

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

We have audited the standalone financial statements of ESL Steel Limited ("the Company"), which comprise the balance sheet as at March 31, 2023, and the statement of Profit and Loss (including other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other notes for the year ended on that date (hereinafter referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note no. 44 of the financial Statement which indicates that matters relating to Consent to Operate (CTO) and Environmental Clearance (EC) pending for approval before Ministry of Environment, Forest and Climate Change (MoEF). Pending decision on the matter by the MoEF for the reasons stated in the said note, the financial statements of the company have been prepared on going concern assumption though the uncertainty on the Company's ability to continue as a going concern exist as on this date. Our opinion is not modified in respect of this matter.

Key Audit Matters

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



Key Audit Matters	Addressing the key audit matters
<p>Impairment of Property, Plant and Equipment (PPE), Capital Work in Progress (CWIP) and Intangible Assets (as described in note 5.4 and 6.1 of the financial statements)</p>	
<p>Evaluation of the impairment involves assessment of value in use of the Cash Generating Units (CGUs) and requires significant judgements and assumptions about the forecast for cash flows, production, volume of operations, selling prices of the product and discount rate considered for arriving at the present value of future cash flows.</p> <p>The above includes the evaluation of plant and equipment pertaining to expansion project undertaken in earlier years and it's prospects for implementation in near future and implementation in this respect.</p> <p>Impairment testing of PPE, CWIP and Intangible assets were carried out during the year ended March 31, 2018 and provision of Rs. 5,11,193.01 lakhs were made. No further provision or reversal thereof has been considered necessary during this year.</p>	<p>Our Audit procedures based on which we arrived at the conclusion regarding reasonableness of Impairment includes the following:</p> <ul style="list-style-type: none"> • Critical evaluation of internal and external factors impacting the entity's performance and indicators of impairment (or reversal thereof) in line with Ind AS 38; • Analysing the management's review, contention and representation regarding the project in progress and adjustments needed against carrying value of the assets. This includes, reviewing the feasibility study of the project by an independent technical consultant and status of plant and equipment so far procured currently under progress and being a technical matter placing reliance on management contention and technical advice in this respect; • 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"> - Consistency with respect to forecast for arriving at the valuation and assessing the potential impact of any variances; - Price assumptions used in the models; and - The assumption/estimation for the weighted average cost of capital and rate of discount for arriving at the value in use. • Review of projections without taking capacity expansion and projected outcome thereagainst and impact thereof on overall impairment assessment. • Placing reliance on the management's assumption for future prospects, expansion of current capacity, expected volume of business and sustainability of the cash flows.
<p>Recognition of Deferred Tax Assets (as described in note 48 of the financial statements)</p>	
<p>Deferred tax assets amounting to Rs. 2,54,892.24 lakhs (attributable to depreciation and losses carry forwards) have been carried forward in the financial statements as at March 31, 2023.</p> <p>The above does not include Deferred Tax to the extent of Rs. 22,503.78 lakhs being not recognised against carried forward losses on prudent basis as a matter of abundant caution.</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"> • Utilisation of Deferred tax assets have been tested considering the period of expiry with respect to carried forward business loss based on internal forecasts prepared by the Company and probability of future taxable income; • We critically examined the temporary differences between the carrying amounts for Ind AS financial statement and tax purposes;



Key Audit Matters	Addressing the key audit matters
	<ul style="list-style-type: none"> • Reversal of deferred liability due to timing differences and possible adjustments of deferred tax assets there against; • Critical review of the future projections and underlying assumptions for broad consistency favouring the principle of prudence for arriving at reasonable degree of probability on the matters; and • Review of management's assumption with respect to earning in future periods and taxability thereof and placing reliance on such assumptions and projections given the current and future scale of operations and prevailing conditions and situations.
Evaluation of Accounting of Iron Ore Mines (as described in note 7.2 of the financial statements)	
<p>Recognition of Mining rights and Assets, stripping activity assets and generation thereagainst, production profile, stripping ratio, and proved/ probable reserves, categorization of Mines as exploratory, development, producing, liability for decommissioning costs are based on Technical/ commercial evaluation by the management.</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"> • Review of the Production Profile and related overburden as submitted by the management to the authorities; • Examined the valuation process/methodology and checks being performed to ensure that the valuation of inventory are as per the policy prescribed in this respect; • Evaluated the approach adopted by the management in determining the expected costs of decommissioning including appropriateness of discount and inflation rates for estimating such cost and determining the liability in this respect; • Review of the report submitted by Independent technical consultants for estimated for of decommissioning, restoration and other similar liabilities; • Assessed the appropriateness of the disclosures made in the financial statements. • Reliance has been placed on the judgments and estimation of the internal/ external experts for the purpose of technical /commercial evaluation and also submission made to authorities in this respect.
Non-Renewal of Consent to Operate from JPSCB (as described in note 44 of the financial statements)	
<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) sighting the reason for pendency of similar matters for granting EC lying before certain high courts. Pursuant a SLP filed on September 25, 2021 before Hon'ble Supreme Court of India against the said decision of MoEF, Hon'ble Supreme</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"> • Obtained the status of the case from the legal department and their view on the matter; • Evaluated the steps being taken by management for ensuring the related compliances including those relating to procurement of land for compensatory afforestation and/or other costs thereof to be provided by the company and plans for future course

Key Audit Matters	Addressing the key audit matters
<p>Court vide order dated December 09, 2021 has set aside the impugned order and directed MoEF to process the EC Application of ESL as per the applicable law within a period of three months.</p> <p>MoEF vide its letter dated February 02, 2022 had deferred the grant of EC till Forest Clearance (FC) Stage-II is granted to the company. The company has so far procured substantial portion of land and the same have either been handed over to forest department or is in the advance stage of doing so for compensatory afforestation as required for obtaining Stage- II clearance.</p> <p>Pending completion of the entire process and determination of aggregate cost, provision of Rs. 18,951.72 lakhs (net of Rs. 4,600.83 lakhs paid out of the same) towards cost of land and Rs. 20,556.58 lakhs for other related costs etc. (net of Rs. 1,473.99 lakhs paid out of the same) for compensatory afforestation made in earlier years has been carried in the accounts as on March 31, 2023.</p> <p>Pending decision of MoEF on the matter, Hon'ble Supreme Court has directed that operation of steel plant shall not be interfered with on the ground of want of EC, FC, CTE or CTO.</p>	<p>of actions for obtaining Stage II Clearance as required for obtaining the environment clearance from MoEF;</p> <ul style="list-style-type: none"> • Reviewed the provision made for cost of land to be provided to forest department for compensatory afforestation; • Reviewed the appropriateness of provision made for afforestation and other costs to be incurred based on the report received from EIA consultant after considering the various concerns raised during the public hearing on the matter and disclosures made in this respect by the management; • Reliance has been placed on the estimate and consultant report for cost of land and other costs to be incurred for compensatory afforestation against forest land; and • Further, reliance has also been placed on the legal expert's view vis-à-vis direction of Hon'ble Supreme court of India concerning the operation of the plant and consultants recommendation and report, pending final decision on the matter.
Claims in respect of MDPA (as described in note 40(B) of the financial statements)	
<p>As at March 31, 2023, the Company has disputed the demand raised in respect of shortfall in terms of Mine Development and Production Agreements (MDPA) entered into with respect to the Iron Ore Block obligating certain minimum production and despatch of Iron Ore for each year of the operations.</p> <p>Significant management judgement supported by legal clarification on the matter is required to assess such matters to determine the probability of occurrence of outflow of economic resources and materiality of the amount involved.</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"> • Understood, assessed and tested the design and operating effectiveness of key controls surrounding assessment of litigations relating to the relevant laws and regulations; • Inquired with the management for recent developments and the status of the same as reviewed and noted by the Audit Committee; • Performed our assessment on a test basis on the underlying calculations supporting the said claim as disclosed in the Standalone Financial Statements; • Evaluated management's assessments by understanding precedents set in similar cases and assessed the reliability of the management's past estimates/judgements;



Key Audit Matters	Addressing the key audit matters
	<ul style="list-style-type: none"> • In case of demand made provisionally review of the possibilities of meeting the shortfall on aggregate year to year basis; • Assessed the adequacy of the Company's disclosures; • Examined external legal opinions and other evidence to corroborate management's assessment of the risk profile in respect of legal claims; and • Reliance has been placed on such legal interpretation and opinion provided on the matter.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

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

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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



Auditors' Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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



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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. Further to our comments in the annexure referred to in the paragraph above, as required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act; and
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements in place and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal control with reference to financial statements.
3. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note no. 40(A) to the financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note no. 46(d) to the financial statements;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



- iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on the audit procedures and generally accepted auditing practices followed in terms of SAs that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement; and
- v. The company has not declared any dividend during the year thereby reporting under Section 143(11)(f) is not applicable for the company.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
4. With respect to the reporting under section 197(16) of the Act to be included in the Auditors' Report, In our opinion and according to the information and explanations given to us, the remuneration (including sitting fees) paid by the Company to its Directors during the current year is in accordance with the provisions of section 197 of the Act and is not in excess of the limit laid down therein.

Place: Kolkata
Date: April 19, 2023



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

R.P. Singh

R. P. Singh
Partner

Membership No: 52438
UDIN: 23052438BGXSBQ3770

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

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

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

(Amount Rs. In Lakhs)

Particulars	Area	Gross Block
Land- Pending execution of Lease Deed	325.19 acres	10,413.50
Land- Pending compliance of compensatory afforestation*	455.35 acres	30,164.24

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

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

- d. The company is not following revaluation model of accounting and has not revalued any of its Property, Plant and Equipment (including Right-of-Use Assets) and Intangible Assets during the year. Accordingly, the reporting under Clause 3 (i)(d) of the Order is not applicable to the Company.
- e. As per the information and explanation given to us and as represented by the management, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder. Accordingly, further reporting under Clause 3 (i)(e) of the Order is not applicable to the Company.
- ii) a. As informed, the inventories of the Company except for materials in transit and stock lying with third parties at year end have been physically verified by the independent firm of professionals along with 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, and procedure followed for such verification is appropriate. As the Company's inventory of raw materials comprises mostly of bulk materials such as coal, coke, iron ore, etc. requiring technical expertise for quantification, the Company has hired an independent agency for the physical verification of the stock of these materials. The discrepancies noticed on physical verification between the physical stock and book stock of inventories to the extent verified during the year, were not 10% or more in aggregate for each class of inventory and the same have been properly dealt with in the books of account.



- b. According to the information and explanation given to us the company has been sanctioned working capital limit in excess of Rupees Five Crores on the basis of securities of Current Assets of the company. On the basis of examination of returns/statements submitted by the Company to the banks in this respect, as provided to us for the purpose, these were in agreement with the books and records and the financial statements prepared therefrom by the management.
- iii) The Company has not made investments, provided any guarantee of security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, clause 3 (iii) of the Order is not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.
- v) The Company has not accepted any deposits during the year and does not have any unclaimed deposits as at March 31, 2023 from public covered under Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder and therefore, the provisions of clause 3(v) of the Order is not applicable to the company.
- vi) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148 (1) of the Act in respect of the Company's products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed records have been maintained. We have however, not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
- vii) a. According to the information and explanations given to us, during the year, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Goods and Service Tax, Service tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues as applicable to it. Further, there were no undisputed amounts payable in respect of these statutory dues in arrear as at March 31, 2023 for a period of more than six months from the date they become payable.
- b. Disputed dues of sales tax, income tax, customs duty, wealth tax, excise duty, service tax, and Cess, if any, prior to the effective date i.e., June 04, 2018 stand extinguished in terms of the resolution plan approved by Hon'ble NCLT. This is supported by the legal opinion taken by the company and various judicial pronouncements on the said matter. Having regard to this, there are no dues of Provident Fund, Investor Education Protection fund, Employees' State Insurance, Income Tax, Sales Tax, Goods and Service Tax, Wealth Tax, Service tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues, which have not been deposited on account of any dispute.
- viii) In our opinion and on the basis of information and explanations given to us and as represented by the management, we have neither come across nor have been informed of transactions which were previously not recorded in books of account and that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix) a. In our opinion and on the basis of information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- b. According to the information, explanations and representation given to us by the management, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.



- c. In our opinion and on the basis of information and explanations given to us by the management, the Company has not taken any term loan during the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.
- d. According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that fund raised on short term basis have been utilized for operational short-term purposes and losses arising therefrom and therefore generally has not been used for property, plant and equipment, making loans or investments and other such long term purposes.
- e. In our opinion and on the basis of examination of the books of records the company does have any subsidiaries, associates or joint ventures and hence, reporting under clause 3(ix)(e) and (f) of the Order is not applicable.
- x) a. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, reporting under Clause 3(x)(a) of the Order is not applicable to the Company.
- b. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3 (x)(b) of the Order is not applicable to the Company.
- xi) a. During the course of our examination of books of account carried out during the year in accordance with generally accepted auditing practices in India, we have neither come across incidence of any material fraud by or on the company nor have we been informed of any such case by the management.
- b. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us and representation received from the management, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 has not been filed with the Central Government.
- c. As represented to us by the management and as far as ascertained from examination of books of and records in accordance with generally accepted auditing practices in India, we have taken into consideration the whistle blower complaints received by the company during the year and those considered relevant and material have been taken into account while determining the nature, timing and extent of audit procedures.
- xii) The Company is not a Nidhi company and hence reporting under paragraph 3(xii) of the Order is not applicable to the Company.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Financial statements as required by the applicable accounting standards.
- xiv) a. The Internal audit of the Company has been carried out by a firm of Chartered Accountants. The system followed, in our opinion, is generally commensurate with the size and nature of its business.
- b. Further, we have considered, during the course of our audit, the reports of the internal auditor for the period under audit, issued to the Company during the year and till the date of our audit, in determining the nature, timing and extent of our audit procedures in accordance with the guidance provided in SA 610 "Using the work of Internal Auditors".



- 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, 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 to the Company.
- xvi) a. In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a) of the Order is not applicable to the company.
- b. The Company has not conducted any Non-Banking Financial or Housing Finance Activities without a valid certificate of registration as required under Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(b) of the Order is not applicable.
- c. The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Hence, reporting under clause 3(xvi)(c) of the Order is not applicable.
- d. In our opinion and based on the representation received by us from the management, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable to the company.
- xvii) On the basis of overall examination of the financial statement, the Company has incurred cash losses during the financial year covered by our audit but has not incurred cash losses in the immediately preceding financial year.
- xviii) There has been no resignation of the statutory auditors of the Company during the year and accordingly reporting under clause 3(xviii) of the Order is not applicable.
- xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors, Management plans as provided to us including as stated in Note no. 46(f)(iii)(a) and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts and assumptions as represented to us up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due for payment.
- xx) The provisions relating to Corporate Social Responsibility under Section 135 of the Act are not applicable to the Company. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.
- xxi) The company does not have any subsidiary/associate hence consolidated financial statements are not applicable to the company and thereby reporting under clause 3(xxi) of the Order is not applicable

Place: Kolkata
Date: April 19, 2023



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

R. P. Singh

R. P. Singh
Partner

Membership No: 52438
UDIN: 23052438BGXSBQ3770

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

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

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

We have audited the internal financial controls with reference to financial statements of ESL Steel Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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



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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in COSO 2013.

Place: Kolkata
Date: April 19, 2023



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

R. P. Singh
R. P. Singh
Partner
Membership No: 52438
UDIN: 23052438BGXSBQ3770

ESL STEEL LIMITED
BALANCE SHEET AS AT MARCH 31, 2023

Particulars	Note No.	(Rs. in lakhs)	
		As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	5	4,10,552.06	4,56,766.56
(b) Capital work-in-progress	6	1,79,895.94	80,611.34
(c) Other Intangible Assets	7	46,816.63	54,195.73
(e) Financial Assets:			
(i) Other Financial Assets	8	9,323.62	8,623.71
(f) Non Current Tax Assets (net)	9	2,461.57	1,630.06
(g) Deferred Tax Assets (net)	48	2,54,992.24	2,63,457.43
(h) Other Non-Current Assets	10	2,909.06	11,877.00
Total Non-Current Assets		8,94,951.12	8,77,161.83
Current assets			
(a) Inventories	11	1,39,439.34	1,17,967.10
(b) Financial Assets:			
(i) Investments	12	2,003.39	18,015.91
(ii) Trade Receivables	13	24,862.95	8,057.82
(iii) Cash and Cash Equivalents	14	3,503.65	6,411.03
(iv) Bank Balances other than (iii) above	15	15,841.10	53,567.95
(v) Other Financial Assets	16	1,491.20	3,532.61
(c) Other Current Assets	17	42,583.16	30,381.36
Total Current Assets		2,29,724.79	2,37,923.78
TOTAL ASSETS		11,24,675.91	11,15,085.61
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	18	1,84,903.02	1,84,903.02
(b) Other Equity	19	3,71,803.41	4,27,869.81
Total Equity		5,56,706.43	6,12,772.83
Liabilities			
Non-current Liabilities			
(a) Financial Liabilities:			
(i) Borrowings	20	1,94,548.75	2,40,202.51
(ii) Lease Liability	39	1,468.21	1,526.84
(b) Provisions	21	21,931.62	22,661.58
Total Non-Current Liabilities		2,17,948.58	2,64,390.93
Current Liabilities			
(a) Financial Liabilities:			
(i) Borrowings	22	46,041.60	46,041.60
(ii) Lease Liabilities	39	17,534.16	21,942.50
(iii) Operational Buyers' Credit / Suppliers' Credit	45	1,27,774.84	91,046.22
(iv) Trade Payables	23		
- Total Outstanding dues of micro and small enterprises		6,508.12	10,028.51
- Total Outstanding dues of creditors other than micro and small enterprises		60,892.72	21,050.28
(v) Other Financial Liabilities	24	13,072.41	8,347.66
(b) Other Current Liabilities	25	77,907.41	38,395.12
(c) Provisions	26	189.64	1,069.86
Total Current Liabilities		3,49,920.90	2,57,801.85
Total Liabilities		5,67,869.48	5,02,312.78
TOTAL EQUITY AND LIABILITIES		11,24,675.91	11,15,085.61

Significant accounting policies and other accompanying notes (1 to 51) form an integral part of the financial statements
As per our report of even date

For and on behalf of the Board of Directors

For Lodha & Co,
Chartered Accountants

R.P. Singh
Partner

Place: Kolkata
Dated: April 19, 2023



A. Sumathi
A Sumathi
(DIN : 07147100)
Non-Executive Director

Anand Prakash Dubey
Anand Prakash Dubey
Chief Financial Officer

Ashish Kumar Gupta
Ashish Kumar Gupta
(DIN : 07808012)
Whole Time Director

Munish Chaudhary
Munish Kumar Chaudhary
M.No. ACS 23037
Company Secretary



Confidential (C2)

ESL STEEL LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2023

Particulars	Note No.	(Rs. in lakhs)	
		Period ended March 31, 2023	Year ended March 31, 2022
Revenue from Operations			
Sale of Products	27	7,85,181.04	6,47,434.78
Other Operating Income	28	12,576.88	12,152.13
Total Revenue from Operations		7,97,757.92	6,59,586.91
Other Income	29	7,170.22	20,396.88
Total Income		8,04,928.14	6,79,983.79
Expenses			
Cost of Materials Consumed	30	5,02,250.08	4,59,354.53
Changes in Inventories of Finished/ Semi-Finished Goods and Stock-in-Trade	31	(40,542.28)	(25,000.09)
Employee Benefits Expense	32	21,326.21	16,158.68
Finance Costs	33	37,605.47	33,822.02
Depreciation and Amortisation Expense	34	44,375.30	34,529.97
Other Expenses	35	2,87,180.61	1,52,850.69
Total Expenses		8,52,305.39	6,71,715.80
Profit/ (Loss) before exceptional items and tax		(47,077.25)	8,267.99
Exceptional Items	36	-	[5,847.67]
Profit/ (loss) before tax		(47,077.25)	2,420.32
Tax expense:	48		
(1) Current tax			
(2) Income Tax for earlier years			
(3) Deferred Tax		8,713.34	11,879.51
Profit/ (loss) for the year		(55,790.59)	(9,459.19)
Other Comprehensive Income:			
(i) Items that will not be reclassified to profit or loss	37	(423.96)	(309.54)
(ii) Income tax relating to items that will not be reclassified to profit or loss	48	148.15	108.17
Other Comprehensive Income (net of taxes)		(275.81)	(201.37)
Total Comprehensive Income for the year (comprising of Profit/(Loss) and Other Comprehensive Income for the year)		(56,066.40)	(9,660.56)
Earning per Equity Share (Face value of Rs. 10 each):	42		
Basic and Diluted		(3.02)	(0.51)

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

As per our report of even date

For Lodha & Co,
Chartered Accountants

R.P. Singh
R.P. Singh
Partner

Place: Kolkata
Dated: April 19, 2023



For and on behalf of the Board of Directors

A Sumathi
(DIN : 07147100)
Non-Executive Director

Anand Prakash Dubey
Chief Financial Officer

Ashish Kumar Gupta
(DIN : 07808012)
Whole Time Director

Manish Kumar Chaudhary
M.No. ACS 23037
Company Secretary



ESL STEEL LIMITED
STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2023

Particulars	(Rs. in lakhs)	
	Year Ended March 31, 2023	Year Ended March 31, 2022
A. Cash flow from Operating Activities		
Profit/(Loss) before tax	(47,077.25)	2,420.32
Adjustment to reconcile Profit/(Loss) before tax to net cash generated from operating activities		
Provision against Compliance Cost for Environmental Clearence	-	694.49
Provision against Capital work in progress	-	4,587.67
Adjustments pertaining to land	-	565.51
Provision for Obsolete and Non-moving Stores and Spares	-	76.94
Depreciation and amortization expenses	44,375.30	34,529.97
Loss/(profit) on sale/discard of fixed assets	571.10	260.20
Sundry Credit balances/Provision no longer required written back	(2,506.72)	(8,820.26)
Sundry Balances written-off	782.97	6,722.73
Unrealised (gain)/ Loss on foreign currency translation and transaction	62.60	751.92
Net gain/(loss) on Derivative Instruments on fair valuation through profit and loss	(849.67)	(200.26)
Interest Income	(2,088.44)	(6,245.69)
Net Gain/(loss) on Current Investments on Fair Valuation through profit and loss	(341.78)	(615.92)
Impairment Allowance for doubtful debts, Advances and deposits	3.35	65.30
Finance Cost	37,605.47	33,822.02
Operating profit before Working Capital Changes	30,536.93	68,613.94
<u>Movements in working capital :</u>		
Decrease/(Increase) in Inventories	(21,513.77)	(54,491.71)
(Decrease)/Increase in Trade Payables, Other financial/Non-Financial liabilities and Provisions	1,03,755.98	37,390.42
Decrease/(Increase) in Trade Receivables	(7,919.62)	(2,440.30)
Decrease/(Increase) in loans and advances, Other financial/non-financial assets and other assets	(8,574.59)	1,06,413.69
Cash generated from / (used in) operations	96,284.93	1,55,486.04
Income taxes (paid)/refund (net)	(831.51)	(343.96)
Net Cash flow generated / (used in) Operating Activities (A)	95,453.42	1,55,142.08
B. Cash flow from Investing Activities		
Purchase of Property, Plant and Equipments including intangible assets and movement in Capital Work in Progress	(59,230.11)	(77,921.95)
Proceeds from sale of Property, Plant and Equipments	22.73	3.56
Movement in Fixed Deposits and other bank balances (having original maturity of more than three months)	37,101.78	(33,443.05)
Investment in mutual funds	(2,38,176.15)	(2,25,488.73)
Sale Proceeds on disposal of mutual funds	2,53,846.88	2,48,979.70
Interest received	2,444.78	13,588.24
Net Cash flow generated / (used in) Investing Activities (B)	(3,990.11)	(74,282.23)
Cash flow from Financing Activities		
Repayment of long-term borrowings	(46,041.60)	(45,512.96)
Payment of Lease Liability	(10,240.47)	(7,164.89)
Interest and other borrowing cost paid	(38,088.62)	(33,852.97)
Net Cash flow generated / (used in) Financing Activities (C)	(94,370.69)	(86,530.82)
Net Increase/(Decrease) in cash and cash equivalents (A+B+C)	(2,907.38)	(5,670.97)
Cash and cash equivalents at the beginning of the year	6,411.03	12,082.00
Cash and cash equivalents at the end of the year (Refer Note no. 14)	3,503.65	6,411.03



ESL STEEL LIMITED
STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2023

(Rs. in lakhs)

Notes

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

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

Particulars	As at March 31, 2022	Cash flows*	Non-Cash Flows	As at March 31, 2023
Non-current borrowings (Refer Note no. 20)	2,40,202.51		(45,653.76)	1,94,548.75
Current maturities of long term debt (Refer Note no. 22)	46,041.60	(46,041.60)	46,041.60	46,041.60
Finance Lease Liabilities (Refer Note no. 39)	23,469.34	(10,240.47)	5,773.50	19,002.37
Interest accrued but not due on borrowings (Refer Note no. 24)	1,960.65	(1,960.65)	856.85	856.85

*Includes cash flows on account of both principal and interest

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

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with Banks		
In Current Accounts	3,303.65	4,411.03
Fixed Deposits with original maturity of less than 3 months		2,000.00
Total cash and cash equivalents (Refer Note No. 14)	3,303.65	6,411.03

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

As per our report of even date
For Lodha & Co,
Chartered Accountants

R.P. Singh
Partner



Place: Kolkata
Dated: April 19, 2023

For and on behalf of the Board of Directors

A Sumathi
A Sumathi
(DIN : 07147100)
Non-Executive Director

Ashish Kumar Gupta
Ashish Kumar Gupta
(DIN : 07808012)
Whole time Director

Anand Prakash Dubey
Anand Prakash Dubey
Chief Financial Officer

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



ESL STEEL LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

A. EQUITY SHARE CAPITAL		(Rs. in lakhs)
Particulars	Amount	
Balance as at March 31, 2021	1,84,903.02	
Changes during the year	-	
Balance as at March 31, 2022	1,84,903.02	
Changes during the year	-	
Balance as at March 31, 2023	1,84,903.02	

B. OTHER EQUITY

As at March 31, 2023

Particulars	Capital Reserve	Capital Reserve on Amalgamation	Reserves and Surplus		Other Comprehensive Income Re-measurement of defined benefit plan	Total
			Securities premium	Retained earnings		
Balance as at March 31, 2022	9,59,908.68	(1,74,593.58)	1,79,036.44	(5,38,481.73)	-	3,77,869.81
Profit/(Loss) for the Year	-	-	-	(55,730.59)	-	(55,730.59)
Other Comprehensive Income for the year	-	-	-	-	(275.81)	(275.81)
Total comprehensive income for the year	-	-	-	(55,986.38)	(275.81)	(56,262.19)
Transfer to Retained Earnings	-	-	-	(275.81)	-	(275.81)
Balance as at March 31, 2023	9,59,908.68	(1,74,593.58)	1,79,036.44	(5,82,548.13)	-	3,71,803.41

As at March 31, 2022

Particulars	Capital Reserve	Capital Reserve on Amalgamation	Reserves and Surplus		Other Comprehensive Income Re-measurement of defined benefit plan	Total
			Securities premium	Retained earnings		
Balance as at March 31, 2021	9,39,908.68	(1,74,593.58)	1,79,036.44	(5,26,821.17)	-	4,37,530.37
Profit/(Loss) for the Year	-	-	-	(9,459.19)	-	(9,459.19)
Other Comprehensive Income for the year	-	-	-	-	(201.37)	(201.37)
Total comprehensive income for the year	-	-	-	(9,658.19)	(201.37)	(9,859.56)
Transfer to Retained Earnings	-	-	-	(201.37)	-	(201.37)
Balance at March 31, 2022	9,39,908.68	(1,74,593.58)	1,79,036.44	(5,36,481.73)	-	4,37,869.81

Refer Note no. 19 for nature and purpose of reserves

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

As per our report of even date

For Lodha & Co.
Chartered Accountants

R.P. Singh

R.P. Singh
Partner

Place: Kolkata
Dated: April 19, 2023



For and on behalf of the Board of Directors

A. Sumathi
A. Sumathi
(DIN : 07147100)
Non-Executive Director

Anand Prakash Debroy
Anand Prakash Debroy
Chief Financial Officer

Ashish Kumar Gupta
Ashish Kumar Gupta
(DIN : 07808012)
Whole Time Director

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



1 CORPORATE INFORMATION

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

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

i. Statement of Compliance

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

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

ii. Application of new and revised standards:

Effective April 01, 2022, the company has adopted the amendments vide Companies (Indian Accounting Standard) Amendment Rules, 2022 notifying amendment to existing Ind AS. These amendments to the extent relevant to the company's operation were relating to Ind AS 16 "Property, Plant and Equipment" which clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment and Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets" which specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

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

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

iii. Recent accounting pronouncements

On March 31, 2023, Ministry of Corporate Affairs (MCA) has made certain amendments to existing Ind AS vide Companies (Indian Accounting Standard) Amendment Rules, 2023. These amendments to the extent relevant to the company's operation include amendment to Ind AS 1 "Presentation of Financial Statements" which requires the entities to disclose their material accounting policies rather than their significant accounting policies, Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" which has introduced a definition of 'accounting estimates' and include amendments to help entities distinguish changes in accounting policies from changes in accounting estimates. Further consequential amendments with respect to the concept of material accounting policies have also been made in Ind AS 107 "Financial Instruments: Disclosures" and Ind AS 34 "Interim Financial Reporting".

There are other amendments in various standards including Ind AS 101 "First-time Adoption of Indian Accounting Standards", Ind AS 103 "Business Combinations, Ind AS 109 "Financial Instruments " Ind AS 115 "Revenue from Contracts with Customers", Ind AS 12 "Income Taxes" which has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences and Ind AS 102 "Share-based Payment" which have not been listed herein above since these are not relevant to the company.

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



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

- iv. These financial statements are approved for issue by the Board of Directors. The revision to these financial statements is permitted by the Board of Directors after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Act.

3 SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Preparation

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

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

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

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

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

Fair value measurement

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

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

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

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

B. PROPERTY, PLANT AND EQUIPMENT (PPE)

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

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

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

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

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



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

C. LEASES

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

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

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

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

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

D. DEPRECIATION AND AMORTISATION

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

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

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

For Buildings and Plant and Machinery, the useful life has been determined based on technical assessment and independent evaluation carried out by technical experts. The useful life in case of remaining assets have been given 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.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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 to consumption in the year of issue.

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

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

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

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

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

E. MINING ASSETS

Acquisition Costs

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

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

Exploration and evaluation

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

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

Stripping cost

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

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

Other production stripping cost incurred are expensed in the statement of profit and loss.

The stripping cost incurred during the production phase of a surface mine is recognised as part of mining assets to the extent the current period stripping cost exceeds the average period stripping cost over the life of mine and recognised as an asset if such cost provides a benefit in terms of improved access to ore in future periods and certain criteria are met.

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



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Site restoration, rehabilitation and environmental costs.

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

F. INTANGIBLE ASSETS

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

G. DERECOGNITION OF TANGIBLE AND INTANGIBLE ASSETS

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

H. IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

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

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

I. FINANCIAL INSTRUMENTS

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

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

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

Financial assets are intially measured at fair value. Transaction costs directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or are deducted from the fair value of the financial assets as appropriate in intial recognition. However, trade receivable that do not contain a significant financing component are measured at transaction price.

For the purpose of subsequent measurement, financial assets are classified in the following categories:

- (i) at amortised cost,
- (ii) at fair value through other comprehensive income (FVTOCI), and
- (iii) at fair value through profit or loss (FVTPL).



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

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

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

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

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

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

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

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

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

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

v. **Derivative and Hedge Accounting**

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

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

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

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

vi. **Impairment of financial assets**

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



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

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

vii. Derecognition of financial instruments

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

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

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

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

viii. Offsetting financial instruments

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

ix. Cash and cash equivalents

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

J. INVENTORIES

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

Cost in respect of raw materials and stores and spares includes expenses incidental to procurement of the same. Cost in respect of finished and semi-finished goods represents direct and indirect cost for bringing the inventory to present situation and condition including cost of material plus costs of conversion, comprising of labor costs and an attributable proportion of manufacturing overheads based on normal levels of activity. Cost of mining iron ore inventory includes bid premium, royalties, other overheads and costs incurred for mining.

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

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

K. FOREIGN CURRENCY TRANSACTIONS

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



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

L. EQUITY SHARE CAPITAL

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

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

M. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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

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

N. EMPLOYEE BENEFITS

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

Short-term Employee Benefits

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

Post-employment Benefit Plans

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

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

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

Other Long-term Employee Benefits (Unfunded)

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



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

O. REVENUE RECOGNITION

i. REVENUE FROM SALE OF PRODUCT

Revenue from contracts with customers is accounted for only when it has commercial substance, and all the following criteria are met:

- (i) parties to the contract have approved the contract and are committed to performing their respective obligations;
- (ii) each party's rights regarding the goods or services to be transferred and payment terms there against can be identified;
- (iii) consideration in exchange for the goods or service to be transferred is collectible and determinable.

The revenue is recognised on satisfaction of performance obligation, when control over the goods or services has been transferred and/or goods/ services are delivered/ provided to the customers. Delivery occurs when the goods have been shipped or delivered to a specific location, and the customer has either accepted the goods under the contract of the Company has sufficient evidence that all the criteria for acceptance have 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 such benefit is fulfilled.

P. BORROWING COST

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

Q. RESEARCH AND DEVELOPMENT

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

R. GOVERNMENT GRANTS

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

S. TAXES ON INCOME

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

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

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



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

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

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

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

T. EARNINGS PER SHARE

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

U. SEGMENT REPORTING

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

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

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

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

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

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

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



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

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

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

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

In earlier years, the company determined the recoverable amount of the CGU based on the transaction price in terms of approved resolution plan and impairment with respect to carrying value of the assets was provided. This has been reviewed based on the assumptions and adjustments for forecasts which may vary subsequently. According to such review, no further adjustment in the carrying value thereof has been considered essential. As at March 31, 2023, the carrying amount of Property, Plant and Equipment, Intangible assets and Capital Work in Progress is Rs. 6,25,264.63 lakhs (March 31, 2022: Rs. 5,91,573.63)

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

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

c) **Income taxes**

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

The Company has significant amount of unused business and depreciation losses. Significant management judgement is required to determine the amount of deferred tax assets (DTA) that can be recognised, based upon the likely timing for utilisation thereof against taxable profit together with future tax planning strategies. The management has reviewed the rationale for continuing recognition of DTA recognised in earlier years based on the likely timing and level of profitability in future and expected utilisation of deferred tax thereagainst DTA recognised in earlier year has been continued to be carried forward for future period and Rs. 22,503.93 lakhs representing business losses has not been recognised. Since these are based on assumptions and projections and thereby are inherently uncertain. The amount of DTA may vary in subsequent period depending upon then prevailing conditions, circumstances and profitability.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

d) Going Concern assumption

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

e) Mining Rights and Assets

Mine Reserve and Site restoration Cost

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

Commitment under MDPA arrangement

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

Based on management's evaluation of mining plan submitted and also as referred to in Note no. 40(A)(c), the accounts have been prepared on the assumption that there will not be any shortfall with respect to minimum quantity stipulated for production as required under MDPA.

f) Defined benefit obligation (DBO)

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

g) Impairment loss on trade receivables

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

h) Provisions and Contingencies

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

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

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



5 PROPERTY, PLANT AND EQUIPMENT:

As at March 31, 2023												
Particulars	Freehold land	ROU - Land Leasehold	Buildings	ROU - Building Leasehold	ROU - Equipments Leasehold	Plant and Equipment	Furniture and Fixtures	Vehicles	ROU - Vehicles Leasehold	Office Equipments	Railway Siding	Total
Gross Block												
As at March 31, 2022	49,445.06	36,746.48	2,00,307.25	540.12	1,051.17	8,25,294.08	926.31	241.70	1,549.42	4,195.96	20,107.59	11,30,405.14
Additions	2,291.34	4,952.34	152.44	128.06	630.82	18,500.76	100.33	13.25	295.08	644.15	20.25	27,728.82
Disposal	-	-	-	(2.09)	(14.66)	(1,593.91)	(2.95)	(75.12)	-	(66.27)	(5.82)	(1,746.20)
Other Adjustments	-	-	-	866.09	1,667.33	8,42,200.93	1,073.65	179.83	2,072.25	4,773.84	20,122.02	11,56,600.81
As at March 31, 2023	41,736.40	41,698.82	2,00,459.69	666.09	1,667.33	8,42,200.93	1,073.65	179.83	2,072.25	4,773.84	20,122.02	11,56,600.81
Accumulated Depreciation												
As at March 31, 2022	-	3,472.82	42,199.13	300.71	539.41	1,92,793.76	284.63	111.44	267.63	2,706.74	5,883.59	7,48,064.91
Charge for the period	-	1,241.90	4,005.68	112.94	268.07	28,181.19	64.08	12.69	688.54	244.35	774.95	35,594.39
Disposal	-	-	-	-	-	(526.46)	(0.30)	(33.23)	-	(53.96)	(1.70)	(615.71)
Other Adjustments	-	-	-	413.65	807.48	2,20,448.49	348.41	90.90	956.17	2,397.18	6,661.78	2,83,043.59
As at March 31, 2023	18,006.21	4,714.72	46,204.81	413.65	807.48	2,20,448.49	348.41	90.90	956.17	2,397.18	6,661.78	2,83,043.59
Impairment												
As at March 31, 2022	18,006.21	-	77,522.21	-	-	3,21,093.69	134.68	40.90	-	1,091.10	7,684.88	4,25,573.67
Charge for the period	-	-	-	-	-	(543.88)	-	(11.15)	-	(31.20)	(2.28)	(568.51)
Disposal	-	-	-	-	-	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	5,20,549.83	134.68	29.75	-	1,079.90	7,687.60	4,25,005.16
As at March 31, 2023	18,006.21	-	77,522.21	-	-	5,20,549.83	134.68	29.75	-	1,079.90	7,687.60	4,25,005.16
Net carrying amount	23,730.19	36,984.10	76,732.67	252.44	859.85	3,01,202.63	540.56	59.18	1,116.04	1,296.76	5,777.64	4,48,552.06
As at March 31, 2023	23,730.19	36,984.10	76,732.67	252.44	859.85	3,01,202.63	540.56	59.18	1,116.04	1,296.76	5,777.64	4,48,552.06
As at March 31, 2022												
Particulars	Freehold land	ROU - Land Leasehold	Buildings	ROU - Building Leasehold	ROU - Equipments Leasehold	Plant and Equipment	Furniture and Fixtures	Vehicles	ROU - Vehicles Leasehold	Office Equipments	Railway Siding	Total
Gross Block												
As at March 31, 2021	41,129.61	37,469.57	1,99,609.83	319.64	746.38	8,09,416.00	630.51	389.54	18.77	3,566.72	20,040.29	11,13,336.86
Additions	(3,458.12)	1,050.48	697.42	230.58	311.32	16,675.07	390.79	39.25	1,532.55	715.56	67.30	22,710.32
Deductions/ Disposal	-	-	-	-	(6.53)	(796.99)	(91.95)	(187.09)	-	(86.32)	-	(4,623.51)
Other Adjustments	1,773.57	(1,773.57)	-	(10.10)	-	-	-	-	(1.90)	-	-	(18.53)
As at March 31, 2022	39,445.06	36,746.48	2,00,307.25	540.12	1,051.17	8,25,294.08	976.31	241.70	1,549.42	4,195.96	20,107.59	11,30,405.14
Accumulated Depreciation												
As at March 31, 2021	-	2,283.48	38,288.03	207.21	364.33	1,66,104.07	298.36	255.28	1.56	2,126.14	5,117.98	2,15,046.06
Charge for the year	-	1,189.34	3,911.10	93.50	1,75.08	27,032.82	48.02	15.63	266.07	143.41	770.61	33,645.58
Deductions/ Disposal	-	-	-	-	-	(343.13)	(01.75)	(159.47)	-	(62.76)	-	(627.11)
Other Adjustments	-	-	-	-	-	5,701.66	-	-	-	-	-	-
As at March 31, 2022	18,006.21	3,472.82	42,199.13	300.71	539.41	1,92,793.76	294.63	111.44	267.63	2,206.74	5,883.59	2,48,064.91
Impairment												
As at March 31, 2021	19,848.34	-	77,522.21	-	-	3,15,599.82	156.95	60.27	-	1,112.86	7,684.88	4,21,985.33
Charge for the year	-	-	-	-	-	(207.79)	(22.27)	(19.37)	-	(31.76)	-	(271.19)
Deductions/ Disposal	(1,842.13)	-	-	-	-	5,701.66	-	-	-	-	-	3,859.53
Other Adjustments	-	-	-	-	-	3,21,093.69	134.68	40.90	-	1,091.10	7,684.88	4,25,573.67
As at March 31, 2022	18,006.21	-	77,522.21	-	-	3,21,093.69	134.68	40.90	-	1,091.10	7,684.88	4,25,573.67
Net carrying amount	21,438.85	33,273.66	80,585.91	239.41	511.76	3,11,406.63	507.00	89.36	1,281.79	898.07	6,534.12	4,56,766.56
As at March 31, 2022	21,438.85	33,273.66	80,585.91	239.41	511.76	3,11,406.63	507.00	89.36	1,281.79	898.07	6,534.12	4,56,766.56



Sensitivity Confidential (C2)

ESL STEEL LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(Rs. in lakhs)

- 5.1 Gross block includes certain property, plant and equipment i.e. Freehold land which have been valued on April 01, 2015 i.e. the date of transition by an Independent Valuer and considered as "deemed cost" resulting in increase in value thereof by Rs. 15,513.41 lakhs (March 31, 2022: Rs. 15,513.41 lakhs)
- 5.2 Gross book value of Railway siding includes Rs. 12,137.50 lakhs (March 31, 2022: Rs. 12,137.50 lakhs), incurred for construction of railway siding ownership of which has not been vested with the company.
- 5.3 ROU land leasehold includes:-
a) Rs. 10,413.50 lakhs (March 31, 2022: Rs. 5,461.16 lakhs) in respect of 325.19 acres which are under process of regularisation by conversion to leasehold land (including Rs.9,097.09 lakhs being amount paid against demand made 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 has been amortised considering a period of thirty years from the date of demand/capitalisation;
b) Estimated cost of 455.35 acres of forest land amounting to Rs. 30,164.24 lakhs (on proportionate basis) including Rs. 23,552.55 lakhs (as dealt herein below under 5.3(d)) being estimated cost of compensatory land to be provided as compensation towards afforestation. The title deed for such land pertains to forest department, pending compliance of requirement of afforestation and approval from respective authorities. The entire cost as estimated to be incurred in this respect, pending regularisation of title deed etc. and determination of amount if any in this respect has been considered as ROU Assets and have been amortised considering a period of thirty years from the date of demand/capitalisation; and
c) Necessary steps are being taken for regularisation etc., as detailed in Note no. 44 in respect of above land and execution of title/lease deed in this respect is subject to necessary approval from relevant authorities and charge holder's.
d) In order to obtain the Environmental Clearance as dealt with in Note no. 44, the company apart from afforestation cost was required to provide five times of non-forest land in exchange of land used by the company for the Steel Plant and Rs. 23,552.55 lakhs being the cost as estimated by the management to be incurred and considered adequate for meeting the liability in this respect had been provided in the financial statements. Further, Rs. 6,611.69 lakhs being the NPV for area under utilisation as per the report of EIA consultant had also been capitalised in earlier year as ROU.
- 5.4 In earlier years, the Company had carried out the impairment testing determining the Fair Value less cost to Sale and Value in Use. 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. 6,08,286.00 lakhs as on that date and impairment of Rs. 5,11,193.01 lakhs was provided in that year. During the year, the assumption made for impairment considering the entire block of tangible and intangible assets and capital work in progress as on March 31, 2023 taking into account the potential impact of variation in costs, realisers etc. including those arising with respect to iron ore mines and utilisation of produce thereof and subsequent additions/adjustments to property, plant and equipment have been broadly reviewed for consistency and as estimated no further impairment/reversal thereof has been indicated and provision for impairment as determined and recognised in earlier year has remained unchanged.

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

6 CAPITAL WORK-IN-PROGRESS

Particulars	Refer Note No.	
	At at March 31, 2023	At at March 31, 2022
(a) Capital Work in Progress	85,035.06	95,301.02
As per Last Balance Sheet	65,636.19	10,327.51
Add: Addition during the year	(17,836.82)	(9,020.43)
Less: Capitalisation during the year	-	(11,573.04)
Less: Adjustment during the year	36.10(b)	85,035.06
(b) Project Development Expenditure	6.2	68,832.61
As per last Balance Sheet	54,846.47	1,485.23
Add: Finance Cost transferred from Statement of Profit and Loss	1,485.23	(5,276.12)
Less: Capitalisation during the year	33.3	(8,710.02)
Less: Adjustment during the year	36.10(b)	54,846.47
(c) Impairment	36.10(b)	(74,384.39)
As per last Balance Sheet	(59,270.19)	5,701.66
Less: Transfer to Property, Plant and Equipment	(59,270.19)	9,412.54
Less: Adjustment during the year	1,229,895.94	(59,270.19)
	80,611.34	



Sensitivity Confidential (C2)

6.1 The project undertaken in earlier years for enhancing the production capacity from 1.5MTPA to 2.5MTPA and those in nature of balancing equipment for attaining the operational efficiency and related costs consisting of one Blast Furnace, Horizontal Coke Oven and other related equipments and facilities and selection of vendors etc. for the project is under progress. Accordingly, Rs. 73,137.62 lakhs being cost of various plant and equipment acquired for the project in earlier years has been carried forward as capital work in progress and is proposed to be used in the planned expansion project post technical evaluation and consequential adjustments, as considered appropriate. Details in this respect and incurred subsequently pending completion are given in 6.3 and 6.4 below.

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

6.3 Opening Schedule of Capital Work in Progress

Particulars	Amount in CWIP for a Period of				As at March 31, 2023	Amount in CWIP for a Period of				As at March 31, 2022
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years		Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in Progress										
Capacity Expansion and Efficiency Upgradation	56,589.90	134.14	-	69,985.48	1,26,709.52	2,524.57	-	69,985.48	72,810.05	
Sustaining Capex- Modification and Addition	2,535.61	620.02	30.79	-	3,186.42	7,458.66	342.63	-	7,801.29	

6.4 Projects Overdue and expected Completion date

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

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

Particulars	Amount in CWIP to be completed in				As at March 31, 2023	Amount in CWIP to be completed in				As at March 31, 2022
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years		Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Sustaining Capex- Modification and Addition										
SMS PLANT	307.76	-	-	-	307.76	49.88	-	-	49.88	
POWER PLANT	90.05	-	-	-	90.05	-	-	-	-	
IRON ORE MINES	271.68	-	-	-	271.68	-	-	-	-	
AFBAR ML	45.00	-	-	-	45.00	-	-	-	-	
BF2	388.06	-	-	-	388.06	186.67	-	-	186.67	
BF3	63.00	-	-	-	63.00	3,799.06	-	-	3,799.06	
COMMON FACILITY	1,198.07	-	-	-	1,198.07	1,674.55	-	-	1,674.55	
QA-IZ	149.48	-	-	-	149.48	-	-	-	-	
QA-52	2.72	-	-	-	2.72	-	-	-	-	
V COKEOVEN	305.19	-	-	-	305.19	310.93	-	-	310.93	
DIP	28.80	-	-	-	28.80	17.40	-	-	17.40	
SINTER PLANT	-	-	-	-	-	983.84	-	-	983.84	



ESL STEEL LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

7. OTHER INTANGIBLE ASSETS

(Rs. In lakhs)

Particulars	Gross Block				Amortisation				Impairment				Net carrying amount
	As at March 31, 2023	Additions	Other Adjustments	As at March 31, 2023	As at March 31, 2022	Charge for the period	Other Adjustments	As at March 31, 2023	As at March 31, 2022	For the period	Other Adjustments	As at March 31, 2023	
Particulars	March 31, 2022			March 31, 2023	March 31, 2022			March 31, 2023	March 31, 2022			March 31, 2023	March 31, 2022
Computer Softwares	1,596.24	474.02	-	2,070.26	509.82	338.44	-	848.26	54.66	-	-	54.66	1,157.34
Mining Assets	53,892.03	927.79	-	54,819.82	728.06	8,442.47	-	9,170.53	-	-	-	-	45,649.29
As at March 31, 2023	55,488.27	1,401.81	-	56,890.08	1,237.88	8,780.91	-	10,018.79	54.66	-	-	54.66	46,816.63

Particulars	Gross Block				Amortisation				Impairment				Net carrying amount
	As at March 31, 2022	Additions	Other Adjustments	As at March 31, 2022	As at March 31, 2021	Charge for the period	Other Adjustments	As at March 31, 2022	As at March 31, 2021	For the period	Other Adjustments	As at March 31, 2022	
Particulars	March 31, 2021			March 31, 2022	March 31, 2021			March 31, 2022	March 31, 2021			March 31, 2022	March 31, 2021
Computer Softwares	834.12	762.12	-	1,596.24	353.49	156.33	-	509.82	54.66	-	-	54.66	1,031.76
Mining Assets	-	53,892.03	-	53,892.03	-	728.06	-	728.06	-	-	-	-	53,163.97
As at March 31, 2022	834.12	54,654.15	-	55,488.27	353.49	884.39	-	1,237.88	54.66	-	-	54.66	54,195.73

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

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

7.3 Mining Assets represents expenditure incurred in relation to acquisition of mining rights, mine development expenditure post development of technical and commercial feasibility and restoration obligations as per applicable regulations. This includes Stripping Activity Assets amounting to Rs. 647.50 lakhs (March 31, 2022: Nil)



8 OTHER FINANCIAL ASSETS

Particulars	Refer Note No.	As at	As at
		March 31, 2023	March 31, 2022
(a) Security Deposits			
Considered good		528.14	303.59
Considered doubtful		67.27	63.91
Less: Impairment Allowance for doubtful deposit		(67.27)	(63.91)
(b) Fixed Deposits with Banks (having original maturity of more than 12 months)	15.2	8,792.40	8,177.31
(c) Interest receivable on fixed deposits	15.2	3.08	142.81
		<u>9,323.62</u>	<u>8,623.71</u>

8.1 Movement of Impairment Allowances for doubtful deposits

Particulars	For the Year ended	For the Year ended
	March 31, 2023	March 31, 2022
Balance at the beginning of the year	63.91	840.81
Recognised during the year	3.36	63.91
Reversal during the year		(840.81)
Balance at the end of the year	<u>67.27</u>	<u>63.91</u>

9 NON-CURRENT TAX ASSETS (NET)

Particulars	Refer Note No.	As at	As at
		March 31, 2023	March 31, 2022
Advance Income Tax including Tax deducted at source		2,461.57	1,630.06
		<u>2,461.57</u>	<u>1,630.06</u>

10 OTHER NON-CURRENT ASSETS

Particulars	Refer Note No.	As at	As at
		March 31, 2023	March 31, 2022
(a) Capital advances		2,834.83	11,489.40
(b) Prepaid Expenses		74.23	387.60
		<u>2,909.06</u>	<u>11,877.00</u>

11 INVENTORIES

Particulars	Refer Note No.	As at	As at
		March 31, 2023	March 31, 2022
(a) Raw Materials		33,809.35	53,149.60
(b) Raw Materials in transit		7,118.73	4,493.37
(c) Semi Finished Goods/ Work In Progress		58,717.30	30,577.35
(d) Finished Goods		9,594.87	2,311.86
(e) Finished Goods in transit		120.25	486.76
(f) Stores and Spares		19,688.74	22,751.85
Less: Provision for Obsolete and Non-moving Stores and Spares	11.1	(3,563.33)	(4,275.10)
(g) Stores and Spare Parts in transit		1,663.25	1,663.45
Less: Provision for Obsolete and Non-moving Stores and Spares	11.2	(45.15)	(41.54)
(h) Scrap and By Products		12,335.33	6,849.50
		<u>1,39,439.34</u>	<u>1,17,967.10</u>

11.1 Stores and Spares stock includes stock of DI Pipe Mould of size 350 mm and above amounting to Rs. 323.28 lakhs (March 31, 2022: 707.38 lakhs).

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

Particulars	For the Year ended	For the Year ended
	March 31, 2023	March 31, 2022
Balance at the beginning of the year	4,316.64	4,239.70
Recognised during the year		76.94
Reversal during the year	(708.15)	
Balance at the end of the year	<u>3,608.48</u>	<u>4,316.64</u>

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



12 INVESTMENTS

Particulars	As at March 31, 2023		As at March 31, 2022	
	Units	Amount	Units	Amount
Investments measured at fair value through Profit and Loss				
Investment in Mutual Funds (unquoted)				
(a) Tata Liquid Fund- Direct Plan- Growth Option (Face Value: Rs. 1,000)			89,308.44	3,001.17
(b) Axis Overnight Fund- Direct Growth Plan (Face Value: Rs. 100)			1,78,017.88	2,000.64
(c) Tata Overnight Fund- Direct Plan- Growth Option (Face Value: Rs. 100)			1,78,365.82	2,000.27
(d) Aditya Birla Sunlife Liquid Fund- Regular Growth Plan (Face Value: Rs. 100)	2,75,915.11	1,001.80	13,14,007.33	4,508.68
(e) HDFC Overnight Fund- Direct Growth Plan (Face Value: Rs. 10)			63,350.99	2,000.28
(f) ICICI Prudential Overnight Fund- Direct Plan - Growth Option (Face Value: Rs. 100)			17,45,645.06	2,000.65
(g) ICICI Prudential Liquid Fund- Direct Plan- Growth Option (Face Value: Rs. 100)	3,00,610.72	1,001.59	7,94,345.19	2,504.22
		2,003.39		18,015.91

- 12.1 Aggregate amount of quoted Investments in Mutual Funds 2,003.39 18,015.91
 12.2 Aggregate amount of NAV of Investments in Mutual Funds 2,003.39 18,015.91
 12.3 Particulars of Investments as required under Section 186(4) of the Companies Act, 2013 have been disclosed herein above.
 12.4 Also refer Note no. 43 in respect of charge created against borrowings

13 TRADE RECEIVABLES

Particulars	Refer Note No.	As at	As at
		March 31, 2023	March 31, 2022
Unsecured			
Considered good	13.1	24,615.97	7,822.16
Considered good, having significant increase in Credit Risk	13.1	246.98	235.66
Credit Impaired		70.37	112.53
Less: Impairment Allowance for doubtful debts	13.2	(70.37)	(112.53)
		24,862.95	8,057.82

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

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Undisputed Trade Receivables- Considered Good		
Within the credit period	14,504.81	4,983.78
Less than 6 Months	9,833.84	2,838.38
6 months - 1 Year	165.62	-
1-2 Years	80.42	-
2-3 years	19.17	-
More than 3 years	12.11	-
	24,615.97	7,822.16
Undisputed Trade Receivables- Significant increase in Credit Risk		
6 months - 1 Year	191.13	198.60
1-2 Years	55.85	24.95
2-3 years	-	12.11
	246.98	235.66
Disputed Trade Receivables- Credit Impaired		
Less than 6 Months	-	20.52
6 months - 1 Year	-	2.15
1-2 Years	6.12	10.50
2-3 years	10.50	42.75
More than 3 years	53.75	36.61
	70.37	112.53

13.2 Movement of Impairment Allowances for doubtful debts

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Balance at the beginning of the year	112.53	1,920.90
Recognised during the year	-	112.53
Reversal during the year	(42.16)	(1,920.90)
Balance at the end of the year	70.37	112.53

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



14 CASH AND CASH EQUIVALENTS

Particulars	Refer Note No.	As at	As at
		March 31, 2023	March 31, 2022
(a) Balances with Banks:			
- In Current Accounts		3,503.65	4,411.03
(b) Fixed Deposits with original maturity of less than 3 months			2,000.00
		<u>3,503.65</u>	<u>6,411.03</u>

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

15 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	Refer Note No.	As at	As at
		March 31, 2023	March 31, 2022
(a) Balances with Banks:			
- In Current Accounts	15.1 and 15.3		3.65
(b) Fixed Deposits with Banks (having original maturity of more than 3 months)	15.1 and 15.2	15,841.10	53,554.30
		<u>15,841.10</u>	<u>53,557.95</u>

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

15.2 Fixed Deposits with banks includes:

a) Rs. 15,967.33 lakhs (March 31, 2022: Rs. 56,188.08 lakhs) (including Rs. 8,780.54 lakhs (March 31, 2022: Rs. 3,185.71 Lakhs) disclosed under other non-current assets) which have been lodged with bank as margin money against Letter of Credit/Bank Guarantees/OD facilities issued/granted by them; and

b) Rs. 658.98 lakhs (March 31, 2022: Rs. 5,543.53 lakhs) (including Rs. 11.77 lakhs (March 31, 2022: Rs. 4,361.60 lakhs) disclosed under other non-current assets) lying with Customers/ Vendors/ Government Authorities in term of agreement/orders.

15.3 Balances with banks in current account includes Nil (March 31, 2022: Rs. 3.65 lakhs) in respect of Interest Service Reserve Account maintained in terms of agreement with borrowers as detailed in Note no. 20

16 OTHER FINANCIAL ASSETS

Particulars	Refer Note No.	As at	As at
		March 31, 2023	March 31, 2022
(a) Earnest Money/ Security Deposits to Vendors			
Considered good		1,115.08	2,156.55
Considered Doubtful		43.68	101.38
Less: Impairment Allowance for doubtful deposits	16.1	(43.68)	(101.38)
(b) Derivative Assets at fair value through profit and loss			566.88
(c) Interest receivable		6.22	222.83
(d) Export incentive receivables		76.81	86.35
(e) Insurance Claim Receivable		293.09	500.00
		<u>1,491.20</u>	<u>3,532.61</u>

16.1 Movement of Impairment Allowances for doubtful Debts and Deposits

Particulars	For the Year ended	For the Year ended
	March 31, 2023	March 31, 2022
Balance at the beginning of the year	101.38	42.83
Recognised during the year	-	65.92
Reversal during the year	(57.70)	(7.37)
Balance at the end of the year	<u>43.68</u>	<u>101.38</u>

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

17 OTHER CURRENT ASSETS

Particulars	Refer Note No.	As at	As at
		March 31, 2023	March 31, 2022
(a) Balance with Government Authorities			
Considered good	17.3	7,697.70	3,283.75
Considered doubtful		178.38	340.28
Less: Impairment Allowance for doubtful balances	17.1	(178.38)	(340.28)
(b) Advances for supply of goods and services	17.4		
Considered good		27,156.31	24,364.74
Considered doubtful		275.25	895.67
Less: Impairment Allowance for doubtful balances	17.1	(275.25)	(895.67)
(c) Prepaid Expenses	17.2	7,015.29	2,269.62
(d) Advances against salaries		14.22	6.31
(e) MEIS Licences		-	148.29
(f) Others- GST Clearing accounts		699.64	308.65
		<u>42,583.16</u>	<u>30,381.36</u>



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(Rs. in lakhs)

17.1 Movement of Impairment Allowances for doubtful balances:

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Balance at the beginning of the year	1,235.95	1,864.09
Recognised during the year		
Reversal during the year	(782.32)	(628.14)
Balance at the end of the year	453.63	1,235.95

17.2 Includes amount paid to related parties against Brand Fees for the financial year 2023-2024 (Refer: Note no 38)

17.3 Includes

- a) Rs. 1,288.43 akhs (March 31, 2022: Rs. 1,288.43 lakhs) related to Input Tax Credit on burnout based on the order of Hon'ble Supreme Court of India;
- b) Rs. 525.57 lakhs (March 31, 2022: Rs. 525.57 lakhs) lying as deposit paid under protest against various judicial authorities in terms of the respective Orders; and
- c) Rs. 3,516.22 akhs (March 31, 2022: Nil) being differential amount of electricity duty charged against which a writ petition has been filed at Hon'ble High Court of Jharkhand stating that amendment made pursuant to Jharkhand Electricity Duty (Amendment) Act, 2021, for enhancing the duty are ultra vires the provision of Bihar Electricity Duty Act, 1948.

17.4 Includes Rs. 13,513.58 lakhs (March 31, 2022: Rs. 6,819.86 lakhs) lying with vendors under cash and carry arrangement against supply of imported coal over the specified period of time.

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

18 EQUITY SHARE CAPITAL

Particulars	As at	As at
	March 31, 2023	March 31, 2022
(a) Authorised:		
10,02,00,00,000 Equity Shares of Rs. 10/- each (March 31, 2022: 10,02,00,00,000 Equity Shares)	10,02,000.00	10,02,000.00
	10,02,000.00	10,02,000.00
(b) Issued, Subscribed and Fully Paid Up:		
1,84,90,30,224 Equity Shares of Rs. 10/- each (March 31, 2022: 1,84,90,30,224 Equity Shares)	1,84,903.02	1,84,903.02
	1,84,903.02	1,84,903.02

18.1 Reconciliation of the number of Equity Shares Outstanding:

Particulars	As at	As at
	March 31, 2023	March 31, 2022
No. of shares as at the beginning	1,84,90,30,224	1,84,90,30,224
Changes during the year		
No. of shares as at the end	1,84,90,30,224	1,84,90,30,224

18.2 Shareholders holding more than 5% Shares Equity Shares:

Name of Shareholder	As at March 31, 2023		As at March 31, 2022	
	Nos	% holding	Nos	% holding
Vedanta Limited	1,76,55,53,040	95.49%	1,76,55,53,040	95.49%

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

19 OTHER EQUITY

Particulars		As at	As at
		March 31, 2023	March 31, 2022
(a) Capital Reserve	19.1		
As per last Balance Sheet		9,59,908.68	9,59,908.68
(b) Capital Reserve on Amalgamation	19.1		
As per last Balance Sheet		(1,74,593.58)	(1,74,593.58)
(c) Securities Premium	19.2		
As per last Balance Sheet		1,79,036.44	1,79,036.44
(d) Retained Earnings	19.3		
As per last Balance Sheet		(5,36,481.73)	(5,26,821.17)
Profit/(Loss) for the Year		(55,790.59)	(9,459.19)
Transfer from Other Comprehensive Income		(275.81)	(201.37)
(e) Other Comprehensive Income	19.4		
Re-measurement of defined benefit plan			
As per last Balance Sheet		(275.81)	(201.37)
Other Comprehensive Income for the year		275.81	201.37
Transfer to Retained Earnings			
		3,71,803.41	4,27,869.81



19.1 Capital Reserve

A) Capital Reserve includes:

- a) Rs. 9,51,219.97 lakhs recognised on Consolidation and Reduction of Equity Share Capital of the Company on Jun 14, 2018 in terms of Hon'ble NCLT Order dated April 17, 2018.
- b) Further on amalgamation of erstwhile VSL with the company with effect from October 01, 2018:
 - i) Differential of Rs. 519.85 lakhs arising on cancellation of equity shares acquired by erstwhile VSL pursuant to 'Exit Offer' with respect to face value thereof and
 - ii) Differential of Rs. 1,831.14 lakhs with respect to the cost of investment in the books of VSL and face value thereof were adjusted to Capital Reserve.

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

19.2 Securities Premium

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

19.3 Retained Earnings

Retained earnings represents the amount of accumulated earnings/losses of the company. This includes Other Comprehensive Income of (Rs. 722.92 lakhs) (March 31, 2022: (Rs. 447.11 lakhs)) relating to remeasurement of defined benefit plans (net of tax) which cannot be reclassified to Statement of Profit and Loss.

19.4 Other Comprehensive Income

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

20 BORROWINGS

Particulars	Refer Note No.	As at	As at
		March 31, 2023	March 31, 2022
Secured Borrowings			
(a) From Banks:			
- Term Loan	20.1, 20.2, and 20.3	2,27,351.95	2,70,484.11
		<u>2,27,351.95</u>	<u>2,70,484.11</u>
Unsecured Borrowings			
(a) Inter-Corporate Deposits from Holding Company	20.2 and 20.3	13,238.40	15,760.00
		<u>13,238.40</u>	<u>15,760.00</u>
Less: Disclosed under Current Maturity of Long Term Debt- Unsecured	22	(2,521.60)	(2,521.60)
Less: Disclosed under Current Maturity of Long Term Debt- Secured	22	(43,520.00)	(43,520.00)
		<u>1,94,548.75</u>	<u>2,40,202.51</u>

20.1 Security

Term Loan from banks is secured by:

- a) First ranking pari passu charge by way of hypothecation on all fixed assets of the Borrower, including the bank accounts and the bank balances earmarked against the Interest Service Reserve Account and amounts lying therein;
- b) First ranking pari passu charge by deed of Hypothecation on November 28, 2018 and October 08, 2021 in favour of Vistra ITCL (India) Limited, security trustees by way of deposit of 1,993.35 acres and 264.45 acres respectively of title deed of mortgageable lands.
- c) 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
- d) Negative Pledge over shares of the company i.e. post merger, Guarantor (M/s Vedanta Ltd.) to hold 76% of the shares of the company and Non Disposal Undertaking of these shares in favour of the Security Trustee acting for the Lenders.

20.2 The interest rate for the above loans ranges from 8.30% to 9.85%.

20.3 Repayment terms:

Year

2023-2024
2024-2025
2025-2026
2026-2027
2027-2028
2028-2029

	Term Loan from Banks	Inter-Corporate Deposit from Holding Company
	43,520.00	2,521.60
	43,520.00	2,521.60
	43,520.00	2,521.60
	43,520.00	2,521.60
	43,520.00	2,521.60
	10,880.00	630.40

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



21 PROVISIONS

Particulars	Refer Note No.	As at	As at
		March 31, 2023	March 31, 2022
(a) Provision for Employee Benefits	32.1	1,090.31	524.02
(b) Provision for Compliance Cost for EC	21.1	20,556.58	22,030.57
(c) Provision for Site Restoration for Mines	21.2	284.73	106.99
		21,931.62	22,661.58

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

21.2 Provision for site restoration for mines relates to compensatory afforestation, mine closure and rehabilitation obligations. These amounts have been computed based on the Mining Plan submitted to the authority and will be incurred on closure of the mines over a period of 1 to 5 years. During the year, the company has re-assessed the cost to be incurred for Final Mine Closure Plan in terms of the Mining Regulation based on evaluation carried out by an Independent Professional and additional provision of Rs. 164.23 lakhs being the present value of such cost to be incurred over the period specified as above has been kept in the accounts.

21.3 Movement of the Provisions are as follows:

Particulars	Provision for Compliance Cost for EC		Provision for Site Restoration for Mines	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	22,030.57	21,350.95	106.99	-
Recognised during the year	-	679.62	164.23	106.99
Finance cost unwinding	-	-	13.51	-
Written back/paid during the year	(1,473.99)	-	-	-
Balance at the end of the year	20,556.58	22,030.57	284.73	106.99

22 BORROWINGS

Particulars	Refer Note No.	As at	As at
		March 31, 2023	March 31, 2022
(b) Current maturities of long-term debts- Unsecured	20	2,521.60	2,521.60
(c) Current maturities of long-term debts- Secured	20	43,520.00	43,520.00
		46,041.60	46,041.60

22.1 The company has availed borrowings (both fund and non-fund based) from banks as detailed in Note no. 43 on the basis of security of current assets. The quarterly return or statements of current assets filed in this respect are in agreement with the books of accounts.

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

23 TRADE PAYABLES

Particulars	Refer Note No.	As at	As at
		March 31, 2023	March 31, 2022
Payable for goods and services			
Due to Micro and Small Enterprises	23.1	6,508.12	10,028.51
Others		60,892.72	21,050.28
		67,400.84	31,078.79

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

Particulars	As at	As at
	March 31, 2023	March 31, 2022
a) Principal amount remaining unpaid but not due as at year end	6,508.12	10,028.51
b) Interest amount remaining unpaid but not due as at year end	-	-
c) Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
d) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	-	-
e) Interest accrued and remaining unpaid as at year end	-	-
f) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	-	-



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

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Undisputed - Non MSME		
Less than 1 year	59,215.84	19,450.02
1-2 years	1,533.49	1,525.63
2-3 years	94.21	57.65
More than 3 years	31.66	
	60,875.20	21,033.30
Undisputed - MSME		
Less than 1 year	6,152.43	10,028.51
1-2 years	320.71	
2-3 years	34.98	
More than 3 years		
	6,508.12	10,028.51
Disputed - Non MSME		
Less than 1 year	1.73	16.98
1-2 years	15.79	
2-3 years		
More than 3 years		
	17.52	16.98
	67,400.84	31,078.79

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

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Undisputed - Non MSME	16,622.14	8,966.28
Disputed - Non MSME	0.58	
Undisputed - MSME	1,523.96	1,524.61
	18,146.68	10,490.89

24 OTHER FINANCIAL LIABILITIES

Particulars	Refer Note No.	As at	As at
		March 31, 2023	March 31, 2022
(a) Interest accrued but not due on borrowings	20	856.85	1,960.65
(b) Earnest Money Deposit		1,550.53	216.91
(c) Capital Vendors		8,501.98	3,977.75
(d) Derivative Instrument Liability at fair value through profit and loss (net)	46(d)(iii)	282.79	-
(e) Others Payables			
- Employees payable		1,420.97	2,074.45
- Others		459.29	117.90
		13,072.41	8,347.66

25 OTHER CURRENT LIABILITIES

Particulars	Refer Note No.	As at	As at
		March 31, 2023	March 31, 2022
(a) Advance from customers	25.1	25,210.59	16,407.59
(b) Statutory Dues Payables		52,696.82	21,987.63
(includes Royalty on Iron Ore mines, Provident Fund, GST, Tax deducted at source etc.)		77,907.41	38,395.22

25.1 Includes Interest bearing advance of Rs. 10,216.16 lakhs (March 31, 2022: NIL) received from holding company in terms of Agreement for Sale of Iron Ore to be adjusted against shipment made thereagainst or on expiration of the contract along with interest at SBI 1Y MCLR+0.20 calculated on the outstanding balance.

26 PROVISIONS

Particulars	Refer Note No.	As at	As at
		March 31, 2023	March 31, 2022
Provision for Employee Benefits	32.1	189.64	116.03
Other Provisions	26.1		953.83
		189.64	1,069.86

26.1 Other Provisions represent amount provided in respect of defined contribution for employee benefit including for contractual workmen pursuant to the Order of Hon'ble Supreme Court being no longer required and written back during the year. Movement of such Provisions are as follows:

Particulars	Refer Note No.	As at	As at
		March 31, 2023	March 31, 2022
Balance at the beginning of the year			
Recognised during the year		953.83	635.93
Written back during the year		(953.83)	317.90
Balance at the end of the year			953.83



27 REVENUE FROM OPERATIONS

Particulars	Refer Note No.	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Sale of Products:			
Finished and Semi-Finished Products:			
- Export Sales		38,118.21	65,072.70
- Domestic Sales		7,47,062.82	5,82,362.08
		7,85,181.04	6,47,434.78

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 March 31, 2023	For the Year ended March 31, 2022	For the Year ended March 31, 2023	For the Year ended March 31, 2022
	Government		Non-Government	
Within India				
- Billets	-	-	7,921.32	11,973.66
- TMT bars	20,340.81	16,674.47	2,38,502.75	1,94,377.90
- Wire rods	-	-	2,27,746.92	2,03,474.53
- DI pipes	669.92	1,457.69	1,25,615.33	82,425.59
- PIG Iron	-	-	85,857.95	71,807.59
- Iron Ore	-	-	40,180.13	-
- Others	-	-	227.68	170.65
Outside India				
- Billets	-	-	1,677.37	34,166.10
- TMT bars	-	-	90.42	-
- Wire rods	-	-	4,683.03	25,180.00
- DI pipes	-	-	-	39.26
- PIG Iron	-	-	232.92	5,687.34
- Iron Ore	-	-	31,434.48	-
	21,010.73	18,132.16	7,84,170.30	6,29,302.62

28 OTHER OPERATING INCOME

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Scrap/ By-products and Others	12,480.37	11,193.02
Incentive on Exports	96.51	959.11
	12,576.88	12,152.13

29 OTHER INCOME

Particulars	Refer Note No.	For the Year ended March 31, 2023	For the Year ended March 31, 2022
(a) Interest Income on Fixed deposits, Security Deposits, overdue debts etc. measured at amortised cost		2,088.44	6,245.69
(b) Interest income on financial assets measured at amortised cost		129.03	2.72
(c) Sundry Credit balances/Provision no longer required written back	29.1	2,506.72	8,820.26
(d) Net Gain on foreign exchange fluctuation		-	1,716.71
(e) Net gain on Derivative Instruments on fair valuation through profit and loss		-	200.26
(e) Net Gain on Current Investments at Fair Value through profit and loss		341.78	616.92
(f) Miscellaneous Income		2,404.25	2,794.32
		7,470.22	20,396.88

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

30 COST OF MATERIALS CONSUMED

Particulars	Refer Note No.	For the Year ended March 31, 2023	For the Year ended March 31, 2022
(a) Raw material and other materials consumed			
Inventory at the beginning of the year		57,642.97	33,636.94
Add: Purchases and other related costs		4,85,545.19	4,83,360.56
Less: Inventory at the end of the year		40,928.08	57,642.97
	30.1	5,02,260.08	4,59,354.53



30.1 Based on the physical verification of inventories carried out by an independent professional and on reconciliation with book stock, the variations thereof (increase/(Decrease)) have been adjusted to the Cost of Material consumed/ Changes in Inventories of Finished/ Semi-Finished Goods and Stock-in-Trade. This also includes adjustments arising on heap clearances of material:

Particulars	Refer Note No.	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Cost of Material consumed			
Increase/(Decrease) in Stock of Raw Material		(3,215.21)	(2,279.31)
Changes in Inventories of Finished/ Semi-Finished Goods and Stock-in-Trade			
Increase/(Decrease) in Stock of Finished Goods		-	(6.83)
Increase/(Decrease) in Stock of Semi-Finished Goods		(745.95)	
Increase/(Decrease) in Stock of Scrap/ By-products		1,988.83	(422.92)
		<u>(1,972.33)</u>	<u>(2,709.06)</u>

30.2 Cost of material consumed represents procurement from external sources and cost incurred for own generation/raising etc. remain included under respective head of accounts.

31 CHANGES IN INVENTORIES OF FINISHED/ SEMI-FINISHED GOODS AND STOCK-IN-TRADE

Particulars	Refer Note No.	For the Year ended March 31, 2023	For the Year ended March 31, 2022
(i) Inventories at the end of the year			
(a) Finished Goods		9,715.12	2,798.62
(b) Semi-Finished Goods		58,717.30	30,577.35
(c) Scrap / By-products		12,335.33	6,849.50
		<u>80,767.75</u>	<u>40,225.47</u>
(ii) Inventories at the beginning of the year			
(a) Finished Goods		2,798.62	4,766.06
(b) Semi-Finished Goods		30,577.35	6,630.96
(c) Scrap / By-products		6,849.50	3,828.36
		<u>40,225.47</u>	<u>15,225.38</u>
	31.1	<u>(40,542.28)</u>	<u>(25,000.09)</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 March 31, 2023	For the Year ended March 31, 2022
Inventories recognised as expense	7,58,178.12	5,43,743.19

32 EMPLOYEE BENEFITS EXPENSE

Particulars	Refer Note No.	For the Year ended March 31, 2023	For the Year ended March 31, 2022
(a) Salaries and wages		19,667.32	14,843.09
(b) Contribution to Provident and Other Funds	32.1	(1,012.75)	937.76
(c) Staff welfare expenses		646.14	377.83
		<u>21,326.21</u>	<u>16,158.68</u>

32.1 POST RETIREMENT EMPLOYEE BENEFITS

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

(i) Defined Contribution Plans

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

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

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Employer's Contribution to Provident Fund	438.30	413.82
Employer's Contribution to Pension Scheme	213.87	216.85
Employer's Contribution to Superannuation Scheme	74.07	104.66
Employer's Contribution to National Pension Scheme	54.80	24.62



(ii) Post Employment Defined Benefit Plans:

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

Gratuity (Funded)

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

(iii) The following tables set forth the particulars in respect of aforesaid Defined Benefit plans of the Company for the year ended March 31, 2023 and corresponding figures for the previous year:

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

	Gratuity (funded)	
	As at March 31, 2023	As at March 31, 2022
Liability at the beginning of the year	1,349.63	1,109.67
Interest Cost	96.36	76.57
Current Service Cost	222.78	159.43
Benefits paid	(167.02)	(298.00)
Remeasurements - Due to Financial Assumptions	297.91	(32.59)
Remeasurements - Due to Experience Adjustments	78.72	334.55
Liability at the end of the year	1,858.38	1,349.63

(b) Changes in the Fair Value of Plan Asset

	As at March 31, 2023	As at March 31, 2022
	Fair value of Plan Assets at the beginning of the year	1,241.55
Expected return on Plan Assets	88.62	80.63
Contributions by the Company	-	-
Benefits paid	-	-
Remeasurements - Return on Assets (Excluding Interest Income)	(47.33)	(7.58)
Fair value of Plan Assets at the end of the year	1,282.84	1,241.55

(c) Amount recognised in Balance Sheet

	As at March 31, 2023	As at March 31, 2022
	Liability at the end of the year	1,858.38
Fair value of Plan Assets at the end of the year	1,282.84	1,241.55
Amount recognised in the Balance Sheet	575.54	108.08

(d) Components of Defined Benefit Cost

	For the Year ended March 31, 2023	For the Year ended March 31, 2022
	Current Service Cost	222.78
Interest Cost	96.36	76.57
Expected return on plan assets	(88.62)	(80.63)
Total Defined benefit recognised in Statement of Profit & Loss Account	230.52	155.37

(e) Remeasurements recognised in Other Comprehensive Income

	For the Year ended March 31, 2023	For the Year ended March 31, 2022
	Remeasurements - Due to Financial Assumptions	297.91
Remeasurements - Due to Experience Adjustments	78.72	334.55
Remeasurements- Return on Assets	47.33	7.58
Remeasurements recognised in Other Comprehensive Income	423.96	309.54



(f) Balance Sheet Reconciliation

	As at March 31, 2023	As at March 31, 2022
Opening Net Liability	108.08	(58.83)
Defined Benefit Cost included in Statement of Profit and Loss Account	230.52	155.37
Remeasurements recognised in OCI	423.96	309.54
Employers Contribution	-	-
Benefit Paid Directly by Enterprise	(187.02)	(298.00)
Amount recognised in Balance Sheet	575.54	108.08

(g) Percentage allocation of plan assets in

	As at March 31, 2023	As at March 31, 2022
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, 2023	As at March 31, 2022
Summary of Financial Assumptions		
Discount Rate	7.39%	7.14%
Future Salary Increase	8.00%	6.00%
Salary Escalation- After Five Years	8.00%	6.00%
Expected Return on Plan Assets	7.39%	7.14%
Summary of Demographic Assumptions		
Mortality Rate (as % of IALM (2012-14) (Mod.) Ult. Mortality Table)	100.00%	100.00%
Disability Table (as % of above mortality rate)	5.00%	5.00%
Withdrawal Rate	1% to 8%	1% to 8%
Retirement Age	60/58 Years	60/58 Years
Average Future Service	23.46	21.94
Weighted Average Duration	13.05	13.17

Sensitivity Analysis

Particulars	Change in Assumption	Gratuity As at March 31, 2023	Gratuity As at March 31, 2022
Changes in Defined Benefit Obligations:			
Salary Escalation	+0.50%	101.38	70.22
Salary Escalation	(0.50%)	(94.13)	(65.38)
Discount Rates	+0.50%	(94.22)	(64.41)
Discount Rates	(0.50%)	102.47	69.79

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

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

Particulars	As at March 31, 2023	As at March 31, 2022
Year 1	151.43	114.80
Year 2	67.43	49.27
Year 3	63.58	49.22
Year 4	93.30	61.34
Year 5	70.30	63.93
Remaining Subsequent Years	1,412.27	1,011.04

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, 2023 and March 31, 2022 are given below:

	As at March 31, 2023	As at March 31, 2022
Privileged Leave	672.47	509.98
Sick Leave	40.27	27.98
Average number of people employed	1,791	1,726



Risk analysis

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

Investment risk

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

Interest risk

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

Longevity risk / Life expectancy

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

Salary growth risk

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

33 FINANCE COSTS

Particulars	Refer Note No.	For the Year ended March 31, 2023	For the Year ended March 31, 2022
(a) Interest Expense on financial liabilities not measured at FVTPL		37,619.82	32,347.84
(b) Other Borrowing Cost (I.e. LC charges, Suppliers Credit, Guarantee Commission etc.)		1,470.88	1,474.18
(c) Less: Transferred to Capital Work In Progress	33.1	(1,485.23)	
		<u>37,605.47</u>	<u>33,822.02</u>

33.1 During the year, the company has capitalised general funds borrowed and used for the purpose of obtaining a qualifying asset by applying a capitalisation rate of 9.56% to the expenditures on the said asset as required in terms of Ind AS 23 "Borrowing Costs".

34 DEPRECIATION AND AMORTISATION EXPENSE

Particulars	Refer Note No.	For the Year ended March 31, 2023	For the Year ended March 31, 2022
(a) Depreciation on Tangible Assets	5	35,594.39	33,645.58
(b) Amortisation of Intangible Assets	7	8,780.91	884.39
		<u>44,375.30</u>	<u>34,529.97</u>

35 OTHER EXPENSES

Particulars	Refer Note No.	For the Year ended March 31, 2023	For the Year ended March 31, 2022
(a) Consumption of Stores and Spares		23,557.30	23,325.58
(b) Power and Fuel		34,539.23	32,745.91
(c) Freight and Forwarding Charges		29,317.35	20,546.37
(d) Rent		128.00	80.56
(e) Rates and taxes		554.04	520.15
(f) Insurance		1,936.97	1,592.32
(g) Repairs to Plant and Machinery		5,466.00	4,758.00
(h) Repairs to Building & others		578.26	294.24
(j) Operation and Processing expenses		30,283.77	17,198.15
(k) Machine Hire Charges		959.25	577.08
(l) Royalty, Bid Premium & other mines fees	35.1	1,30,905.51	20,402.18
(m) Brand Fees	35.2	10,501.12	9,488.60
(n) Material Handling Expenses		3,064.57	1,441.33
(o) Listing and Registrar Expenses		56.47	45.23
(p) Security Expenses		1,962.75	1,685.88
(q) Advertisement and Business Promotion Expenses		215.39	58.20
(r) Travelling & Conveyance		843.52	1,262.95
(s) Legal & Professional Fees		3,453.65	3,485.02
(t) Payment to Auditors	35.3	63.26	66.47
(v) Net (gain)/loss on foreign exchange fluctuation		586.27	-
(w) Net (gain)/loss on Derivative Instruments on fair valuation through profit and loss		433.45	-
(y) Loss on Sale/Discard of Fixed Assets (Net)		571.10	260.20
(z) Selling and Distribution Expenses		349.99	189.29
(aa) Packing Materials consumed and packing charges		1,587.57	1,913.38
(ab) Impairment Allowance for Doubtful Debt and Deposits		3.35	65.30
(ac) Provision for Obsolete and Non-moving Stores and Spares		-	76.94
(ad) Sundry Balances written-off		782.97	6,722.73
(ae) Sitting Fees to Directors		60.39	54.25
(af) Other Miscellaneous Expenses		3,519.11	3,994.38
		<u>2,87,280.61</u>	<u>1,52,850.69</u>



AB



Signature

- 35.1 Royalty, Bid Premium & other mines fees includes Rs. 65,721.72 lakhs (March 31, 2022: Rs. 20,402.18 lakhs) provided on provisional basis based on last notified Iron Ore prices pending publication of such prices by IBM.
- 35.2 The company in terms of the Brand Licence Agreement dated September 24, 2019 read with addendum dated May 23, 2022 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. 16,546.33 lakhs (March 31, 2022: Rs. 75,12.37 lakhs) against which Rs. 10,501.12 lakhs (March 31, 2022: Rs. 9,488.50 lakhs) has been recognised as expense. The balance amount will be adjusted against in subsequent year.

35.3 Payment to Auditors

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
(a) Statutory Audit Fee	30.00	30.00
(b) Tax Audit Fee	-	4.00
(c) Certification etc.	31.25	31.68
(d) Out of Pocket Expenses	2.01	0.79
	63.26	66.47

36 EXCEPTIONAL ITEMS

Particulars	Refer Note No.	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Provision against Compliance Cost for Environmental Clearance	36.1(a)	-	(594.49)
Provision against Capital work in progress	36.1(b)	-	(4,587.67)
Adjustment pertaining to land	36.1(c)	-	(565.51)
		-	(5,847.67)

36.1 Exceptional Item relates to:

- a) Provision of Rs. 594.49 lakhs created based on the order concerning Site-Specific Wild Conservation Plan received from the Regional Chief Conservator of Forest relating to environmental clearance in connection with issue of CTO.
- b) Adjustment of Rs. 4,587.67 lakhs pertaining to discrepancies ascertained on completion of physical verification of project equipment and material carried forward under Capital Work in Progress.
- c) Rs. 565.51 lakhs written off being the cost of 102.43 acres of land located outside the plant for which details of original owners/sellers etc., are not available and the physical possession or the ownership of the same as such cannot be obtained.

37 COMPONENTS OF OTHER COMPREHENSIVE INCOME

Particulars	Refer Note No.	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Items that will not be reclassified to Statement of Profit and Loss			
Remeasurement of Defined benefit plans	32.1	(423.96)	(309.54)
		(423.96)	(309.54)

38 RELATED PARTY TRANSACTIONS

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

Names of the related parties and description of relationships:

A	Company	Relationship
	Volcan Investment Limited (VIL)	Ultimate Holding Company
	Vedanta Limited (VL)	Holding Company
B	Key Management personnel	Designation
	Prasun Kumar Mukherjee	Director
	Mahendra Singh Mehta	Director
	Poovannan Sumathi	Director
	Thomas Mathew Thumpeparambil	Director (Appointment w.e.f. June 15, 2022)
	Navnath Laxman Vhacte	Whole Time Director and Chief Executive Officer (Resigned w.e.f. September 30, 2022)
	Maresh Iyer	Chief Financial Officer (Resigned w.e.f. April 30, 2022)
	Anand Prakash Dubey	Chief Financial Officer (Appointed w.e.f. May 01, 2022)
	Ashish Gupta	Whole Time Director and Chief Executive Officer (Appointed w.e.f. October 01, 2022)
C	Entities where KMP or their close member have significant influence or control or Group Enterprises or Companies under common control	
	Bharat Aluminium Company Limited (BALCO)	
	Sterlite Power Transmission Limited (SPTL)	
	Vizag General Cargo Berth Private Limited (VGCBL)	
	Maritime Ventures Private Limited (MVPL)	
	Vedanta Resources Limited (VRL)	
	Taiwandi Sabo Power Limited (TSPL)	
	Hindustan Zinc Limited (HZL)	
	Janhit Electoral Trust (JET)	
	Ferro Alloy Corporation Limited (FACL)	
	MALCO Energy Limited (Earlier Vedanta Aluminium Limited) (MEL)	
	Sterlite Technologies Limited (STL)	
	Minova Runaya Private Limited (MRPL)	
	Runaya Refining LLP (Runaya)	
	Sesa Mining Corporation Limited (SMCL)	
	Sesa Resources Limited (SRL)	



D Related party transaction:

Nature of Transaction	Holding Company- VL	
	2022-23	2021-22
Recovery of Expenses	187.33	98.06
Purchase of Materials	21,497.06	56,889.86
Purchase of Assets	273.04	26.17
Interest Expenses	2,758.33	1,499.29
Interest Income	-	4,743.57
Guarantee Commission	850.16	919.01
Corporate Cost Allocation and Reimbursement	4,360.80	3,703.76
Advance received against Sale of Materials	12,500.00	-
Sale of Materials	2,258.97	-
Sale of Assets	8.10	-
Closing balance as at March 31		
Inter Corporate Deposit Payable	13,238.40	15,760.00
Trade Payables	22,480.22	-
Reimbursement of Expenses Payable	-	905.43
Advance from Customer	10,216.16	-
Guarantee Commission payable	-	-
Corporate Guarantee issued on our behalf and outstanding as at the end of the year	2,28,480.00	2,72,000.00
Interest Payable	288.03	-

Nature of Transaction	Key Management Personnel		Entities where KMP or their close member have significant influence or control and Companies under Common control or Group Enterprises	
	2022-23	2021-22	2022-23	2021-22
Sale of goods				
SPTL	-	-	2,672.10	3,239.04
MRPL	-	-	713.03	2,962.74
STL	-	-	-	10.82
FACL	-	-	388.34	-
Sale of assets				
FACL	-	-	1.39	-
Purchase of assets				
HZL	-	-	-	2.53
BACL	-	-	12.51	-
FACL	-	-	1.33	-
SMCL	-	-	10.69	-
SRL	-	-	0.63	-
Recovery of Expenses				
FACL	-	-	30.18	0.50
HZL	-	-	6.96	36.10
BACL	-	-	6.92	33.27
MEL	-	-	47.88	-
TSPL	-	-	4.48	-
Reimbursement of Expenses				
BACL	-	-	2.12	6.63
FACL	-	-	-	2.25
HZL	-	-	6.68	3.71
VGCBPL	-	-	0.32	4.34
MEL	-	-	57.40	-
TSPL	-	-	9.52	-
Purchase of Materials/Services Received				
VGCBPL	-	-	175.79	146.93
FACL	-	-	581.53	669.09
MEL	-	-	6,253.16	3,229.35
MVPL	-	-	1,393.83	645.67
Runaya	-	-	10.00	-
Brand Fees				
VRIL	-	-	10,501.12	9,488.60
Interest Received				
SPTL	-	-	54.14	58.35
Purchase of Scripts/Licences				
VGCBPL	-	-	-	127.67
HZL	-	-	-	84.70
BACL	-	-	-	112.20



Nature of Transaction	Key Management Personnel		Entities where KMP or their close member have significant influence or control and Companies under Common control or Group Enterprises	
	2022-23	2021-22	2022-23	2021-22
Remuneration				
Pankaj Malhan	-	17.43		
Mahesh Iyer	13.39	89.53		
Anand Prakash Dubey	113.80	-		
Navnath Laxman Vhatte	151.72	142.48		
Ashish Gupta	161.77	-		
Director sitting fees and commission				
Prasun Kumar Mukherjee	19.46	27.25		
Mahendra Singh Mehta	19.21	27.00		
Thomas Mathew Thumpeparambil	13.26	-		
Closing balance as at March 31				
Remuneration Payable				
Mahesh Iyer	-	3.60		
Navnath Laxman Vhatte	-	6.44		
Director Commission Payable				
Prasun Kumar Mukherjee	13.46	9.90		
Mahendra Singh Mehta	13.95	9.90		
Thomas Mathew Thumpeparambil	10.13	-		
Trade Payable				
FACL	-	-	50.29	154.82
VGCBPL	-	-	-	0.73
MVPL	-	-	756.53	277.85
BACL	-	-	0.98	-
VRL	-	-	-	77.51
Advances Given				
VRL	-	-	5,967.70	-
Trade Receivable				
HZL	-	-	0.30	-
VGCBPL	-	-	3.96	-
MRPL	-	-	-	474.35
SPTL	-	-	12.55	298.07
MEL	-	-	45.92	261.34

E 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	Year ended March
	March 31, 2023	31, 2022
Short-term employee benefits	346.27	224.69
Post-employment benefits	70.47	19.68
Other long-term benefits	23.94	5.07

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, 2023 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 made on retirement/resignation of services but does not include provision made on actuarial basis as the same is available for all the employees together.
- Terms and conditions of transactions with related parties**
All transactions are from related parties are made in ordinary course of business. For the year ended March 31 2023, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.



39 DISCLOSURE AS PER IND AS 116

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

Particulars	Land	Buildings	Equipment	Vehicle	Total
As at March 31, 2021	35,186.09	112.43	382.05	17.21	35,697.78
Addition	1,050.48	230.58	311.32	1,532.55	3,124.93
Deletion	-	-	-	-	-
Adjustments	(1,773.57)	(10.10)	(6.53)	(1.90)	(1,792.10)
Depreciation	(1,189.34)	(93.50)	(175.08)	(266.07)	(1,723.99)
As at March 31, 2022	33,273.66	239.41	511.76	1,281.79	35,306.62
Addition	4,952.34	128.06	630.82	295.08	6,006.30
Deletion	-	(2.09)	-	-	(2.09)
Adjustments	-	-	(14.66)	227.71	213.05
Depreciation	(1,241.90)	(112.94)	(268.07)	(688.54)	(2,311.45)
As at March 31, 2023	36,984.10	252.44	859.85	1,116.04	39,212.43

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

Particulars	As at March 31, 2023	As at March 31, 2022
Current lease liabilities	17,534.15	21,942.50
Non-current lease liabilities	1,468.21	1,526.84
Total	19,002.37	23,469.34

iii) The following is the movement in lease liabilities:

Particulars	As at March 31, 2023	As at March 31, 2022
Opening	23,469.34	28,559.79
Additions	6,006.30	3,174.93
Finance cost accrued during the period	279.45	146.91
Adjustments against assets	(213.05)	(1,792.10)
Deletions	8.44	741.62
Payment of lease liabilities	(10,240.47)	(7,164.89)
Payment of interest on lease liabilities	(257.65)	(146.91)
Closing	19,002.37	23,469.34

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

Particulars	As at March 31, 2023	As at March 31, 2022
Not later than one year	17,834.55	21,760.17
Later than one year and not more than five years	1,596.62	1,685.59
Later than five years	-	-

v) Also refer Note no. 5.3 regarding lease liability being recognised pending execution of lease deed and Note no. 44 dealing with Environmental Clearance and approval for afforestation land.

vi) Further to above, the Company has certain operating lease arrangements for office, transit houses, furnitures and fixtures etc. for short-term leases. Expenditure incurred on account of rental payments under such leases during the year and recognized in the Profit and Loss account amounts to Rs. 128.00 lakhs (March 31, 2022: Rs. 80.56 lakhs).

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

A) CONTINGENT LIABILITIES

Particulars	As at March 31, 2023	As at March 31, 2022
a) Guarantees given by banks on behalf of the Company	10.00	20.20
b) Electricity Duty charged pursuant to Jharkhand Electricity Duty (Amendment) Act, 2021	3,516.22	-
c) Demand raised in terms of Mine Development and Production Agreements (MDPA) entered with State Government for Iron Ore Mines as dealt with in (B) below	1,75,726.21	-



- B) The Company has been granted Nadidihi Iron Ore and Manganese Block with Lease Area of 117.21 Hectares and Nadidihi Iron ore Block with Lease Area of 74.50 Hectares in Odisha on November 20, 2021. The Mine Development and Production Agreements (MDPA) entered into by the Company with respect to the above two Iron Ore Block obligates certain minimum despatch requirement for each year of the operations.

The Company has received demand notices dated December 03, 2022 aggregating Rs. 1,70,780.81 lakhs and dated April 11, 2023 aggregating to Rs. 4,945.40 lakhs towards penalty for shortfall in minimum despatch for the first year of the lease i.e. upto November 19, 2022 and for subsequent quarter thereof from November 20, 2022 upto February 19, 2023 respectively for both the mines. Management believes that the demands for shortfall as made against the company in respect of period upto November 19, 2022 are not valid as per the provisions of law and MDPAs on various grounds including the fact that the base period taken in term of MDPAs for calculation of the shortfall has erroneously been considered by the State Government. Further, the Company was unable to carry out mining operation for significant part of the first year owing to reasons beyond its control and for the said period is entitled for an extended period for mining in terms of provisions of Mines and Minerals (Development and Regulation) Act' 1957 (MMDR). In respect of period from November 20, 2022 upto period ended February 19, 2023 the amount of demand is provisional and based on future projection the company will be able to meet its obligation for minimum despatch quantity cumulatively on annual basis. Based on a legal opinion obtained in respect of first year of commercial operations, the Company has filed a Revision Application before Revisional Authority, Ministry of Mines challenging the said demand against which the said authority has directed the state government that no coercive actions should be taken to realise the demand till further order. The demand received for subsequent period which as stated above is even though provisional, will also not be tenable on similar ground. Pending final decision on the matter, in view of the management as advised legally no liability requiring any provision on account of shortfall as per the said demand as such is expected to arise.

Notes:

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

C) CAPITAL AND OTHER COMMITMENTS

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	1,04,990.16	1,05,423.66
	In Foreign Currency	In Foreign Currency
(b) Forward Contract Outstanding		
In USD	3,56,14,827	8,56,96,940
In EURO	2,78,100	-
In EURO/USD		1,46,818

41 Segment information

(a) Description of segments and principal activities

The Company is engaged in the manufacture and supply of Wire rods, TMT bars, Ductile Iron (DI) Pipes and Billets, and also deals in Iron Ore, Pig Iron and iron and steel scrap products generated while manufacturing these products or otherwise in connection therewith. 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	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Revenue from external customers		
In India		
- Billets	7,921.32	11,973.66
- TMT bars	2,58,843.56	2,11,052.37
- Wire rods	2,27,746.92	2,03,474.53
- DI pipes	1,26,285.25	83,883.28
- PIG Iron	85,857.95	71,807.59
- Iron Ore	40,180.13	-
- Others	227.69	170.65
Outside India		
- Billets	1,577.37	34,166.10
- TMT bars	90.42	-
- PIG Iron	232.92	5,687.34
- DIP	-	39.26
- Iron Ore	31,434.48	-
- Wire rods	4,683.03	25,180.00

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



42 Calculation of Earning Per Share is as follows:

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
a) Net Profit/ (Loss) for basic and diluted earnings per share as per Statement of Profit and Loss	(55,790.59)	(9,459.19)
Net Profit/ (Loss) for Basic and Diluted earnings per share	(55,790.59)	(9,459.19)
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	1,84,90,30,224	1,84,90,30,224
Add: Movement in Equity Shares issued during the period	-	-
Number of equity shares outstanding	1,84,90,30,224	1,84,90,30,224
Weighted average number of equity shares considered for calculation of basic and diluted earnings per share	1,84,90,30,224	1,84,90,30,224
c) Earnings per share (EPS) of Equity		
Basic EPS (Rs.) (a/d)	(3.02)	(0.51)
Diluted EPS (Rs.) (a/d)	(3.02)	(0.51)

43 The Company has availed various fund and non-fund based working capital facilities from banks amounting to Rs. 1,45,400.00 lakhs secured by First ranking pari passu charge by deed of Hypothecation executed in favour of Vistra ITCL (India) Limited, security trustees over the whole of the current assets of the company both present and future including stock of raw materials, stock-in-process, semi-finished goods, finished goods, stores and spares. Further secured by all of the book debts, amount outstanding, monies receivable, investments, claims and bills of the borrower and Letter of Comfort backed by Board Resolution from the Holding company.

44 In respect of company's application for obtaining Environmental Clearance (EC) from Ministry of Environment, Forest and Climate Change (MoEF), the Forest Advisory Committee (FAC) of MoEF granted the Stage 1 clearance and approved the related Terms of Reference (TOR) on August 25, 2020. The proposal submitted by ESL after completing the public consultation even though accepted by Expert Advisory Committee (EAC) which decided for issuance of EC subject to environmental safeguards to be taken by the company had been rejected by MoEF sighting the reason for pendency of similar matters before certain high courts. The company filed a SLP before Hon'ble Supreme Court of India pursuant to which the Hon'ble Supreme Court of India had set aside the order of MoEF and directed MoEF to process the EC Application of ESL as per the applicable law within a period of three months. MoEF vide its letter dated February 02, 2022 had deferred the grant of EC till Forest Clearance (FC) Stage-II is granted to the company. The company has so far procured substantial portion of land and the same have either been handed over to forest department or is in the advance stage of doing so for compensatory afforestation as required for obtaining Stage- II clearance. The Company is in the process of procuring remaining land including certain government land pending cabinet approvals etc. in this respect, so as to ensure all the necessary compliances for obtaining EC. On receipt of EC, application for obtaining Consent to Establish (CTE) and then Consent to Operate (CTO) will be made by the company. Pending completion of the entire process and determination of aggregate cost, provision of Rs. 18,951.72 lakhs (net of Rs. 4,600.83 lakhs paid out of the same) towards cost of land and Rs. 20,556.58 lakhs (including Rs. 694.49 lakhs as given in Note no. 36.1(a)) for other related costs etc. (net of Rs. 1,473.99 lakhs paid out of the same) for compensatory afforestation made in earlier years has been carried in the accounts as on March 31, 2023.

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

45 Operational Buyers' Credit and Suppliers' Credit is availed in foreign currency from offshore branches of Indian banks or foreign banks at an interest rate ranging from 5% to 6% per annum. Further, other trade credit in rupee denominated currency from domestic banks at interest rate ranging from 7.00% to 9.00% per annum. These trade credits are largely repayable within 180 days from the date of draw down. Operational Buyer's credit availed in foreign currency is backed by Standby Letter of Credit issued under working capital facilities sanctioned by domestic banks. Part of these facilities are secured by first pari passu charge over the present and future current assets of the Company.



46 FINANCIAL INSTRUMENTS

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets (Current and Non-Current)				
Fair Value through Profit and Loss Account				
Derivative Assets - not designated as hedging instruments				
-Forward Contracts	-	-	566.88	565.88
Investments in Mutual Funds	2,003.39	2,003.39	18,015.91	18,015.91
Financial Assets at amortised cost				
Trade receivables	24,862.95	24,862.95	8,057.82	8,057.82
Cash and Bank Balances	3,503.65	3,503.65	4,414.68	4,414.68
Fixed Deposits with bank	24,633.50	24,633.50	63,731.61	63,731.61
Other Financial Assets	2,022.42	2,022.42	3,412.13	3,412.13
Financial Liabilities (Current and Non-Current)				
Financial Liabilities at amortised cost				
Borrowings- Floating Rate	2,27,351.95	2,27,351.95	2,70,484.11	2,70,484.11
Borrowings- Fixed Rate	13,238.40	13,238.40	15,760.00	15,760.00
Lease Liability	19,002.37	19,002.37	23,469.34	23,469.34
Trade payables	67,400.84	67,400.84	31,078.79	31,078.79
Operational Buyers' Credit / Suppliers' Credit	1,27,774.84	1,27,774.84	91,046.22	91,046.22
Interest on Loans and Borrowings	856.85	856.85	1,960.65	1,960.65
Others financial liabilities	11,932.77	11,932.77	6,387.01	6,387.01
Fair Value through Profit and Loss Account				
Derivative Liabilities - not designated as hedging instruments				
-Forward Contracts	282.79	282.79	-	-

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, 2023:

Particulars	As at March 31, 2023	As at March 31, 2022	Fair value measurements at reporting date using		
			Level 1	Level 2	Level 3
Financial Assets					
- Derivative- not designated as hedging instruments					
o Forward Contracts	-	566.88	-	-	-
- Investment in Mutual Funds	2,003.39	18,015.91	2,003.39	(566.88)	-
- Investment in Fixed Deposits	24,633.50	63,731.61	(18,015.91)	-	-
				24,633.50	-
				(63,731.61)	-
Financial Liabilities					
- Borrowings- Floating Rate	2,27,351.95	2,70,484.11	-	2,27,351.95	-
- Borrowings- Fixed Rate	13,238.40	15,760.00	(-)	(2,70,484.11)	(-)
- Operational Buyers' Credit / Suppliers' Credit	1,27,774.84	91,046.22	(-)	13,238.40	(-)
- Lease Liability	19,002.37	23,469.34	(-)	(15,760.00)	(-)
- Derivative- not designated as hedging instruments			(-)	1,27,774.84	(-)
o Forward Contracts	282.79		(-)	(91,046.22)	(-)
			(-)	19,002.37	(-)
			(-)	(23,469.34)	(-)
			(-)	282.79	(-)
			(-)	(-)	(-)



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(* Figures in round brackets () indicate figures as at March 31, 2022)

During the year ended March 31, 2023 and March 31, 2022, 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.

3) 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, 2023		As at March 31, 2022	
		No. of Deals	Amount in Foreign Currency	No. of Deals	Amount in Foreign Currency
Buy Forward	USD/INR	21	3,56,11,827	28	8,56,96,940
	EURO/USD	-	-	1	1,46,818
	EURO/INR	2	2,78,100	-	-

ii) Unhedged Foreign Currency exposures are as follows: - (Amount in Foreign Currency)

Nature	Currency	As at March 31, 2023	As at March 31, 2022
Trade Payables (Including acceptances)	EURO	-	-
Trade Payables (Including acceptances)	USD	-	-
Trade Receivable	USD	76,94,507	8,28,529

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:

Particulars	(Amount in Rs. Lakh)	
	As at March 31, 2023	As at March 31, 2022
Not later than one month	(15.27)	370.24
Later than one month and not later than three months	(229.12)	121.16
Later than three months and not later than one year	(38.40)	75.48
Later than one year	-	-

e) Sale of financial assets

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

During the year ended March 31, 2023 and 2022, the Company transferred and recorded as sale of financial assets of Rs. 1,20,767.30 lakhs and Rs. 71,177.12 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. 1,306.90 lakhs and Rs. 787.24 lakhs for the year ended March 31, 2023 and 2022 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.

(i) 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.

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



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

Particulars	(Amount in Foreign Currency)	
	As at	As at
	March 31, 2023	March 31, 2022
	USD	USD
Trade Receivable	76,94,507	8,28,529
Trade and other Payables		
Net assets/(liabilities)	76,94,507	8,28,529

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	For the year ended
	March 31, 2023	March 31, 2022
PAYABLES (Weakening of INR by 5%)		
USD		
RECEIVABLES (Weakening of INR by 5%)		
USD	316.11	31.31
	316.11	31.31

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

Interest Rate Risk

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

Further there are deposits with banks 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	For the year ended
	March 31, 2023	March 31, 2022
Increase in 50 basis points		
Borrowings- Floating Rate	1,136.76	1,352.42

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

Commodity price risk

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

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

Other price risk

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

(ii) 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 three customers (March 31, 2022: two) having outstanding of Rs. 15,296.71 lakhs (March 31, 2022: Rs. 4,995.43 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.10,358.14 lakhs (March 31, 2022: Rs. 3,067.48 lakhs) which are past due at the end of the reporting period, no credit losses there against are expected to arise.



(iv) 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, working capital facilities from banks and borrowings from holding company to meet its fund requirement. The ongoing implementation measures will have a positive cash flow and in term help to control the liquidity crisis.

Liquidity and interest risk tables

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

Interest rate and currency of borrowings

Particulars	As at March 31, 2023		
	Floating rate borrowings	Fixed rate borrowings	Weighted average Interest Rate (%)
INR	2,27,351.95	13,238.40	8.33%
Total	2,27,351.95	13,238.40	

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

Maturity Analysis of Financial Liabilities

As at March 31, 2023

Particulars	Carrying Amount	On Demand	Less than 6 months	6 to 12 months	> 1 year	Total
Interest bearing borrowings (including current maturities)	2,40,590.35	-	23,020.30	23,020.80	1,94,548.75	2,40,590.35
Interest payable	856.85	-	856.85	-	-	856.85
Lease Liability	19,002.37	16,431.03	555.72	547.41	1,468.21	19,002.37
Operational Buyers' Credit / Suppliers' Credit	1,27,774.84	-	1,27,774.84	-	-	1,27,774.84
Trade and other payables	79,333.61	79,333.61	-	-	-	79,333.61

As at March 31, 2022

Particulars	Carrying Amount	On Demand	Less than 6 months	6 to 12 months	> 1 year	Total
Interest bearing borrowings (including current maturities)	2,96,244.11	-	23,020.30	23,020.80	2,40,202.51	2,86,244.11
Interest payable	1,960.65	-	1,960.65	-	-	1,960.65
Lease Liability	23,469.34	20,968.77	633.80	339.93	1,526.84	23,469.34
Operational Buyers' Credit / Suppliers' Credit	91,046.22	-	91,046.22	-	-	91,046.22
Trade and other payables	37,465.80	37,465.80	-	-	-	37,465.80

- (iii)(a) The company's current liabilities are currently in excess of the current assets and the mismatch in this respect is expected to be bridged with internal generations as well as funds from external sources. The company has financial assets which will be realised in the ordinary course of business. Further, there are unused line of credit of Rs.8,645.00 lakhs sanctioned from the banks as well as loan of Rs. 25,000.00 lakhs in the process of being sanctioned as on this date. The Operational Buyers'/ Suppliers' Credit and Term Loan from banks are backed by Corporate Guarantees issued by the holding company and also as approved by the Board of the said company additional fund from them or with their support to the tune of Rs. 1,25,000.00 lakhs is expected for providing required financial support to the company. These alongwith the expected generation of fund from normal operations will be sufficient to cater the financial liability becoming due or payable in the forthcoming year.

(iv) 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, 2023 and March 31, 2022 are as follows:

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Current loans and borrowings	46,041.60	46,041.60
Non-current loans and borrowings	1,94,548.75	2,40,202.51
Total loans and borrowings	2,40,590.35	2,86,244.11
Less: Cash and Cash Equivalents	3,503.65	6,411.03
Net Debt	2,37,086.70	2,79,833.08
Total equity attributable to the equity shareholders of the Company	5,56,706.44	6,12,772.83
Capital and Debt	7,93,793.14	8,92,605.91
Total capital (loans and borrowings and equity)	0.43	0.46



47 RATIOS

The following are analytical ratios for the year ended March 31, 2023 and March 31, 2022

Particulars	Numerator	Denominator	As at / For the year ended March 31, 2023	As at / For the year ended March 31, 2022	Variance	Remarks
Current Ratio	Current Assets	Current Liabilities	0.66	1.00	-34.35%	Due to optimum utilisation of Working capital limits
Debt-Equity ratio	Short Term Borrowings+ Long Term Borrowings+ Lease Liabilities	Total Equity	0.47	0.51	-7.74%	Repayment of borrowings
Debt service coverage ratio	Earning before Interest, Depreciation and Tax+ Exceptional Items	Interest Expense+Principal Repayment of Long Term Debt	0.37	0.89	-58.03%	Repayment of borrowings
Return on Equity Ratio	Profit after Tax+ Exceptional Items	Total Equity	-10.02%	-0.59%	1600.38%	Due to increase in price of principal inputs
Inventory turnover ratio	Revenue from operations less EBITDA	Average Inventory	5.93	6.42	-7.72%	
Trade Receivable turnover ratio	Revenue from Operation	Average Trade Receivables	48.47	71.90	-32.59%	Due to increase in Trade receivables
Trade payables turnover ratio	Total Purchases	Average Trade Payables including Operational Buyers' Credit / Suppliers' Credit	3.28	4.92	-33.34%	Due to timely release of payments
Net capital turnover ratio	Revenue from operations	Working Capital	(6.64)	3,42,847.85	-100.00%	On account of Working capital
Net profit ratio	Profit after Tax+ Exceptional Items	Revenue from Operation	-6.99%	-0.55%	1177.24%	Due to increase in price of principal inputs
Return on capital employed	Earning before Interest and Tax- Exceptional Items	Average Capital Employed (Capital Employed= Total Assets- Current Liabilities)	-1.20%	4.62%	-125.93%	Due to increase in price of principal inputs
Return on Investments	Income generated from investments	Time weighted average investments	14.57%	3.55%	311.03%	Due to rate fluctuation of Mutual Funds



18 INCOME TAX

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

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

Particulars	As at March 31, 2021	Charge/ (Credit) to	Charge/ (Credit) to Other	As at March 31, 2022	Charge/ (Credit) to Statement of Profit	Charge/ (Credit) to Other	As at March 31, 2023
Deferred Tax Liability							
a) Related to Property, Plant and Equipment and Intangible Assets	49,286.24	3,532.56	-	52,818.80	3,144.98	-	55,963.78
b) Fair Valuation of Mutual Funds	23.10	(18.29)	-	4.81	(3.59)	-	1.22
c) Loans carried at Amortised Cost	714.44	(184.73)	-	529.71	(135.53)	-	394.18
d) Forward Contract receivable	-	198.09	-	198.09	(198.09)	-	-
Total Deferred Tax Liability	50,023.78	3,527.63	-	53,551.41	2,807.77	-	56,359.18
Deferred Tax Assets							
a) Accumulated Unabsorbed depreciation	2,43,314.01	(12,473.60)	-	2,55,787.61	(22,511.40)	-	2,78,299.01
b) Accumulated Unabsorbed business loss	67,753.42	9,067.62	-	58,685.80	27,784.88	-	30,900.92
c) Provision for doubtful debts, advances, and other provisions	13,697.80	11,645.90	-	2,051.90	568.94	-	1,482.96
d) Amount deductible on payment basis	209.05	(166.30)	(108.17)	483.53	182.33	(148.15)	449.35
e) Others	278.26	278.26	-	-	(119.18)	-	119.18
Total Deferred Tax Assets	3,25,252.55	8,351.88	(108.17)	3,17,008.84	5,905.57	(148.15)	3,11,251.42
Deferred Tax Liability/(Assets) (Net)	(2,75,228.75)	11,879.51	(108.17)	(2,63,457.43)	8,713.34	(148.15)	(2,54,892.24)

The rationale for recognition of Deferred Tax Assets has been reviewed considering the loss in current year and expected sustainability of profit and growth in volume of business in subsequent period. Accordingly, Deferred Tax Assets of Rs. 8,713.34 lakhs on the expiry of the validity period of unabsorbed carried forward business losses have been reversed and such assets to the extent of Rs. 22,503.93 lakhs pertaining to business losses as a matter of abundant caution has not been created, leaving the balance amount of Rs. 2,54,892.24 lakhs (including Rs. 33,300.00 lakhs expected to be utilised in forthcoming year) which based on management's assumption for reasonable certainty of utilisation thereof as required in terms of Ind AS 12 "Income Taxes" has been carried forward as at March 31, 2023.

In view of the management, future taxable income of the company considering the projected volume of operations etc., will be sufficient to absorb the deferred tax assets for utilisation thereof over a period of time.

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

Particulars	Year of Expiry	Amount
Business Loss	2027-2028	88,429.84
Unabsorbed depreciation	No Expiry	7,96,414.28

- (d) The Expiry date for accumulated business loss remaining unrecognised are as follows:

Particulars	Year of Expiry	Amount
Business Loss	2026-2027	27,793.81
Business Loss	2027-2028	23,080.15
Business Loss	2031-2032	13,526.00

- (e) Reconciliation of Tax expense and the accounting profit multiplied by domestic tax rate for March 31, 2023

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Profit/ (Loss) before tax	(47,077.25)	2,420.32
Income Tax Charge/(Credit) thereon based on tax rate @ 34.94%	(16,450.67)	845.76
Adjustment for:		
Difference in amount of Unabsorbed business loss considered for last year computation	(4,733.99)	(2,429.53)
Losses lapse during the year	10,007.48	12,850.01
Other Permanent difference	(2,613.41)	613.27
Closing unrecognised unused tax losses	22,503.93	-
	8,713.34	11,879.50



- 49 Additional information pursuant to amendments (effective 1st April, 2021) made in Schedule III to the extent applicable to the company (Other than those that have been disclosed under the respective Notes to the financial statements):
- A) Utilization of borrowed funds and share premium
- (i) The Company has not advanced or loaned or invested funds to any other persons or entities, including foreign entities (intermediaries) with the understanding that the intermediary shall:
- a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries
- (ii) The Company has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
- (B) Details of crypto currency or virtual currency
- The Company has not traded or invested in crypto currency or virtual currency during the current or previous year
- (C) Un disclosed Income
- There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.
- (D) Compliance with number of layers of companies
- The Company has complied with number of layers prescribed under clause (k7) of section 2 of the Act read with Companies (Restriction on number of layers) Rules, 2017.
- (E) Relationship with Struck-off Companies
- Based on information available with the company from the website of Ministry of Corporate Affairs, There were no transaction during the current year with such companies
- 50 These financial statements have been approved by the Board of Directors of the Company on April 19, 2023, for issue to the shareholders for their adoption
- 51 Current year's expenses include amounts pertaining to the Iron Ore mines taken on lease with effect from November 30, 2021 and therefore these are not comparable with those relating to previous year. Previous Year's figure has been regrouped/rearranged wherever necessary to make it comparable with current year presentation.

As per our report of even date

For Lodha & Co,
Chartered Accountants

R.P. Singh
R.P. Singh
Partner

Place: Kolkata
Dated: April 19, 2023



For and on behalf of the Board of Directors

A. Sumathi
A Sumathi
(DIN : 07147100)
Non-Executive Director

Anand Prakash Dubey
Anand Prakash Dubey
Chief Financial Officer

Ashish Kumar Gupta
Ashish Kumar Gupta
(DIN : 07808012)
Whole time Director

Moumita Ghoshdhar
Moumita Ghoshdhar
M.No. ACS 23037
Company Secretary

