountants

R. P. Singh  
Partner



Place: Bokaro

Dated: May 18, 2020

For and on behalf of the Board

A Somathi

(DIN : 07147100)

Director

Pankaj Malhan

(DIN : 08516185)

Whole time Director

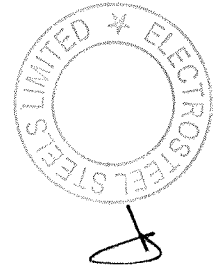
Jalaj Kumar Malpani

Chief Financial Officer

Binaya Kumar Dash

(M.No. A17982)

Company Secretary



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

**1 CORPORATE INFORMATION**

Electrosteel Steels Limited ("ESL" or "the Company") is a public limited company in India having its registered office at, 801, Uma Shanti Apartments, Kanke Road, Ranchi - 834 008 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's shares were listed on the National Stock Exchange of India Limited and BSE Limited till December 20, 2018. The Erstwhile Holding Company "Vedanta Star Limited" (VSL) has been amalgamated with ESL (Transferee Company) with effect from October 01, 2018 and the company has become subsidiary of Vedanta Limited.

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

The financial statement 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.

**Application of new and revised standards:****a) Ind AS 116, LEASES**

Effective April 01, 2019, the Company has adopted Ind AS 116 "Leases" and applied the standard to its leasehold assets under modified retrospective approach with cumulative effect of initial recognition being given effect to on the date of application. Consequently, such assets have been recognised as "Right of Use" and have been amortised over the term of lease. Further, finance cost in respect of lease liability has been measured and considered in these financial statements. Previously charge on account of this was recognised as lease rent in terms of the agreement. This however does not have any material impact on the Profit/Loss and Earning Per Share for the year.

b) Appendix C, 'Uncertainty over Income Tax Treatments', to Ind AS 12, 'Income Taxes' have also been revised with effect from the said date. Revision in these standard also did not have any material impact on the financial statements.

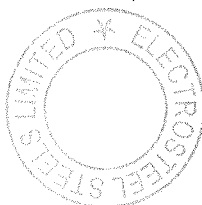
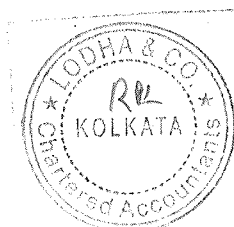
**3 SIGNIFICANT ACCOUNTING POLICIES****A. Basis of Preparation**

The Financial Statements have been prepared under the historical cost convention on accrual basis except certain financial instruments that are measured in terms of relevant Ind AS at fair values/ amortized costs at the end of each reporting period and certain class of Property, Plant and Equipment which on the date of transition have been fair valued to be considered as deemed costs.

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.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### 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 and comprises purchase price of assets or its construction cost including inward freight, duties and taxes (net of cenvat 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.

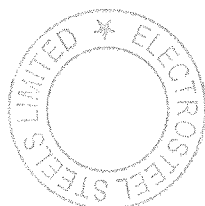
Direct Expenditure on implementation of the project prior to commencement of production and stabilization of commercial production of the respective plant facility, are classified as Project Development Expenditure and disclosed under Capital Work-in-Progress (net of income earned during the project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

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

### 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:



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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)

Pipe Moulds of 350 MM and above are depreciated over a period of three years. Other such moulds are charged out as and when consumed.

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.

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.

**C. INTANGIBLE ASSETS**

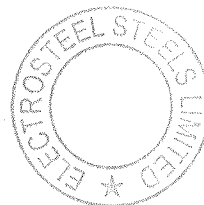
Intangible assets are stated at cost of acquisition/deemed cost on transition date, comprising of purchase price inclusive of taxes and duties (net of GST) less accumulated amortization and impairment losses.

Accordingly, cost of computer software are amortized over the useful life using straight line method over a period of 3-5 years.

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

**D. DERECOGNITION OF TANGIBLE AND INTANGIBLE ASSETS**

An item of PPE/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.



**E. LEASES**

The Company's lease asset classes primarily consist of leases for office space, transit houses, 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 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 liability 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, whether it will exercise an extension or a termination option. Lease liability and ROU asset are separately presented in the Balance Sheet and lease payments are classified as financing cash flows. Lease liability obligations is presented separately under the head "Financial Liabilities".

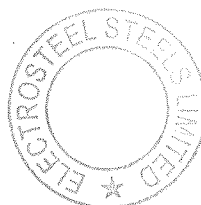
The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

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. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

**F. IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS**

Tangible and Intangible 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.



**G. 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. 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.

**ii. 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 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.

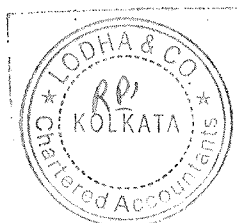
**iii. Financial Asset at Fair Value through Other Comprehensive Income (FVTOCI)**

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.

iv. For the purpose of para (ii) and (iii) 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.

**v. 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.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### vi. **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.

### vii. **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.

### viii. **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.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### H. 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.

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

### I. 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 year-end are translated at the year-end 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.

### J. 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.

### K. 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.

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

### L. EMPLOYEE BENEFITS

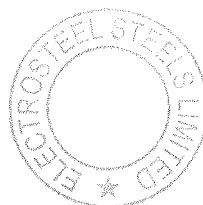
Employee benefits are accrued in the year in which services are rendered by the employee.

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

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 defined benefit plans consisting of contribution to gratuity are determined at close of the year at present value of the amount payable using actuarial valuation techniques. Actuarial gain and losses arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income.

Other long term employee benefits consisting of Leave encashment are determined at close of the year at present value of the amount payable using actuarial valuation techniques. The changes in the amount payable including actuarial gain or loss are recognised in the Statement of Profit or Loss.





## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### M. 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.

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 claim is fulfilled.

### N. BORROWING COST

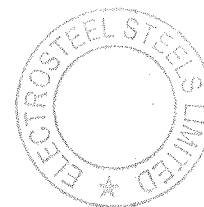
Borrowing cost comprises of interest and other costs incurred in connection with the borrowing of the funds. All borrowing costs are recognized in the Statement of Profit and Loss using the effective interest method except to the extent attributable to qualifying Property Plant Equipment (PPE) which are capitalized to the cost of the related assets. A qualifying PPE is an asset, that 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.

### O. RESEARCH AND DEVELOPMENT

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

### P. 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 Income" or deducted from the related expenses for the period to which these are related. Grants which are meant for purchase, construction or otherwise to 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.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### Q. 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 or substantively 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 recognized for all deductible temporary differences with respect to carryforward of unused tax credits and any unused tax losses/depreciation to the extent that it is probable that taxable profits will be available against which these can be utilized.

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 reduced 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.

### R. 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 shareholders 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.

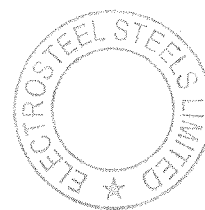
### S. SEGMENT REPORTING

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.

## 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 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:



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

Property, plant and equipment and intangible assets are depreciated/amortized on straight-line basis over the estimated useful lives (or lease term if shorter) in accordance with Internal assessment and Independent evaluation carried out by technical expert/ Schedule II of the Companies Act, 2013, 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.

During the year ended March 31, 2018 the company determined the recoverable amount of the CGU based on value in use (i.e. 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, 2020, the carrying amount of Property, Plant and Equipment, Intangible assets and Capital Work in Progress is Rs.5,89,320.16 lakhs (March 31, 2019: Rs. 6,05,322.23 lakhs)

b) **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 customers balance, their credit-worthiness and historical write-off experience.

c) **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. During the previous year, the company subsequent to approval of ARP by Hon'ble NCLT as stated in Note no. 43(a) has credited the amount of Equity Share Capital issued against non-sustainable debt and reduced thereafter to Capital Reserve in accordance with ARP. The management does not expect any tax liability in this respect based on independent professional advises received in this respect.

The Company has significant amount of unused tax losses and depreciation. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profit together with future tax planning strategies. The management has reviewed the rationale for recognition of Deferred Tax Assets and based on the likely timing and level of profitability in future and expected utilisation of deferred tax thereagainst and in absence of past trend and records, recognition of deferred tax assets has not been carried out.



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

**d) 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 option 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 things, the location of the underlying asset and the availability of suitable alternatives. The lease terms and impact thereof are reassessed in each year to ensure that the lease term reflects the current economic circumstances.

**e) Going Concern assumption**

As indicated in Note no. 44 of the financial statements, renewal of Consent to Operate (CTO) and environmental clearance has been denied by the respective authorities and the matter has been referred to Hon'ble High Court of Jharkhand whereby a stay has been granted till further hearing. Even though there is a uncertainty in this respect on this date, pending final decision and considering the steps being taken in this respect, the financial statement has been prepared on a Going Concern basis.

**f) Provisions and Contingencies**

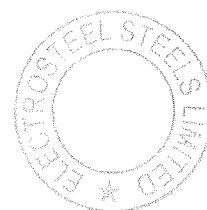
Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application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

As stated in Note no. 43(a) contingent liability prior to the effective date of NCLT Order has been extinguished. 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. Disclosure in this respect have been made in Note no. 40(B) of the financial statements.

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

Critical estimate of the DBO involves a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate, anticipation of future salary increases etc. as estimated by Independent Actuary. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.



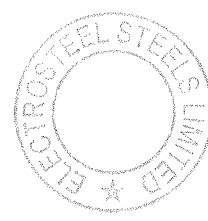
## 5 Property, Plant and Equipment:

As at March 31, 2020											
Particulars	Freehold land	Buildings	ROU - Land Leasehold	ROU - Building Leasehold	ROU - Equipments Leasehold	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipments	Railway Siding	Total
<b>Gross Block</b>											
As at March 31, 2019	66,453.85	1,99,524.70	-	-	-	7,93,542.31	589.45	390.39	3,410.94	20,029.67	10,83,941.31
Additions	1.88	64.41	5,531.76	360.90	661.70	8,160.75	6.88	31.00	67.74	16.46	14,903.48
Disposal	-	-	-	-	-	(783.47)	(3.65)	(32.10)	(0.63)	-	(819.85)
Other Adjustments	-	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2020</b>	<b>66,455.73</b>	<b>1,99,589.11</b>	<b>5,531.76</b>	<b>360.90</b>	<b>661.70</b>	<b>8,00,919.59</b>	<b>592.68</b>	<b>389.29</b>	<b>3,478.05</b>	<b>20,046.13</b>	<b>10,98,024.94</b>
<b>Accumulated Depreciation</b>											
As at March 31, 2019	-	30,553.80	-	-	-	1,14,558.84	225.44	260.75	1,001.77	3,589.42	1,50,190.02
Charge for the period	-	3,861.51	1.67	101.36	70.89	25,534.88	41.39	11.78	217.32	764.39	30,605.19
Disposal	-	-	-	-	-	(202.08)	(1.83)	(24.55)	(0.47)	-	(228.93)
Other Adjustments	-	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2020</b>	<b>-</b>	<b>34,415.31</b>	<b>1.67</b>	<b>101.36</b>	<b>70.89</b>	<b>1,39,891.64</b>	<b>265.00</b>	<b>247.98</b>	<b>1,218.62</b>	<b>4,353.81</b>	<b>1,80,566.28</b>
<b>Impairment</b>											
As at March 31, 2019	19,848.34	77,522.21	-	-	-	3,13,176.65	158.06	66.99	1,113.60	7,686.90	4,19,572.75
Charge for the period	-	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	(277.48)	(1.11)	(4.44)	(0.11)	-	(283.14)
Other Adjustments	-	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2020</b>	<b>19,848.34</b>	<b>77,522.21</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,12,899.17</b>	<b>156.95</b>	<b>62.55</b>	<b>1,113.49</b>	<b>7,686.90</b>	<b>4,19,289.61</b>
<b>Net carrying amount</b>											
<b>As at March 31, 2020</b>	<b>46,607.39</b>	<b>87,651.59</b>	<b>5,530.09</b>	<b>259.54</b>	<b>590.81</b>	<b>3,48,128.78</b>	<b>170.73</b>	<b>78.76</b>	<b>1,145.94</b>	<b>8,005.42</b>	<b>4,98,169.05</b>

(Rs. in lakhs)

As at March 31, 2019											
Particulars	Freehold land	Buildings	ROU - Land Leasehold	ROU - Building Leasehold	ROU - Equipments Leasehold	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipments	Railway Siding	Total
<b>Gross Block</b>											
As at March 31, 2018	42,450.01	1,98,916.76	-	-	-	8,10,322.01	1,370.30	169.70	713.82	18,044.97	10,71,987.57
Additions	23,552.55	18.00	-	-	-	5,951.18	53.51	-	155.05	69.01	29,799.30
Disposal	-	-	-	-	-	(24.21)	-	(32.69)	-	-	(56.90)
Other Adjustments	451.29	589.94	-	-	-	(22,706.67)	(834.36)	253.38	2,542.07	1,915.69	(17,788.66)
<b>As at March 31, 2019</b>	<b>66,453.85</b>	<b>1,99,524.70</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,93,542.31</b>	<b>589.45</b>	<b>390.39</b>	<b>3,410.94</b>	<b>20,029.67</b>	<b>10,83,941.31</b>
<b>Accumulated Depreciation</b>											
As at March 31, 2018	-	26,531.72	-	-	-	92,101.74	504.44	84.19	286.71	2,448.94	1,21,957.74
Charge for the period	-	3,878.04	-	-	-	25,489.57	47.70	27.68	228.95	764.13	30,436.07
Disposal	-	-	-	-	-	(8.90)	-	(24.35)	-	-	(33.25)
Other Adjustments	-	144.04	-	-	-	(3,023.57)	(326.70)	173.23	486.11	376.35	(2,170.54)
<b>As at March 31, 2019</b>	<b>-</b>	<b>30,553.80</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,14,558.84</b>	<b>225.44</b>	<b>260.75</b>	<b>1,001.77</b>	<b>3,589.42</b>	<b>1,50,190.02</b>
<b>Impairment</b>											
As at March 31, 2018	19,385.88	78,724.10	-	-	-	3,28,017.53	392.87	34.91	191.90	7,122.32	4,33,869.51
Charge for the period	-	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	(7.57)	-	(2.09)	-	-	(9.66)
Other Adjustments	462.46	(1,201.89)	-	-	-	(14,833.31)	(234.81)	34.17	921.70	564.58	(14,287.10)
<b>As at March 31, 2019</b>	<b>19,848.34</b>	<b>77,522.21</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,13,176.65</b>	<b>158.06</b>	<b>66.99</b>	<b>1,113.60</b>	<b>7,686.90</b>	<b>4,19,572.75</b>
<b>Net carrying amount</b>											
<b>As at March 31, 2019</b>	<b>46,605.51</b>	<b>91,448.69</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,65,806.82</b>	<b>205.95</b>	<b>62.65</b>	<b>1,295.57</b>	<b>8,753.35</b>	<b>5,14,178.54</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. 17,355.54 lakhs
- 5.2 Gross book value of Railway siding includes Rs. 120,70.19 lakhs (March 31, 2019: Rs 12,070.19 lakhs), incurred for construction of Railway siding ownership of which does not vest with the company.
- 5.3 a) "RoU Land Leasehold" includes 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. 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. Execution of lease deed is however subject to necessary approval from relevant authorities and charge holders.  
b) "ROU Buildings" and "ROU Equipment" relates to building premises and equipments respectively taken on lease and recognised as "Right of Use" in terms of Ind AS 116 on implementation with effect from April 01, 2019 as stated in Note no. 3(E).
- 5.4 Freehold land includes:-  
a) 229.42 acres amounting to Rs. 1,615.99 lakh which is pending execution of registration thereof;  
b) 263.74 acres amounting to Rs. 1,929.88 lakhs (on proportionate basis) for which deeds are currently not available with the company and/or are yet to be obtained from erstwhile promoters; and  
c) 455.35 acres amounting to Rs. 25,323.31 lakhs (on proportionate basis) including demand of Rs. 23,552.55 lakhs against which in principal approval has been granted by the competent authority for diversion of the said land and Rs. 2,295.98 lakhs has been paid as advance. The title deed for such land pertain to forest department pending compliance of requirement of afforestation and approval from respective authorities and necessary steps are being taken for regularisation etc. (Refer Note no.44).
- 5.5 In earlier years, the Company had carried out the Impairment testing determining the Fair Value less cost to Sale and Value in Use. 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.
- 5.6 During the year ended March 31, 2019, the management had appointed an External Agency for physical verification of fixed assets and review of useful life and residual value of the Property, Plant and Equipment. Discrepancies with respect to Property, Plant and Equipment being physically not traceable amounting to Rs.14,277.91 lakhs (Net Block) as provided for in that year has been continued in this year.
- 5.7 Refer note. No. 21 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

(a)	Capital Work in Progress
(b)	Project Development Expenditure
(c)	Impairment

Refer Note No.	As at	
	March 31, 2020	March 31, 2019
6.1	96,776.15	96,838.15
6.1	71,469.15	71,469.15
	(77,233.58)	(77,233.58)
	<u>91,011.72</u>	<u>91,073.72</u>

## 6.1 Project Development Expenditure

The installation of certain plant and equipments and other facilities mainly consisting of one Blast furnace, Horizontal Coke Oven batteries and related plants, equipments and facilities which were suspended in earlier years, is pending completion as on this date. The above relates to the installation of certain plant and equipments and other facilities mainly consisting of blast furnace, coke oven batteries and related plants, equipments for expanding the production capacity from 1.5 MTPA to 2.5 MTPA. The company has engaged the services of a technical consultant for carrying out feasibility study and providing various technical consultancies which includes evaluation of current status of equipments etc. being considered as capital work in progress and those to be procured for completing the said project. This could not be progressed due to out break of COVID-19 as such the cost so far incurred has been carried forward. The adjustments required in this respect even though has not been expected to be material by the management will be given effect to when ascertained.

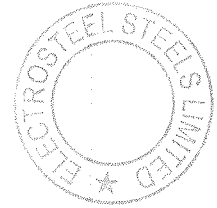
'Project Development Expenditure' represents proportionate Interest and other pre-operative expenditure related to the above project accounted as under 'Capital Work-in-Progress'. Capital work in progress includes Rs. 96,776.15 Lakhs (March 31, 2019: Rs. 96,838.15 lakhs), in respect of plant and equipment and other facilities to be installed and following project development expenditure:

## Project Development Expenditure Account (Included under Capital Work-in-Progress)

## Particulars

Balance brought forward
Less: Allocated/Transferred during the year
Total Project development expenditure carried forward

As at		As at	
March 31, 2020		March 31, 2019	
71,469.15		71,512.71	
-		(43.56)	
<u>71,469.15</u>		<u>71,469.15</u>	



## ELECTROSTEEL STEELS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

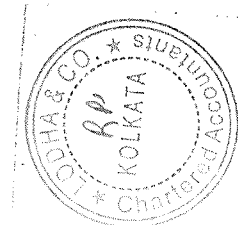
## 7. Other Intangible Assets

(Rs. in lakhs)

Particulars	Gross Block			Amortisation			Impairment			Net carrying amount As at March 31, 2020	
	As at March 31, 2019	Additions	Other Adjustments	As at March 31, 2020	Charge for the period	Other Adjustments	As at March 31, 2020	For the period	Other Adjustments		As at March 31, 2020
Computer Softwares	380.46	116.12	-	496.58	46.70	-	302.53	-	-	54.66	139.39

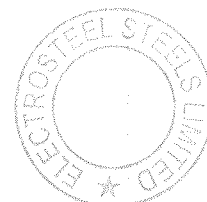
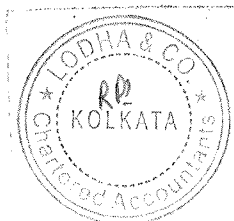
## As at March 31, 2019

Particulars	Gross Block			Amortisation			Impairment			Net carrying amount As at March 31, 2019	
	As at March 31, 2018	Additions	Other Adjustments	As at March 31, 2019	Charge for the period	Other Adjustments	As at March 31, 2018	For the period	Other Adjustments		As at March 31, 2019
Computer Softwares	356.86	30.13	(6.53)	380.46	27.35	(2.45)	255.83	-	11.27	54.66	69.97



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

		(Rs. in lakhs)	
		As at	As at
		March 31, 2020	March 31, 2019
<b>8</b>	<b>Loans</b>		
	<b>Particulars</b>	<b>Refer Note No.</b>	
(a)	Security Deposit		
	Unsecured, considered good		69.50
	Unsecured, Credit Impaired		856.55
	Less: Impairment Allowance for doubtful deposit	8.1	(856.55)
			<u>69.50</u>
	<b>8.1 Movement of Impairment Allowances for doubtful deposits</b>		
	<b>Particulars</b>	<b>For the Year ended</b>	<b>For the Year ended</b>
		<b>March 31, 2020</b>	<b>March 31, 2019</b>
	Balance at the beginning of the year	856.55	-
	Recognised during the year	-	856.55
	Reversal during the year	(2.61)	-
	Balance at the end of the year	<u>853.94</u>	<u>856.55</u>
<b>9</b>	<b>Other Financial Assets</b>		
	<b>Particulars</b>	<b>Refer Note No.</b>	
(a)	Fixed Deposits with Banks (having original maturity of more than 12 months)	16.2	143.67
(b)	Interest receivable on fixed deposits	16.2	2.67
			<u>146.34</u>
<b>10</b>	<b>Non-Current Tax Assets (net)</b>		
	<b>Particulars</b>	<b>Refer Note No.</b>	
	Advance Income Tax including Tax deducted at source (net of provision)		1,570.99
			<u>1,570.99</u>
<b>11</b>	<b>Other Non-Current Assets</b>		
	<b>Particulars</b>	<b>Refer Note No.</b>	
(a)	Capital advances		
	Considered good		35.87
	Considered Doubtful		3,044.85
	Less: Impairment Allowance for doubtful Advances	11.2	(3,044.85)
(b)	Leasehold land prepayment	11.1	5,530.08
(c)	Gratuity Fund Receivable	32.1	-
			<u>5,565.95</u>
	<b>11.1 Leasehold prepayment includes Rs. NIL (March 31, 2019: Rs. 5,461.16 lakhs) in respect of 325.19 acres of freehold including demand of Rs. 4,144.74 lakhs against which Rs. 3,315.79 lakhs has been paid as advance. The title deed of the said land will be regularised by conversion to leasehold land on execution of agreement thereof with Revenue Department, Government of Jharkhand. This however, is subject to necessary approval from the authorities and the charge holders (as stated in Note no. 5.3(a) and 5.7) and execution of required deed in this respect. During the year, Leasehold land prepayment has been treated as "RoU Land assets" as stated in Note no. 5.3(a).</b>		
	<b>11.2 Movement of Impairment Allowances for doubtful advances</b>		
	<b>Particulars</b>	<b>For the Year ended</b>	<b>For the Year ended</b>
		<b>March 31, 2020</b>	<b>March 31, 2019</b>
	Balance at the beginning of the year	3,044.85	-
	Recognised during the year	-	3,044.85
	Reversal during the year	(34.82)	-
	Balance at the end of the year	<u>3,010.03</u>	<u>3,044.85</u>
<b>12</b>	<b>Inventories</b>		
	<b>Particulars</b>	<b>Refer Note No.</b>	
(a)	Raw Materials	12.1	45,790.04
(b)	Raw Materials in transit		4,558.98
(c)	Semi Finished Goods/ Work In Progress		2,079.96
(d)	Finished Goods		8,001.88
(e)	Finished Goods in transit		1,589.93
(f)	Stores and Spares	12.2	19,747.68
	Less: Provision for Obsolete and Non-moving Stores and Spares	12.3	(3,083.08)
(g)	Stores and Spare Parts in transit		3,181.51
	Less: Provision for Obsolete and Non-moving Stores and Spares	12.3	-
(h)	Scrap and By Products		2,389.65
			<u>87,074.83</u>
			<u>84,256.53</u>





NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in lakhs)

12.1 Raw Materials stock includes Rs. 359.41 lakhs (March 31, 2019: 2,197.04 lakhs) being Stock of ROM Coal to be used in Power Plant and shown as Power and Fuel expense.

12.2 Stores and Spares stock includes stock of DI Pipe Mould of size 350 mm and above amounting to Rs. 1,692.06 lakhs (March 31, 2019: Rs.777.11 lakhs).

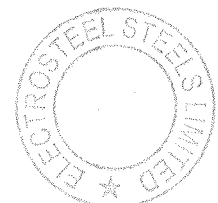
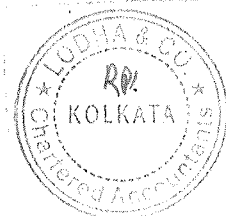
12.3 The Company has a policy of making provision against obsolete and non-moving stores and spares which are lying unmoved for a period of above two years. The movement in provisions are as follows:

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Balance at the beginning of the year	3,083.08	1,752.92
Recognised during the year	761.44	1,330.16
Reversal during the year	-	-
Balance at the end of the year	<b>3,844.52</b>	<b>3,083.08</b>

12.4 Also refer Note no. 49 in respect of charge created against borrowings

13 Investments

Investments measured at fair value through Profit and Loss Investment in Mutual Funds (quoted)	As at March 31, 2020		As at March 31, 2019	
	Units	Amount	Units	Amount
(a) Kotak Savings Fund- Direct Plan- Growth Option (Face Value: Rs. 10)	-	-	6,38,016.93	9,252.90
(b) Kotak Money Market Fund- Direct Plan- Growth Option (Face Value: Rs. 1,000)	6,34,789.84	21,031.10	-	-
(c) UTI Money Market Fund - Regular Plan- Growth Option (Face Value: Rs. 1,000)	-	-	1,24,144.10	2,605.57
(d) UTI Liquid Cash Plan - Regular Plan- Growth Option (Face Value: Rs. 1,000)	-	-	69,055.59	2,106.15
(e) Aditya Birla Sunlife Savings Fund- Direct Plan- Growth Option (Face Value: Rs. 100)	52,23,019.97	20,935.38	14,67,989.52	5,418.88
(f) Aditya Birla Sunlife Money Manager Fund- Regular Plan- Growth Option (Face Value: Rs. 100)	-	-	10,41,686.58	2,608.06
(g) Aditya Birla Sunlife Liquid Fund- Regular Plan- Growth Option (Face Value: Rs. 100)	-	-	9,07,949.29	2,714.82
(h) HDFC Ultra-Short Term Fund- Regular Plan- Growth Option (Face Value: Rs. 10)	-	-	5,29,88,880.56	5,541.10
(i) HDFC Money Market Fund- Direct Plan - Growth Option (Face Value: Rs. 10)	4,74,118.97	20,007.05	-	-
(j) HDFC Liquid Fund- Regular Plan- Growth Option (Face Value: Rs. 1,000)	-	-	71,696.78	2,624.32
(k) ICICI Prudential Money Market Fund- Direct Plan - Growth Option (Face Value: Rs. 100)	16,36,636.32	4,570.55	12,79,036.55	3,310.56
(l) ICICI Prudential Liquid Fund-Regular Plan- Growth Option (Face Value: Rs. 100)	-	-	5,11,927.14	1,409.94
(m) I&T Liquid Fund- Regular Plan- Growth Option (Face Value: Rs. 1,000)	-	-	88,428.28	2,258.13
(n) I&T Ultra Short Term Fund- Direct Plan- Growth Option (Face Value: Rs. 10)	5,16,74,375.58	17,274.64	1,05,71,599.63	3,228.02
(o) LIC MF Liquid Fund-Regular Plan- Growth Option (Face Value: Rs. 1,000)	-	-	73,261.33	2,466.87
(p) NIPPON India Liquid Fund- Growth Plan - Growth Option (Formerly Reliance Liquid Fund - Growth Plan - Growth Option) (Face Value: Rs. 1,000)	-	-	64,501.64	2,927.87
(q) NIPPON India Money Market Fund- Direct Plan- Growth Option (Formerly Reliance Money Market Fund - Direct Plan- Growth Option) (Face Value: Rs. 1,000)	6,82,429.53	20,832.24	74,587.47	2,105.77
(r) SBI Magnum Ultra Short Duration Fund- Regular Plan- Growth Option (Face Value: Rs. 1,000)	-	-	2,16,270.24	8,964.27
(s) SBI Liquid Fund - Regular Plan- Growth Option (Face Value: Rs. 1,000)	-	-	58,907.39	1,717.92
(t) TATA Liquid Fund- Direct Plan- Growth Option (Face Value: Rs. 1,000)	66,790.78	2,091.88	48,277.97	1,414.81
(u) AXIS Liquid Fund- Direct Plan- Growth Option (CFDGG) (Face Value: Rs. 1,000)	1,49,863.12	3,303.49	-	-
		<b>1,10,046.33</b>		<b>62,675.96</b>



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in lakhs)

13.1 Aggregate amount of quoted Investments in Mutual Funds	1,10,046.33	62,675.96
13.2 Aggregate amount of NAV of Investments in Mutual Funds	1,10,046.33	62,675.96
13.3 Particulars of Investments as required under Section 186(4) of the Companies Act, 2013 have been disclosed herein above.		
13.4 Also refer Note no. 49 in respect of charge created against borrowings		

14 Trade Receivables

Particulars	Refer Note No.	As at March 31, 2020	As at March 31, 2019
<b>Unsecured</b>			
Considered good	14.1	16,770.33	22,899.70
Considered good, having significant increase in Credit Risk	14.1	402.18	413.13
Credit Impaired		1,920.90	1,755.49
Less: Impairment Allowance for doubtful debts	14.2	(1,920.90)	(1,755.49)
		<u>17,172.51</u>	<u>23,312.83</u>

14.1 Ageing of Trade Receivables

Particulars	As at March 31, 2020	As at March 31, 2019
Within the credit period	5,381.53	15,245.52
0 - 90 days	5,811.27	6,385.70
91 - 180 days	4,214.65	303.80
More than 180 days	1,765.06	1,377.81
	<u>17,172.51</u>	<u>23,312.83</u>

14.2 Movement of Impairment Allowances for doubtful debts

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Balance at the beginning of the year	1,755.49	1,587.81
Recognised during the year	165.41	167.68
Reversal during the year	-	-
Balance at the end of the year	<u>1,920.90</u>	<u>1,755.49</u>

14.3 Also refer Note no. 49 in respect of charge created against borrowings

15 Cash and Cash Equivalents

Particulars	Refer Note No.	As at March 31, 2020	As at March 31, 2019
(a) <b>Balances with Banks:</b>			
- In Current Accounts		3,026.67	7,608.72
(b) Cash on hand		0.95	4.70
(c) Fixed Deposits with original maturity of less than 3 months		14,050.00	28,077.13
		<u>17,077.62</u>	<u>35,690.55</u>

16 Bank Balances other than Cash and cash equivalents

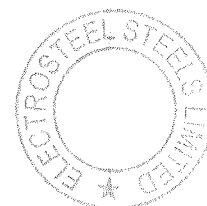
Particulars	Refer Note No.	As at March 31, 2020	As at March 31, 2019
(a) <b>Balances with Banks:</b>			
- In Current Accounts	16.1 and 16.3	1,499.29	43.91
(b) Fixed Deposits with Banks (having original maturity of more than 3 months)	16.2	9,853.12	22,133.12
		<u>11,352.41</u>	<u>22,177.03</u>

16.1 Refer Note no. 21 in respect of charge created against borrowings

16.2 Fixed Deposits with banks includes:

- Rs. 6,982.44 lakhs (March 31, 2019: Rs. 12,361.02 lakhs) (including Rs. 275.72 lakhs (March 31, 2019: Rs. 161.60 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;
- Rs. 264.66 lakhs (March 31, 2019: Rs. 25.64 lakhs) (including Rs. 217.56 lakhs (March 31, 2019: Rs. 2.57 lakhs) disclosed under other non-current assets) lying with Customers/ Vendors/ Government Authorities in term of agreement/orders; and
- Rs. 3,100.00 lakhs (March 31, 2019: Rs. 3,043.50 lakhs) lying with Banks as per the Interest Service Account in term of facilities granted as detailed in Note no. 21.

16.3 Balances with banks in current account includes Rs. 1,394.60 lakhs (March 31, 2019: Nil) and balances with government authorities includes Rs. 148.57 lakhs (March 31, 2018: Nil) against accounts freezed and amount withheld by commercial tax department against sales tax demand pending in appeal before Hon'ble High Court at Kolkata and Supreme Court of India (Refer Note. no. 40(B)(i)).



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in lakhs)

17 Other Financial Assets

Particulars	Refer Note No.	As at	As at
		March 31, 2020	March 31, 2019
(a) Earnest Money to Vendors			
Considered good		86.32	52.38
Considered Doubtful		60.96	35.46
Less: Impairment Allowance for doubtful deposits	17.1	(60.96)	(35.46)
(b) Earnest Money to Customers			
Considered good		4.00	131.00
Considered Doubtful		6.75	6.75
Less: Impairment Allowance for doubtful debts	17.1	(6.75)	(6.75)
(c) Derivative Assets at fair value through profit and loss	47(d)(iii)	1,034.59	-
(d) Interest receivable on fixed deposits	16.2	96.12	191.09
(e) Export incentive receivables			
Considered good		41.96	124.97
Considered doubtful		4.55	-
Less: Impairment Allowance for doubtful balances	17.1	(4.55)	-
(f) Insurance Claim Receivable		-	532.27
		<b>1,262.99</b>	<b>1,031.71</b>

17.1 Movement of Impairment Allowances for doubtful Debts and Deposits

Particulars	For the Year ended	For the Year ended
	March 31, 2020	March 31, 2019
Balance at the beginning of the year	42.21	4.25
Recognised during the year	20.95	37.96
Reversal during the year	-	-
Balance at the end of the year	<b>72.26</b>	<b>42.21</b>

17.2 Also refer Note no. 49 in respect of charge created against borrowings

18 Other current assets

Particulars	Refer Note No.	As at	As at
		March 31, 2020	March 31, 2019
(a) Balance with Government Authorities	16.3	337.54	393.18
(b) Advances for supply of goods and services			
Considered good	18.3	3,037.36	3,514.89
Considered doubtful		1,368.56	1,389.15
Less: Impairment Allowance for doubtful balances	18.1	(1,368.56)	(1,389.15)
(c) Leasehold land prepayment		-	3.35
(d) Prepaid Expenses		374.11	77.47
(e) Advances against salaries		9.52	7.33
(f) Stamp papers on hand		10.22	10.22
(g) MEIS Licenses			
Considered good		75.97	146.92
Considered doubtful		68.80	-
Less: Impairment Allowance for doubtful balances		(68.80)	-
(e) Others- GST and other Clearing accounts		25.35	11.63
		<b>3,870.07</b>	<b>4,164.99</b>

18.1 Movement of Impairment Allowances for doubtful balances:

Particulars	For the Year ended	For the Year ended
	March 31, 2020	March 31, 2019
Balance at the beginning of the year	1,389.15	737.74
Recognised during the year	68.80	651.41
Reversal during the year	(20.59)	-
Balance at the end of the year	<b>1,437.36</b>	<b>1,389.15</b>

18.2 Also refer Note no. 49 in respect of charge created against borrowings

18.3 Includes Advances to Related Parties (Refer Note no. 35.4)



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in lakhs)

19 Equity Share Capital Particulars	Refer Note No.	As at March 31, 2020	As at March 31, 2019
(a) <b>Authorised:</b> 10,02,00,00,000 Equity Shares of Rs. 10/- each (March 31, 2019: 10,02,00,00,000 Equity Shares)		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 Equity Shares of Rs. 10/- each (March 31, 2019: 19,61,67,342 Equity Shares) Share Suspense	19.1	1,84,903.02	19,616.73
		-	1,76,549.24
		<b>1,84,903.02</b>	<b>1,96,165.97</b>

19.1 Reconciliation of the number of Equity Shares Outstanding:

Particulars	Refer Note No.	As at March 31, 2020	As at March 31, 2019
No. of shares as at the beginning		19,61,67,342	2,40,92,35,023
<b>As per the Resolution Plan</b>			
Addition during the year	43(a)	-	9,16,46,38,133
Reduction and consolidation during the year	43(a)	-	(9,61,21,99,736)
<b>As per Scheme of Amalgamation</b>			
Shares cancelled on Amalgamation	45(a)	-	(1,76,55,06,078)
Shares issued to Shareholders of erstwhile VSL on Amalgamation	45(a)	1,76,55,53,040	-
<b>Shares cancelled pursuant to Exit Offer</b>	45(b)	(11,26,90,158)	-
		<b>1,84,90,30,224</b>	<b>19,61,67,342</b>
<b>Shares Suspense</b>			
a) Shares to be issued to Shareholders of erstwhile VSL on Amalgamation	45(a)	-	1,76,55,53,040
b) Shares under Exit Offer- Pending Cancellation	45(b)	-	(60,661)
		-	<b>1,76,54,92,379</b>

19.2 Shareholders holding more than 5% Shares Equity Shares post implementation of Scheme of Amalgamation::

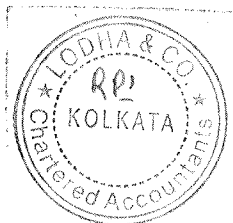
Name of Shareholder	As at March 31, 2020		As at March 31, 2019	
	Nos	% holding	Nos	% holding
Vedanta Limited	1,76,55,53,040	95.49%	1,76,55,53,040	90.00%

19.3 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.

19.4 Also refer Note no. 43(a) detailing the adjustments arising in respect to implementation of Hon'ble NCLT Order dated April 17, 2018.

19.5 Consequent to the amalgamation of Erstwhile Vedanta Star Limited (VSL), the immediate holding company w.e.f. October 01, 2018 i.e. the Appointed Date pursuant to the Scheme of Amalgamation approved by Hon'ble NCLT, Kolkata, the existing shares held by VSL stands cancelled and new shares have been allotted to the shareholders of erstwhile VSL i.e. Vedanta Limited on March 25, 2020 in exchange of their holding in VSL. (Refer Note no. 45(a) of the financial statement)

20 Other Equity Particulars	Refer Note No.	As at March 31, 2020	As at March 31, 2019
(a) <b>Capital Reserve</b>	20.1		
As per last Balance Sheet		9,59,389.11	-
On Consolidation and Reduction of Equity Shares pursuant to the Resolution Plan	43(a)	-	9,61,219.97
On Amalgamation of erstwhile VSL	45(a)	-	(1,831.14)
On Cancellation of Equity Shares pursuant to Exit Offer to the equity shareholders of the company	45(b)	519.57	0.28
		<b>9,59,908.68</b>	<b>9,59,389.11</b>
(b) <b>Capital Reserve on Amalgamation</b>	20.1		
As per last Balance Sheet		(1,74,593.58)	-
On Amalgamation of erstwhile VSL	45(a)	-	(1,74,593.58)
		<b>(1,74,593.58)</b>	<b>(1,74,593.58)</b>
(c) <b>Securities Premium</b>	20.2		
As per last Balance Sheet		1,79,036.44	3,993.17
On Amalgamation of erstwhile VSL	45(a)	-	1,75,043.27
		<b>1,79,036.44</b>	<b>1,79,036.44</b>
(d) <b>Retained Earnings</b>	20.3		
As per last Balance Sheet		(7,97,738.18)	(9,15,678.66)
On Amalgamation of erstwhile VSL	45(a)	-	(820.69)
Profit/(Loss) for the Year		(2,180.92)	1,18,680.29
Other Comprehensive Income for the year		(52.24)	80.88
		<b>(7,99,971.34)</b>	<b>(7,97,738.18)</b>
		<b>1,64,380.20</b>	<b>1,66,093.79</b>



**20.1 Capital Reserve**

Capital Reserve includes:

- The amount 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, as stated in Note no. 43(a).
- Differential arising on cancellation of equity share capital on amalgamation of erstwhile VSL and cost of those shares held as Investment by them.

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 as stated in Note no. 45(a).

**20.2 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.

**20.3 Retained Earnings**

Retained earnings generally represents the undistributed profit/ amount of accumulated earnings/losses of the company. This includes Other Comprehensive Income of (Rs. 194.71 lakhs) (March 31, 2019: (Rs. 142.47 lakhs)) relating to remeasurement of defined benefit plans (net of tax) which cannot be reclassified to Statement of Profit and Loss.

**21 Borrowings****Particulars****Secured Borrowings****(a) From Banks:**

- Term Loan

**Total (a)**

**Unsecured Borrowings****(b) Inter-Corporate Deposits from Holding Company**

Less: Disclosed under Current Maturity of Long Term Debt- Unsecured

Less: Disclosed under Current Maturity of Long Term Debt- Secured

Refer Note No.	As at	As at
	March 31, 2020	March 31, 2019
21.1, 21.2, 21.3 and 21.4	3,37,208.88	3,37,492.83
	<b>3,37,208.88</b>	<b>3,37,492.83</b>
21.2 and 21.3	19,700.00	19,700.00
	<b>19,700.00</b>	<b>19,700.00</b>
24(a)	(1,418.40)	-
24(b)	(23,908.91)	-
	<b>3,31,581.57</b>	<b>3,57,192.83</b>

**21.1 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 Interest Service Reserve Account and amounts lying therein;
- First ranking pari passu charge by deed of Hypothecation on November 28, 2018 in favour of Vistra ITCL (India) Limited, security trustees by way of deposit of 1,993.35 acres of title deed of mortgageable lands (Refer Note no. 5.7) .
- 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.
- Each of the Guarantor and the Borrower shall also provide and maintain at all times a Non Disposal Undertaking in favour of the Security Trustee acting for the Lenders, in a form and substance acceptable to the Security Trustee (acting on the instructions of the Lenders).

21.2 The interest rate for the above loans ranges from 8.75% to 9.55%.

**21.3 Repayment terms:****Year**

2020-2021

2021-2022

2022-2023

2023-2024

2024-2025

2025-2026

2026-2027

2027-2028

2028-2029

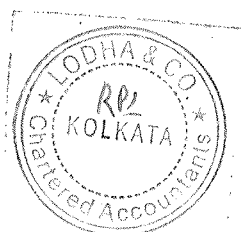
Year	Term Loan from	Inter-Corporate
	Banks	Deposit from Holding Company
2020-2021	24,480.00	1,418.40
2021-2022	43,520.00	2,521.60
2022-2023	43,520.00	2,521.60
2023-2024	43,520.00	2,521.60
2024-2025	43,520.00	2,521.60
2025-2026	43,520.00	2,521.60
2026-2027	43,520.00	2,521.60
2027-2028	43,520.00	2,521.60
2028-2029	10,880.00	630.40

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

**22 Provisions****Particulars**

Provision for Employee Benefits

Refer Note No.	As at	As at
	March 31, 2020	March 31, 2019
32.1	671.79	820.22
	<b>671.79</b>	<b>820.22</b>



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in lakhs)

23 Trade Payables	Refer Note No.	As at	As at
		March 31, 2020	March 31, 2019
Payable for goods and services			
Due to Micro and Small Enterprises	23.2	4,488.44	2,768.76
Others	23.1	84,248.94	83,029.96
		<u>88,737.38</u>	<u>85,798.72</u>

23.1 Includes Supplier's Credit of Rs. 45,826.78 lakhs (March 31, 2019: Rs. 36,614.86 lakhs) out of which Rs. 13,471.59 lakhs (March 31, 2019: Rs. 17,361.79 lakhs) is backed by LC's secured against fixed deposits (Refer Note No. 16.2)

23.2 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	As at
	March 31, 2020	March 31, 2019
a) Principal amount remaining unpaid but not due as at year end	4,488.44	2,768.76
a) Interest amount remaining unpaid but not due as at year end	-	-
b) 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	-	-
c) 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	-	-
d) Interest accrued and remaining unpaid as at year end	-	-
e) 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	2.16	5.26

24 Other Financial Liabilities	Refer Note No.	As at	As at
		March 31, 2020	March 31, 2019
(a) Current maturities of long-term debts- Unsecured	21	1,418.40	-
(b) Current maturities of long-term debts- Secured	21	23,908.91	-
(c) Interest accrued but not due on borrowings	21	2,800.56	3,036.53
(d) Earnest Money Deposit		65.73	-
(e) Capital Vendors	24.1 and 24.2	22,156.78	21,318.15
(f) Lease Liability		432.94	-
(g) Derivative Instrument Liability at fair value through profit and loss (net)	47(d)(iii)	-	923.60
(h) Others Payables			
- Employees' payables		1,519.36	1,152.06
- Corporate Guarantee commission and others	24.2	4,048.25	3,566.33
		<u>56,350.93</u>	<u>29,996.67</u>

24.1 Includes Rs. 21,256.57 lakhs (March 31, 2019: Rs. 21,256.57 lakhs) provided for balance amount of demand (net of advance of Rs. 2,295.98 lakhs) against cost of afforestation against forest land (Refer Note No. 5.4(c)).

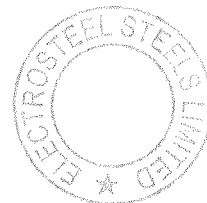
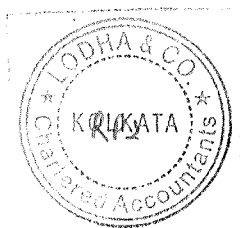
24.2 Includes Rs. 828.95 lakhs (March 31, 2019: Rs. 828.95 lakhs) provided for balance amount of demand (Net of Advance of Rs. 3,315.79 lakhs) for execution of leasehold agreement (Refer Note No. 11.1)

25 Other Current Liabilities	Refer Note No.	As at	As at
		March 31, 2020	March 31, 2019
(a) Advance from customers		10,582.65	6,002.22
(b) Statutory Payables (includes Provident Fund, GST, Tax deducted at source etc.)		1,921.38	3,718.69
		<u>12,504.03</u>	<u>9,720.91</u>

26 Provisions	Refer Note No.	As at	As at
		March 31, 2020	March 31, 2019
(a) Provision for Employee Benefits		70.00	195.50
(b) Other Provisions	26.1	318.04	-
		<u>388.04</u>	<u>195.50</u>

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.	For the Year ended	For the Year ended
		March 31, 2020	March 31, 2019
Balance at the beginning of the year		-	-
Provided during the year		318.04	-
Written back during the year		-	-
Balance at the end of the year		<u>318.04</u>	<u>-</u>



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

27	Revenue from Operations Particulars	Refer Note No.	(Rs. in lakhs)	
			For the Year ended March 31, 2020	For the Year ended March 31, 2019
	Sale of Products:			
	Semi-Finished & Finished Goods:			
	- Export Sales		1,689.33	3,487.96
	- Domestic Sales		4,29,440.42	4,83,617.66
			<u>4,31,129.75</u>	<u>4,87,105.62</u>

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	For the Year ended	For the Year ended	For the Year ended
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	Government		Non-Government	
<b>Within India</b>				
- Billets	-	-	6,576.32	9,995.88
- TMT bars	23,809.96	17,338.62	1,35,337.55	1,56,651.69
- Wire rods	-	-	1,46,434.16	1,84,145.82
- DI pipes	2,044.30	599.04	62,608.16	60,255.12
- PIG Iron	-	-	39,563.65	40,383.35
- Others	-	-	13,066.32	14,248.14
<b>Outside India</b>				
- Billets	-	-	-	762.15
- Wire rods	-	-	1,689.33	2,725.81
	<u>25,854.26</u>	<u>17,937.66</u>	<u>4,05,275.49</u>	<u>4,69,167.96</u>

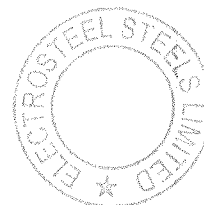
28	Other Operating Income Particulars	Refer Note No.	For the Year ended	For the Year ended
			March 31, 2020	March 31, 2019
	Sale of Scrap/ By-products & Others		6,568.62	7,747.36
	Incentive on exports		52.44	301.96
			<u>6,621.06</u>	<u>8,049.32</u>

29	Other Income Particulars	Refer Note No.	For the Year ended	For the Year ended
			March 31, 2020	March 31, 2019
	(a) Interest income on Fixed deposits, overdue debts etc. measured at amortised cost		3,833.07	3,034.20
	(b) Interest income on financial assets measured at amortised cost		3.70	-
	(c) Sundry credit balances/ Provisions no longer required written back		62.47	184.30
	(d) Net Gain/(loss) on Derivative Instruments on fair valuation through profit and loss		1,958.36	393.67
	(e) Net Gain/(loss) on Current Investments on Fair Valuation through profit and loss		857.27	441.21
	(f) Net Gain/(loss) on disposal of Current Investments		3,505.94	534.74
	(g) Miscellaneous Income		143.64	954.61
			<u>10,364.45</u>	<u>5,542.73</u>

30	Cost of Materials Consumed Particulars	Refer Note No.	For the Year ended	For the Year ended
			March 31, 2020	March 31, 2019
	(a) Raw material and other materials			
	Inventory at the beginning of the year		50,349.02	44,742.93
	Add: Purchases		2,74,548.54	2,97,072.92
	Less: Cost of goods sold		-	0.12
	Less: Inventory at the end of the year		42,473.86	50,349.02
		30.1	<u>2,82,423.70</u>	<u>2,91,466.71</u>

30.1 Based on the physical verification of Inventories carried out by Independent professionals upto February, 2020. Such verification at the end of the year could not be undertaken due to lock down amidst the outbreak of COVID-19. The exercise was undertaken subsequently on May 11, 2020 and May 12, 2020. Stock at the end of the year was derived by doing Roll back adjustments with respect to movement for the period from April 01, 2020 till that date. The services of an independent firm of chartered accountants was engaged and entrusted with responsibility of supervising, reconciling and certifying the stock at the end of the year and submit their report in this respect. On reconciliation with book stock for the period upto February 2020, the following amounts have been adjusted to Cost of Material consumed/ Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress:

Particulars	Refer Note No.	For the Year ended	For the Year ended
		March 31, 2020	March 31, 2019
<b>Cost of Material consumed</b>			
Increase/(Decrease) in Stock of Raw Material		975.64	2,732.77
<b>Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress</b>			
Increase/(Decrease) in Stock of Finished Goods		(92.33)	(8.45)
Increase/(Decrease) in Stock of Semi-Finished Goods		(7.05)	(352.82)
Increase/(Decrease) in Stock of Scrap/ By-products		69.18	(4,307.03)
		<u>945.44</u>	<u>(1,935.53)</u>



31	Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress Particulars	Refer Note No.	For the Year ended	For the Year ended
			March 31, 2020	March 31, 2019
	(i) Inventories at the end of the year			
	(a) Finished Goods		19,659.99	9,591.81
	(b) Semi-Finished Goods		5,973.64	2,079.96
	(c) Scrap / By-products		2,650.41	2,389.65
			<u>28,284.04</u>	<u>14,061.42</u>
	(ii) Inventories at the beginning of the year			
	(a) Finished Goods		9,591.81	5,482.46
	(b) Semi-Finished Goods		2,079.96	6,184.71
	(c) Scrap / By-products		2,389.65	6,346.64
			<u>14,061.42</u>	<u>18,013.81</u>
		30.1	<u>(14,222.62)</u>	<u>3,952.39</u>

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	For the Year ended
	March 31, 2020	March 31, 2019
a) Inventories recognised as expense	3,54,319.01	3,85,118.94

32	Employee Benefits Expense Particulars	Refer Note No.	For the Year ended	For the Year ended
			March 31, 2020	March 31, 2019
	(a) Salaries and wages		14,885.43	14,245.06
	(b) Contribution to Provident and Other Funds		778.47	637.32
	(c) Staff welfare expenses		517.57	570.44
			<u>16,181.47</u>	<u>15,452.82</u>

32.1 POST RETIREMENT EMPLOYEE BENEFITS

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

**Defined Contribution Plans**

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

Particulars	For the Year ended	For the Year ended
	March 31, 2020	March 31, 2019
Employer's Contribution to Provident Fund	457.65	321.66
Employer's Contribution to Pension Scheme	244.31	245.08
Employer's Contribution to Superannuation Scheme	17.92	-

**Defined Benefit Plans**

The Employee's Gratuity Fund scheme 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.

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

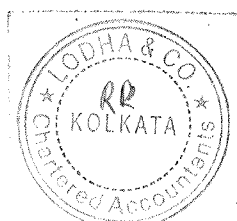
	Gratuity (funded)	
	As at	As at
	March 31, 2020	March 31, 2019
Liability at the beginning of the year	953.04	964.83
Interest Cost	74.34	74.77
Current Service Cost	178.00	167.67
Benefits paid	(243.29)	(184.77)
Remeasurements - Due to Financial Assumptions	111.71	(4.85)
Remeasurements - Due to Experience Adjustments	9.36	(64.61)
Liability at the end of the year	<u>1,083.16</u>	<u>953.04</u>

(b) Changes in the Fair Value of Plan Asset

	As at	As at
	March 31, 2020	March 31, 2019
Fair value of Plan Assets at the beginning of the year	874.25	535.34
Expected return on Plan Assets	68.19	41.48
Contributions by the Company	78.80	286.01
Benefits paid	-	-
Remeasurements - Return on Assets (Excluding Interest Income)	68.83	11.42
Fair value of Plan Assets at the end of the year	<u>1,090.07</u>	<u>874.25</u>

(c) Amount recognised in Balance Sheet

	As at	As at
	March 31, 2020	March 31, 2019
Liability at the end of the year	1,083.16	953.04
Fair value of Plan Assets at the end of the year	1,090.07	874.25
Amount recognised in the Balance Sheet	<u>(6.91)</u>	<u>78.79</u>





(d) Components of Defined Benefit Cost

	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Current Service Cost	178.00	167.67
Interest Cost	74.34	74.77
Expected return on plan assets	(68.19)	(41.48)
Total Defined benefit recognised in Statement of Profit & Loss Account	<u>184.15</u>	<u>200.96</u>

(e) Remeasurements recognised in Other Comprehensive Income

	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Remeasurements - Due to Financial Assumptions	111.71	(4.85)
Remeasurements - Due to Experience Adjustments	9.36	(64.61)
Remeasurements- Return on Assets	(68.83)	(11.42)
Remeasurements recognised in Other Comprehensive Income	<u>52.24</u>	<u>(80.88)</u>

(f) Balance Sheet Reconciliation

	As at March 31, 2020	As at March 31, 2019
Opening Net Liability	78.79	429.49
Defined Benefit Cost included in Statement of Profit and Loss Account	184.15	200.96
Remeasurements recognised in OCI	52.24	(80.88)
Employers Contribution	(78.80)	(286.01)
Benefit Paid Directly by Enterprise	(243.29)	(184.77)
Amount recognised in Balance Sheet	<u>(6.91)</u>	<u>78.79</u>

(g) Percentage allocation of plan assets in

	As at March 31, 2020	As at March 31, 2019
Fund managed by Insurer	100.00%	100.00%

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

	As at March 31, 2020	As at March 31, 2019
<b>Summary of Financial Assumptions</b>		
Discount Rate	6.80%	7.80%
Future Salary Increase	6.00%	6.00%
Salary Escalation- After Five Years	6.00%	6.00%
Expected Return on Plan Assets	6.80%	7.80%
<b>Summary of Demographic Assumptions</b>		
Mortality Rate [as % of IALM (2006-08) (Mod.) Ult. Mortality Table]	100.00%	100.00%
Disability Table (as % of above mortality rate)	5.00%	5.00%
Withdrawal Rate	1% to 8%	1% to 8%
Retirement Age	60/58 Years	60 Years
Average Future Service	22.30	23.56
Weighted Average Duration	13.32	13.95

Sensitivity Analysis

Particulars	Change in Assumption	Gratuity As at March 31, 2020	Gratuity As at March 31, 2019
<b>Changes in Defined Benefit Obligations:</b>			
Salary Escalation	+1%	117.90	101.33
Salary Escalation	-1%	(106.24)	(94.10)
Withdrawal Rates	+1%	13.25	11.65
Withdrawal Rates	-1%	(15.73)	(13.84)
Discount Rates	+1%	(108.34)	(92.79)
Discount Rates	-1%	117.55	100.16

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.

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

Particulars	As at March 31, 2020	As at March 31, 2019
Year 1	47.11	57.85
Year 2	56.46	28.41
Year 3	58.39	33.38
Year 4	53.61	47.78
Year 5	61.21	54.83
Remaining Subsequent Years	806.38	730.79



**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, 2020 & March 31, 2019 is given below:

	As at March 31, 2020	As at March 31, 2019
Privileged Leave	716.98	921.87
Sick Leave	24.81	15.06
Average number of people employed	2,064	2,187

**Risk analysis**

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. The Company does not have any liberty to manage the fund provided to Tata AIA Limited. 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.

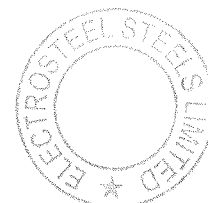
**Longevity risk / Life expectancy**

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.

33	Finance Costs		For the Year ended March 31, 2020	For the Year ended March 31, 2019
	<b>Particulars</b>	<b>Refer Note No.</b>		
(a)	Interest Expense on financial liabilities not measured at FVTPL		37,012.14	30,985.85
(b)	Other Borrowing Cost (i.e. LC charges, Suppliers Credit, Guarantee Commission etc.)		1,401.41	1,260.17
			<b>38,413.55</b>	<b>32,246.02</b>
34	<b>Depreciation and Amortisation Expense</b>		For the Year ended March 31, 2020	For the Year ended March 31, 2019
	<b>Particulars</b>	<b>Refer Note No.</b>		
(a)	Depreciation on Tangible Assets	5	30,605.19	30,436.07
(b)	Amortisation of Intangible Assets	7	46.70	27.35
			<b>30,651.89</b>	<b>30,463.42</b>
35	<b>Other Expenses</b>		For the Year ended March 31, 2020	For the Year ended March 31, 2019
	<b>Particulars</b>	<b>Refer Note No.</b>		
(a)	Consumption of Stores and Spares		14,034.29	18,003.36
(b)	Power and Fuel		24,613.58	23,541.24
(c)	Freight and Forwarding Charges		14,331.46	12,328.69
(d)	Rent	39	358.43	401.59
(e)	Rates and taxes		1,014.55	325.53
(f)	Insurance		1,965.29	2,566.58
(g)	Repairs to Plant and Machinery		10,234.72	9,417.50
(h)	Repairs to Building		487.74	289.17
(i)	Repairs to Others		393.36	324.38
(j)	Operation & Maintenance expenses		11,135.90	10,582.06
(k)	Machine Hire Charges		1,336.33	1,298.45
(l)	Material Handling Expenses		1,200.21	1,105.32
(m)	Listing & Registrar Expenses		0.01	362.60
(n)	Security Expenses		973.36	897.23
(o)	Advertisement and Business Promotion Expenses		107.29	12.53
(p)	Travelling & Conveyance		1,026.90	1,145.53
(q)	Legal & Professional Fees		1,471.95	2,530.50
(r)	Payment to Auditors	35.1	59.37	50.57
(s)	Net (gain)/loss on foreign exchange fluctuation	35.2	2,733.42	6,211.37
(t)	Loss on Sale of Fixed Assets (Net)		140.53	20.53
(u)	Selling & Distribution Expenses		448.19	1,971.78
(v)	CSR Expenditure		76.62	151.29
(w)	Impairment Allowance for Doubtful Debt and Deposits		261.66	1,062.19
(x)	Provision for Doubtful Advance		-	3,696.25
(y)	Provision for Obsolete and Non-moving Stores and Spares		761.44	1,330.16
(z)	Bad Debt Written Off		-	557.18
(aa)	Sundry Balances written-off	35.3	4.57	95.04
(ab)	Brand Fees	35.4	6,203.92	-
(ac)	Charity and Donation	35.5	101.07	3.55
(ad)	Sitting Fees to Directors		8.25	10.25
(ae)	Other Miscellaneous Expenses		1,363.78	1,237.13
			<b>96,848.19</b>	<b>1,01,529.55</b>



35.1	Payment to Auditors		For the Year ended March 31, 2020	For the Year ended March 31, 2019
	Particulars			
(a)	Statutory Audit Fee		25.00	25.00
(b)	Tax Audit Fee		3.00	3.00
(c)	Certification etc.		29.75	21.55
(d)	Out of Pocket Expenses		1.62	1.02
			<u>59.37</u>	<u>50.57</u>

35.2 Net (gain)/loss on foreign exchange fluctuation is net of Rs. 1,316.42 lakhs (March 31, 2019: Nil) being net gain on cancellation/rollover/utilisation of Forward Contracts (i.e. Derivative Instrument at Fair Value through Profit and Loss).

35.3 Sundry balances written off is net of Rs. 358.18 lakhs (March 31, 2019: Nil) being liability no longer required written back.

35.4 During the year, 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. 6,735.51 lakhs against which Rs.6,203.92 lakhs has been recognised as expenses in terms of the agreement and balance has been shown as recoverable under "Advances against supply of goods and Services".

35.5 Charity and Donation includes contribution made by the Company through electoral trust amounting to Rs. 100.00 lakhs (March 31, 2019: Nil).

36	Exceptional Items		For the Year ended March 31, 2020	For the Year ended March 31, 2019
	Particulars	Refer Note No.		
	Insurance Claims	36.1(a)	-	7,466.03
	Loss on Property, Plant and Equipment writtent off	36.1(b)	-	14,277.91
	Impairment reversal on Property, Plant and Equipment writtent off	36.1(b)	-	(14,277.91)
	Liability written back being no longer required pursuant to CIRP	36.1(c)	-	85,627.50
			<u>-</u>	<u>93,093.53</u>

36.1 Exceptional Item relates to:

a) Claim lodged against "Loss of Profit" claim due to accident at the Oxygen Plant. The balance amount has been recognised in previous year on acceptance thereof by the Insurance Authorities.

b) Pursuant to the physical verification of Property, Plant and Equipment (PPE) carried out during the previous year (as stated in Note no. 5.6), discrepancy with respect to PPE pending final determination as per books was provided for and shown as exceptional Items. An equivalent amount being resultant excess amount of the provision for impairment made in earlier years was written back and credited against the same under exceptional items.

c) The liabilities/provision pertaining to Operational Creditors being no longer payable in terms of ARP amounting to Rs.85,627.50 lakhs had been written back (Refer Note no. 43(a)).

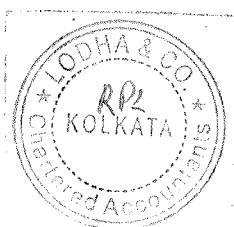
37	Components of Other Comprehensive Income		For the Year ended March 31, 2020	For the Year ended March 31, 2019
	Particulars	Refer Note No.		
	Items that will not be reclassified to Statement of Profit and Loss			
	Remeasurement of Defined benefit plans	32.1	(52.24)	80.88
			<u>(52.24)</u>	<u>80.88</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 Star limited (VSL)	Holding Company (From June 04, 2018 to September 30, 2018)
	Vedanta Limited (VL)	Holding Company (w.e.f. October 01, 2018)
	Electrosteel Castings Limited (ECL)	Promoter/ Associate Company*
B	Key Management personnel	Designation
	Prasun Kumar Mukherjee	Director (Appointed w.e.f. June 21, 2018)
	Mahendra Singh Mehta	Director (Appointed w.e.f. June 21, 2018)
	Naveen Kumar Singhal	Director (From June 04, 2018 to July 22, 2018)
	Rashmi Mohanty	Director (From June 04, 2018 to October 01, 2019)
	Angusamy Sumathi	Director (Appointed w.e.f. October 22, 2019)
	Pankaj Malhan	Whole Time Director (w.e.f. July 22, 2019)
	Umang Kejriwal	Director*
	Rajkumar Khanna	Director*
	Jinendra Kumar Jain	Director*
	Lalit Kumar Singhi	Director*
	Naresh Pachisia	Director*
	Sunil Vasant Diwakar	Director*
	Jayantika Ganguly	Director*
	Devaprasad Mozumder	Director*
	Sunil Katial	Chief Executive Officer (Resigned w.e.f. October 31, 2018)
	Jalaj Kumar Malpani	Chief Financial Officer (Appointed w.e.f. August 29, 2018)
	Ashutosh Agarwal	Chief Financial Officer (Resigned w.e.f. August 11, 2018)



- C Entities where KMP or their close member have significant influence or control or Group Enterprises or Companies under common control and with whom transaction have taken place during the year
- Bose Estates Private Limited (BEPL)\*
  - Sree Khemisati Constructions Private Limited (SKCPL)\*
  - Hooghly Alloy & Steels Company Private Limited (HASCPL)\*
  - Wilcox Merchants Private Limited (WMPL)\*
  - Tulsi Highrise Private Limited (THPL)\*
  - Vedanta Limited (VL)\*\*\*
  - Bharat Aluminium Company Limited (BALCO)\*\*
  - Sterlite Power Transmission limited (SPTL)\*\*
  - Vizag General Cargo Berth Private Limited (VGCBPL)\*\*
  - Maritime Ventures Private Limited (MVPL)\*\*
  - Vedanta Resources Limited (VRL)\*\*
  - Talwandi Saboo Power Limited (TSPL)\*\*
  - Hindusthan Zinc Limited (HZL)\*\*
  - Janhit Electoral Trust (JET)\*\*

D Close member of key management personnel where transactions have taken place during the year

Key Management personnel	Relationship
Radha Kinkari Kejriwal Agarwal	Daughter of Umang Kejriwal*
Nityangi Kejriwal Jaiswal	Daughter of Umang Kejriwal*
Madhav Kejriwal	Son of Umang Kejriwal*

\*Ceased to be a related party w.e.f. June 04, 2018

\*\* Related Party w.e.f. June 04, 2018

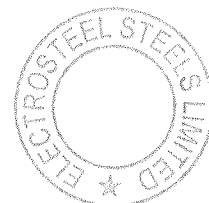
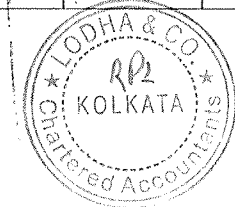
\*\*\* Related Party w.e.f. June 04, 2018 and became Holding Company from October 01, 2018

E Related party transaction:

Nature of Transaction	Promoter/Associate Company		Holding Company- VSL		Holding Company- VL	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Sale of Goods (Inclusive of taxes)	-	-	-	-	-	0.02
Purchase of materials	-	-	-	-	89.45	191.98
Commission on Sales	-	847.86	-	-	-	-
Purchase of assets	-	-	-	-	-	58.87
Interest Expenses	-	-	-	10,904.21	1,728.47	1,421.50
Guarantee Comission	-	-	-	-	1,059.88	798.55
Reimbursement of Expenses	-	-	-	-	932.63	243.15
Purchase of Scripts/Licences	-	-	-	-	229.75	-
Services Received	-	-	-	-	-	157.69
Inter corporate deposit received	-	-	-	3,55,449.39	-	-
<b>Closing balance as at March 31</b>						
Inter corporate deposit	-	-	-	-	19,700.00	19,700.00
Trade Payables	-	712.49	-	-	886.58	103.60
Payable against Fixed Assets	-	-	-	-	-	4.37
Reimbursement of Expenses Payable	-	-	-	-	3,509.82	2,204.78
Guarantee Comission payable	-	-	-	-	500.72	568.91



Nature of Transaction	Key Management Personnel		Close member of KMP		Entities where KMP or their close member have significant influence or control and Companies under Common control or Group Enterprises	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
<b>Sale of goods</b>						
VL	-	-	-	-	-	0.06
SPTL	-	-	-	-	1,895.19	392.94
<b>Purchase of materials</b>						
VL	-	-	-	-	-	191.98
BACL	-	-	-	-	-	17.05
<b>Purchase of assets</b>						
VL	-	-	-	-	-	1.56
BACL	-	-	-	-	12.01	-
<b>Reimbursement of Expenses</b>						
VL	-	-	-	-	-	112.39
BACL	-	-	-	-	14.28	14.12
TSPL	-	-	-	-	16.66	-
MVPL	-	-	-	-	1,719.25	-
HZL	-	-	-	-	12.42	-
VGCBPL	-	-	-	-	236.92	-
<b>Services Received</b>						
TSPL	-	-	-	-	-	16.28
VL	-	-	-	-	-	157.69
BACL	-	-	-	-	-	16.66
VGCBPL	-	-	-	-	3,054.70	62.60
MVPL	-	-	-	-	1,539.39	-
<b>Rent expenses</b>						
THPL	-	-	-	-	-	13.23
WMPL	-	-	-	-	-	13.23
BEPL	-	-	-	-	-	23.49
<b>Maintenance charges</b>						
SKCPL	-	-	-	-	-	95.49
<b>Donation</b>						
JET	-	-	-	-	100.00	-
<b>Other Income</b>						
VGCBPL	-	-	-	-	38.70	-
<b>Loan Given</b>						
TSPL	-	-	-	-	90,000.00	-
<b>Brand Fees</b>						
VRL	-	-	-	-	6,203.92	-
<b>Interest Received</b>						
TSPL	-	-	-	-	1,207.75	-
<b>Purchase of Scripts/Licences</b>						
VGCBPL	-	-	-	-	76.47	-
BACL	-	-	-	-	985.18	-
<b>Remuneration</b>						
Jalaj Kumar Malpani	127.56	55.80	-	-	-	-
Pankaj Malhan	133.66	-	-	-	-	-
Sunil Katial	-	208.34	-	-	-	-
Ashutosh Agarwal	-	77.62	-	-	-	-
Radha Kinkari Kejriwal Agarwal	-	-	-	30.76	-	-
Nityangi Kejriwal Jaiswal	-	-	-	9.82	-	-
Madhav Kejriwal	-	-	-	1.14	-	-
<b>Electricity Charges</b>						
SKCPL	-	-	-	-	-	21.37
<b>Director sitting fees</b>						
Prasun Kumar Mukherjee	5.00	6.25	-	-	-	-
Mahendra Singh Mehta	3.25	4.00	-	-	-	-
<b>Closing balance as at March 31</b>						
<b>Remuneration Payable</b>						
Jalaj Kumar Malpani	8.86	7.02	-	-	-	-
Pankaj Malhan	9.47	-	-	-	-	-
<b>Reimbursement of Expenses Payable</b>						
BACL	-	-	-	-	-	15.25
<b>Trade Payable</b>						
TSPL	-	-	-	-	-	14.90
VGCBPL	-	-	-	-	41.70	-
MVPL	-	-	-	-	306.62	-
BACL	-	-	-	-	197.07	-
<b>Advances Given</b>						
VRI	-	-	-	-	531.59	-
<b>Trade Receivable</b>						
SPTL	-	-	-	-	261.00	273.88



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 March 31, 2020	Year ended March 31, 2019
Short-term employee benefits	252.31	299.19
Post-employment benefits	8.91	19.02
Other long-term benefits	-	23.55

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, 2020 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 with related parties are made in ordinary course of business. For the year ended March 31 2020, 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, 2020:

Particulars	Land	Buildings	Equipment	Total
As at April 1, 2019	-	240.97	64.99	305.96
Reclassified on account of adoption of Ind AS 116	5,531.76	-	-	5,531.76
Addition	-	119.93	596.71	716.64
Deletion	-	-	-	-
Depreciation	(1.67)	(101.36)	(70.89)	(173.92)
<b>As at March 31, 2020</b>	<b>5,530.09</b>	<b>259.54</b>	<b>590.81</b>	<b>6,380.44</b>

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

Particulars	As at March 31, 2020
Current lease liabilities	432.94
Non-current lease liabilities	451.92
<b>Total</b>	<b>884.86</b>

iii) The following is the movement in lease liabilities:

Particulars	As at March 31, 2020
As at April 01, 2019	305.96
Additions	716.64
Finance cost accrued during the period	40.01
Deletions	-
Payment of lease liabilities	(177.75)
<b>As at March 31, 2020</b>	<b>884.86</b>

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

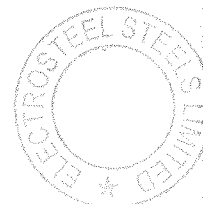
Particulars	As at March 31, 2020
Not later than one year	467.55
Later than one year and not more than five years	539.00
Later than five years	-

v) Further to above, the Company has certain operating lease arrangements for office, transit houses, furnitures and fixtures etc. on short-term leases. Expenditure incurred on account of rental payments under such leases during the year and recognized in the Profit and Loss account amounts to Rs. 358.43 lakhs.

40 Contingent Liabilities and Commitments (to the extent not provided for):

A) Contingent Liabilities

	As at March 31, 2020	As at March 31, 2019
a) Guarantees given by banks on behalf of the Company	11,170.10	2,937.09



- B) (i) Claims in respect of various show cause notices/demands issued/ raised by Central Excise & Service Tax of Rs.8,311.10 lakhs , Customs Duty (under EPCG) of Rs.35,813.76 lakhs , Sales Tax and VAT Rs. 15,859.73 lakhs, Entry Tax of Rs. 33,494.59 lakhs, Income Tax, etc. for the period upto June 04, 2018 which as per the Resolution Plan approved by Hon'ble NCLT (as stated in Note no. 43(a)) have been extinguished. However, certain statutory authorities have made demand and matter are pending before High Court, Supreme Court and other adjudicating authorities for decision. In certain cases as stated in Note no. 16.3, balances with bank in current Account bank and lying with Government Authorities has been withheld pending final decision on the matter.

(ii) Similarly in respect of claims of certain operational creditors amounting to Rs. 22,381.57 lakhs has been extinguished pursuant to the Resolution Plan (Refer Note no. 43(a)), the matters have been referred to Supreme Court. In majority of the cases, the said court has referred back the matter to NCLT for decision.

(iii) In view of the management supported by legal opinion and various judicial pronouncements, the contention of the claimants including in respect of statutory liability are not tenable as per the Resolution Plan approved by Hon'ble NCLT and no outflow of fund with respect to these are expected.

Notes:

The Company's 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. The Company does not expect the outcome of these proceedings to have a material impact on its financial positions. Future cash outflow, if any in respect of the above are dependent upon the outcome of judgements/ decisions and acceptance by the respective authorities.

C) Capital and other commitments

	As at March 31, 2020	As at March 31, 2019
(i) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for (net)	4,935.20	9.89
	In Foreign Currency	In Foreign Currency
(ii) Forward Contract Outstanding		
In USD	7,72,24,851.38	7,50,57,028.00
In JPY	-	1,17,60,000.00
In GBP	-	27,300.00
In EURO	1,35,072.00	63,080.00
GBP-USD	27,300.00	-
EURO-USD	1,35,072.00	-

41 Segment information

(a) Description of segments and principal activities

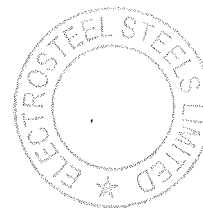
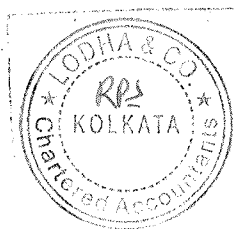
Electrosteel Steels Limited is engaged in the manufacture and supply of billets, TMT bars, Wire rods and Ductile Iron(DI) Pipes and also deals in pig iron and iron and steel scrap products generated while manufacturing these products. In term of Ind AS 108 "Operating Segment", the Company has one business 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 by location of the customers and each product is shown in the table below.

Particulars	As at	
	March 31, 2020	March 31, 2019
<b>In India</b>		
- Billets	6,576.32	9,995.88
- TMT bars	1,59,147.51	1,73,990.31
- Wire rods	1,46,434.16	1,84,145.82
- DI pipes	64,652.46	60,854.16
- PIG Iron	39,563.65	40,383.35
- Others	13,066.32	14,248.14
<b>Outside India</b>		
- Billets	-	762.15
- Wire rods	1,689.33	2,725.81

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



## 42 Calculation of Earning Per Share is as follows:

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
a) Net Profit/ (Loss) for basic and diluted earnings per share as per Statement of Profit and Loss	(2,180.92)	1,18,680.29
Net Profit/ (Loss) for Basic and Diluted earnings per share	(2,180.92)	1,18,680.29
b) Weighted average number of equity shares for calculation of basic and diluted earnings per share (Face value Rs. 10/- per share)		
Number of equity shares outstanding as on March 31	19,61,67,342	2,40,92,35,023
Add: Equity Shares issued during the period (Refer Note no. 43(a) and 45(a))	1,76,55,53,040	9,16,46,38,133
Less: Capital Reduction and Consolidation of Shares during the period (Refer Note no. 43(a))	(11,26,90,158)	(9,61,21,99,736)
Less: Shares cancelled on Amalgamation (Refer Note no. 45(a))	-	(1,76,55,06,078)
Number of equity shares outstanding	1,84,90,30,224	19,61,67,342
Weighted average number of equity shares considered for calculation of basic and diluted earnings per share *	1,92,33,96,826	2,20,97,08,618
c) Earnings per share (EPS) of Equity		
Basic EPS (Rs.) (a/b)	(0.11)	5.37
Diluted EPS (Rs.) (a/b)	(0.11)	5.37

\* In calculation of weighted average number of equity shares "Shares suspense account" has been considered.

43(a) Corporate Insolvency Resolution Process (CIRP) initiated on July 21, 2017 under Insolvency and Bankruptcy Code' 2016 by Hon'ble National Company Law Board Tribunal (NCLT) has been completed and order to the effect approving the resolution plan (ARP) submitted by Vedanta Limited (Vedanta) one of the applicant was passed on April 17, 2018 by NCLT (NCLT Order). The NCLT Order and ARP has been upheld by National Company Law Appellate Tribunal vide its Order dated August 10, 2018 (NCLAT Order). Consequential impact giving effect to ARP approved as above are as follows:

- The Board of the Company was reconstituted on June 4, 2018 i.e. the effective date with nominees of Vedanta being inducted as member of the Board.
- Vedanta Star Limited (erstwhile wholly owned subsidiary of Vedanta Limited) on June 04, 2018 deposited Rs. 532,000.00 lakh in an escrow account ("Escrow Account") of the Company for payment to financial creditors of the entire amount of sustainable debts in terms of the ARP out of total Outstanding amount of Rs. 12,71,913.21 lakhs and the same was remitted to them on June 21, 2018.
- 739,91,32,055 equity shares of Rs. 10 each were allotted on June 6, 2018 to financial creditors converting the non-sustainable debt to equity.
- On June 14, 2018, the existing 980,83,67,078 equity shares including those allotted on June 6, 2018 to financial creditors as above had been reduced from Rs. 9,80,836.71 lakhs to Rs. 19,616.73 lakhs divided into 980,83,67,078 equity shares of Re. 0.20 each fully paid-up. Simultaneously, 50 such shares of Re 0.20 each thereafter had been consolidated into 1 fully paid-up equity share of Rs. 10 each. The amount of Rs. 9,61,219.97 lakhs reduced as above in compliance with the Order of Hon'ble NCLT had been credited to Capital Reserve.
- On June 15, 2018, 176,55,06,078 fully paid equity shares of Rs. 10 each were allotted to Vedanta Star Limited against the money deposited in Escrow Account, leaving the balance of Rs. 355,449.39 lakhs to be considered as long term interest bearing loan.
- Consequent to above allotment and consolidation of shares, equity share capital of the company stood at Rs. 19,61,67.34 lakhs as on March 31, 2019 divided into 196,16,73,420 equity shares of Rs.10 each. (ARP) by NCLT
- The liability pertaining to Operational Creditors being no longer payable in terms of ARP amounting to Rs.85,627.50 lakhs had been written back and shown as exceptional items. Further, contingent liabilities, export obligations and other claims etc. against the company prior to the effective date got extinguished and there being no outflow of fund expected in this respect, the disclosure with respect to these as contingent liability has therefore not been continued.
- The charges created in respect of borrowing have been released by lenders subsequent to approval of the ARP, accordingly subsequent to the balance sheet date the company has filed the satisfaction of charges with the relevant authorities.

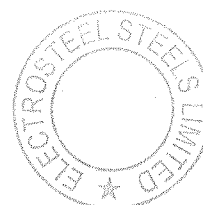
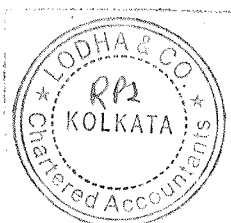
(b) Subsequent to Order of Hon'ble National Company Law Appellate Tribunal (NCLAT) dated August 10, 2018, Renaissance Steel Private Limited, an unsuccessful resolution applicant, approached the Hon'ble Supreme Court of India, challenging the Order of the Hon'ble NCLAT. The matter is still pending for hearing before the Hon'ble Supreme Court.

44. The Company had filed application for renewal of Consent to Operate ('CTO') on August 24, 2017 for the period of five years which was denied by Jharkhand State Pollution Control Board ('JSPCB') on August 23, 2018. Further, Ministry of Environment and Forest (MoEF) has revoked the environmental clearance vide order dated September 20, 2017. The order of denial of CTO by JSPCB and Environmental clearance by MoEF has been stayed by Hon'ble High Court of Jharkhand and interim order to allow the operations pending final decision on the matter has been extended till May 30, 2020 by general order dated April 27, 2020. Meanwhile, the Forest Appraisal Committee (FAC) of MoEFCC granted the Stage 1 clearance on December 17, 2019. Pending decision of the Hon'ble High Court and considering that effective steps are being taken towards required clearances and regularisations, compliances etc. are being ensured in due course of time, the accounts of the company have been prepared on going concern basis.

## 45 a) Accounting and Disclosures for Scheme of Amalgamation:

Pursuant to Order dated January 31, 2020 of Hon'ble National Company Law Tribunal, Kolkata Bench (NCLT) the scheme of Arrangement for Amalgamation of Vedanta Star Limited, the erstwhile immediate Holding Company (VSL) with Electrosteel Steels Limited (ESL) (the Scheme) with effect from October 01, 2018 i.e. the appointed date has been approved and thereby on the Scheme becoming effective on March 25, 2020, VSL stands amalgamated with ESL with effect from the said appointed date. The said Amalgamation has been given effect to in these financial statements in accordance with Appendix- C of Ind AS 103 applicable for Business combination of entities under common control. Accordingly, following figures and adjustments on account of the said amalgamation based on the financial statements of VSL for the period ended September 30, 2018 as approved by its Board of Directors on March 20, 2020 and audited and reported upon by the Statutory Auditors on even date has been incorporated in these financial statements:

- all assets and liabilities of VSL have been recorded by the company at its carrying value as on the Appointed Date. Loans and advances, borrowings, investments etc. and other balances of receivables and payable inter-se between VSL (the Transferor Company) and the Company stand cancelled;
- The Securities Premium and other reserves standing in the books of VSL has been included in the books of the company in the same form in which they appeared in the financial statements of VSL;
- The Company as on the record date i.e. March 25, 2020 has issued 17,655.53 lakh equity shares to shareholders of VSL i.e. Vedanta Limited in the exchange ratio of 90 shares of ESL against one share held by them in VSL. The excess of the consideration over the net assets and the reserves acquired consequent to amalgamation has been transferred to capital reserve on amalgamation (i.e. debit balance of Rs. 1,74,593.58 lakhs).
- Share capital of the company issued to VSL stands cancelled and differential of Rs. 1,831.14 lakhs with respect to the cost of investment in the book of VSL and face value thereof have been adjusted to Capital Reserve.





v) The Assets and Liabilities of erstwhile VSL incorporated in these financial statements as at the Appointed date pursuant to the Scheme based on Financial Statement of VSL as on September 30, 2018 as audited by the Statutory Auditor are as detailed below:

Particulars	As at October 01, 2018
<b>Non - current assets</b>	
Financial Assets	
Investments	1,78,381.75
Loans	3,55,449.39
Non-current tax asset (Net)	811.86
Other non current assets	841.08
<b>Total Non - current assets</b>	<b>5,35,484.08</b>
<b>Current assets</b>	
Financial Assets	
Cash and Cash Equivalents	2,548.80
Other financial assets	10.99
Other current assets	132.91
<b>Total Current assets</b>	<b>2,692.70</b>
<b>Total Assets</b>	<b>5,38,176.78</b>
<b>Liabilities</b>	
<b>Non-current Liabilities</b>	
Financial Liabilities	
Borrowings	3,56,597.88
Deferred Tax Liabilities (Net)	-
<b>Total Non-current Liabilities</b>	<b>3,56,597.88</b>
<b>Current Liabilities</b>	
Financial liabilities	
Trade payables	11.96
Other financial liabilities	5,361.49
Other Current liabilities	21.15
<b>Total Current Liabilities</b>	<b>5,394.60</b>
<b>Total Liabilities</b>	<b>3,61,992.48</b>
<b>Net Identifiable Assets</b>	<b>1,76,184.30</b>
Less:	
<b>a) Reserves acquired pursuant to Amalgamation</b>	
Securities Premium	1,75,043.27
Retained Earnings	(820.69)
	<b>1,74,222.58</b>
<b>b) Consideration paid on amalgamation</b>	
1,76,55,53,040 Equity Shares of Rs. 10 each.	<b>1,76,555.30</b>
<b>Capital Reserve on Amalgamation</b>	<b>(1,74,593.58)</b>

(vi) VSL on December 22, 2018 has issued to its Equity Shareholders Bonus Shares of Rs. 186.73 lakhs by capitalisation of Securities Premium. The figures of Share Premium and consideration against amalgamation has been arrived at after giving effect to the said issue of Bonus Shares.

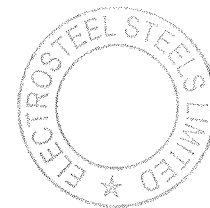
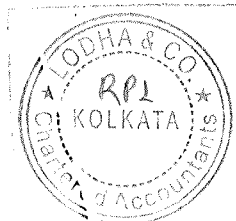
vii) The title deeds for licenses, agreements, bank accounts, loan documents etc. of the Transferor Company are in the process of being transferred in the name of the Company.

viii) Name of the Company will be changed to "ESL Steel limited" for which necessary approval from the appropriate authorities is awaited.

b) VSL vide its Resolution dated September 18, 2018 has made an "Exit Offer" to the shareholders of ESL for purchase of the shares at a price of Rs. 9.54 per equity share for a period of one year from the date of delisting i.e. December 20, 2018. Accordingly, 11,26,90,158 (March 31, 2019: 60,661) Equity Shares of Rs. 10 each amounting to Rs. 11,269.02 lakhs (March 31, 2019: Rs. 6.07 lakhs) has been acquired for Rs. 10,749.45 lakhs (March 31, 2019: 5.79 lakhs) subsequent to the appointed date and has been cancelled consequent to the aforesaid amalgamation and differential with respect to the face value thereof amounting to Rs. 519.57 lakhs (March 31, 2019: Rs. 0.28 lakhs) has been adjusted to capital reserve.

46 Financial statements of the Company for the year ended March 31, 2019 were earlier approved by the Board of Directors on April 25, 2019 and also reported upon by the statutory auditors vide their report of even date. These financial statements (hereinafter referred to "Earlier Financial Statements") were adopted by shareholders in the Annual General Meeting held on September 21, 2019. These earlier financial statements are required to be revised by incorporating therein the figures pertaining to erstwhile VSL amalgamated with the company with effect from October 01, 2018 as dealt herein above in Note no. 45(a).

The Board of Directors of erstwhile VSL vide its meeting dated March 20, 2020 has approved the financial statements of VSL for the period ended September 30, 2018 (Interim Financial Statement) which have been audited by the Statutory Auditors of the said Company and reported upon by them vide their report of even date. The financial statements for the year ended March 31, 2019 have therefore been prepared after giving effect to impacts arising on amalgamation of VSL based on the figures taken from the interim financial statements as stated above and has been approved by the Board of Directors on May 18, 2020.



47 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, 2020		As at March 31, 2019	
	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	1,034.59	1,034.59	-	-
Investments in Mutual Funds	1,10,046.33	1,10,046.33	62,675.96	62,675.96
<b>Financial Assets at amortised cost</b>				
Trade receivables	17,172.51	17,172.51	23,312.83	23,312.83
Cash and Bank Balances	4,526.91	4,526.91	7,657.33	7,657.33
Fixed Deposits with bank	24,397.10	24,397.10	50,353.92	50,353.92
Loans	52.15	52.15	69.50	69.50
Other Financial Assets	240.20	240.20	1,034.38	1,034.38
<b>Financial Liabilities (Current and Non-Current)</b>				
<b>Financial Liabilities at amortised cost</b>				
Borrowings- Floating Rate	3,37,208.88	3,37,208.88	3,37,492.83	3,37,492.83
Borrowings- Fixed Rate	19,700.00	19,700.00	19,700.00	19,700.00
Lease Liability	884.86	884.86	-	-
Trade payables	88,737.38	88,737.38	85,798.72	85,798.72
Interest on Loans and Borrowings	2,800.56	2,800.56	3,036.53	3,036.53
Others financial liabilities	27,790.12	27,790.12	26,036.54	26,036.54
<b>Fair Value through Profit and Loss Account</b>				
Derivative Liabilities - not designated as hedging instruments				
-Forward Contracts	-	-	923.60	923.60

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 quoted market prices 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.

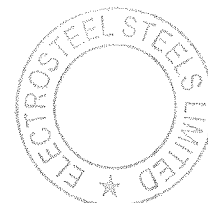
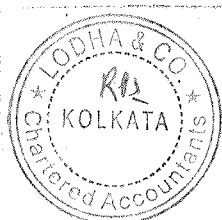
c) Fair value hierarchy

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2020:

Particulars	As at March 31, 2020	As at March 31, 2019	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	1,034.59	-	-	1,034.59	-
- Investment in Mutual Funds	1,10,046.33	62,675.96	1,10,046.33	-	-
			(62,675.96)	-	-
- Investment in Fixed Deposits	24,397.10	50,353.92		24,397.10	
				(50,353.92)	
<b>Financial Liabilities</b>					
- Borrowings- Floating Rate	3,37,208.88	3,37,492.83	-	3,37,208.88	-
			(-)	(3,37,492.83)	(-)
- Borrowings- Fixed Rate	19,700.00	19,700.00	-	19,700.00	-
			(-)	(19,700.00)	(-)
- Lease Liability	884.86	-	-	884.86	-
			(-)	-	(-)
- Derivative- not designated as hedging instruments					
o Forward Contracts	-	923.60	-	-	-
			(-)	(923.60)	-

(\*) Figures in round brackets ( ) indicate figures as at March 31, 2019

During the year ended March 31, 2020 and March 31, 2019, 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, 2020		As at March 31, 2019	
		No. of Deals	Amount in Foreign Currency	No. of Deals	Amount in Foreign Currency
Buy Forward	USD/INR	61	7,72,24,851	61	7,50,57,028
	EUR/INR	-	-	1	63,080
	EURO/USD	1	1,35,072	-	-
	GBP/USD	1	27,300	-	-
	GBP/INR	-	-	1	27,300
	JPY/INR	-	-	1	1,17,60,000

ii) **Unhedged Foreign Currency exposures are as follows: -**

(Amount in Foreign Currency)

Nature	Currency	As at	
		March 31, 2020	March 31, 2019
Trade Payables (Including acceptances)	USD	-	-
Trade Payables (Including acceptances)	RMB	-	97,252
Trade Receivable	USD	13,77,586	-

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, 2020	March 31, 2019
Not later than one month	618.77	57.69
Later than one month and not later than three months	482.29	(541.80)
Later than three months and not later than one year	(66.47)	(439.49)
Later than one year	-	-

c) **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, 2020 and 2019, the Company transferred and recorded as sale of financial assets (i.e. bill discounted with banks) of Rs. 67,083.92 lakhs and Rs. 522,00.00 lakhs respectively, under arrangements without recourse and has included the proceeds from such sale in net cash provided by operating activities. These transfers resulted in loss of Rs. 1,358.77 lakhs and Rs. 414.84 lakhs for the year ended March 31, 2020 and 2019 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 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**

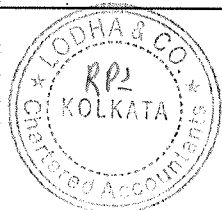
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's trade and other payables and trade receivables.

The Company incurred foreign exchange loss of Rs. 2,733.42 lakhs during the year. In order to mitigate such losses, the company has adopted 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:

(Amount in Foreign Currency)

Particulars	As at	
	March 31, 2020	March 31, 2019
	USD	USD
Trade Receivable	13,77,586	-
Acceptances	-	-
Interest	-	-
Trade and other Payables	-	(97,252)
<b>Net assets/(liabilities)</b>	<b>13,77,586</b>	<b>(97,252)</b>



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 March 31, 2020	For the year ended March 31, 2019
<b>PAYABLES (Weakening of INR by 5%)</b>		
USD	-	0.05
<b>RECEIVABLES (Weakening of INR by 5%)</b>		
USD	0.69	

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 banks. Considering the same the carrying amount of said borrowing was considered to be at fair value.

Further there are deposits with banks 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 March 31, 2020	For the year ended March 31, 2019
<b>Increase in 50 basis points</b>		
Borrowings- Floating Rate	1,686.04	1,687.46

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

#### 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 customers having outstanding of Rs 5,582.78 lakhs (March 31, 2019: Rs 13,262.16 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

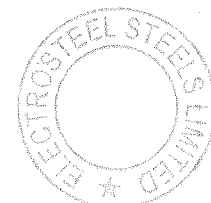
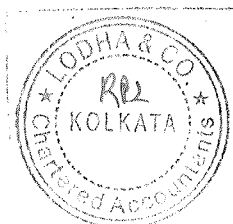
Cash and cash equivalents and deposits with banks are neither past due nor impaired. Cash and cash equivalents with banks are held with reputed and credit worthy banking institutions.

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

Trade receivables amounting to Rs. 1,765.06 lakhs (March 31, 2019: Rs. 1,377.81 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 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, 2020		
	Floating rate borrowings	Fixed rate borrowings	Weighted average Interest Rate (%)
INR	3,37,208.88	19,700.00	9.46%
<b>Total</b>	<b>3,37,208.88</b>	<b>19,700.00</b>	

Particulars	As at March 31, 2019		
	Floating rate borrowings	Fixed rate borrowings	Weighted average Interest Rate (%)
INR	3,37,492.83	19,700.00	9.25%
<b>Total</b>	<b>3,37,492.83</b>	<b>19,700.00</b>	

**Maturity Analysis of Financial Liabilities**

As at March 31, 2020

Particulars	Carrying Amount	On Demand	Less than 6 months	6 to 12 months	> 1 year	Total
Interest bearing borrowings (including current maturities)	3,56,908.88	-	12,594.60	12,594.60	3,31,719.68	3,56,908.88
Interest payable	2,800.56	-	2,800.56	-	-	2,800.56
Lease Liability	884.86	-	220.46	212.48	451.93	884.87
Trade and other payables	1,16,527.50	56,402.49	60,125.01	-	-	1,16,527.50

As at March 31, 2019

Particulars	Carrying Amount	On Demand	Less than 6 months	6 to 12 months	> 1 year	Total
Interest bearing borrowings (including current maturities)	3,57,192.83	-	-	-	3,57,192.83	3,57,192.83
Interest payable	3,036.53	-	3,036.53	-	-	3,036.53
Lease Liability	-	-	-	-	-	-
Trade and other payables	1,11,835.26	41,099.16	70,736.10	-	-	1,11,835.26

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**

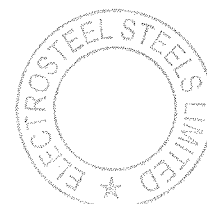
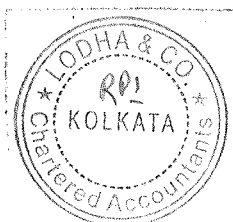
The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value. The Company's objective when managing capital is to safeguard their ability to continue as a going concern so that they can 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, 2020 and March 31, 2019 are as follows:

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Current loans and borrowings	25,327.31	-
Non-current loans and borrowings	3,31,581.57	3,57,192.83
<b>Total loans and borrowings</b>	<b>3,56,908.88</b>	<b>3,57,192.83</b>
Less: Cash and Cash Equivalents	17,077.62	35,690.55
<b>Net Debt</b>	<b>3,39,831.26</b>	<b>3,21,502.28</b>
Total equity attributable to the equity shareholders of the Company	3,49,283.22	3,62,259.76
<b>Capital and Debt</b>	<b>6,89,114.48</b>	<b>6,83,762.04</b>
<b>Total capital (loans and borrowings and equity)</b>	<b>0.97</b>	<b>0.89</b>

**48 INCOME TAX**

- (a) Income Tax has been provided considering the provisions of Income Tax Act and Resolution Plan approved by Hon'ble NCLT vide their order dated April 17, 2018 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 Liability from beginning to the end of the financial year is as follows:

Particulars	As at March 31, 2018	Charge/ (Credit) to Statement of Profit and Loss	Charge/ (Credit) to Other Comprehensive Income	As at March 31, 2019	Charge/ (Credit) to Statement of Profit and Loss	Charge/ (Credit) to Other Comprehensive Income	As at March 31, 2020
<b>Deferred Tax Liability</b>							
a) Related to Property, Plant and Equipment and Intangible Assets	22,510.24	12,313.23	-	34,823.47	10,854.79	-	45,678.26
b) Fair Valuation of Mutual Funds	-	137.66	-	137.66	316.08	-	453.74
c) Loans carried at Amortised Cost	-	-	-	-	975.33	-	975.33
d) Forward Contract receivable	-	-	-	-	361.53	-	361.53
<b>Total Deferred Tax Liability</b>	<b>22,510.24</b>	<b>12,450.89</b>	<b>-</b>	<b>34,961.13</b>	<b>12,507.73</b>	<b>-</b>	<b>47,468.86</b>
<b>Deferred Tax Assets</b>							
a) Accumulated Unabsorbed depreciation	-	(32,303.63)	-	32,303.63	(11,613.50)	-	43,917.13
b) Provision for doubtful debts and advances and others	7,791.45	5,579.92	-	2,211.53	(1,068.35)	-	3,279.88
c) Amount deductible on payment basis	14,718.79	14,272.82	-	445.97	186.76	-	259.21
c) Others	-	-	-	-	(12.64)	-	12.64
<b>Total Deferred Tax Assets</b>	<b>22,510.24</b>	<b>(12,450.89)</b>	<b>-</b>	<b>34,961.13</b>	<b>(12,507.73)</b>	<b>-</b>	<b>47,468.86</b>
<b>Deferred Tax Liability/(Assets) (Net)</b>	<b>0.00</b>	<b>(0.00)</b>	<b>-</b>	<b>(0.00)</b>	<b>0.00</b>	<b>-</b>	<b>(0.00)</b>

The ultimate realisation of deferred tax assets, carried forward losses and unused tax credit is dependent upon the generation of future taxable income. In absence of historical trend and considering the principle of prudence Deferred tax asset have been recognised only to the extent of liabilities in this respect and such asset in respect of unused depreciation and tax losses amounting to Rs. 2,85,878.20 lakhs and Rs. 2,49,020.29 lakhs as of March 31, 2019 and March 31, 2018 respectively have not been recognized by the Company.

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

Particulars	Year of Expiry	Amount
Business Loss	2021-2022	7,798.75
Business Loss	2022-2023	20,423.27
Business Loss	2025-2026	10,007.48
Business Loss	2026-2027	9,712.27
Business Loss	2026-2027	38,966.22
Unabsorbed depreciation	No Expiry	1,98,970.21

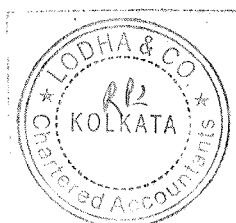
(d) Reconciliation of Tax expense and the accounting profit multiplied by domestic tax rate for March 31, 2020

Particulars	For the Year ended	For the Year ended
	March 31, 2020	March 31, 2019
Profit/ (Loss) before tax	(2,180.92)	1,18,680.29
Income Tax Charge/(Credit) thereon based on tax rate @ 34.94%	(762.10)	41,471.64
Adjustment for:		
Unrecognised Deferred Tax in earlier years on Depreciation recognised during the year	(2,49,020.29)	-
Difference in Tax Rates used	(29,882.43)	-
Difference in amount of Unabsorbed business loss considered for last year computation	(7,816.39)	-
Deferred Tax Liability on Loan Processing Fees	975.33	-
Other Permanent difference	(1.94)	-
Revision in Tax Return for previous year	629.62	-
Closing unrecognised unused depreciation and tax losses	2,85,878.20	(41,471.64)
	<b>0.00</b>	<b>-</b>

49 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.

50 Consequent to the out break of COVID-19, which has been declared as a pandemic by World Health Organisations (WHO) on March 11, 2020, Government of India has declared a lock down effective from March 25, 2020 and extended the same till May 31, 2020. During the lockdown period even though the company has continued the production as this being categorised as essential services, business operations have been affected significantly due to supply chain disruption, non-availability of personnel and various other facilities affecting the overall liquidity due to blockage of funds in current assets including inventories etc. and consequential mismatch in overall operating cycle. The Company has considered various internal and external information including assumptions relating to economic forecasts up to the date of approval of these financials for future estimates and assessments, utilised among other things for arriving at recoverable value of CGU for carrying out impairment analysis and valuation of financial assets and liabilities including investments. Further pending normalancy in the operations project work for expanding the capacity undertaken in earlier years could not be further progressed and certain usual year end exercise including physical verification of inventories etc., could not be undertaken. The company continues to monitor the impact of the pandemic and impact in this respect as estimated as on this date, which may ultimately be different affecting the assumptions, estimates and assessments including those relating to various financial, credit and other business risks. The assumptions used by the company have been tested through sensitivity analysis and the company expects to recover the carrying amount of the assets based on the current indicators of future economic conditions. The aforesaid evaluation are dependent on future development including government policies. Any variation due to the changes in situations will be taken into consideration, if necessary, as and when it crystallizes.

51 These financial statements have been approved by the Board of Directors of the Company on May 18, 2020 for issue to the shareholders for their adoption.



52 The figures of the previous year have been restated after incorporating the figures pertaining to erstwhile VSL w.e.f. October 1, 2018 and the figures of the current year and are not comparable with the previous year. Previous Period's figure has been regrouped/rearranged wherever necessary to comply with current year presentation

As per our report of even date

For Lodha & Co.,  
Chartered Accountants

*R.P. Singh*

R.P. Singh  
Partner

Place: Bokaro  
Dated: May 18, 2020

For and on behalf of the Board

*A. Sumanthi*  
A. Sumanthi  
(DIN : 07147100)

Non-Executive Director

*Pankaj Malhan*  
Pankaj Malhan  
(DIN : 08516185)

Whole time Director

*Jalaj Kumar Malpani*  
Jalaj Kumar Malpani

Chief Financial Officer

*Binaya Kumar Dash*  
Binaya Kumar Dash  
(M.No. A17982)

Company Secretary

