



# Electrosteel Steels Limited



## 8TH ANNUAL REPORT 2014-15



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## CORPORATE INFORMATION

CIN - L27310JH2006PLC012663

<b>BOARD OF DIRECTORS</b>	Mr. Rajkumar Khanna (DIN: 05180042)	Non-Executive Independent Chairman	
	Mr. Amrendra Prasad Verma (DIN: 00236108)	Nominee Director	
	Mr. Jinendra Kumar Jain (DIN: 00737352)	Non-Executive Independent Director	
	Mr. Lalit Kumar Singhi (DIN: 00893144)	Non-Executive Director	
	Mr. Naresh Pachisia (DIN: 00233768)	Non-Executive Independent Director	
	Ms. Rishu Kumari (DIN: 00729938)	Non-Executive Independent Director	
	Mr. Sunil V Diwakar (DIN: 00089266)	Non-Executive Director	
	Mr. Umang Kejriwal (DIN: 00065173)	Non-Executive Director	
	Mr. Rama Shankar Singh (DIN: 02093276)	Executive Director	
	<b>CHIEF FINANCIAL OFFICER</b>	Mr. Ashutosh Agarwal	
<b>COMPANY SECRETARY</b>	Mr. Anubhav Maheshwari (ACS-22829)		
<b>STATUTORY AUDITORS</b>	M/s. B. Chhawchharia & Co., Chartered Accountants		
<b>LENDERS</b>	State Bank of India	Oriental Bank of Commerce	
	Allahabad Bank	Punjab & Sind Bank	
	Andhra Bank	Punjab National Bank	
	Bank of Baroda	State Bank of Hyderabad	
	Bank of India	State Bank of Mysore	
	Bank of Maharashtra	State Bank of Patiala	
	Canara Bank	State Bank of Travancore	
	Central Bank of India	Syndicate Bank	
	Corporation Bank	Jammu & Kashmir Bank Ltd.	
	Dena Bank	UCO Bank	
	HUDCO	Union Bank of India	
	ICICI Bank Ltd.	United Bank of India	
	IL&FS Financial Services Ltd.	Vijaya Bank	
	Indian Bank	SREI Infrastructure Finance Ltd.	
	Indian Overseas Bank	L&T Fin Corp Limited	
	LIC of India		
	<b>REGISTERED OFFICE</b>	801, Uma Shanti Apartments, Kanke Road, Ranchi - 834 008, Jharkhand. Tel & Fax No.: +91 0651 228 5636	
	<b>PLANT</b>	Village Siyaljori, P.O. - Jogidih, P.S. - Chandankyari, Dist - Bokaro, Pin - 828 303, Jharkhand.	
	<b>CORPORATE OFFICE</b>	G K Tower, 2nd & 3rd Floor, 19, Camac Street, Kolkata - 700 017, West Bengal Phone : +91 033-7103 4400 Fax : +91 033-2290 2882 Email: <a href="mailto:eil.investors@electrosteel.com">eil.investors@electrosteel.com</a> Website : <a href="http://www.electrosteelsteels.com">www.electrosteelsteels.com</a>	

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the Eighth Annual Report along with Audited Financial Statements for the year ended 31<sup>st</sup> March, 2015.

### FINANCIAL SUMMARY/HIGHLIGHTS

Particulars	Amount (Rs in Lakhs)	
	FY 2014-15	FY 2013-14
i. Gross Turnover	<b>203287.58</b>	57,616.92
ii. Net Turnover	<b>183124.07</b>	513,22.19
iii. Other Income	<b>1560.49</b>	692.57
iv. Total Revenue	<b>184684.56</b>	52,014.76
v. Earnings Before Interest, Depreciation, Taxation and Amortization (EBIDTA)	<b>2855.09</b>	(4,616.29)
vi. Interest	<b>45173.13</b>	17,731.41
vii. Depreciation	<b>20085.09</b>	6,764.31
viii. Profit before Taxation (PBT)	<b>(62403.13)</b>	(29,112.00)
ix. Tax including Deferred Tax	<b>1.10</b>	1.17
x. Profit after Taxation (PAT)	<b>(62404.23)</b>	(29,113.17)
xi. Profit brought forward from previous year	-	-
xii. Amount available for appropriation	<b>(62404.23)</b>	(29,113.17)
xiii. Transfer to general reserve	-	-
xiv. Surplus/ (Deficit) carried to Balance Sheet	<b>(62404.23)</b>	(29,113.17)

### OPERATIONS

The Company's Greenfield Integrated Steel & Ductile Iron Pipe Plant with 2.51 Million Ton Per Annum (MTPA) capacity as detailed hereunder is under construction and erection:

Finished Products	MTPA
Wire rods	0.60
TMT Bars	0.85
Ductile Iron Pipe	0.33
Billets	0.33
Pig Iron	0.40
<b>Total</b>	<b>2.51</b>

In addition to the already operational Blast Furnace of smaller 350 M<sup>3</sup> capacity, Your Company has operationalised bigger Blast Furnace of 1050 M<sup>3</sup> capacity resulting in increase in production and turnover. In addition to above, the already operational ancillary units viz Vertical Coke Oven, Rebar Mill and one unit each of Sinter & Steel Melt Shop were further buoyed by the successful trial run of Lime and Dolomite Plant, Oxygen Plant, Power Plant and balance unit of Sinter Plant. Hence, the development of ancillary modules is resulting into augmentation of integrated capabilities of the Plant and further reducing dependency for supply from outside. A part of the Plant facility has commenced production and the work for completion of the balance Project modules to make the Plant completely commissioned to its annual capacity are in progress.

Presently Your Company is selling TMT Bar, Billets, Ductile Iron Pipes and Pig Iron in the open market. With the commencement of production of the flagship product - Ductile Iron Pipe, Your Company expects better margins translating into improved performance with the increase in turnover. Your Company has also started exporting billets to various neighbouring countries like Nepal, Bangladesh, Bhutan and Sri Lanka. However, sluggishness in the global steel industry remains a matter of concern.



It is pertinent to note that the execution of balance project modules has been funded by the Corporate Debt Restructuring (CDR) Package sanctioned to the Company in September 2013. However, the sanction of CDR Package, post the referral to CDR forum, and consequent release of additional term loan under CDR Package happened with delay which resulted in further delay of operationalization of the balance project modules.

Further, the CDR Package had also approved the assessed Need Based Working Capital facility of Rs 1300 Crores. However, the financial closure of said facility took inordinate delay and ultimately the documents for the same were executed in November 2014. The release of the sanctioned working capital facility by majority of the lenders was done gradually and only subsequent to the execution of the documents in November 2014. The delay in release of working capital facilities had impacted the cash flow generation of the Company. Further, the Company is still to get the entire sanctioned need based working capital facility.

The shareholders of the Company pursuant to the requirement of the Companies Act 2013 had approved procurement of coal/coking coal from Electrosteel Castings Limited (ECL) on the terms and conditions as stated in the notice for the Annual General Meeting held on 16th September 2014. However, Supreme Court vide its order dated 24th September 2014 had de-allocated Parbatpur Coal Block allotted to ECL. Hence the agreement with ECL for procurement of coking coal stood cancelled w.e.f. 1st April 2015 due to Force Majeure.

Your Company is optimistic that with the release of entire working capital facilities, it will be able to step up production levels, which will add to enhanced top line and cash flow generation.

Under the CDR Package, further funds in the form of equity/preference shares/unsecured loan etc. needs to be infused, for which Company is seeking potential investment sources.

Thus, with the operationalization of other Project modules together with the increase in release of working capital facilities and the infusion of funds, it is expected that the overall financial health of the Company would improve considerably.

#### **EQUITY SHARE CAPITAL**

In terms of CDR Package, Electrosteel Castings Limited (ECL), the Promoter Company, was required to make contribution by way of equity and/or unsecured (subordinate) loans for Rs 222.50 crores. The Board of Directors ("Board") in its meeting held on 13th August 2014 after the approval of the shareholders on 19th March 2014 through Postal Ballot process had allotted 22.25crores equity shares of Rs 10 each fully paid up to ECL. The equity shares were later admitted for listing and trading on both the stock exchanges i.e. National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). The equity share capital of the Company was enhanced from Rs 2,18,673.50 lakhs to Rs 2,40,923.50 lakhs.

#### **DIVIDEND**

In view of the loss, Your Directors regret their inability to declare any dividend for the year.

#### **TRANSFER TO RESERVES**

In view of losses incurred by the Company during the year, no amount has been transferred to the General Reserve.

#### **EROSION OF NETWORTH**

With accumulated losses of Rs. 1,356.33 crores at the end of the financial year, resulting in erosion of over 50% of peak net worth during the immediately preceding four financial years, we regret to inform that Your Company has become a "Potential Sick Company" within the meaning of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA).

The Board in its meeting held on 11th May 2015 has reviewed the causes for such erosion and the reasons amongst others which adversely affected the performance of the Company were:

- (a) Delay in execution of Project mainly due to change in visa policy for Chinese work force deployed, problems in aggregation of land, necessity to hire local workmen, adverse operating and financial leverage and delay in sanction and disbursement of required Project Loan which resulted in huge overrun and caused non achievement of performance and profitability and thereby losses.

- (b) Delay in sanction & disbursement of “need based working capital facilities ”which resulted in lower capacity utilization and lower cash flow generation.

The Board after considering the various steps implemented and/or to be undertaken for improvement of performance of the Company is confident/optimistic that the Company would be able to implement effective measures in normal course of business to revive the operations of the Company. Accordingly, the financial statements for the Financial Year 2014-15 has been prepared on a going concern basis.

The Board in its meeting held on 11th May 2015 also approved Report of even date to such erosion and causes for such erosion, for consideration of the shareholders in the Extra Ordinary General Meeting to be convened on Friday, 11th September, 2015. The said Report is enclosed as an Annexure to the Notice of the Extra Ordinary General Meeting. In terms of the requirement of SICA, the Company shall also report to Board for Industrial and Financial Reconstruction (BIFR) the fact of erosion after consideration of the Report by the shareholders in the ensuing Extra-Ordinary General Meeting.

#### **MANAGEMENT DISCUSSIONS AND ANALYSIS**

A report on Management Discussion and Analysis is enclosed as “**Annexure A**” and forms an integral part of this Report.

#### **NATURE OF BUSINESS**

There has been no change in the nature of the business of the Company during the year. No material changes and commitments occurred between 31st March 2015 and 11th May 2015 i.e. the date of the Directors Report, affecting the financial position of the Company.

#### **NUMBER OF BOARD MEETINGS**

During the year 6 (Six) Board Meetings were convened and held, details of which are provided in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 (“Act”).

#### **FIXED DEPOSITS**

The Company has not accepted any fixed deposit during the period under review.

#### **SUBSIDIARY / ASSOCIATE /JOINT VENTURES COMPANIES**

The Company does not has a subsidiary/associate /Joint venture company for the year ended 31st March 2015.

#### **INTERNAL FINANCIAL CONTROLS**

The Company has in place ERP Package “SAP” which is operated on a pre-defined manual. The Company also has adopted Standard Operating Practices (SOPs) for its various areas of operations, which are in line with SAP manual. SOPs are adopted or revised, if required, to ensure that internal control system is effective and constantly assessed and strengthen. The Company has appointed Internal Auditors who monitor and evaluate the efficacy and adequacy of the internal control systems in the Company, its compliance with operating systems and accounting procedures and policies adopted by it, besides benchmarking controls with best practices in the Industry. Based on the reports of the internal auditor, process owners undertake corrective action(s) in their respective area(s) and thereby strengthening the controls. Significant audit observation(s) and corrective action(s) thereon are presented to the Audit Committee and the Board.

#### **SIGNIFICANT AND MATERIAL ORDERS**

During the year no significant and material order was passed by any regulator or court or tribunal impacting the going concern status and Company's operations in future.

#### **ANNUAL EVALUATION OF THE BOARD**

The Board on recommendation of the Nomination and Remuneration Committee, had adopted Schedule IV to the Act, as criteria for evaluating the performance of the Independent Directors and on the basis of the performance evaluation report has determined to continue their term of appointments as Independent Directors of the Company.

All the Independent Directors of the Company in its separate meeting held on 13th February 2015, without the attendance of Non-Independent Directors and members of management, on the basis of defined and agreed parameters, inter-alia, without the attendance of non-executive Directors and members of management had (i) reviewed the performance of the Non Independent Directors, the Board and Committees thereof and (ii) assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to be effective and reasonably perform their duties.

#### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

The shareholders of the Company in its previous Annual General Meeting held on 16th September 2014 had approved appointment of Mr Rajkumar Khanna as an Independent Director of the Company for a period of five years w.e.f 5th May 2014. In terms of requirement of the Act, Mr Naresh Pachisia and Mr Jinendra Kumar Jain, were also appointed in the aforesaid Annual General Meeting as Independent Directors of the Company for a period of 5 years w.e.f 1st April 2014. The Company has received from Mr Rajkumar Khanna, Mr Naresh Pachisia and Mr Jinendra Kumar Jain (i) intimation in Form DIR-8 pursuant to Section 152(2) of the Act read with Rule 14 of the Companies (Appointment & Qualifications of Directors) Rules, 2014 to the effect that they are not disqualified in accordance with Section 164(2) of the Act (ii) statement on declaration that they meet the criteria of Independence as provided in Section 149(6) of the Act and (iii) declaration that they have abide by the provisions specified in Schedule IV to the Act.

The Board in its meeting held on 21st March 2015, on the recommendation of the Nomination & Remuneration Committee and subject to approval of the shareholders in the ensuing Annual General Meeting, appointed Ms Rishu Kumari as an Additional Independent Non Executive Director not liable to retire by rotation. The Board is of opinion that her appointment is appropriate and in the best interest of the Company. The Company has received from Ms Rishu Kumari (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualifications of Directors) Rules, 2014 (ii) intimation in Form DIR-8 pursuant to Rule 14 of the Companies (Appointment & Qualifications of Directors) Rules, 2014 to the effect that she is not disqualified in accordance with Section 164(2) of the Act and (ii) statement on declaration that she meet the criteria of Independence as provided in Section 149(6) of the Act. Based on the declarations received, the Board is of opinion that Ms Rishu Kumari is a person of integrity and possesses relevant expertise and experience and is eligible and fulfills the conditions specified in the Act and Listing Agreement for such appointment and is independent of the management of the Company. The Board recommends her appointment as Independent Director of the Company.

The Company issued letter of appointment to all Independent Directors as per Scheduled IV to the Act and the terms and conditions for appointment are disclosed on the website of the Company [www.electrosteelsteels.com](http://www.electrosteelsteels.com).

The Board in its meeting held on 5th May 2014 had appointed Mr Ashutosh Agarwal as Chief Financial Officer of the Company. During the period under review, Mr Anubhav Maheshwari was appointed as Company Secretary and Compliance officer of the Company w.e.f. 5th September 2014 in place of Mr Vikash Kumar Agarwal who tendered his resignation as Company Secretary and Compliance officer of the Company w.e.f. 27th August 2014.

All the Directors have made necessary disclosures as required under various provisions of the Act and Clause 49 of the Listing Agreement.

Mr A P Verma and Mr Sunil V Diwakar, Directors shall retire at the Annual General Meeting and being eligible offers themselves for re-appointment.

The brief Resume/Profile of the Directors recommended by the Board for appointment /re-appointment is attached with Notice for the ensuing Annual General Meeting.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors hereby confirm that:

- a) in the preparation of annual accounts, containing financial statements for the year ended March 31, 2015, the applicable accounting standards have been followed along with proper explanations, wherever required.
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2014-15 and of the loss of the Company for that period.

- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safe guarding the assets of the company and for preventing and detecting any fraud and other irregularities.
- d) they have prepared annual accounts on a going concern basis.
- e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.\*
- f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

\*Please refer to the Section 'Internal Financial Controls' of the Report and 'Internal Controls' in the enclosed Management Discussion & Analysis Report.

#### **PARTICULARS OF THE EMPLOYEES**

The information required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 in respect of employees of the Company is given a separate annexure to this Report. The Reports and Accounts are being sent to members and other entitled thereto, excluding the information on employee's particulars which is available for inspection by the members at the Registered Office of the Company during business hours on any working day. If any member is interested in obtaining a copy thereof, such member may write to Company Secretary in this regard.

#### **AUDIT COMMITTEE**

The composition, terms of the reference and number of meetings of the Audit Committee during the year is covered in the enclosed Corporate Governance Report.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information related to conservation of energy, technology absorption, foreign exchange earnings and outgo stipulated under Section 134 (3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules 2014 is enclosed as "**Annexure B**" and forms integral part of this Report.

#### **CORPORATE GOVERNANCE**

Your Company has fully complied with the requirements of Clause 49 of the Listing Agreement regarding Corporate Governance. A Report on Corporate Governance and the Auditors Certificate on compliance of conditions as stipulated therein is enclosed as "**Annexure C**" and forms integral part of this Report.

#### **STATUTORY AUDITORS & AUDITORS REPORT**

The Shareholders of the Company in the 7th Annual General Meeting (AGM) held on 16th September 2014 had approved appointment of M/s. B Chhawchharia & Co., Chartered Accountants as Statutory Auditors of the Company until the conclusion of the 10th AGM of the Company and authorized the Board to fix their remuneration. In terms of the requirement of the Act, their appointment is required to be ratified by the members at the ensuing AGM. Accordingly, the Notice convening the ensuing 8th AGM includes the resolution seeking such ratification by the members for the said re-appointment of the Auditors.

Pursuant to Sections 139, 141 and 142 of the Act, and relevant rules prescribed there under, the Company has received certificate from the Statutory Auditors to the effect, inter alia, that they are not disqualified for ratification of appointment under the provisions of applicable laws, the appointment is as per the terms and the limits prescribed under the Act, and no proceedings against them or any of their partners are pending with respect to matter of professional conduct.

The Auditors have also confirmed that they have subjected themselves to Peer Review, a process of Institute of Chartered Accountants of India (ICAI) for evaluating the quality of audit and attestation services and that they hold a valid certificate issued by the Peer Review Board of the ICAI.

The Auditors' Report addressed to the Members of the Company, does not contain any qualification or reservation or adverse remark or disclaimer.



#### **COST AUDITORS & COST AUDIT REPORT**

In terms of requirement of Section 148 of the Act, read with Companies (Audit and Auditors) Rules, 2014, the Board in its meeting held on 11th May 2015 on the recommendation of the Audit Committee, had approved re-appointment of M/s S. G. & Associates, Cost Accountants, Kolkata (Registration No 000138) as Cost Auditors for audit of the Cost records to be maintained by the Company for the Steel Products and Mineral Fuels (Other than Petroleum) to be produced by the Company during the Financial Year 2015-16 on a remuneration of Rs 60,000 (Sixty Thousand) plus out of pocket expenses. The appointment as Cost Auditors is till the expiry of 180 days from the closure of the financial year ending 31st March 2016 or till the submission of the Cost Audit Report for the financial year 2015-16 in the prescribed format to the Board, which ever is earlier.

As required under the Act, the remuneration payable to the Cost Auditors is required to be placed before the Members for ratification. Accordingly, a resolution seeking Members ratification for the remuneration payable to M/s S. G. & Associates, Cost Accountants is included at Item No. 6 of the Notice convening the AGM. The Company has received consent letter from M/s S. G. & Associates, Cost Accountants, for their appointment.

The Cost Auditors are expected to submit their Cost Audit Report to the Board of Directors in the prescribed form for the financial year 2014-15 within the due date of 27th September 2015.

The Cost Audit Report for the Financial year 2013-14 do not contain any qualification or reservation or adverse remark and was filed with Ministry of Corporate Affairs on 24th September 2014.

#### **SECRETARIAL AUDITOR & SECRETARIAL AUDIT REPORT**

The Board in its meeting held on 11th May 2015 on the recommendations of the Audit Committee had approved appointment of M/s K Arun & Co., Practicing Company Secretaries, as Secretarial Auditor of the Company for audit of the secretarial and related records of the Company for the financial year ending 31st March 2016. The Company has received consent letter from M/s K Arun & Co., Practicing Company Secretaries, for their appointment.

The Secretarial Audit Report of M/s K Arun & Co., Practicing Company Secretaries for the financial year ended 31st March 2015 do not contain any qualification or reservation or adverse remark or disclaimer and is enclosed as **"Annexure D"** and forms integral part of this Report.

#### **EXTRACTS OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in Form MGT-9 as required under section 92 of the Act is enclosed as **"Annexure E"** and forms integral part of this Report.

#### **PARTICULARS OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES**

During the period under review, the related party transactions with Electrosteel Castings Limited, Promoter Company, is within the limits and terms and conditions approved by the shareholders of the Company in its meeting held on 16th September 2014. The policy on Related Party Transactions as approved by the Board of Directors is available on the Company's website <http://www.electrosteelsteels.com/investor-relations/pdf/rpt.pdf>

The particulars of the material contract or arrangements with related party are enclosed as **"Annexure F"** and forms integral part of this Report.

The related party transactions are entered into based on considerations of various business exigencies such as synergy in operations, profitability, legal requirements, liquidity, resources availability etc of related parties. All related party transactions are intended to further the Company's interests.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

During the year, the Company has not provided any loan, guarantee or made investment under provisions of Section 186 of the Act.

#### **RISK MANAGEMENT POLICY**

The Board in its meeting held on 13th November 2014 had amended the Risk Management Policy of the Company. The details of the identification of the various risk associated with the business of the Company is detailed in the enclosed Management Discussion & Analysis Report.

#### **CORPORATE SOCIAL RESPONSIBILITY POLICY**

The Board in its meeting held on 13th August 2014 on the recommendation of the Corporate Social Responsibility (CSR) Committee had approved the Corporate Social Responsibility Policy. The CSR policy is available on the website of the Company [www.electrosteelsteels.com](http://www.electrosteelsteels.com). The composition and the terms of reference of the Committee are detailed in the enclosed Corporate Governance Report.

During the year, the CSR initiatives undertaken by the Company, although not mandatory under Section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules 2014, are detailed in the enclosed Management Discussion & Analysis Report.

#### **REMUNERATION POLICY**

The Board on the recommendation of the Nomination & Remuneration Committee in its meeting held on 13th November 2014 modified/amended its remuneration policy for Directors, Key Managerial Personnel and Senior Management Personnel to align with the requirement of the Act and Listing Agreement. The particulars of the remuneration policy are stated in the enclosed Corporate Governance Report.

#### **DISCLOSURE UNDER "THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has in place "Internal Complaints Committee" and redressal policy in case of sexual harassment of women at workplace as envisaged under aforesaid Act. During the year, the Company has not received any complaint with respect to sexual harassment of woman at work place.

#### **VIGIL MECHANISM/WHISTLE BLOWER POLICY**

The Board in its meeting held on 5th May 2014 had approved Vigil Mechanism/Whistle Blower Policy. The details of the Policy as well as establishment of vigil mechanism are provided in the Corporate Governance Report enclosed and are also available on the website of the Company i.e. [www.electrosteelsteels.com](http://www.electrosteelsteels.com).

#### **APPRECIATION**

Your Directors take this opportunity to place on record their gratitude and thank the Financial Institutions, Bankers, Government Authorities, Customers, Vendors, Shareholders and Employees for their valuable guidance, support continued assistance and cooperation to the Company. The Directors also commend the continuing commitment and dedication of the employees at all levels. The Directors also look forward to their continued support in future.

For and on behalf of the Board of Directors

Place : Kolkata  
Dated : 11th May, 2015

**R S Singh**                      **Lalit Kumar Singhi**  
*Whole-time Director*                      *Director*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **ECONOMIC OVERVIEW**

Global economic growth remains moderate with uneven prospects across the main countries and region. The outlook for advanced economies is improving while growth in emerging markets and developing economies is expected to be lower primarily reflecting weaker prospectus for some large emerging market economies and oil exporting countries. The macro risks like recession and deflation in euro have decreased, risks steaming from dollar appreciation and geopolitical issues have increased and could generate regional and global spill over.

### **INDUSTRY STRUCTURE**

The Indian steel industry is broadly classified into two categories Primary steel producers & Secondary steel producers. Primary steel producers have backward integration & normally have a higher capacity over 1.0 MTPA. The manufacturing process starts with steel making from Iron ore. The investment requirement is also much higher as compared to secondary producers.

Secondary producers essentially have mini steel plants with capacities below 1.0 MTPA. This category mainly employs Electric Arc Furnace (EAF) or Induction Furnace (IF) route, which use scrap and sponge iron or a mix of both as raw materials to produce steel. This group also consists of processors and re-rollers of steel products. Secondary producers primarily manufacture long products and the route adopted by them is highly energy intensive for which they have to depend upon the purchased power.

Although, there are over 3,500 varieties of regular and special steel available, steel products can be broadly classified into two basic types according to their shape viz. flats and longs. All finished steel products are made from semi-finished steel that comes in the form of slabs, billets and blooms.

### **GLOBAL STEEL INDUSTRY**

The steel industries have historically been highly volatile primarily due to the cyclical nature of the business sectors that are the principal consumers of steel, namely automotive, construction, appliance, machinery, equipment, infrastructure and transportation industries. Demand for steel products thus generally correlates to macroeconomic fluctuations in the global economy.

Steel plays a vital role in the development of any modern and emerging economy. During the period under review the growth in the global steel demand was sluggish, mainly attributable to weaker than expected performances in the emerging and developing economies. The slow down in the emerging economies has revealed in deceleration in steel usage. Growth in China which had been the main driver for both demand and supply in the past, has moderated significantly reflecting the structural transformation of the economy.

Falling commodity prices, structural constraints and geographical tension have abated the positive growth momentum in global steel demand. The Global steel prices are languishing at their lower levels amid structural oversupply. The demand for steel in the developed countries is expected to be moderate and growth in emerging and developing economies is also expected to pick up. However, weak infrastructural investment combined with impact of geographical tension globally may be the hindrance factor for the growth in the overall steel industry. As per the World Steel Association forecast, global consumption of steel is expected to increase. International iron ore prices have seen a sharp decline driven by a weakening of demand from China and prospects of higher supply following capacity expansion by large global mining companies.

While there are signs that the outlook for demand is slowly improving, excess capacity remains the biggest concern for the industry. Steel makers are adhering myriad challenges such as volatility, shifting demand centres, complex supply chains, productivity and cost efficiency.

Urbanisation and growing middle classes are expected to draw steel demand in construction and real estates. Further increase in steel demand is anticipated in automotive sector in emerging and developed economies. The global oil and gas sector is also expected to experience significant capital investment with primarily substantial investments in distribution pipelines and refineries.

Better cost management, more ability to invest in new technology and research & development will help in improving productivity. It will enable a stronger negotiation on prices with raw material producers and shall result in better sales realization despite the challenges of over capacity, exchange rate fluctuation and pressure on margins. The outlook of the sector looks optimistic. Steel makers are also increasing their competitiveness through strong customer relationship and by tapping into niche and high value markets.

### INDIAN STEEL INDUSTRY

Steel is traditionally considered the backbone for economic development. It is a major input for sectors which support economic growth such as infrastructure, machinery, power and railways, as well as being important for fast growing sectors, in particular automobiles and consumer durables. Indian Steel Industry comprises of several interlinked segments for value addition broadly classified as Integrated Producers and Non Integrated or Secondary Producers.

During the period under review weakness in domestic demand from key end user industries persisted. Domestic steel prices amongst others are influenced by trends in raw materials, demand supply condition in the market, international prices. Since the growth of construction and capital goods sectors remained fragile, the improvement in steel demand was gradual, despite growth in the automobile sector. High production growth vis-à-vis consumption and rising imports has resulted in inventory build upon the steel markets. In spite of sharp decline in iron ore prices globally, domestic iron prices have remained firm reflecting the short supply situation. The recent coal block de-allocation have increased the uncertainties for the sector, as replacing captive coal by imports or e-auctions would impact the operations of the company.

As per projection of Internal Monetary Fund, India is expected to over grow its BRIC peers. The outlook of the domestic steel industry appears to be stable in anticipation that the price of raw materials would continue to be soften, removal of infrastructure bottlenecks as well as labour reforms for raising labour force participation and productivity. A surge in cheap imports to continue to exert pressure on domestic steel prices. Profitability of the domestic steel companies is expected to remain under pressure despite fall in raw material prices due to significant fall in domestic and global steel prices.

### OVERVIEW OF THE OPERATIONS

#### Performance of the Company

Your Company's 2.51 MTPA Greenfield Integrated Steel & Ductile Iron (DI) Pipes Plant in the district of Bokaro, Jharkhand is under construction & erection. A part of the Plant facility has commenced production and Company at present is selling TMT Bars, Billets, Pig Iron and Ductile Iron Pipes. The following project modules have been completed and are under operation/trial run:

Vertical Coke Oven	350m <sup>3</sup> Blast Furnace (BF3)	1050m <sup>3</sup> Blast Furnace (BF2)
Pig Casting Machine	Sinter Plant (One & Two both)	Rebar Mill
Water Supply System	220 KV Sub- Station & 33 KV Sub Station	Soft Water and DM Water Plant
Air Compressor Station	Blast Furnace Gas Holder	Steel Melting Shop (One Unit)
Pulverized Coal Injection System	River Side Pump House	Lime Calcination Plant
Oxygen Plant	Dolo Plant	60 MW Captive Power Plant (Both Units)
Raw Material Handling System (Part)	DI Pipe Plant	

The turnover of your Company increased from Rs 51,322.19 lakhs to Rs 1,83,124.07 lakhs which is primarily attributable to operationalization of some of the project modules. The losses for the year increased from Rs 29,113.17 lakhs to Rs 62,404.23 lakhs on account of lower price realisation, increase in interest cost and depreciation amongst others. The delay in release of the Term Loans for execution of the outstanding project modules and need based working capital facilities sanctioned by Corporate Debt Restructuring Committee in September 2013 were the major bottlenecks in improving the performance of the Company. However, due to better management of funds and effective steps taken in improving the operational efficiency of the Plant, Your Company reported Earnings Before Interest Depreciation & Tax (EBIDTA) of Rs 2,855.09 Lakhs in comparison to negative EBIDTA of Rs (4,616.29 lakhs) during previous year.

#### **Fixed Assets (including capital work in progress)**

As of 31st March 2015, the Fixed assets of the Company was Rs 11,46,824.15 lakhs, comprising of Rs. 6,81,903.70 lakhs of capital work-in-progress and a Net Block of Rs. 4,64,920.45 lakhs. Capital work in progress was primarily on account of expenditure including advances towards plant & machinery and construction & erection thereof. The expenditure incurred during the construction period is classified as 'Project Development Expenditure' pending capitalization to be allocated to the asset on the completion thereof. Necessary details as per Schedule III of the Companies Act, 2013 have been disclosed in the notes to accounts forming part of the Annual Accounts for the year 2014-2015.

#### **Indebtedness**

The total secured outstanding indebtedness (including interest) as on 31st March 2015 is Rs.10,05,506.08 lakhs out of which the long term borrowings is Rs. 9,63,086.81 lakhs and short term borrowings (including interest) is Rs.42,419.27 lakhs.

#### **CREDIT RATING**

Credit Analysis and Research Limited (CARE) had assigned the credit rating as "CARE B (Single B)" to the long term facilities of your Company which are having the tenure of more than one year. Further, the rating committee of CARE had assigned the rating as "CARE A4 (A Four)" to the short term facilities of your Company. This rating is applicable to the instruments having a tenure up to one year.

#### **OPPORTUNITIES AND THREATS**

While steel continues to have a stronghold in traditional sectors such as construction, housing and automotive, it is increasingly being used in engineering industries such as power generation, petrochemicals and fertilisers. The primary factors, amongst others which could affect the operations/performance of the Company are:

- Weak domestic and/or global economic growth
- Volatility in supply of prices of raw materials or protracted low steel prices.
- Increased competition in steel industry.
- Excessive capacity in the steel industry may weigh on the profitability of steel producers.

The strategic initiatives like consolidation and focus on core activities amongst others shall help in improvising the performance of the companies in the Sector. The growing and untapped rural market, measures for capacity addition/enhancement and value added products, anticipated improvization of infrastructure and manufacturing domestic activity, availability of raw materials, experienced technical and managerial work force are some of the factors which should provide opportunities in improving the performance of the Sector.

#### **COMPETITION**

During the period under review there has seen decline in prices of Billets and Rebars mainly because of cheaper import offers from China in and around India. Your Company has designed an efficient distribution network & robust marketing set up to capture new markets and to remain competitive. Efficient sales process & improved service levels have resulted in customer confidence and positive referrals.



Strengthening of marketing team for the sale of products has resulted in product being sold across the country including Southern region making a pan India presence. With inclusion of distributors and opening of new stockyards for the sale of products across the country, the Company is aggressively making products available for various sections of consumers. Hence, a strong foundation has been laid for the marketing of the products by creation of the marketing team and continuous increase in the customer base which is reflected in the sale of Pig Iron, Billets, TMT and Ductile Iron Pipes. We have supplied products to the projects of L&T, Kalptaru, JP Associates, Ajnara, Sadbhav, SEZ etc. Initiation of branding activity has helped us to penetrate retail market and enhance our reach to various regions across India.

Your Company has also made inroads into export market by supplying Billets & Pig Iron to various customers across Nepal, Bangladesh, Sri Lanka and Bhutan.

In anticipation of increase in demand of Billets, TMT bars and Ductile Iron Pipes in future, Your Company is revamping production facilities. The addition of Wire Rod to range of products would facilitate expanding product range and market share. Your Company believes that quality and service are sole parameters that will help to develop loyal customer through long term contracts. Your Company has a Customer Services Department, to address complaints and queries raised by customers. It has helped to map consumer perceptions for products and develop focused Brand communication.

### **RISK MANAGEMENT**

A willingness to take entrepreneurial risk enables the Company to exploit the opportunities as they drive. To achieve balance between risk management and maximizing profitability, Your Company is adept at controlling the balance by grasping business opportunities and ensures that risk transgression is not pursuit of profit of the Company. Risk Management is a systematic, cyclical process, involving a series of steps from identification of a risk, to the analysis, evaluation and management of risk and finally to monitor the measures taken in reaction to the risk.

The Company has a proper Risk Management and Control framework to ensure that the risks are identified and managed effectively. The risk and mitigation measures are weaved into strategic plans and reviewed periodically as and when required. The purpose of the risk management is to make it more certain that growth and earning targets as well as strategic objectives are met. Your Company has already undertaken, extensive risk management efforts that include Risk Management Manual, compiling a comprehensive profile of the key risks to the Company, identifying the key gaps in managing those risks and developing preliminary action plans to address those risks. These efforts would facilitate :

- to respond to the Board's need for enhanced risk information and improved mitigation plan(s).
- to provide the ability to prioritize, manage and monitor the risks in the business and
- to formalize the explicit requirements for assessing risks on an on-going basis, including an effective internal control and management reporting system.

### **Market Risk**

Market risk is the risk of loss related to adverse changes in market prices, including interest rates and foreign exchange rates, of financial instruments. Your Company has put in efforts for implementing the initiatives that enable to identify the causes of losses and sharing such information among top management and related departments in the Company. Your Company is exposed to various types of market risk, including changes in interest rates, foreign exchange rates and commodity prices, in the ordinary course of business which may adversely affect the value of Company's financial assets, liabilities or future cash flow.

### **Commodity Risk**

Your Company is exposed to the risk of price fluctuation of raw materials as well as of finished goods. Your Company proactively manages the risk through inventory management, proactive vendor development practices and robust marketing network. The derivative financial instruments are used to hedge the risk of commodity price fluctuations.

**Foreign Exchange Rate Risk**

The currency exposure on account of import of equipment and other goods for commissioning of the Plant is covered by using currency transactions on the spot market and/or forward market. Your Company has adopted a prudent and conservative risk management strategy in line with the Foreign Exchange Policy approved by the Board.

**Interest Rate Risk**

To complete the commissioning of the Plant and to meet the working capital requirements, Your Company procures/avails funds from various Banks/Financial Institutions, from time to time. In some of the cases financial liabilities are exposed to the risk of changing interest rates. To manage these risks regular interest rate analysis are done.

**Raw Material Risk**

The operations of Your Company is primarily dependent on iron ore and coking coal amongst others and hence exposed to possible increase in price of raw materials. This exposure is managed through contracts and in some cases exposure in raw materials is covered through derivatives contracts.

**Sales Risk**

The business cyclical situation in both domestic and international markets is a key factor influencing our opportunity and risk position. The said risk is countered by Your Company on an on-going basis through different measures, monitoring the trend in the market and if necessary, production and capacities are adjusted accordingly.

**Credit Risk**

Your Company extends credit to its customers and hence exposed to credit risk in form of accounts receivables. The Company regularly reviews customers credit limits and appropriately manage the credit exposure under those limits. Your Company continuously performs credit evaluation on the financial conditions of customers and based on such evaluation take collateral, if required, to secure receivables.

**Construction Risk**

The Plant of the Company is under construction and erection. The Company has taken out appropriate insurance against the potential losses and liability risks to ensure that potential financial consequences of any risks which have arisen gets eliminated/limited.

**Technology Risk**

A key challenge for Your Company is to ensure that the Plant is equipped with updated technologies in order to serve customers and secure cost competitiveness. Even through the financial crisis, the Company did not cut back on investment in quality equipment, so that it could continue to develop technologies that could advance the project cost competitive position, while also reducing CO<sub>2</sub> emissions from ore based steelmaking.

**Environment Risk**

Due to production processes, Your Company is exposed to process-related risks of air and water pollution. Intensive pollution control measures and continuous investment in environmental friendly facilities in production operations helps to minimize environmental impact and conserve resources.

**INTERNAL CONTROLS**

The purpose of the internal control is to prevent risk arising in course of operations by adopting appropriate controls and process, especially with regard to conformity with the laws, compliance with the strategy, the quality of accounting and reporting, the quality of process and protection of assets amongst others.

Your Company has an effective internal control system commensurate to its size, scale and complexities of its operations. M/s K M Gupta & Co, Chartered Accountants, Internal Auditors of the Company have conducted the Internal Audit in line with the scope formulated, functioning, periodicity and methodology agreed with the Audit Committee. The reports furnished by them are exhaustive and detailed discussion are held from, time to time, on their findings/observation with the Management. The Internal Auditors monitors and evaluate the efficacy and adequacy of the internal control system in the Company, its compliance with operating systems and accounting procedures and policies adopted by it. Based on the reports of the internal audit, process owners undertake corrective action in their respective areas and thereby strengthening the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee and Board of Directors, from time to time. To maintain its objectivity and independence, the Internal Auditors reports to the Chairman of the Audit Committee. The Company has appointed consultants/professionals to conduct Cost Audit and Secretarial Audit and observations made, if any, are reviewed by the Management periodically and corrective actions taken.

### **INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT**

Your Company recognizes people as the primary source of its competitiveness and continues to focus on people's development by leveraging technology and developing a continuous learning human resource base to unleash their potential and fulfill their aspirations.

Your Company is developing fast and has entered into diverse business interests requiring talent from various fields of business. The speed and quality of growth of the company depends on the quality of human resources available with it. Your Company firmly believes in it and accordingly gives top most priority to its human resource assets which act as the prime mover in attainment of its goals. Your Company continuously strives for inculcating a culture of learning by building the capabilities and competencies of its workforce. Human Resource (HR) Department has appropriately been upgraded and strengthened to meet the challenging manpower requirements of business units.

During the period under review many HR initiatives which are directed towards building a knowledge sharing and performance enhancing organizational culture were undertaken as mentioned below:

- All HR Initiatives have been reorganised in line with the Corporate goals and priorities as set out by the Theory of Constraints (TOC) process.
- The HoshinKanri process and method is being used to scientifically channelise the collective energies and efforts of the group towards the critical goals of the current period.
- Leadership development and Career planning.
- Sourcing of young and fresh talents for meeting the current and future needs of the Company.
- As a part of competency building and performance enhancement interventions, assessment exercises were conducted in the Company covering employees at Manager and above levels. The output of the intervention is being used for various developmental activities.
- The performance management system has been cascaded to all employees, to the entry level of executives/engineers. It has also been aligned further to meet the performance expectations of the Company and employees' aspirations.
- The employee benefit policies have also been revamped/revisited based on the feedback received from a cross section of employees including corrective actions in compensation.
- Fire Safety Awareness programmes is frequently conducted to educate the employees on how to use the fire safety equipment in case of fire.

- Tie up with renowned health clubs for healthy body and a healthy mind for all the employees.
- TOC Awareness programme for employees and other partners to align thinking process of the stake holders to enhance the performance of the company.
- Invited suppliers and service providers to impart technical training to our line managers to improve their effectiveness.
- Leadership Alignment Programme for the Management.
- Your Company in cordial discussions with those employees who are local land sellers for our Project. All endeavours are being made to integrate them in the HR processes laid out for the rest of the Company.
- Welfare programmes and communication sessions are conducted for workmen in different employment categories.

“SAP HR” module with employee self-service has also taken off so as to be quick in service delivery and have fully integrated network.

Safety at project site, medical care requirements of workers and on the job training is being provided at the Plant to avoid mishaps and ensure high level of security, safety and confidence among employees.

During the year, Your Company has maintained cordial relations with the employees.

#### **CORPORATE SOCIAL RESPONSIBILITY**

Social and environmental responsibilities have always been at the forefront of Your Company's operating philosophy. The Company acts as a catalyst to bring change in the quality of life of the people through community based development initiatives.

In terms of the requirement of the Companies Act 2013, the Board of Directors during the year under review has constituted Corporate Social Responsibility (CSR) Committee. The constitution and terms of reference of the Committee has been detailed in the enclosed Corporate Governance Report.

Corporate Social Responsibility (CSR) portrays the deep symbiotic relationship that Your Company enjoys with the communities it is engaged with. Your Company aims to achieve new benchmarks of excellence in delivering responsive socio-economical facilities to the community to bridge the gap of social disparities. Following programmes were taken to address of socio economic challenges:

- The Company runs a hospital at Chandaha village, under the block Chas, district Bokaro to provide quality medical and treatment facility especially to the needy. The village based hospital initiative provides a comprehensive range of modern health care and in patient treatment facility to under-privileged community dwelling in 20 remotely located villages in Bokaro district. The hospital treated 1838 patients last year.
- Voluntary blood donation is undoubtedly the highest form of humanitarian service as it is done without expectation of even knowing who it will help. To express solidarity to the divine cause, Company CSR department in association with Red Cross Society organized Blood Donation Camp. Employees of the Company donated blood during the occasion. The camp turned out to be a huge success. Doctors and officials of Red Cross Society acknowledged the effort of the Company for organizing such a big blood donation camp and expressed interest to hold this kind of camp jointly at regular interval.
- Company also conducted mobile health camps and treatment on wheels facility on regular basis in and around villages located in Plant. 205 mobile health camps were arranged during the year 2014-15 and 5329 patients were treated by doctors and provided free medicines in mobile health camps.

- Hospitals have been identified as nodal agency for several government sponsored programs like Janani Surakshay Yojna (JSY), Vector Borne Disease Prevention Programme, Pulse Polio Programme etc. Around 132 awareness and sensitization programmes on health in collaboration with health department of Jharkhand Government especially on safe motherhood, immunization, malaria, adolescent girl health programme, Diarrhea, Tuberculosis, vector Borne diseases were conducted in surrounding villages round the year.
- Company also arranged free cataract operation camp in partnership with Government of Jharkhand. Poor and old Cataract patients identified from villages through a special drive conducted by Company were sent to Government Hospital in Bokaro for free operation. The Company arranged transportation facility of these patients for operation and also borne other costs like spectacles, medicines, etc.
- Training on First aid was done in 21 schools and 10 Anganwadi Centers. First aid medical kits and medicines were distributed to all of them.
- The Company also conducted 52 bleaching powder distribution and safe drinking water awareness programmes in 30 villages round the year to sensitize community on diseases spread through polluted and contaminated water.
- Company repaired 133 defunct tube wells during last year to ensure availability of safe drinking water in all villages round the year located in and around plant and mines.
- Company also arranged drinking water through tanker to the households especially in the months of summer, festival seasons and community functions. The Company provided free water tanker facility in 453 places in 25 villages during last year.
- Company being a serious corporate citizen connects with the farmers intensively in promotion of High Yield agriculture production in the villages it functions. Company's CSR department in association with PRADHAN, a pioneer development agency in India, organized regular workshops on System of Rice Intensification (SRI) involving farmers. Around 300 practitioners were benefitted out of the training. SRI is a methodology aims at increasing the yield of rice produced through farming. In simple terms we can say that "more production in less land". Farmers were trained on modern agriculture techniques, practices. KVK Petarwar was roped in as knowledge partner for this initiative.
- Purna Kendra, special free tuition facility for meritorious but poor students appearing for Board Examination, started in 2011 on experimental basis with 20 students in Siyaljuri. Duration of the compact course is 12 months and special arrangements are made to promote girls education for higher studies. The course has been designed with help of local experienced teachers to bridge the gap of quality education that is available in cities. 6 such centers were run in 2014 to cater students of 14 villages. Total 168 poorest of the poor but meritorious students were trained here and were provided best of the education facility and Information Education & Communication materials were available to city students. Last year 70% students from these centers secured first division and rest of them secured second division. Successful students were facilitated by company with books and education materials as a mark of encouragement for higher studies.
- With an objective to promote sports and engage youth cricket, football, volleyball and local sports were promoted in the nearby villages by the Company. As a motivational aspect Cricket Kits, footballs and Volleyballs were distributed from time to time to the young players.
- Company undertakes Blanket Distribution programme as District Bokaro, Jharkhand faces an onslaught of severe cold every year. The underprivileged sections of the society, those living in distressed conditions especially the elderly, disabled, widow and children are the ones most affected and impacted empathizing with their struggle, Company distributed 1010 blankets during last three years. Local village representatives were also involved in identification of the beneficiaries so that the benefits can reach to the last mile households.
- Company promoted 125 Self Help Groups (SHGs) consisting of women members with homogenous socio economical backgrounds and ensured regular meeting and monitoring of these groups through training of these SHGs on credit culture, accounting and book keeping has enable them to mobilize savings and use it for consumptive and productive purpose. The Project has made them free from the clutches of money lenders and social exploitation. In this context training cum exposure visit was arranged for SHG members in other areas outside of Bokaro to gain knowledge on the good practices pursued by others.



- Company established Sewing Centres and Garment Production Centres in 10 villages to ensure regular income to village women enabling these women to pursue their dream to become self-reliant and they are now able to contribute financially to the growth of the society. 1000 women were already trained in handloom activities and another 400 students undergone training last year. Talented Graduated students were then linked with company run production centre to produce garments and handloom products. Puffed rice units were set up in Bhandih and Chandaha village with technical help of IIT Kharagpur innovation unit so that village based women can explore alternative livelihood possibilities.

#### **CAUTIONARY STATEMENT**

This report contains projections, estimates and expectations etc. which are “forward-looking statements”. Actual results could differ from those expressed or implied in this report. Important factors that may have impact on Company's operations include economic conditions affecting demand / supply and price conditions in the domestic and overseas markets, changes in the Government regulations / policies, tax laws and other statutes and other incidental factors. The Company assumes no responsibility to publicly modify or revise any forward looking statements on the basis of any future events or new information. Actual results may differ from those mentioned in the report.

Place : Kolkata  
Dated : 11th May, 2015

For and on behalf of the Board of Directors

<b>R S Singh</b> <i>Whole-time Director</i>	<b>Lalit Kumar Singhi</b> <i>Director</i>
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**ANNEXURE B**
**PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014**
**A) CONSERVATION OF ENERGY**
**(i) Steps taken for Conservation of Energy**

The thrust for energy conservation continued during the year through combined use of systems and devices. The Company recognizes the importance of the energy conservation in decreasing the harmful effects of global warming and climate change. The various measures under taken by the Company during the year are:

- Capacitor banks have been provided to reduce reactive power consumption and increase power-factor, thereby optimizing active power utilization.
- Energy efficient motors and VVVF drives have been adopted throughout the Plant units.
- In coke oven, illumination power has been reduced by switching on alternate light and lighting circuit has been modified, which have resulted in energy saving.
- The process for conversion of steam vapourizers into ambient vapourizers to save power, steam and soft water.
- Conducting training programmes at Plant for conservation of energy.

**(ii) Steps taken for Utilizing Alternate Source of Energy**

- Solar powered LED street lighting system has been installed.
- Utilizing coke oven waste heat recovery from boilers in captive Power Plant.

**(iii) Capital investment on energy conservation equipment**

Since the Plant is under implementation, conscious efforts are being made during the design, engineering and construction stage itself to ensure that the technology is understood and necessary measures to minimize energy consumption are incorporated in the Plant.

**B TECHNOLOGY ABSORPTION**
**(i) Efforts made towards technology absorption**

Since the Plant is under implementation, conscious efforts are being made during the design, engineering and construction stage itself to ensure that the technology is understood and necessary measures to minimize energy consumption are incorporated in the Plant.

**(ii) Benefits derived like product improvement, cost reduction, product development or import substitution**

- Improvement in productivity
- Increase in house capability

**(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - Not Applicable**
**(iv) Expenditure incurred on Research and Development**

Since the Plant is under implementation and yet not fully commissioned expenditure incurred on Research & Development cannot be quantified separately at this stage.

<b>C FOREIGN EXCHANGE EARNINGS AND OUTGO:</b>	<b>Rs in lakhs</b>
Foreign Exchange earnings in terms of Actual inflow	<b>13,656.71</b>
Foreign Exchange outgo earnings in terms of Actual outflow	<b>40,104.39</b>

For and on behalf of the Board of Directors

Place : Kolkata  
Dated : 11th May, 2015

**R S Singh**                      **Lalit Kumar Singhi**  
*Whole-time Director*                      *Director*

## CORPORATE GOVERNANCE REPORT

### 1. Company's philosophy on Corporate Governance

The philosophy of Your Company in relation to Corporate Governance is to ensure fairness, transparency, integrity, equity, honesty and accountability in its dealings with its customers, dealers, employees, lenders, Government and other stakeholders including shareholders. Your Company is committed to achieve and maintain the highest standards of Corporate Governance. The cornerstone of modern enterprise system rests with good Corporate Governance mechanism. Your Company is always committed to the improvement of Corporate Governance in a bid to boost shareholders' value and investors' confidence.

### 2. Board of Directors

#### Composition of Board:

The composition of the Board of Directors, which is in conformity with the Companies Act, 2013 (Act) and Listing Agreement, along their attendance at the meetings during the year and number of other directorships in public and/or private companies and memberships of the Committee of the Board of such Companies as on 31st March, 2015 are as follows:

Name of the Directors	Category	No. of Directorship(s) held in other companies		No. of other Board / Committee (s) of Public Companies in which he/she is a member/ Chairman	
		Chairman	Member	Chairman	Member
Mr. Rajkumar Khanna, Chairman	NEI	Nil	1	Nil	Nil
Mr. Amrendra Prasad Verma #	ND	Nil	4	Nil	Nil
Mr. Jinendra Kumar Jain	NEI	Nil	1	Nil	Nil
Mr. Lalit Kumar Singhi	NE	Nil	4	Nil	Nil
Mr. Naresh Pachisia	NEI	Nil	7	Nil	4
Mr. Sunil V Diwakar	NE	Nil	5	Nil	4
Mr. Umang Kejriwal	NE	Nil	5	Nil	Nil
Ms. Rishu Kumari##	NEI	Nil	4	Nil	Nil
Mr. Rama Shankar Singh, Whole-time Director	ED	Nil	5	Nil	Nil

# Nominated by State Bank of India in capacity as a Lender.

## Appointed as an Additional Director w.e.f. 21st March, 2015.

NEI: Non-Executive Independent Director, NE: Non-Executive Director, ED- Executive Director, ND: Nominee Director

As mandated by Clause 49 of the Listing Agreement:

- None of the Directors are member of more than ten (10) Board Level Committees nor are they Chairman of more than five (5) Committees in which they are members.
- None of the Independent Directors serve as an Independent Director in more than seven listed companies and
- The Whole time director is not serving as Independent Director in more than three listed Companies.

Chairmanship/Membership of the Board Committee includes membership of Audit and Stakeholders' Relationship Committees in other public limited companies.

The Board periodically evaluates, as and when required, the need for change in its composition and size.

#### Board Agenda

The meetings of the Board are governed by a structured agenda which is circulated to the Directors well in advance for facilitating meaningful and focused discussion at the meeting. Where it is not practicable to attach any document to the Agenda, it is tabled at the meeting with specific reference to the effect in the agenda. In special and exceptional circumstances additional or supplementary item(s) on the agenda are permitted.

The Board members in consultation with the Chairman may bring upon other matters for consideration at the Board meeting. Members of the Senior Management are occasionally present in the meeting as a special invitee as and when required.

#### Information placed before the Board

Necessary information as required under the statute and as per the Listing Agreement are placed before the Board, from time to time. The Board periodically reviews compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliance, if any. Draft Minutes are circulated amongst the members for their comments. The minutes of the meeting explicitly record dissenting opinions of the members, if any. The minutes of the proceedings of the Meeting are entered within thirty days of the conclusion of the meeting and thereafter signed by the Chairman. To protect and to facilitate the shareholders rights, the Board ensures that:

- (a) Shareholders have the right to participate in and be sufficiently informed on decisions concerning fundamental corporate changes.
- (b) Shareholders have the opportunity to participate effectively and vote in general meetings.
- (c) Shareholders are informed on the rules including voting procedures that govern general shareholder meetings.
- (d) Shareholders have the opportunity to ask questions to the Board, to place items on the agenda of general meetings and to propose resolutions, subject to reasonable limitations.
- (e) Effective shareholder participation is facilitated in key Corporate Governance decisions, such as nomination and election of board members.
- (f) Exercise of ownership rights is facilitated by all shareholders including institutional investors.
- (g) Company has an adequate mechanism to address the grievances of the shareholders.

#### Post Meeting Mechanism

The important decisions taken at the Board/Board Committees meetings are communicated to the concerned departments/divisions. Action Taken Report on decisions/minutes of the previous meeting is placed at the succeeding meeting of the Board/Board committees for noting.

#### Number of Board Meetings held and attended by Directors:

Six meetings of the Board of Directors were held during the year and the gap between the consecutive meetings did not exceed one hundred and twenty days. The necessary quorum was present for all meetings. The dates on which the Board meetings were held : 5th May 2014, 1st July 2014, 13th August 2014, 13th November 2014, 13th February 2015 and 21st March 2015.

The attendance record of each of the directors at the Board meetings during the year ended 31st March 2015 and of the last Annual General Meeting is as under:

Name of Directors	No of Board Meetings during the year 2014-15		Attendance at the Last AGM
	Held	Attended	Yes/No
Mr. Rajkumar Khanna	6	4	Yes
Mr. Naresh Pachisia	6	5	No
Mr. Jinendra Kumar Jain	6	5	Yes
Mr. Rama Shankar Singh	6	6	No
Mr. Umang Kejriwal	6	5	No
Mr. Lalit Kumar Singhi	6	6	Yes
Mr. Sunil V Diwakar	6	4	No
Mr. Amrendra Prasad Verma	6	4	No
Ms. Rishu Kumari #	-	-	-

# Appointed w.e.f 21st March, 2015.

#### **INDEPENDENT DIRECTORS:**

In terms of the requirement of the Act read with Listing Agreement, the shareholders of the Company in the Annual General Meeting held on 16th September 2014 had approved appointment of the Independent Directors to hold office for a term upto five consecutive years. The Company had issued formal letter of appointment to the Independent Directors which, inter-alia, explains the role, functions, duties and responsibilities expected from him/her as a Director of the Company. The brief terms and conditions for their appointment as Independent Directors is available on Company's website [www.electrosteelsteels.com](http://www.electrosteelsteels.com). The Board on the recommendation of Nomination and Remuneration Committee had adopted Code for Independent Directors as enumerated in Schedule IV to the Act as criteria for performance evaluation of the Independent Directors.

All Independent Directors have given declaration in the Board meeting held on 11th May 2015 that there has been no change in the circumstances which may affect their status as an independent director and they meet the criteria of independence as enumerated in Clause 49 of the Listing Agreement and Section 149 of the Act. The Independent Directors have also affirmed that they have abided by the provisions specified in Schedule IV to the Act.

As an on going process the Company imparts training to the Independent Directors and familiarize Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. The Board in this connection has adopted policy on Familiarization programme to familiarize Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc through various programmes. The details of such familiarization programmes are available on the Company's website with weblink <http://www.electrosteelsteels.com/investor-relationship/pdf/familiarization-independentdirectors-pdf>. The Wholetime Director has one to one discussion with the newly appointed Director which help the Director to understand the Company, its business and regulatory framework in which the Company operates and equip him/her to effectively role as a Director of the Company.

#### **CODE OF CONDUCT**

As envisaged in Clause 49 of the Listing Agreement, the Code of Conduct ("Code") of the Company for all Board Members and Senior Management of the Company have been amended to incorporate the duties of Independent Directors as enumerated in Schedule IV to the Act. The code anchors ethical and legal behavior within the organization. The Code is posted on the website of the Company [www.electrosteelsteels.com](http://www.electrosteelsteels.com).

All Board Members and Senior Management Personnel have affirmed compliance with the Code on an annual basis and the declaration to the effect signed by the Wholetime Director is enclosed at the end of the Report.

#### **CODES UNDER SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS 2015**

The Board pursuant to the requirement of the SEBI (Prohibition of Insider Trading) Regulations, 2015 in its meeting held on 11th May 2015 approved (1) Code of Conduct to Regulate, Monitor and Report Trading by Insiders and (2) Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (Code for Fair Disclosure). These Codes will become effective from 15th May 2015.

The Code for Fair Disclosure will be sent to the Stock Exchanges where the Company is presently listed and will also be displayed on the Company's website [www.electrosteelsteels.com](http://www.electrosteelsteels.com)

#### **WHOLETIME DIRECTOR & CFO CERTIFICATE**

A Certificate from the Wholetime Director and CFO of the Company pursuant to Clause 49 (IX) of the Listing Agreement is enclosed at the end of the Report. Pursuant to Clause 41 of the Listing Agreement, Whole Time Director and CFO also give quarterly certification on financial results while placing the same before the Board.



## **DISCLOSURE REGARDING APPOINTMENT/RE-APPOINTMENT OF DIRECTORS**

The brief resume and other information required to be disclosed under this Section is provided in the Notice of the Annual General Meeting.

### **BOARD COMMITTEES:**

The Company has four Board level committees:

- (a) Audit Committee
- (b) Nomination & Remuneration Committee
- (c) Stakeholders' Relationship Committee
- (d) Corporate Social Responsibility Committee

The Board is authorized to constitute additional functional committees, from time to time, depending on business needs.

The Board is responsible for constituting, assigning, co-opting and fixing the terms and reference of various committees. The minutes of all the Board and Committee meetings are placed before the Board and noted by the Directors present at the meeting. The role and composition of the Committees including the number of meeting(s) held and the related attendance during the financial year 2014-15 are as follows:

### **AUDIT COMMITTEE**

The Audit Committee of the Company is constituted in line with the Listing Agreement read with Section 177 of the Act and Rules made therein. The Board of Directors in its meeting held on 5th May, 2014 had approved the new/amended terms of reference of the Committee to align with the requirements of the Listing Agreement and Act. The terms of reference of the Audit Committee includes the powers as laid down in Clause 49(III)(C) and role as stipulated in Clause 49(III)(D) of the Listing Agreement read with Section 177 of the Act and rules made therein. The Audit Committee also reviews the information as per the requirement of Clause 49 (III)(E) of the Listing Agreement read with Section 177 of the Act.

#### **Terms of Reference**

The brief terms of reference of the Audit Committee, inter-alia, includes the following:

- (a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (b) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (c) Approval or any subsequent modification of transactions of the Company with related parties;
- (d) Scrutiny of inter-corporate loans and investments;
- (e) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (f) Discussion with internal auditors of any significant findings and follow up there on;
- (g) To review the functioning of the Whistle Blower/Vigil Mechanism;
- (h) Reviewing, with the management, the quarterly and annual financial statements before submission to the board for approval;
- (i) Reviewing, with the management, and recommending the statement of uses / application of funds raised through preferential allotment of equity shares;
- (j) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (k) And generally all items listed in Clause 49(III) (D) of the Listing Agreement and Section 177 of the Act read with Rules made therein.

The Audit Committee may also review such other matters as considered appropriate by it or referred to it by the Board.

### Composition

The composition of the Audit Committee is in accordance with the Listing Agreement and the Act. As on 31st March 2015, the Committee comprised of 3 Directors out of which 2 Directors including the Chairman are independent members. All members of the Audit Committee are financially literate and have accounting or related financial management expertise.

Mr Rajkumar Khanna (Chairman of the Committee), Mr Naresh Pachisia and Mr Rama Shankar Singh were the members as on 31st March 2015. The Company Secretary acts as Secretary to the Committee.

The Audit Committee is normally attended by CFO, representatives of Statutory Auditors, representatives of Internal Auditors and Senior Executives of the Company, if required. The Cost Auditor appointed by the Company attended the Audit Committee meeting, where cost audit reports were discussed. The Chairman of the Audit Committee attended the Annual General Meeting held on 16th September, 2014 to answer shareholders queries.

### Meetings and Attendance:

During the year 4(four) Audit Committee Meetings were held on 5th May, 2014, 13th August, 2014, 13th November, 2014 and 13th February, 2015. The necessary quorum was present for all meetings. The details of attendance of members are as under:

Name of Member	Number of Meetings during the year 2014-15	
	Held	Attended
Mr. RajkumarKhanna #	3	3
Mr. Jinendra Kumar Jain ##	1	1
Mr. Lalit Kumar Singhi ##	1	1
Mr. Naresh Pachisia	4	4
Mr. Rama Shankar Singh	4	4

# Appointed as a Chairman cum Member in the Board Meeting held on 5th May, 2014

## Resigned as Members w.e.f. 5th May, 2014

### NOMINATION AND REMUNERATION COMMITTEE:

The Board of Directors of the Company in its meeting held on 5th May, 2014 changed the nomenclature of the Committee from "Remuneration Committee" to "Nomination & Remuneration Committee" and also modified the terms of reference to comply with the requirement of the Act and Listing Agreement. The terms of reference, inter-alia, includes the following:

- Recommending to the Board remuneration policy for its Directors, Key Managerial Personnel and Senior Management Personnel i.e. one level below the Board.
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Devising a policy on Board diversity.
- Identify persons who are qualified to become directors and who may be appointed in Senior Management in accordance to criteria laid down and recommend to the Board their appointment and removal.
- To carry out any other functions as is referred by the Board, from time to time, or referred by any statutory notification/amendment or modification, as may be applicable.

**Composition:**

The composition of the Committee is in compliance with Clause 49 (IV) of the Listing Agreement and Section 178 of the Act and Rules made therein. As on 31st March, 2015, the Committee comprised of three Non- Executive Directors out of which 2 including the Chairman are independent members. Mr Jinendra Kumar Jain (Chairman), Mr Naresh Pachisia and Mr Lalit Kumar Singhi are members of the Committee. The Company Secretary acts as Secretary to the Committee.

**Meetings and Attendance:**

During the year ended 5 (Five) Committee Meetings were held on 5th May, 2014, 13th August, 2014, 13th November, 2014, 13th February, 2015 and 21st March, 2015. The necessary quorum was present for all meetings. The details of attendance of members are as under:

Name of Member	Number of Meetings during the year 2014-15	
	Held	Attended
Mr. Jinendra Kumar Jain	5	3
Mr. Lalit Kumar Singhi	5	5
Mr. Naresh Pachisia	5	4

**REMUNERATION POLICY**

The Board in its meeting held on 13th November, 2014 had modified/amended its Remuneration Policy to align with the requirement of the Listing Agreement and the Act. The policy, inter-alia, ensures that :-

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.
- Relationship of remuneration to performance is clear and meets appropriate performance benchmark.
- Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The remuneration paid to the Wholetime Director is approved by the Board on the recommendation of the Audit Committee and Nomination & Remuneration Committee. The payment of remuneration is in accordance with the approval of the shareholders through Postal Ballot on 23rd February, 2015. The appointment can be terminated by the Wholetime Director or the Company, by one party giving to other 3 (three) calendar months notice in writing or by payment of a sum equivalent to remuneration for the notice period or part thereof in case of shorter notice or on such other terms as may be mutually agreed.

The details of remuneration paid to Whole Time Director is as follows during the year:

Rs in Lacs

Name of the Director	Salary & Perquisites	Sitting Fees
Mr. Rama Shankar Singh	145.42	Nil

The Non-Executive Directors of the Company are paid sitting fees of Rs 5000/- for attending each meeting of the Board and Committee thereof, which are within the limits of the Companies Act, 2013. The Non-Executive Directors are also entitled for reimbursement of expenses for attending the Annual General Meetings, Board Meetings and Committee Meetings.

**DETAILS OF SITTINGS FEES PAID TO NON-EXECUTIVE DIRECTORS:**

During the year, the Company has not made any payment to Non-Executive Directors except sitting fees as detailed hereunder:

Name of the Director	Sitting Fees (Rs)
Mr. Rajkumar Khanna	40,000
Mr. Umang Kejriwal	25,000
Mr. Naresh Pachisia	70,000
Mr. Jinendra Kumar Jain	50,000
Mr. Lalit Kumar Singhi	60,000
Mr. Amrendra Prasad Verma	20,000
Ms Rishu Kumari#	Nil

#Appointed as an Additional Director w.e.f 21st March, 2015

During the year there were no pecuniary relationships or transactions between the Company and it's Non-Executive Directors.

**Details of Equity Shares/Non-Convertible instruments held by Non-Executive Directors as on 31st March 2015**

Name of the Director	No of Equity Shares	Non-Convertible Debentures
Mr Umang Kejriwal	5,17,000	Nil
Mr Naresh Pachisia	50,000	Nil
Mr Lalit Kumar Singhi	1,90,000	Nil

The details of the shareholding of Non-Executive Directors proposed to be appointed/re-appointed at the ensuing Annual General Meeting are detailed in the Notice.

The Company does not have Employee Stock Option Scheme.

**STAKEHOLDERS' RELATIONSHIP COMMITTEE**

The Board of Directors of the Company in its meeting held on 5th May, 2014 as mandated under the Companies Act 2013 and Listing Agreement changed the nomenclature of "Share Transfer & Shareholders'/Investors' Grievances Committee" to Stakeholders' Relationship Committee and also modified/amended the terms of reference of the Committee.

The Board has sub-delegated the authority to the Committee to approve transfer/transmission/ rematerialisation/ dematerialization/split up/division/sub division and consolidation of the share certificates, etc. As a Company Policy, the Committee would meet once in a fortnight, if required, to look into the unresolved grievances of the security holders relating to transfer of shares, non receipt of Balance sheet, etc.

**Composition, Meeting and Attendance:**

As on 31st March, 2015, the Committee comprised of 2 Non-Executive Independent Directors and an Executive Director. Mr Lalit Kumar Singhi (Chairman), Mr Naresh Pachisia and Mr Rama Shankar Singh are the members of the Committee. The Company Secretary acts as Secretary to the Committee.

During the financial year ended 31st March 2015, no Stakeholders' Relationship Committee Meeting was held.

**COMPLIANCE OFFICER**

Mr Anubhav Maheshwari, Company Secretary of the Company has been designated as Compliance officer for complying with the requirements of Securities Laws and the Listing Agreements with the Stock Exchanges.

### INVESTOR'S COMPLAINTS

Details of Investors Complaints received and redressed during the year:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
0	37	37	NIL

It is the endeavor of the Company to attend investors' complaints and other correspondence within 15 days except where constrained by disputes or legal impediments. In terms of SEBI circular the Company has obtained necessary SCORES (SEBI Complaints Redressal System) authentication. This has facilitated the investors to view online status of the action taken against the complaints made by logging on to SEBI's website [www.sebi.gov.in](http://www.sebi.gov.in). As on date of the Report, the Company affirms that no shareholder's complaint was lying pending under SCORES.

### CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The CSR Committee was constituted in terms of the requirement of Section 135 of the Act. The terms of reference of the Committee, inter-alia, are as follows:

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act, as amended from time to time, excluding the activities undertaken in pursuance of normal course of business of the Company;
- To recommend the amount of expenditure to be incurred on the activities referred to in clause (a);
- To monitor the Corporate Social Responsibility Policy of the Company, from time to time and
- To institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities to be undertaken by the Company, from time to time.

#### Composition

The composition of the Committee is in compliance with Section 135 of the Act, read with Companies (Corporate Social Responsibility Policy) Rules, 2014. As on 31st March, 2015, the Committee comprised of an Independent Director, a Non Executive and a Whole time Director of the Company.

Mr. Lalit Kumar Singhi (Chairman of the Committee), Mr Naresh Pachisia and Mr Rama Shankar Singh were the members of the Committee as on 31st March, 2015. The Company Secretary acts as Secretary to the Committee.

#### Meetings and Attendance

During the year, a meeting of the Committee was held on 13th August, 2014. The necessary quorum was present for the meeting. The details of attendance of members are as under:

Name of Member	Number of Meetings during the year 2014-15	
	Held	Attended
Mr. Lalit Kumar Singhi	1	1
Mr. Naresh Pachisia	1	1
Mr. Rama Shankar Singh	1	1



**GENERAL BODY MEETINGS**
**(A) ANNUAL GENERAL MEETINGS (AGMs):**

The location and time of last three AGMs held are as under:

No.	Financial Year / Time	Date	Venue	No. of Special Resolution passed
7th AGM	2013-14 12.30 P.M	16.09.2014	Prez Hall, Capitol Hill Hotel, Mahatma Gandhi Marg, Main Road, Ranchi- 834001	2
6th AGM	2012-13 12.30 P.M	23.07.2013	Basil Banquet Hall, Hotel Landmark, Jatin. Chandra Road, Lalpur, Ranchi 834001, Jharkhand	No Special Resolution passed
5th AGM	2011-12 12.30 P.M	07.08.2012	Topaz Banquet Hall, Hotel Landmark, Jatin Chandra Road, Lalpur, Ranchi - 834001, Jharkhand.	4

**(B) EXTRA-ORDINARY GENERAL MEETING**

No Extra Ordinary General Meeting of the Company was held during Financial year ended 31st March, 2015.

**(C) DETAILS OF RESOLUTIONS PASSED THROUGH POSTAL BALLOT, THE PERSON WHO CONDUCTED THE POSTAL BALLOT EXERCISE AND DETAILS OF VOTING PATTERN:**
**POSTAL BALLOT**

The Company had completed the process of obtaining the approval of its members through Postal Ballot as per provisions of Section 110 of the Act, read with the Companies (Management and Administration) Rules 2014 and Clause 35B of the Listing Agreement, during the financial year ended on 31st March, 2015 as detailed hereunder:

1. The Company issued Postal Ballot Notice dated 13th November, 2014 together with the explanatory statement, the Postal Ballot Forms and self-addressed postage pre-paid envelopes to the Members through post and/ or e-mail. E-voting facility was also provided to Members of the Company.
2. Members were advised to read carefully the instructions printed on the Postal Ballot Form and return the duly completed Form in the attached self-addressed postage pre-paid envelope, so as to reach the Scrutinizer on or before close of working hours i.e. 6 p.m. on 20th February, 2015 for the Postal Ballot.
3. After due scrutiny of all the Postal Ballot Forms received and considering the voting through electronic mode upto the close of working hours on 20th February, 2015, M/s. MKB & Associates, Practicing Company Secretaries, submitted their reports on 23rd February, 2015.
4. The results of the Postal Ballot were declared on 23rd February, 2015. The date of declaration of the results of the Postal Ballot was taken as date of passing of the resolutions.
5. The results of the Postal Ballot were published in Financial Express (English) and Sanmarg (Hindi) and also placed at the website of the Company.

Approval of members was obtained for the following business (es):

1.	Preferential Allotment of Equity Shares of the Company on private placement basis to Electrosteel Castings Limited, Promoter Company.
2.	Payment of remuneration to Mr. Rama Shankar Singh (DIN: 02093276), Whole-time Director of the Company.
3.	Adoption of new set of Articles of Association of the Company.
4.	Keeping Register of Members, Debenture holders and other security holders at place other than the Registered Office of the Company.

#### POSTAL BALLOT & E-VOTING RESULTS

Resolution	Total number of valid votes polled	Assent		Dissent	
		Shares	% votes in favour of votes polled	Shares	% votes against on votes polled
No.1	185,204,151	184,928,467	99.85%	275,684	0.15%
No.2	1,276,739,281	1,276,471,549	99.98%	267,732	0.02%
No.3	1,276,730,710	1,276,653,586	99.99%	77,124	0.01%
No.4	1,276,738,485	1,276,588,220	99.99%	150,265	0.01%

There is no immediate proposal for passing any Resolution through Postal Ballot. None of the businesses proposed to be transacted at the ensuing Annual General Meeting require passing of resolution through Postal Ballot.

#### DISCLOSURES

- The details of the materially significant related party transactions have been disclosed by way of Notes to the Annual Report 2014-15. There are no materially significant related party transactions of the Company which have potential conflict with the interests of the Company at large.

Policy on Related Party Transactions is available on the website of the Company [www.electrosteelsteels.com](http://www.electrosteelsteels.com).

- In preparation of the financial statements the Company has followed the accounting policies and practices as prescribed in the Accounting Standards. The Company implements the Accounting Standards in letter and spirit in the preparation of financial statements taking into consideration the interest of all stakeholders. The financial statements of the Company are audited by M/s B Chhawchharia & Co., Statutory Auditors who are qualified, independent and competent.
- There have been no strictures or penalties imposed on the Company by either SEBI or any of the Stock Exchange(s) or any statutory authority for non-compliance of any matter related to the capital markets during the last three years.

#### ➤ WHISTLE BLOWER POLICY:

The Company has a vigil mechanism/whistle blower mechanism for its Directors and employees to report genuine concerns or grievances about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The mechanism provides for adequate safeguards against victimization of director(s)/ employee(s) and also provides for direct access to the Chairman of the Audit Committee in exceptional cases.

The Whistle Blower Policy covering the details of establishment of such mechanism by the Company is available on the website [www.electrosteelsteels.com](http://www.electrosteelsteels.com) and the Audit Committee periodically reviews the functioning of the Whistle Blower mechanism. No personnel have been denied access to the Audit Committee.

- The Company has a mechanism in place to inform Board Members about the risk assessment and minimization procedures. The Company has in place Risk Management Policy and Risk Manual which helps in framing, implementing and monitoring the risk management plan of the Company.

#### SUBSIDIARY COMPANY

The Company does not have a subsidiary Company.

#### MEANS OF COMMUNICATION

The Company ensures that channels for disseminating information provide for equal, timely and cost efficient access to relevant information by users.

The Board of Directors of the Company approves and takes on record the quarterly, half-yearly and yearly financial results in the proforma prescribed under Clause 41 of the Listing Agreement.

The Company sends such approved financial results to the Bombay Stock Exchange and National Stock Exchange, which have also been published in leading newspapers like Financial Express (English) and Sanmarg (Hindi).

The financial results and the official news releases of the Company are displayed on the website of the Company.

As quarterly financial results are published in the press and are also posted on the website of the Company, the same are not mailed to the shareholders.

The Company will continue to send Annual Report, Notices, etc to the shareholders at their email address registered with their Depository Participants and/or Company's RTA.

The Company continues its support to the GREEN INITIATIVES measures of MCA. The Company during the year, has requested shareholders to register and /or update their email- address with the Company's RTA, in case shares held in physical mode and with their respective Depository Participants, in case of shares held in dematerialized mode.

The Company has not made any presentation to the institutional investors /analysis during the year.

Management Discussion and Analysis Report forms part of the Annual Report.

In compliance with the requirement of the Listing Agreement, the official website of the Company contains information about its business, shareholding pattern, compliance with corporate governance, contact information of the compliance officer, etc. and the same are updated at any given point of time.

#### GENERAL SHAREHOLDER INFORMATION

- a) **Annual General Meeting :** **Date:** Friday, 11th September, 2015  
**Time:** 11.30 a.m.  
**Venue:** Prez Hall, Capital Hill Hotel, Mahatma Gandhi Marg, Main Road, Ranchi - 834 001, Jharkhand.
- b) **Financial Year:** 1st April - 31st March. The Financial results will be declared as per the following schedule:

Particulars	Schedule
Quarter ended 30th June, 2015	On & before 14th August, 2015 (Tentative)
Quarter ending 30th September, 2015	On or before 14th November, 2015 (Tentative)
Quarter ending 31st December, 2015	On or before 14th February, 2015 (Tentative)
Annual Results of 2015-16	On or before 30th May, 2016 (Tentative)

- c) **Dates of Book Closure:** 5th September 2015 to 11th September 2015 (Both days inclusive).
- d) **Dividend Payment** No dividend has been proposed for the year ended 31st March, 2015.

- e) **Listing on Stock Exchanges:** (i) National Stock Exchange of India Limited (NSE)  
(ii) Bombay Stock Exchange Limited (BSE)

The annual listing fees have been paid to all the Stock Exchanges for the year 2015-16.

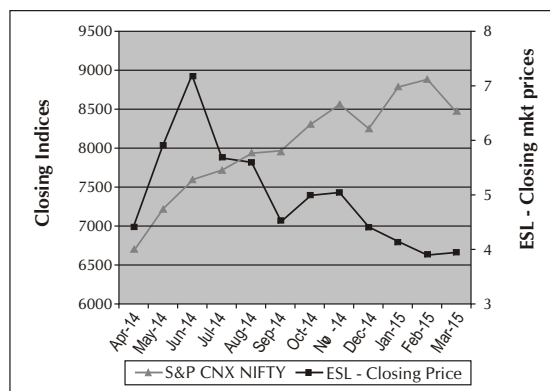
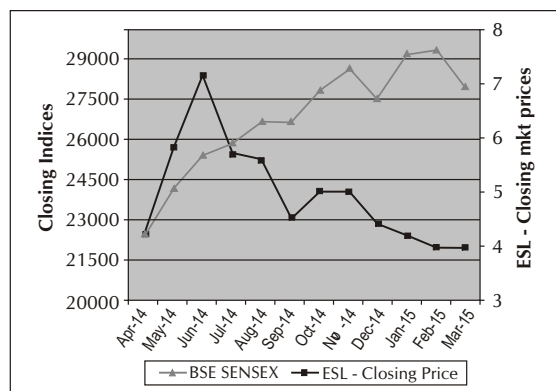
- f) **Custodial Fees to Depositories:** The Company shall pay the custodial/annual fees for the year 2015-16 to National Securities Depository Ltd (NSDL) and Central Depository Services India Ltd (CDSL) on receipt of the invoices.

- g) **Stock Code:** ISIN No. : INE481K01013  
National Stock Exchange of India Limited : ESL  
Bombay Stock Exchange Limited : 533264

**h) Market Price Data**

The details of monthly high and low quotations of the equity shares of the Company traded at BSE and NSE during the financial year 2014-15 are given hereunder:

Month	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	Month's High Price	Month's Low Price	Volume	Month's High Price	Month's Low Price	Volume
April 2014	5.19	3.26	28,09,524	4.65	3.95	93,38,916
May 2014	6.77	3.82	78,65,157	6.75	3.80	2,11,18,711
June 2014	7.76	5.65	1,89,73,756	7.75	5.35	2,92,19,302
July 2014	7.85	5.13	1,09,72,194	7.85	5.15	2,69,28,622
August 2014	6.29	5.30	41,80,656	6.20	5.30	89,80,936
September 2014	5.79	4.08	57,47,421	5.80	4.05	1,68,03,045
October 2014	5.41	4.05	26,53,504	5.45	4.05	87,15,898
November 2014	6.00	4.66	64,46,633	6.00	4.65	1,81,15,231
December 2014	5.48	4.05	53,71,110	5.20	4.00	1,44,15,826
January 2015	4.79	4.07	22,14,191	4.75	4.10	86,99,536
February 2015	4.50	3.75	23,73,035	4.45	3.55	1,24,44,825
March 2015	5.07	3.28	74,68,774	5.10	3.25	2,82,04,248



**i) Registrar and Share Transfer Agent:**

Karvy Computershare Private Limited  
 Unit: Electrosteel Steels Limited  
 Karvy Selenium Tower B, Plot 31-32, Gachibowli,  
 Financial District, Nanakramguda  
 Hyderabad-500 032  
 Tel: 040 67161559, Fax: 040 23114087  
 E-mail: [shobha.anand@karvy.com](mailto:shobha.anand@karvy.com)

**j) Share Transfer System**

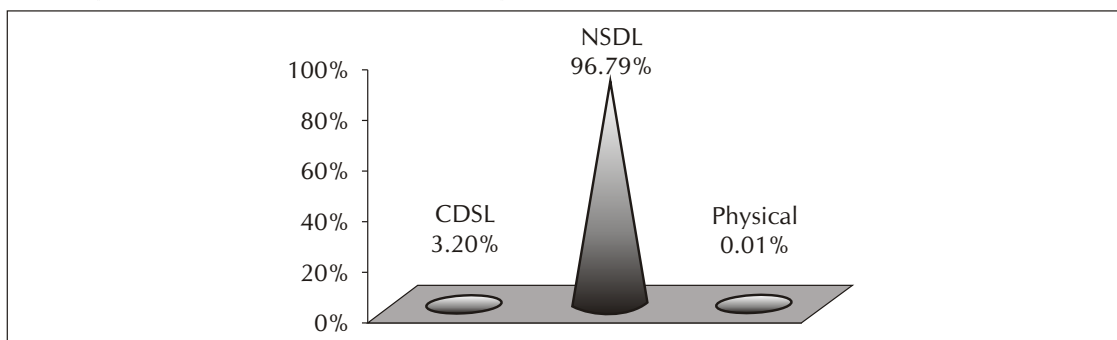
99.99% of shares of the Company are held in electronic mode. Intimation about transfer/transmission of these shares to RTA is done through the depositories i.e. NSDL & CDSL with no involvement of the Company.

For transfer of shares in physical mode, the transfer documents should be sent to the office of the RTA at the above mentioned address. All share transfers are completed within the stipulated statutory time limit from the date of receipt, provided the documents meet the stipulated requirement of statutory provisions in all respects. The Stakeholders' Relationship Committee has been delegated with the authority to approve transfer and/or transmissions of shares and other related matters.

As required under Clause 47C of the Listing Agreement, a certificate on half yearly basis confirming due compliance of the share transfer formalities by the Company from Practicing Company Secretary has been submitted to the Stock Exchanges within the stipulated time.

**k) Dematerialization of Equity Shares**

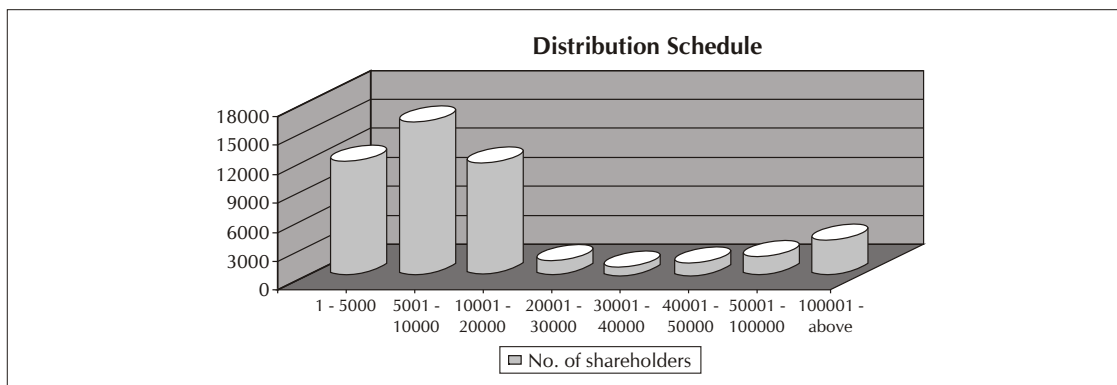
The shares of the Company are currently traded only in dematerialized form and the Company has entered into agreements with the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL). Under the Depository system, the International Securities Identification Number (ISIN) allotted to the Company's shares are INE 481K01013. As on 31st March 2015, 2,40,89,46,348 equity shares representing about 99.99% of the share capital are held in dematerialized form.



**l) Outstanding GDRs / ADRs / Warrants / Other Convertible instruments: Nil**

**m) Distribution of shareholding as on 31st March 2015**

Number of Equity Shares held	Shareholders	% of Total Holders	Shares	% of Total Capital
1-5000	11540	23.53	29,17,362	0.12
5001- 10000	15098	30.78	1,14,11,576	0.47
10001- 20000	10983	22.39	1,83,04,945	0.76
20001- 30000	1974	4.02	52,77,958	0.22
30001- 40000	1115	2.27	40,96,526	0.17
40001- 50000	1733	3.53	84,82,550	0.35
50001- 100000	2442	4.99	2,00,65,445	0.84
100001 & Above	4166	8.49	2,33,86,78,661	97.07
Total	49051	100	2,40,92,35,023	100.00



n) **The details of shareholding as on 31st March 2015:**

Category	No. of Shares	% of Shareholding
Promoters Bodies Corporate	1,08,98,00,000	45.23
Foreign Companies	47,61,97,077	19.76
Bodies Corporates	31,59,64,700	13.11
Resident Individuals	24,57,06,768	10.20
Foreign Corporate Bodies	21,87,42,306	9.08
Venture Capital	1,53,05,000	0.64
Foreign Institutional Investors	1,07,98,227	0.45
Mutual Funds	84,89,224	0.35
Non Resident Indians	45,42,004	0.19
Banks	13,32,514	0.06
Trust	2,15,23,690	0.89
Clearing Members	8,33,513	0.04
<b>Total</b>	<b>2,40,92,35,023</b>	<b>100.00</b>

o) **Plant Location**

Village Siyaljori, P.O. Jogidih, P S Chandankyari, Dist. Bokaro, Pin 828303, Jharkhand.

p) **Address for Communication:**

Mr. Anubhav Maheshwari  
 Company Secretary & Compliance Officer  
 2nd & 3rd Floor, G K Tower, 19 Camac Street, Kolkata- 700 017  
 Phone No: 033-7103-4400, Fax: 033-2290-2882  
 Email: [eil.investors@electrosteel.com](mailto:eil.investors@electrosteel.com), Website: [www.electrosteelsteels.com](http://www.electrosteelsteels.com)

**NON-MANDATORY REQUIREMENTS**

- The position of the Chairman and Wholetime Director are separate.
- The Company does not maintain a separate office for Non Executive Chairman.
- The quarterly financial results are published in the newspapers of wide circulation and not sent to individual shareholders. Further the financial results are available on the website of the Company and of Stock Exchanges where the shares of the Company are listed i.e. BSE & NSE.
- The Auditors' opinion on the Financial Statements is unqualified.
- Internal Auditors submits his reports directly to the Audit Committee at its quarterly meetings.

For and on behalf of the Board of Directors

Place : Kolkata  
 Dated : 11th May, 2015

**R S Singh**                      **Lalit Kumar Singhi**  
*Whole-time Director*                      *Director*



## CERTIFICATION OF COMPLIANCE OF THE CODE OF CONDUCT OF THE COMPANY

This is to confirm that the Company has received declarations affirming compliance of the Code of Conduct from the persons concerned for the Financial Year ended 31st March, 2015.

Place : Kolkata  
Dated : 30th April, 2015

Sd/-  
**R. S. Singh**  
Wholetime Director  
DIN: 02093276

## CERTIFICATION FROM CEO & CFO OF THE COMPANY

We, Rama Shankar Singh, Whole time Director and Ashutosh Agarwal, Chief Financial Officer, of the Company, certify that:

- a) We have reviewed financial statements and the cash flow statements of the Company for the quarter and year ended 31st March 2015 and that to the best of our knowledge and belief :
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the period which are fraudulent, illegal or which violate the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee, any deficiencies in the design or operation of internal controls of which we are aware and the steps taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit committee :
  - (i) Significant changes, if any, in internal control over financial reporting during the year.
  - (ii) Significant changes, if any, in accounting policies during the year and the same have been disclosed in the notes to the financial statements.
  - (iii) Instances of fraud whether or not significant of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

Date: 11th May, 2015  
Place: Kolkata

Sd/-  
**Rama Shankar Singh**  
Wholetime Director  
DIN: 02093276

Sd/-  
**Ashutosh Agarwal**  
Chief Financial Officer

## **AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of  
**ELECTROSTEEL STEELS LIMITED**

We have examined the compliance of conditions of corporate governance by ELECTROSTEEL STEELS LIMITED for the year ended 31st March, 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency of effectiveness with which the management has conducted the affairs of the Company.

**B Chhawchharia & Co**  
**Firm Registration No.: 305123E**  
*Chartered Accountants*

Sd/-  
**Sushil Kumar Chhawchharia**  
**Partner**  
Membership No. 008482

**Place: Kolkata**  
**Date: May 11, 2015**

**SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31st Day of March, 2015***[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,  
**Electrosteel Steels Limited**

We have conducted the **Secretarial Audit** of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Electrosteel Steels Limited (hereinafter called "the Company")**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, and authorized representatives during the conduct of **Secretarial Audit**, we hereby report that in our opinion the Company has, during the audit period covering the financial year ended **31st March, 2015** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended **31st March, 2015** according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. The following Regulations (as amended from time to time) and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
- V. We in consultation with the Company came to a conclusion that **no specific laws** were directly applicable with regard to business activities of the Company during the period under review.
- VI. Foreign Exchange Management Act, 1999 and the Rules and Regulations.

We have also examined compliance with the applicable clauses of the following:

- (i) The Listing Agreements entered into by the Company with **Bombay Stock Exchange Limited & National Stock Exchange of India Limited**.

During the period under review the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that:**

The Board of Directors of the Company **is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director**. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act and Listing Agreement.

Adequate Notice is given to all Directors to schedule the Board Meetings. Agenda and detailed Notes on Agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through, while the dissenting members' views are captured, as and when required and are recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines as also represented by the management.

**We further report that** during the audit period the Company had made **Preferential Allotment of 22,25,00,000 Equity Shares of Rs. 10 each at par on Private Placement basis** and **executed various Related Party Transactions**, from time to time, with Electrosteel Castings Limited, being the Promoter Company, after obtaining necessary approvals.

**For K. Arun & Co**  
**Company Secretaries**  
Sd/-  
**Arun Kr. Khandelia**  
Partner  
C.P. No.: 2270

Place: Kolkata  
Date: 13.04.2015

**Form No. MGT-9**
**EXTRACT OF ANNUAL RETURN**

as on financial year ended on 31st March, 2015

*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]*

**I REGISTRATION AND OTHER DETAILS :**

i) CIN	L27310JH2006PLC012663
ii) Registration Date	20.12.2006
iii) Name of the Company	Electrosteel Steels Limited
iv) Category / Sub-Category of the Company	Public Company Limited by shares
v) Address of the Registered office and contact details	801, Uma Shanti Apartments, Kanke Road, Ranchi -834008, Jharkhand, India Contact : 0651 2285636 Email id: eil.investors@electrosteel.com Website: www.electrosteelsteels.com
vi) Whether listed company	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent	Karvy Computershare Private Limited Unit: Electrosteel Steels Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda Hyderabad-500 032 Contact Person: Ms C Shobha Anand, AGM Tel: 040 67161559 Fax: 040 23114087 E-mail: shobha.anand@karvy.com

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

Sl No	Name and Description of the main Products	NIC Code of the Product	% of total turnover of the Company
1	Basic Iron & Steel	241	99.98

**III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

The Company does not have a Holding Company or a Subsidiary Company or an Associate Company

<b>IV</b>	<b>SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)</b>		
	i)	Category-wise Share Holding	Attachment A
	ii)	Shareholding of Promoters	Attachment B
	iii)	Change in Promoters' Shareholding	Attachment C
	iv)	Shareholding Pattern of top ten Shareholders (other than Directors and Promoters)	Attachment D
	v)	Shareholding of Directors and Key Managerial Personnel	Attachment E
<b>V</b>	<b>INDEBTEDNESS</b>		
	Indebtedness of the Company including interest outstanding/accrued but not due for payment		Attachment F
<b>VI</b>	<b>REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL</b>		
	A	Remuneration to Managing Director, Whole-time Directors and/or Manager	Attachment G
	B	Remuneration to other directors	Attachment H
	C	Remuneration to Key Managerial Personnel other than Wholetime Director	Attachment I
<b>VII</b>	<b>PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES</b>		There was no penalty or punishment or compounding of offence during the financial year ended 31st March, 2015.

**IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAK UP AS PERCENTAGE OF TOTAL EQUITY )**
*i) Category-wise Share Holding (Attachment - A)*

Category of Shareholders	No. of Shares held at the beginning of the year (as on 31.03.2014)				No. of Shares held at the end of the year (as on 31.03.2015)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(A) PROMOTERS</b>									
(1) <b>INDIAN</b>									
(a) Individual /HUF	-	-	-	-	-	-	-	-	-
(b) Central Government	-	-	-	-	-	-	-	-	-
(c) State Government(s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corporate	867300000	-	867300000	39.66	1089800000	-	1089800000	45.23	5.57
(e) Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
(f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-Total A(1) :</b>	867300000	-	867300000	39.66	<b>1089800000</b>	-	<b>1089800000</b>	<b>45.23</b>	<b>5.57</b>
(2) <b>FOREIGN</b>									
(a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
(b) Other- Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corporate	-	-	-	-	-	-	-	-	-
(d) Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
(e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-Total A(2) :</b>	-	-	-	-	-	-	-	-	-
<b>Total A = A(1) + A(2)</b>	867300000	-	867300000	39.66	<b>1089800000</b>	-	<b>1089800000</b>	<b>45.23</b>	<b>5.57</b>
<b>(B) PUBLIC SHAREHOLDING</b>									
(1) <b>INSTITUTIONS</b>									
(a) Mutual Funds	8489224	-	8489224	0.39	8489224	-	8489224	0.35	(0.04)
(b) Banks/Financial Institutions	950000	-	950000	0.04	1332514	-	1332514	0.06	0.02
(c) Central Government	-	-	-	-	-	-	-	-	-
(d) State Government(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	15305000	-	15305000	0.70	15305000	-	15305000	0.65	(0.05)
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) FIs	9748227	-	9748227	0.45	10798227	-	10798227	0.45	0.00
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total B(1) :</b>	34492451	-	34492451	1.58	<b>35924965</b>	-	<b>35924965</b>	<b>1.50</b>	<b>(0.07)</b>
(2) <b>NON-INSTITUTIONS</b>									
(a) Bodies Corporate									
(i) Indian	326724724	-	326724724	14.94	315964700	-	315964700	13.11	(1.83)
(ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs.1 lakh	68320856	252325	68573181	3.14	67832601	238675	68071276	2.83	(0.31)
(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	168263871	50000	168313871	7.70	177585492	50000	177635492	7.37	(0.33)
(c) Others (specify)									
(i) Foreign Bodies	218742306	-	218742306	10.00	218742306	-	218742306	9.08	(0.92)
(ii) Non-Resident Indians	4395256	-	4395256	0.20	4542004	-	4542004	0.19	(0.01)
(iii) Clearing Members	483967	-	483967	0.02	833513	-	833513	0.04	0.02
(iv) Trusts	21512190	-	21512190	0.98	21523690	-	21523690	0.89	(0.09)
(v) Foreign Companies	476197077	-	476197077	21.78	476197077	-	476197077	19.76	(2.02)
<b>Sub-Total B(2) :</b>	1284640247	-	1284942572	58.76	<b>1283221383</b>	-	<b>1283510058</b>	<b>53.27</b>	<b>(5.50)</b>
<b>Total B = B(1) + B(2) :</b>	1319132698	302325	1319435023	60.34	<b>1319146348</b>	<b>288675</b>	<b>1319435023</b>	<b>54.77</b>	<b>(5.57)</b>
(C) Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>GRAND TOTAL (A + B + C) :</b>	2186432698	302325	2186735023	100.00	<b>2408946348</b>	<b>288675</b>	<b>2409235023</b>	<b>100.00</b>	-

The total number of shares have increased due to preferential allotment of 22.25 crores Equity Shares of Rs. 10 each fully paid up on private placement basis to Electrosteel Castings Limited, Promoter Company.



(ii) Shareholding of Promoters (Attachment - B)

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2014)			Shareholding at the end of the year (As on 31.03.2015)			% of change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged/encumbered to total shares	
1.	Electrosteel Castings Limited	86,73,00,000	39.66	99.94	108,98,00,000	45.23	79.53	5.57

iii) Change in Promoters' Shareholding (Attachment - C)

Sl. No.	Name	Shareholding at the beginning of the year (As on 01.04.2014)/ end of the year (31.03.2015)		Cumulative Shareholding during the year (01.04.2014-31.03.2105)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Electrosteel Castings Limited				
	At the beginning of the year	86,73,00,000	39.66		
	Increase in Promoter shareholding during the year ended 31st March 2015: Preferential Allotment of equity shares on private placement basis on 13/08/2014	22,25,00,000	5.57		
	At the end of the year	1,08,98,00,000	45.23	1,08,98,00,000	45.23

iv) Shareholding Pattern of top ten Shareholders (Other than Directors and Promoters) (Attachment - D)

Sl. No.		Shareholding		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year (01/04/2014-31/03/2105)	
		No. of Shares at the beginning (01/04/2014) / end of the year (31/03/2015)	% of total shares of the Company				No. of Shares	% of total shares of the Company
	<b>For each of the Top 10 shareholders</b>							
1	Stemcor Cast Iron Investments Limited	40,09,09,646	18.33	01/04/2014	0	Refer Note below	40,09,09,646	16.64
		40,09,09,646	16.64	31/03/2015				
2	IFCI Limited	10,00,00,000	4.57	01/04/2014	0	Refer Note below	10,00,00,000	4.15
		10,00,00,000	4.15	31/03/2015				
3	GPC Mauritius II LLC	8,74,41,860	4.00	01/04/2014	0	Refer Note below	8,74,41,860	3.63
		8,74,41,860	3.63	31/03/2015				
4	PGS Invest Corp	7,52,87,431	3.44	01/04/2014	0	Refer Note below	7,52,87,431	3.12
		7,52,87,431	3.12	31/03/2015				
5	IL&FS Financial Services Limited	6,77,00,000	3.10	01/04/2014	0	Refer Note below	6,77,00,000	2.81
		6,77,00,000	2.81	31/03/2015				
6	Starbridge Finance Limited	4,83,52,720	2.21	01/04/2014	0	Refer Note below	4,83,52,720	2.01
		4,83,52,720	2.01	31/03/2015				
7	Roundabout Finance Limited	4,82,52,726	2.21	01/04/2014	0	Refer Note below	4,82,52,726	2.00
		4,82,52,726	2.00	31/03/2015				
8	Tara India Holdings A Limited	3,46,95,000	1.59	01/04/2014	0	Refer Note below	3,46,95,000	1.44
		3,46,95,000	1.44	31/03/2015				
9	Maharashtra Seamless Limited	2,23,00,000	1.02	01/04/2014	0	Refer Note below	2,23,00,000	0.93
		2,23,00,000	0.93	31/03/2015				
10	JM Financial Trustee Company Private Limited-JM Financial India Fund	2,04,29,090	0.93	01/04/2014	0	Refer Note below	2,04,29,090	0.85
		2,04,29,090	0.85	31/03/2015				

Note: Changes are due to increase in paid up capital for preferential allotment of shares to Electrosteel Castings Limited, Promoter Company, on private placement basis.

v) *Shareholding of Directors and Key Managerial Personnel: (Attachment - E)*

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2014-31.03.2015)	
		No. of Shares at the beginning (01/04/2014) / end of the year (31/03/2015)	% of total shares of the Company				No. of Shares	% of total shares of the Company
<b>A</b>	<b>DIRECTORS</b>							
1	Mr Lalit Kumar Singhi	190,000	0.0087	1-Apr-2014	0	Refer Note below	190,000	0.0079
		190,000	0.0079	31-Mar-2015				
2	Mr Naresh Pachisia	50,000	0.0022	1-Apr-2014	0	Refer Note below	50,000	0.0021
		50,000	0.0021	31-Mar-2015				
3	Mr Umang Kejriwal	5,17,000	0.0236	1-Apr-2014	0	Refer Note below	5,17,000	0.0215
		5,17,000	0.0215	31-Mar-2015				
<b>B</b>	<b>KEY MANAGERIAL PERSONNEL</b>							
1	Mr Rama Shankar Singh, Whole-time Director	130,000	0.0059	1-Apr-2014	10,000 (11.07.2014)	Purchase of equity shares from open market and Refer Note below	140,000	0.0058
		140,000	0.0058	31-Mar-2015				
2	Mr Ashutosh Agarwal, Chief Financial Officer	43,750	0.0020	1-Apr-2014	0	Refer Note below	43,750	0.0018
		43,750	0.0018	31-Mar-2015				

Note: Changes are due to increase in paid up capital for preferential allotment of shares to Electrosteel Castings Limited, Promoter Company on private placement basis.

V. **INDEBTEDNESS** (Attachment - F)

Indebtedness of the Company including interest outstanding/accrued but not due for payment :

(Rs. In lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year(01.04.2015)</b>				
(i) Principal Amount	834146.72	-	-	834146.72
(ii) Interest due but not paid	860.03	-	-	860.03
(iii) Interest accrued but not due	364.83	-	-	364.83
<b>Total (i + ii + iii)</b>	<b>835371.58</b>	-	-	<b>835371.58</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	130278.40	-	-	130278.40
Reduction	-	-	-	-
<b>Net Change</b>	<b>130278.40</b>	-	-	<b>130278.40</b>
<b>Indebtedness at the end of the financial year (31.03.2015)</b>				
(i) Principal Amount	996818.42	-	-	996818.42
(ii) Interest due but not paid	8218.59	-	-	8218.59
(iii) Interest accrued but not due	469.07	-	-	469.07
<b>Total (i + ii + iii)</b>	<b>1005506.08</b>	-	-	<b>1005506.08</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Whole Time Director (Attachment - G) (Rs in Lacs)**

Sl. No.	Particulars of Remuneration	Rama Shankar Singh
1	Gross salary	
(a)	Salary as per provisions contained in section 17(1) of the Income Tax. 1961	134.28
(b)	Value of perquisites u/s 17(2) of the Income tax Act, 1961	11.14
(c)	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-
2	Stock option	-
3	Sweat Equity	-
4	Commission	
	-as % of profit	-
	- others	-
5	Others-	-
	<b>Total (A)</b>	145.42
	Ceiling as per the Act	150.81

**B. Remuneration to other directors (Attachment - H): (Rs. in Lacs)**

Sl. No.	Particulars of Remuneration	Name of the Directors							Total Amount
		Amrendra Prasad Verma	Jinendra Kumar Jain	Lalit Kumar Singhi	Naresh Pachisia	Rajkumar Khanna	Rishu Kumari #	Umang Kejriwal	
1	<b>Independent Directors:</b>								
	Fee for attending Board and or/ Committee meetings	-	0.55	-	0.70	0.40	-	-	1.65
	Commission	-	-	-	-	-	-	-	-
	Others	-	-	-	-	-	-	-	-
	Total (1)	-	0.55	-	0.70	0.40	-	-	1.65
2	<b>Other Non-Executive Directors :</b>								
	Fee for attending Board and or/ Committee meetings	0.20	-	0.60	-	-	-	0.25	1.05
	Commission	-	-	-	-	-	-	-	-
	Others	-	-	-	-	-	-	-	-
	Total (2)	0.20	-	0.60	-	-	-	0.25	-
	Total (B) = (1 + 2)	0.20	0.55	0.60	0.70	0.40	-	0.25	2.70
	<b>Total Managerial Remuneration</b>								145.42@
	Overall ceiling as per the Act								150.81@

**Note:**

# Appointed as an Additional Director w.e.f. 21<sup>st</sup> March 2015

@ Managerial Remuneration and over all ceiling thereto as per the Act is remuneration paid to Wholetime Director as detailed in Attachment G. Sitting fees excluded from the managerial remuneration.

**C. Remuneration to Key Managerial Personnel other than Wholetime Director (Attachment - I) :**

(Rs in Lacs)

Sl. No.	Particulars of Remuneration	Ashutosh Agarwal CFO	Anubhav Maheshwari CS #
1	Gross salary		
(a)	Salary as per provisions contained in section 17(1) of the Income Tax. 1961	85.74	9.72
(b)	Value of perquisites u/s 17(2) of the Income tax Act, 1961	11.70	1.36
(c)	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961		-
2	Stock option		-
3	Sweat Equity		-
4	Commission		
	-as % of profit		-
	- others		-
5	Others-		-
	<b>Total</b>	97.44	11.08

# Employed part of the year.

**ANNEXURE- F**
**PARTICULARS OF MATERIAL CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS AT ARM'S LENGTH BASIS WITH RELATED PARTY DURING THE FINANCIAL YEAR ENDED 31ST MARCH 2015**

(a)	Name(s) of the related party and nature of relationship :	ELECTROSTEEL CASTINGS LIMITED (ECL), Promoter Company.
(b)	Nature of contracts/arrangements/transactions :	Transactions/Contracts related to sale and purchase of goods and rendering & availing of services.
(c)	Duration of the contracts / arrangements/transactions :	1st April 2014 to 30th September 2015
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any :	<p>(a) For Procurement of Coal &amp; Iron Ore from ECL: Off take agreements for procurement of Coal and Iron Ore from ECL is at fixed profit @10 % based on reimbursement of costs as mentioned below in respect of the Product supplied :-</p> <p>i) Fixed charge consisting of capital cost recovery factor (based on depreciation of relevant equipment including replacements thereof and interest) for the Contract Period.</p> <p>ii) Proportionate Operation and Maintenance charges</p> <p>iii) Proportionate statutory expenses like royalty, taxes etc.</p> <p>iv) Transportation, handling and storage charges upto the place of delivery of ESL.</p> <p>(b) Other transactions for purchase and sale of goods, raw materials and receiving /rendering of services are at best negotiated terms / market price.</p> <p>The value of transactions related to sale and purchase of goods and rendering &amp; availing of services with ECL are provided in Note No. 29 of Notes to Accounts, which is within the limits approved by the shareholders.</p>
(e)	Date(s) of approval by the Board, if any:	5th May, 2014
(f)	Amount paid as advances, if any :	Nil

For and on behalf of the Board of Directors

Place : Kolkata  
Dated : 11th May, 2015

**R S Singh**                      **Lalit Kumar Singhi**  
*Whole-time Director*                      *Director*

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
ELECTROSTEEL STEELS LIMITED

### Report on the Financial Statements

1. We have audited the accompanying financial statements of Electrosteel Steels Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### 8. Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015, and its loss and its cash flows for the year ended on that date.

### Emphasis of Matters

9. Without qualifying our opinion, we draw attention to Note 40 to the financial statements, regarding the preparation of the same on a going concern basis. The Company incurred a net loss of Rs. 62,404.23 lacs during the year ended March 31, 2015 and, as of that date, the Company's current liabilities exceeded its current assets by Rs 163,669.48 lacs, further the Company's net worth has also been substantially eroded as at the balance sheet date. However, in view of operationalisation of the other project facilities together with the increase in release of the working capital limits and the committed infusion of funds, these financial statement have been prepared on a going concern basis and no adjustment has been made to the carrying value of the assets and liabilities.

### Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. As required by Section 143(3) of the Act, we report that:
- we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.;
  - the financial statements dealt with by this report are in agreement with the books of account;
  - in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
  - the matter described in paragraph 9 under the Emphasis of Matters, may not have an adverse effect on the functioning of the Company.
  - on the basis of the written representations received from the directors as on 31 March 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164(2) of the Act;
  - with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - the Company does not have any pending litigations which would impact its financial position;
    - the Company, as detailed in Note 39 to the financial statements, 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.
    - there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B Chhawchharia & Co.**  
*Chartered Accountants*  
Firm's Registration No.: 305123E

-  
**S K Chhawchharia**  
*Partner*  
Membership No.:008482

Place : Kolkata  
Date : May 11, 2015



## Annexure to the Independent Auditor's Report of even date to the members of Electrosteel Steels Limited, on the financial statements for the year ended 31st March, 2015

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As planned, a part of the fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a) and 3(iii)(b) of the Order are not applicable.
- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (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 sub-section (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete. As informed, the cost audit for the year is under progress.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.Lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	75.97	2009-10	CESTAT
Service Tax under Finance Act, 1994	Service Tax	2,215.62	2007-08 & 2008-09	CESTAT
Service Tax under Finance Act, 1994	Service Tax	1,510.34	2009-10	Order Awaited.
Service Tax under Finance Act, 1994	Service Tax	317.72	2009-10	Order Awaited.
Service Tax under Finance Act, 1994	Service Tax	1,071.40	2007-08 to 2011-12	CESTAT
Custom Act, 1962	Custom duty	5,974.73	2008-09 to 2011-12	Additional Director General, Directorate of Revenue Intelligence, New Delhi
Jharkhand VAT Act, 2015	Value Added Tax	101.61	2010-11	Commissioner Commercial taxes
Jharkhand VAT Act, 2015	Value Added Tax	273.16	2012-13	Deputy Commissioner of Commercial Taxes
Jharkhand VAT Act, 2015	Value Added Tax	138.94	2013-14	Commissioner Commercial taxes
Jharkhand VAT Act, 2015	Value Added Tax	9.11	2008-09 to 2010 11	Commissioner Commercial taxes

- (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder
- (viii) In our opinion, the Company's accumulated losses at the end of the financial year are not less than fifty percent of its net worth. The Company has incurred cash losses in the current and the immediately preceding financial year.
- (ix) The Company has defaulted in payment of interest dues to the following banks and Financial Institutions:

Name of the bank	Amount (in crores)	Due date	Delay in days
Allahabad Bank	2.60	31-Mar-2015	Not yet paid
Andhra Bank	1.20	31-Mar-2015	Not yet paid
Bank of Baroda	1.50	31-Mar-2015	Not yet paid
Bank of India	1.79	31-Mar-2015	Not yet paid
Bank of Maharashtra	1.15	31-Mar-2015	Not yet paid
Canara Bank	4.67	31-Mar-2015	Not yet paid
Central Bank of India	1.24	31-Mar-2015	Not yet paid
Corporation Bank	1.67	31-Mar-2015	Not yet paid
Dena Bank	1.03	31-Mar-2015	Not yet paid
ICICI Bank Ltd	0.45	31-Mar-2015	Not yet paid
Indian Bank	1.51	31-Mar-2015	Not yet paid
Indian Overseas Bank	3.79	31-Mar-2015	Not yet paid
J&K Bank	0.54	31-Mar-2015	Not yet paid
Oriental Bank of Commerce	3.88	31-Mar-2015	Not yet paid
Punjab & Sind Bank	1.09	31-Mar-2015	Not yet paid
Punjab National Bank	5.22	31-Mar-2015	Not yet paid
State Bank of Hyderabad	4.31	31-Mar-2015	Not yet paid
State Bank of India	18.11	31-Mar-2015	Not yet paid
State Bank of Mysore	2.12	31-Mar-2015	Not yet paid
State Bank of Patiala	3.60	31-Mar-2015	Not yet paid
State Bank of Travancore	2.87	31-Mar-2015	Not yet paid
Syndicate Bank	1.70	31-Mar-2015	Not yet paid
UCO Bank	4.45	31-Mar-2015	Not yet paid
Union Bank of India	2.57	31-Mar-2015	Not yet paid
United Bank of India	2.98	31-Mar-2015	Not yet paid
Vijaya Bank	1.85	31-Mar-2015	Not yet paid
<b>Total</b>	<b>77.89</b>		

Name of Financial Institution	Amount (in crores)	Due date	Delay in days
HUDCO	2.73	31-Mar-2015	Not yet paid
Life Insurance Corporation of India	1.57	31-Mar-2015	Not yet paid
IL&FS	0.16	31-Mar-2015	Not yet paid
<b>Total</b>	<b>4.46</b>		

- (x) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 3(x) of the Order are not applicable.
- (xi) In our opinion, the term loans were applied for the purpose for which the loans were obtained, though surplus funds which were not required for immediate utilization were temporarily used for the purpose other than for which the loan was sanctioned.
- (xii) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For **B Chhawchharia & Co.**  
Chartered Accountants  
Firm's Registration No.: 305123E

**S K Chhawchharia**  
Partner  
Membership No.:008482

Place : Kolkata  
Date : May 11, 2015

**BALANCE SHEET AS AT 31ST MARCH, 2015**

	Note	As at 31st March, 2015		As at 31st March, 2014	
		Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
<b>EQUITY &amp; LIABILITIES</b>					
<b>Shareholders' Funds</b>					
(a) Share Capital	2	<b>240,923.50</b>		218,673.50	
(b) Reserves and Surplus	3	<b>(131,639.57)</b>	<b>109,283.93</b>	(68,716.30)	149,957.20
<b>Non-Current Liabilities</b>					
(a) Long-Term Borrowings	4	<b>889,724.10</b>		832,761.18	
(b) Other Long-Term Liabilities	5	<b>69.47</b>		69.47	
(c) Long-Term Provisions	6	<b>433.76</b>	<b>890,227.33</b>	278.88	833,109.53
<b>Current Liabilities</b>					
(a) Short-Term Borrowings	7	<b>60,419.89</b>		1,458.58	
(b) Trade Payables	8	<b>24,706.60</b>		14,926.76	
(c) Other Current Liabilities	9	<b>254,309.03</b>		140,570.18	
(d) Short-Term Provisions	6	<b>172.76</b>	<b>339,608.28</b>	82.88	157,038.40
<b>TOTAL</b>			<b>1,339,119.54</b>		<b>1,140,105.13</b>
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
(a) Fixed Assets					
(i) Tangible Assets	10	<b>464,800.77</b>		372,793.66	
(ii) Intangible Assets	10	<b>119.68</b>		517.88	
(iii) Capital Work-In-Progress		<b>681,903.70</b>		675,970.70	
(b) Long-Term Loans and Advances	11	<b>16,356.60</b>	<b>1,163,180.75</b>	10,464.99	1,059,747.23
<b>Current Assets</b>					
(a) Current Investments	12	<b>4,007.77</b>		17,621.70	
(b) Inventories	13	<b>81,902.32</b>		36,617.49	
(c) Trade Receivables	14	<b>14,489.69</b>		2,202.20	
(d) Cash and Cash Equivalents	15	<b>25,326.88</b>		6,917.57	
(e) Short-Term Loans and Advances	11	<b>12,396.21</b>		16,785.68	
(f) Other Current Assets	16	<b>37,815.92</b>	<b>175,938.79</b>	213.26	80,357.90
<b>TOTAL</b>			<b>1,339,119.54</b>		<b>1,140,105.13</b>
Significant Accounting Policies	1				

The accompanying notes are an integral part of the financial statements.

As per our Report of even date

For and on behalf of the Board

**For B. Chhawchharia & Co.**  
**Firm Registration No. 305123E**  
Chartered Accountants

**Lalit Kumar Singhi** *Director*

**S.K. Chhawchharia**  
Partner  
M. No. 008482

**R S Singh** *Wholetime Director*

**Ashutosh Agarwal** *Chief Financial Officer*

Kolkata  
May 11, 2015

**Anubhav Maheshwari** *Company Secretary*

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2015**

	Note	Year ended 31st March, 2015 Rs. in Lakhs	Year ended 31st March, 2014 Rs. in Lakhs
<b>I. Revenue from operations</b>			
Sale of Products		198,631.48	52,764.57
Other operating revenue		4,656.10	4,852.35
Revenue from operations (Gross)	17	203,287.58	57,616.92
Less: Excise duty		20,163.51	6,294.73
<b>Revenue from operations (Net)</b>		<b>183,124.07</b>	51,322.19
<b>II. Other Income</b>	18	<b>1,560.49</b>	692.57
<b>III. Total Revenue (I + II)</b>		<b>184,684.56</b>	52,014.76
<b>IV. Expenses:</b>			
(a) Cost of Raw Materials Consumed	19	148,057.38	46,868.77
(b) Purchase of Traded Goods (Stock in Trade)		5,861.80	—
(c) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	20	(20,718.24)	(5,393.92)
(d) Employee Benefits Expense	21	4,473.22	1,394.73
(e) Finance costs	22	45,173.13	17,731.41
(f) Depreciation and amortization expense	23	20,085.09	6,764.31
(g) Other expenses	24	44,155.31	13,761.46
<b>Total expenses</b>		<b>247,087.69</b>	81,126.76
<b>V. Profit before Exceptional Items and Tax (III - IV)</b>		<b>(62,403.13)</b>	(29,112.00)
<b>VI. Exceptional Items</b>		—	—
<b>VII. Profit before Tax (V - VI)</b>		<b>(62,403.13)</b>	(29,112.00)
<b>VIII. Extra Ordinary Items</b>		—	—
<b>IX. Tax Expenses</b>			
Current Tax		1.10	1.17
<b>IX. Profit/(Loss) for the Period (VII + VIII - IX)</b>		<b>(62,404.23)</b>	(29,113.17)
<b>X Earning per Equity Share ( nominal value of share Rs.10)</b>			
(a) Basic		(2.68)	(1.33)
(b) Diluted		(2.68)	(1.33)

The accompanying notes are an integral part of the financial statements.

As per our Report of even date

For and on behalf of the Board

**For B. Chhawchharia & Co.**  
Firm Registration No. 305123E  
Chartered Accountants

**Lalit Kumar Singhi** Director

**S.K. Chhawchharia**  
Partner  
M. No. 008482

**R S Singh** Wholetime Director

Kolkata  
May 11, 2015

**Ashutosh Agarwal** Chief Financial Officer

**Anubhav Maheshwari** Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

	31st March, 2015 Rs. in lacs	31st March, 2014 Rs. in lacs
<b>Cash flow from operating activities</b>		
Profit before tax	(62,403.13)	(29,112.00)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization on continuing operation	20,085.09	6,764.31
Loss/(profit) on sale of fixed assets	(5.62)	0.37
Interest expense	45,173.13	17,731.41
Operating profit before working capital changes	2,849.47	(4,615.91)
<b>Movements in working capital :</b>		
Increase/(decrease) in trade payables	9,779.84	(5,755.96)
Increase/(decrease) in long-term provisions	154.89	63.49
Increase/(decrease) in short-term provisions	89.95	4.59
Increase/(decrease) in other current liabilities	36,411.47	70,054.41
Increase/(decrease) in other long-term liabilities	—	(46,417.30)
Decrease/(increase) in trade receivables	(12,287.49)	(1,616.43)
Decrease/(increase) in inventories	(45,284.82)	(14,024.13)
Decrease/(increase) in short-term loans and advances	4,445.34	(1,586.32)
Decrease/(increase) in other current assets	(37,602.66)	722.68
Cash generated from / (used in) operations	(41,444.01)	(3,170.89)
Direct taxes paid (net of refunds)	(57.05)	(88.48)
<b>Net Cash flow from / (used in) operating activities (A)</b>	<b>(41,501.06)</b>	<b>(3,259.37)</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets, including intangible assets, CWIP	(66,700.63)	(33,617.48)
Proceeds from sale of fixed assets	37.75	9.49
Proceeds from sale/ purchase of current investments (Net)	13,613.92	(17,621.70)
Decrease/(increase) in long-term loans and capital advances	(5,891.61)	5,332.06
<b>Net Cash flow from / (used in) investing activities (B)</b>	<b>(58,940.57)</b>	<b>(45,897.63)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issuance of share capital	22,250.00	—
Proceeds from long-term borrowings (net of repayment, including interest funded into Term Loans)	125,602.64	145,785.01
Proceeds from short-term borrowings (net of repayment)	58,961.31	(21,854.34)
Interest paid (including funded interest on Term Loans)	(87,963.01)	(77,107.20)
<b>Net Cash flow from / (used in) financing activities (C)</b>	<b>118,850.94</b>	<b>46,823.47</b>
Net increase/(decrease) in cash and cash equivalents (A + B + C)	18,409.31	(2,333.53)
Cash and cash equivalents at the beginning of the year	6,917.57	9,251.10
<b>Cash and cash equivalents at the end of the year</b>	<b>25,326.88</b>	<b>6,917.57</b>
<b>Components of cash and cash equivalents</b>		
Balances with Banks		
In Current Accounts	16,990.57	20.55
Stamp papers on hand	15.17	27.78
Cash on hand	6.30	5.17
Balance with Bank in Deposit Accounts (held as margin money)	8,314.84	6,864.07
<b>Total cash and cash equivalents</b>	<b>25,326.88</b>	<b>6,917.57</b>

As per our Report of even date

**For B. Chhawchharia & Co.**  
Firm Registration No. 305123E  
Chartered Accountants

**S.K. Chhawchharia**  
Partner  
M. No. 008482

Kolkata  
May 11, 2015

For and on behalf of the Board

**Lalit Kumar Singhi**      *Director*

**R S Singh**      *Wholetime Director*

**Ashutosh Agarwal**      *Chief Financial Officer*

**Anubhav Maheshwari**      *Company Secretary*

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

### 1. Significant Accounting Policies

#### 1.1 Basis of Preparation of Financial Statements

The Financial Statements have been prepared under the historical cost convention and in accordance with the provisions of the Companies Act, 2013. Accounting policies not referred to otherwise are consistent and are in consonance with the generally accepted accounting principles in India.

#### 1.2 Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialized.

#### 1.3 Tangible and Intangible Fixed Assets

- (i) Tangible fixed assets are stated at cost of acquisition and subsequent improvements thereto; net of CENVAT / Value Added Tax, rebates, less accumulated depreciation, and impairment loss, if any.
- (ii) All costs, including financing costs and net charge on foreign exchange contracts till commencement of commercial production, are capitalised. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of fixed asset.
- (iii) Direct and Indirect Expenditure on implementation of the project prior to commencement of production and stabilization of commercial production of the respective plant facility, are classified as Project Development Expenditure and disclosed under Capital Work-in-Progress (net of income earned during the project development stage).
- (iv) Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment loss, if any.

#### 1.4 Depreciation/ Amortisation

- (i) Depreciation on tangible assets is provided on the basis of useful life of the assets and in the manner prescribed in Schedule II to the Companies Act, 2013.
- (ii) Assets costing Rs. 5,000 or less are being fully depreciated in the year of acquisition.
- (iii) Cost of leasehold land is amortized over the period of lease.
- (iv) The intangible assets are amortized over the useful economic life of the respective assets.

#### 1.5 Impairment of Assets

The carrying amounts of the assets are reviewed at each balance sheet date. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged when the asset is identified as impaired.

#### 1.6 Government Grants

Grants received/to be received, if any, against specified fixed asset is/will be adjusted to the cost of the asset and in case where it is not against any specific fixed asset, the same is/will be taken as Capital Reserve. Further, the revenue grants are/will be recognised in the Statement of Profit and Loss in accordance with the related scheme and in the period in which it is/will be admitted.

#### 1.7 Foreign Currency Transactions

- (i) Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing on the date of the transaction. All transactions of integral foreign operations are recorded by applying to the foreign currency amounts on an average exchange rate between the reporting currency and the foreign currency.
- (ii) Monetary items denominated in foreign currencies at the year end are restated at the year end rates. In case of monetary items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid/received on forward contracts is recognised over the life of the contract.
- (iii) Non-monetary foreign currency items are carried at cost.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

- (iv) Any income or expense on account of exchange difference either on settlement or on translation is recognised as revenue except in respect of the project cost which are recognized as "Capital Work in Progress".

### 1.8 Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as Current Investments. All other investments are classified as Long-term Investments. Current Investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term Investments are carried at cost. Provision for diminution in the value of Long-term Investments is made only if such a decline is other than temporary in nature in the opinion of the management.

### 1.9 Inventories

Inventories are valued at weighted average cost or net realizable value whichever is lower.

### 1.10 Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

### 1.11 Employee Benefits

- (i) Short term employee benefits are charged off at the undiscounted amount in the period in which the related service is rendered.
- (ii) Post employment and other long term employee benefits are charged off in the period in which the employee has rendered services. The amount charged off is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to Statement of Profit and Loss/Project Development Expenditure Account.

### 1.12 Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the period at current rates. Tax expense comprises both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current Tax represents the amount of Income Tax payable/ recoverable in respect of taxable income/ loss for the reporting period. Deferred Tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originates in one year and are capable of reversal in one or more subsequent years.

### 1.13 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

### 1.14 Revenue Recognition

All expenses and income to the extent considered payable and receivable respectively, unless otherwise stated, are accounted for on an accrual basis. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are disclosed net of quality claims and rebates.

### 1.15 Insurance Claims

Insurance claims are accounted as and when admitted / settled.

### 1.16 Derivative Instruments

All forward contracts entered to hedge foreign currency on unexecuted firm commitments and highly probable forecast transactions, are recognized in the financial statements at fair value at each reporting date, in pursuance of the announcement of The Institute of Chartered Accountants of India (ICAI) on Accounting for Derivatives.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**

	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
<b>2. Share Capital</b>		
<b>a) Capital Structure</b>		
Authorised		
450,00,00,000 Equity Shares of Rs. 10/- each (Previous year - 450,00,00,000 Equity Shares of Rs. 10/- each)	<b>450,000.00</b>	450,000.00
	<b>450,000.00</b>	450,000.00
Issued, Subscribed and Fully Paid Up		
240,92,35,023 Equity Shares of Rs. 10/- each (Previous year - 218,67,35,023 Equity Shares of Rs. 10/- each)	<b>240,923.50</b>	218,673.50
	<b>240,923.50</b>	218,673.50

The Company has only one class of shares referred to as Equity Shares having face value of Rs. 10. Each holder of Equity Shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive in proportion to their shareholding the remaining assets of the Company, after distribution of the preferential amount.

**b) Share Capital Reconciliation**
**Equity Shares**

	31 March, 2015		31 March, 2014	
	Nos.	Rs. in Lakhs	Nos.	Rs. in Lakhs
Opening balance	<b>2,186,735,023</b>	<b>218,673.50</b>	2,186,735,023	218,673.50
Issued during the period	<b>222,500,000</b>	<b>22,250.00</b>	-	-
<b>Closing Balance</b>	<b>2,409,235,023</b>	<b>240,923.50</b>	2,186,735,023	218,673.50

**c) Particulars of Equity Shareholders holding more than 5% Shares at Balance Sheet date**

	31 March, 2015		31 March, 2014	
	Nos.	% holding	Nos.	% holding
Electrosteel Castings Limited	<b>1,089,800,000</b>	<b>45.23%</b>	867,300,000	39.66%
Stemcor Cast Iron Investments Limited	<b>400,909,646</b>	<b>16.64%</b>	400,909,646	18.33%

d) During the Financial year ended 31st March 2015, pursuant to the Corporate Debt Restructuring (CDR) Scheme, the Company had made preferential allotment of 22.25 crores equity shares of Rs 10 each fully paid to Electrosteel Castings Limited under SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 and Companies Act 2013. The proceeds of the issue have been utilised for the capital expenditure at the Plant, which is in line with CDR Scheme.

e) No shares have been reserved for issue under options and contracts/commitments for sale of shares/dis-investment.

**3. Reserves & Surplus**

	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
Securities Premium Reserve	<b>3,993.17</b>	3,993.17
<b>Surplus/(Deficit) in the statement of profit or loss</b>		
Opening balance	<b>(72,709.47)</b>	(43,596.30)
Loss for the year	<b>(62,404.23)</b>	(29,113.17)
Adjustment of Assets Cost as per Schedule II (*)	<b>(519.04)</b>	-
<b>Net Surplus/(Deficit)</b>	<b>(135,632.74)</b>	(72,709.47)
<b>Total</b>	<b>(131,639.57)</b>	(68,716.30)

(\*) In accordance with the transitional provisions of Schedule II of the Companies Act 2013, the Company has adjusted the net book value of those assets where the remaining useful life is NIL as on 31st March 2014, with the opening balance of retained earnings.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**
**4. Long-term Borrowings**

	Non-current portion		Current maturities	
	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
<b>Term Loans (Secured)</b>				
From Banks				
Restructured Term Loan	576,780.71	608,139.34	31,101.90	—
Additional Term Loan	97,737.43	63,266.00	6,238.56	—
Funded Interest Term Loan (FITL)	126,909.87	70,600.29	11,129.93	—
Buyers Credit	—	—	14,811.57	4,723.00
From Others				
Restructured Term Loan	74,037.48	82,533.07	8,495.58	—
Funded Interest Term Loan (FITL)	14,258.61	8,222.49	1,585.17	—
	<b>889,724.10</b>	<b>832,761.19</b>	<b>73,362.71</b>	<b>4,723.00</b>
Amount disclosed under the head Other current liabilities (Note 9)	—	—	73,362.71	4,723.00
	<b>889,724.10</b>	<b>832,761.19</b>	<b>—</b>	<b>—</b>

In the previous year, the Company was referred by the lenders to the Corporate Debt Restructuring (CDR) Cell. The CDR Empowered Group (CDR EG) Cell vide its Letter of Approval dated 28th September, 2013 has approved a package to restructure/reschedule the Company's Debt and provide additional facilities. The Master Restructuring Agreement has been executed between the Company and the concerned lenders on 20th January, 2014. The borrowings from non-CDR lenders (viz. HUDCO, IL & FS and SREI, appearing under the head 'From Others') have also been restructured bilaterally in line with CDR guidelines subject to certain modifications.

**A. Security**

- 1) The entire facilities from CDR lenders and a non-CDR lender (HUDCO) are secured by:
  - (a) first ranking pari passu charge by way of mortgage/hypothecation of all immovable and movable properties (including fixed assets, plant & machinery, tools & accessories etc.), current assets (including book debts), present and future and assignment over all of Company's bank accounts;
  - (b) pledge of 866,750,000 equity shares of the Company held by Electrosteel Castings Ltd. ('ECL') being the Promoter Company;
  - (c) pledge of 517,000 equity shares of the Company held by Mr. Umang Kejriwal (Director);
  - (d) pledge of 32,675,270 equity shares of ECL held by 2 of its promoter group companies;
  - (e) personal guarantee of Mr. Umang Kejriwal and Ms. Radha Kinkari Kejriwal (Sr. Executive).
- 2) The facility from a non-CDR lender (SREI) is secured by:
  - (a) second ranking pari passu charge by way of hypothecation of all movable assets (including receivables and intangibles), present and future;
  - (b) second charge on all rights, titles and interest in all assets of the Project, letter of credit/guarantee/performance bond provided in respect of the Project and all Project documents, Contracts, Insurance Policies etc.
  - (c) first charge by way of mortgage of a piece of land with factory building owned by ECL.
- 3) The facility from another non-CDR lender (IL & FS) is secured by
  - (a) second ranking pari passu charge by way of mortgage/hypothecation of all assets mentioned in 1(a) above;
  - (b) pledge of shares as mentioned in 1(b) to 1(d) above ranking subservient to the pledge already created in favour of lenders;
  - (c) personal guarantees as mentioned in 1(e) above.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

### B. Repayment terms

- a) The Restructured Term Loan, Additional Term Loan and FITL from all lenders (except a non-CDR lender) are repayable in 29 quarterly instalments commencing from December 2015 and ending on December 2022 in a stepped up manner as follows:

Year	Term Loan due for repayment (%)		
	Restructured Term Loan	Additional Term Loan	FITL
2015-16	5.00%	6.00%	8.00%
2016-17	8.00%	12.50%	13.00%
2017-18	12.00%	12.50%	13.00%
2018-19	12.00%	12.50%	14.00%
2019-20	15.00%	14.00%	14.00%
2020-21	16.00%	14.00%	14.00%
2021-22	17.00%	15.00%	15.00%
2022-23	15.00%	13.50%	9.00%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

- b) Repayment terms of a non-CDR lender (SREI):

- i) The Restructured Term Loan (Rs. 35,000.00 lacs) is repayable in 16 quarterly instalments commencing from April 2016 and ending on January 2020 in a stepped up manner as follows:

Year	Term Loan due for repayment (%)
2016-17	10.00%
2017-18	20.00%
2018-19	30.00%
2019-20	40.00%
<b>Total</b>	<b>100.00%</b>

- ii) The Restructured Term Loan (Rs. 7,186.00 lacs) is repayable on or before 15th March 2016.

- iii) The FITL is repayable in 19 equal quarterly instalments commencing from July 2015 and ending on January 2020.

### C. The applicable rate of interest on the above term loans during the year are -

- a) Restructured Term Loan and FITL from all lenders carries interest @ 10.75% p.a.  
b) Additional Term Loan from all lenders carries interest @ 11.00% p.a.  
c) Buyers' Credit carries interest rate at LIBOR plus spread being 0.50% to 1.50%.

### 5. Other Long-term Liabilities

Security Deposit/ EMD from Vendors

31 March, 2015	31 March, 2014
Rs. in Lakhs	Rs. in Lakhs
69.47	69.47
<b>69.47</b>	<b>69.47</b>

### 6. Provisions

	Long-term		Short-term	
	31 March, 2015	31 March, 2014	31 March, 2015	31 March, 2014
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
Provision for employee benefits	433.76	278.88	171.66	81.71
Provision for Wealth Tax	-	-	1.10	1.17
	<b>433.76</b>	<b>278.88</b>	<b>172.76</b>	<b>82.88</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**

	<b>31 March, 2015</b> Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
<b>7. Short-term Borrowings (Secured)</b>		
Loan Repayable on Demand		
A. From Banks		
Working Capital Facility	<b>33,731.61</b>	1,338.31
Buyers Credit	<b>23,634.08</b>	120.27
B. Others		
Bills discounted	<b>3,054.20</b>	—
	<b>60,419.89</b>	1,458.58

Working Capital facility from Banks & Buyers' Credit is secured as in Note 4(A)(1) above. The working capital facility carries interest rate of 11.00% p.a. and the Buyers' Credit carries interest rate at LIBOR plus spread being 0.50% to 1.50%.

	<b>31 March, 2015</b> Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
<b>8. Trade Payables</b>		
Trade Payables (including acceptance)	<b>24,706.60</b>	14,926.76
	<b>24,706.60</b>	14,926.76

The Company has circulated confirmation for the identification of suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006. On the basis of information available with the Company under the aforesaid Act, there are no Enterprises to whom the Company owes dues which are outstanding at year end.

	<b>31 March, 2015</b> Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
<b>9. Other Current Liabilities</b>		
Current maturities of long-term debts (refer note 4 above)	<b>73,362.71</b>	4,723.00
Interest accrued but not due on borrowings	<b>469.07</b>	364.83
Interest accrued and due on borrowings	<b>8,218.59</b>	860.03
Advance / Security Deposits / EMD from Customers	<b>28,088.23</b>	32,673.00
Others		
Statutory Dues Payables	<b>3,105.31</b>	501.39
Creditors for Capital Supplies / Services	<b>94,619.36</b>	88,550.68
Forward contract Premium Payable	<b>37,950.66</b>	—
Others Payables (Year end Liability for expenses)	<b>8,495.10</b>	12,897.25
	<b>254,309.03</b>	140,570.18

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**
**10. FIXED ASSETS**

Rs. in lacs

Description	Gross Block				Accumulated depreciation/ amortisation				Net book value		
	As on 1st April, 2014	Additions	Borrowing Cost	Disposal / Adjustments	As on 31 March, 2015	As on 1st April, 2014	For the Period	Disposal / Adjustments	Upto 31 March, 2015	As on 31 March, 2015	As on 1st April, 2014
<b>Tangible Assets</b>											
Freehold Land & Land Development (*)	23,522.70	524.56	—	9.57	24,037.69	—	—	—	—	24,037.69	23,522.70
Leasehold Land	100.02	—	—	—	100.02	11.45	3.15	—	14.60	85.42	88.57
Buildings	75,806.80	5,966.94	170.09	—	81,943.83	2,207.82	2,592.51	—	4,800.33	77,143.50	73,598.98
Plant & Equipment	2,87,594.98	74,616.97	31,328.62	—	3,93,540.57	14,247.80	17,726.22	(48.37)	32,022.39	3,61,518.18	2,73,347.18
Furniture & Fixtures	689.46	151.62	3.14	—	844.22	210.80	158.10	(5.07)	373.97	470.25	478.66
Vehicles	240.96	36.74	—	44.40	233.30	88.30	34.92	21.83	101.39	131.91	152.66
Office Equipment	235.31	24.82	—	—	260.13	48.78	95.36	(8.77)	152.91	107.22	186.53
Railway Sidings	1,658.61	—	—	—	1,658.61	240.23	111.78	—	352.01	1,306.60	1,418.38
<b>Total (A)</b>	<b>3,89,848.84</b>	<b>81,321.65</b>	<b>31,501.85</b>	<b>53.97</b>	<b>5,02,618.37</b>	<b>17,055.18</b>	<b>20,722.04</b>	<b>(40.38)</b>	<b>37,817.60</b>	<b>4,64,800.77</b>	<b>3,72,793.66</b>
<b>Intangible Assets</b>											
Computer Software	994.04	71.19	—	—	1,065.23	476.16	12.57	(456.82)	945.55	119.68	517.88
<b>Total (B)</b>	<b>994.04</b>	<b>71.19</b>	<b>—</b>	<b>—</b>	<b>1,065.23</b>	<b>476.16</b>	<b>12.57</b>	<b>(456.82)</b>	<b>945.55</b>	<b>119.68</b>	<b>517.88</b>
<b>Total (A + B)</b>	<b>3,90,842.88</b>	<b>81,392.84</b>	<b>31,501.85</b>	<b>53.97</b>	<b>5,03,683.60</b>	<b>17,531.34</b>	<b>20,734.61</b>	<b>(497.20)</b>	<b>38,763.15</b>	<b>4,64,920.45</b>	<b>3,73,311.54</b>
Previous Year's figures	1,54,983.47	1,69,564.25	66,315.96	20.80	3,90,842.88	10,195.11	7,346.91	10.68	17,531.34	3,73,311.54	

(\*) Includes 181.92 acres (P.Y. 139.67 acres) of land pending registration in the name of the Company.

(\*\*) Pursuant to the Companies Act, 2013 ("the Act") becoming effective from 1st April 2014, the Company has recomputed the depreciation based on the useful life of the assets as prescribed in Schedule II of the Act. The depreciation charged for the year ended 31st March 2015 is lower by Rs 2,465.91 Lacs.

**11. Loans & Advances**
**(Unsecured, Considered good)**

	Long-term		Short-term	
	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
Capital Advances	15,484.86	9,673.03	—	—
Security Deposit	871.74	791.96	—	—
Other loans and advances				
Income Tax Advances (Net of provisions)	—	—	297.79	241.93
Balance with statutory / government authorities	—	—	4,166.69	11,063.81
Advances recoverable in cash or kind or for value to be received	—	—	7,919.51	5,450.20
Export Incentive Receivables	—	—	12.22	29.74
	<b>16,356.60</b>	<b>10,464.99</b>	<b>12,396.21</b>	<b>16,785.68</b>

**12. Current Investments**

## Investment in Mutual funds (Unquoted)

	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
SBI Premier Liquid Fund - Regular Plan (Growth) 117,330.753 (P.Y. 883,700.917) units of Rs.2137.35/- each	2,507.77	17,621.70
SBI Ultra Short Term Debt Fund Fund - Regular Plan (Growth) 85,841.346 (P.Y. Nil) units of Rs.1747.91/- each	1,500.00	—
	<b>4,007.77</b>	<b>17,621.70</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**

	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
<b>13. Inventories (valued at lower of cost or net realizable value)</b>		
Finished Goods	11,590.92	1,578.18
Semi Finished Goods/Work In Progress	9,775.86	6,930.81
Stock of Traded Goods	47.16	-
Raw Materials*	45,338.57	21,750.76
Stores and Spares **	4,799.61	1,988.11
Scrap and by products	10,350.21	4,369.63
	<b>81,902.32</b>	<b>36,617.49</b>
* Includes materials in transit Rs. 3,291.33 Lakhs (P.Y. Rs. 11,112.66 Lakhs)		
** Includes materials in transit Rs. 212.63 Lakhs (P.Y. Nil)		
<b>14. Trade Receivables</b>		
Unsecured, considered good		
Due for less than 6 months	14,083.24	2,202.20
Due for more than 6 months	406.45	-
	<b>14,489.69</b>	<b>2,202.20</b>
<b>15. Cash and Cash Equivalents</b>		
Cash and Cash equivalents		
Balances with Banks		
In Current Accounts	16,990.57	20.55
Cash on hand	6.30	5.17
Stamp papers on hand	15.17	27.78
Balance with Banks in Deposit Accounts (Rs. 4314.85 lakhs held as margin money)*	8,314.84	6,864.07
	<b>25,326.88</b>	<b>6,917.57</b>
* Includes deposits maturing after 12 months Rs. 4303.56 lakhs (P.Y. Rs. 2776.40 lakhs)		
<b>16. Other Current Assets</b>		
Interest accrued on fixed deposits	160.99	213.26
Unamortized expenditure		
Unamortized premium on forward contract	840.83	-
Gain receivable on forward exchange contract	36,814.10	-
	<b>37,815.92</b>	<b>213.26</b>
<b>17. Revenue from Operations</b>		
	<b>31 March, 2015</b>	<b>31 March, 2014</b>
	Rs. in Lakhs	Rs. in Lakhs
Sale of Products:		
Export Sales		
Semi-Finished & Finished Goods	13,664.45	1,129.16
Less: Transferred to Trial Run	-	1,107.37
Domestic Sales		
Semi-Finished & Finished Goods	184,967.03	69,654.25
Less: Transferred to Trial Run	-	16,911.47
Other Operating Revenue		
Scrap / By-products & Others	4,656.10	4,852.35
Less: Transferred to Trial Run	-	-
Revenue from operations (Gross)	203,287.58	57,616.92
Less: Excise Duty	20,163.51	6,294.73
<b>Revenue from operations (Net)</b>	<b>183,124.07</b>	<b>51,322.19</b>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**

	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
<b>18. Other Income</b>		
Job Work Charges	816.39	438.56
Miscellaneous Income	744.10	254.01
	<b>1,560.49</b>	<b>692.57</b>
<b>19. Cost of Raw Materials Consumed</b>		
Inventory at the beginning of the year	10,638.10	12,012.76
Add: Purchases	179,411.87	55,557.33
Add: Transfer from Project Inventory	-	(0.06)
Less: Inventory Issued to Project	-	696.05
Less: Inventory Issued for Trial Run	-	44,028.47
Less: Inventory sold during the year	18.16	1,004.00
Less: Inventory at the end of the year	41,974.43	10,638.10
	<b>148,057.38</b>	11,203.41
Add: Consumption of Semi-Finished Goods Produced during Trial Run	-	53,120.44
Less: Consumption of Semi-Finished Goods in Trial Run	-	17,455.08
	<b>148,057.38</b>	<b>46,868.77</b>
<b>Details of Materials Consumed</b>		
Iron Ore	54,113.45	5,019.66
Coal	65,380.87	5,596.77
Coke and Coke Fines	10,173.41	26,587.18
Sinter	-	24,181.79
Lime Stone and Dolomite	9,387.26	378.23
Others	9,002.39	(14,894.86)
	<b>148,057.38</b>	<b>46,868.77</b>
<b>Details of Inventory</b>		
Iron Ore	9,315.89	4,413.67
Coal	26,700.27	4,964.15
Coke and Coke Fines	1,393.60	-
Lime Stone and Dolomite	1,542.99	1,006.88
Others	3,021.68	253.40
	<b>41,974.43</b>	<b>10,638.10</b>
<b>Purchase of Traded Goods</b>		
Coal	5,249.29	-
TMT	612.51	-
	<b>5,861.80</b>	-
<b>20. Changes in Inventories of Finished Goods, Work-in-Progress &amp; Stock-in-Trade</b>		
<b>Inventories at the end of the year</b>		
Semi-Finished & Finished Goods	23,068.23	6,746.53
Scrap / By-products	8,681.69	1,185.74
Stock-in-Trade	47.16	-
	<b>31,797.08</b>	<b>7,932.27</b>
<b>Inventories at the beginning of the year</b>		
Semi-Finished & Finished Goods	6,746.53	1,992.38
Scrap / By-products	1,185.74	545.97
Stock-in-Trade	-	-
	<b>7,932.27</b>	<b>2,538.35</b>
<b>Inventories transferred from Project</b>	<b>(3,146.57)</b>	-
	<b>(20,718.24)</b>	<b>(5,393.92)</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**

	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
<b>21. Employee Benefits Expense</b>		
Salaries, wages and bonus	4,157.23	1,268.84
Contribution to Provident and Other Funds	178.16	62.01
Staff welfare expenses	137.83	63.88
	<b>4,473.22</b>	<b>1,394.73</b>
<b>22. Finance Costs</b>		
Interest Expense	43,769.57	16,349.59
Other Borrowing Cost	1,175.16	369.43
Net (Gain) / Loss on foreign currency transactions and translation	228.40	1,012.39
	<b>45,173.13</b>	<b>17,731.41</b>
<b>23. Depreciation and Amortisation Expenses</b>		
Depreciation on Tangible Assets	20,722.04	7,190.18
Amortisation of Intangible Assets	12.57	156.73
Less: Transferred to Pre-operative expense	(649.52)	(582.60)
	<b>20,085.09</b>	<b>6,764.31</b>
<b>24. Other Expenses</b>		
Consumption of Stores & Spares	8,081.82	2,258.49
Power and Fuel	9,232.82	2,821.57
Freight and Forwarding Charges	7,686.12	975.96
Rent	243.78	58.66
Rates and taxes	57.90	37.01
Insurance	538.90	181.06
Repairs to Machinery	285.31	60.75
Operation & Maintenance expenses	7,262.97	1,391.17
Machine Hire Charges	835.00	566.95
Material Handling Expenses	1,009.24	44.25
Listing & Registrar Expenses	50.17	34.82
Security Expenses	264.13	121.49
Advertisement and Business Promotion Expenses	146.76	104.53
Travelling & Conveyance	667.93	303.26
Legal & Professional Fees	372.01	639.47
Payment to Auditors	74.15	56.76
Prior Period Items	652.81	272.46
Excise Duty on Closing Stock	2,464.13	595.79
Exchange differences (net)	81.79	2,558.41
Loss on Sale of Fixed Assets	(5.62)	0.37
Selling & Distribution Expenses	1,677.03	165.26
Premium on forward contract amortised	475.60	-
CSR Expenditure	1.61	5.95
Other Miscellaneous Expenses	1,998.95	507.02
	<b>44,155.31</b>	<b>13,761.46</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**

	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
<b>Payment to Auditors</b>		
Statutory Audit Fee	20.00	20.00
Internal Audit Fee	45.00	29.56
Tax Audit Fee	3.00	1.00
Other Services	4.86	5.06
Out of Pocket Expenses	0.83	0.68
Cost Audit Fee	0.46	0.46
	<b>74.15</b>	<b>56.76</b>

	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
<b>Prior Period Items</b>		
Consultancy & Services charges	565.11	5.47
Financing Charges	-	261.50
Freight & Demurrage charges	50.94	0.08
Insurance premium	14.62	-
Others	22.14	5.41
	<b>652.81</b>	<b>272.46</b>

**25.1** The Interest on the term loans due from a non-CDR lender (SREI) has been provided in line with the CDR terms as approved by the CDR EG. However, their claim for additional interest, management fee etc. is under renegotiation.

**25.2** The dues to L&T Fin Corp on account of bill discounting are secured by charges created on all book debts, all cash flows and receivables and proceeds arising from/in connection with supplies to L&T ECC.

**26. Employee Benefits**

The disclosures required under Accounting Standard 15 "Employee Benefits" issued by the Institute of Chartered Accountants of India (ICAI), are given below:

**Defined Contribution Plans**

Contributions to Defined Contribution Plans, recognized are charged off for the period (included in Statement of Profit & Loss and Project Development Expenditure) as under:

**Particulars**

Employer's Contribution to Provident Fund  
Employer's Contribution to Pension Scheme

	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
Employer's Contribution to Provident Fund	236.54	225.39
Employer's Contribution to Pension Scheme	127.71	69.58

**Defined Benefit Plan**

The present value of obligation for Employee's Gratuity Scheme is determined based on 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. The obligation for Leave Encashment is recognized in the same manner as Gratuity.

**a. Reconciliation of opening and closing balances of Defined Benefit obligation**

	Gratuity (partially funded)		Leave encashment (unfunded)	
	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
Defined Benefit obligation at beginning of the year	269.41	263.58	269.36	220.84
Current Service Cost	96.57	64.93	81.16	45.87
Interest Cost on benefit obligation	27.50	23.99	26.69	24.03
Net Actuarial (gain)/loss recognized in the year	65.81	25.98	63.99	16.38
Benefits paid	(41.12)	(109.07)	(43.30)	(37.76)
<b>Net benefit expense</b>	<b>418.17</b>	<b>269.41</b>	<b>397.90</b>	<b>269.36</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**
**b. Reconciliation of opening and closing balances of fair value of plan assets:**

	Gratuity (partially funded)	
	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
Opening fair value of plan assets	202.41	227.03
Expected return	19.32	19.33
Actuarial gains/(losses)	17.68	(7.83)
Employer contribution	83.54	72.95
Benefits paid	(41.12)	(109.07)
<b>Closing fair value of plan assets</b>	<b>281.83</b>	<b>202.41</b>

**c. Reconciliation of fair value of assets and obligations**

	Gratuity (partially funded)		Leave encashment (unfunded)	
	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
Fair value of plan assets	281.83	202.41	–	–
Present value of obligations	418.17	269.41	397.90	269.36
<b>(Assets)/Liability recognized in the Balance Sheet</b>	<b>136.34</b>	<b>67.00</b>	<b>397.90</b>	<b>269.36</b>

**d. Net employee benefit expense recognized during the year**

	Gratuity (partially funded)		Leave encashment (unfunded)	
	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
Current Service Cost	96.57	64.93	81.16	45.87
Interest Cost on benefit obligation	27.50	23.99	26.69	24.03
Expected return on plan assets	(19.32)	(19.33)	–	–
Net Actuarial (gain)/loss recognized in the year	48.12	33.81	63.99	16.38
<b>Net benefit expense</b>	<b>152.87</b>	<b>103.40</b>	<b>171.84</b>	<b>86.28</b>

	Gratuity (partially funded)				
	2014-15	2013-14	2012-13	2011-12	2010-11
Defined Benefit Obligation at the end of the year	418.17	269.41	263.58	252.26	83.95
Fair value of planned assets at the end of the year	281.83	202.41	227.03	132.81	130.93
Surplus/(Deficit)	(136.34)	(67.00)	(36.55)	(119.45)	46.98

**e. Investment Details**

100% of the plan assets are with the Insurance Company.

**f. Actuarial Assumptions**

The principle assumptions used in determining defined benefit obligations for the company's plan are shown below:

	Gratuity (partially funded)		Leave encashment (unfunded)	
	31 March, 2015	31 March, 2014	31 March, 2015	31 March, 2014
Mortality Table (Indian Assured Lives Mortality)	2006-08 (Ultimate)	2006-08 (Ultimate)	2006-08 (Ultimate)	2006-08 (Ultimate)
Discount rate (per annum)	8.00%	8.25%	8.00%	8.25%
Expected rate of return on plan assets (per annum)	8.00%	9.00%	NA	NA
Rate of escalation in salary (per annum)	5.00%	5.00%	5.00%	5.00%

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**
**27. Project Development Expenditure**

The Company's Integrated Steel & DI Pipe Plant in the State of Jharkhand, India, is under construction & erection. A part of plant facility has commenced production and accordingly the balance proportionate expenditure related to the plant under construction & erection continues to be accounted as 'Project Development Expenditure' pending capitalization under 'Capital Work-in-Progress'. Necessary details have been disclosed below:

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

	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
<b>Opening Balance</b>	<b>237,709.52</b>	237,927.18
Add:		
(i) Payments to and Provisions for Employees (including personnel on deputation)		
– Salaries, Wages and Bonus	<b>5,021.99</b>	5,089.56
– Contribution to Provident Fund, Gratuity Fund, Pension Scheme, etc.	<b>305.56</b>	348.09
– Employee welfare and other amenities	<b>317.90</b>	312.54
(ii) Consultancy, Professional and Legal Fees	<b>938.73</b>	748.15
(iii) Power & Fuel	<b>1,732.98</b>	2,057.47
(iv) Labour and Machinery Hire Charges	<b>512.55</b>	503.18
(v) Security expenses	<b>336.16</b>	342.28
(vi) Insurance	<b>685.87</b>	612.86
(vii) Rent	<b>105.19</b>	164.14
(viii) Rates & Taxes	<b>36.42</b>	39.21
(ix) Stores & Spares consumption	<b>5,539.16</b>	50.71
(x) Travelling and Conveyance Expenses	<b>850.10</b>	822.79
(xi) Exchange Fluctuation (Considered as Borrowing Cost)	<b>290.69</b>	1,741.04
(xii) General and Administrative Expenses (net)	<b>1,804.71</b>	814.60
(xiii) Depreciation	<b>649.52</b>	582.60
(xiv) Other Borrowing Cost	<b>840.26</b>	341.61
(xv) Interest and Finance Charges	<b>52,881.09</b>	61,982.47
(xvi) Premium on forward contract	<b>24.37</b>	–
	<b>310,582.77</b>	314,480.48
Less:		
(i) Credit for Project Scrap	–	–
(ii) Foreign Currency Exchange Fluctuation	<b>(1,038.79)</b>	(7,783.38)
	<b>311,621.56</b>	322,263.86
Add: Provision for tax		
– Income Tax	–	–
	<b>311,621.56</b>	322,263.86
Less: Allocated/Transferred during the year to completed assets	<b>40,165.56</b>	84,554.34
<b>Closing Balance</b>	<b>271,456.00</b>	237,709.52

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

27.1 The Company has, during the year, capitalized part of the plant facility. Accordingly the Pre-Operative Expenses incurred up to the date of capitalization have been allocated to the cost of the facility on a proportionate basis.

### 28. Segment information

The Company's activities during the period were relating to setting up of its Integrated Steel & D I Pipe Plant. A part of the plant facility has commenced production (refer Note 27 above). Considering the nature of the Company's business and operations, there are no separate reportable segments (business and/ or geographical) in accordance with the requirements of Accounting Standard 17 'Segment Reporting', issued by ICAI.

### 29. Related Party Disclosures

As per Accounting Standard 18 'Related Party Disclosures' issued by ICAI, the disclosure of transactions with related parties are given below:

#### (i) Names of the related parties and description of relationship

##### List of related parties where control exists:

**Electrosteel Castings Limited** - Promoter Company

##### Key Management Personnel (KMP) and their relatives

Mr. Rama Shankar Singh - Whole Time Director

Mrs Puspha Singh - Wife

##### Enterprises where Key Management Personnel (KMP) have significant influence or control

Rama Mining Consultants Private Limited

North Dhadhu Mining Company Private Limited

Asian Informatics Private Limited

Jhilmil Traders Private Limited

MDA Projects India Private Limited

#### (ii) Transactions during the period with related parties (excluding taxes):

##### Sl. No. Name of the related party

##### 1 Electrosteel Castings Limited

##### Transactions:

Proceeds from issue of equity shares/Premium

22,250.00 -

Purchase of Materials & Services

45,011.58 13,739.77

Sale of Materials, Services and others

6,317.74 2,455.75

Reimbursement of expenses paid

139.86 0.10

Reimbursement of expenses received

0.12 0.22

Payment of rent

0.60 0.39

##### Closing Balance:

Trade Payables

4,870.85 3,418.50

Advance against supplies/services

26,373.83 31,123.82

Trade receivables

521.82 1,890.97

##### 2 Nigam Chander Bahl

##### Transactions:

Payment of remuneration

- 226.35

##### 3 Rama Shankar Singh

##### Transactions:

Payment of remuneration

145.42 22.04

##### Closing Balance:

Year End Payables

7.24 7.54

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

### 30. Earning per share (EPS)

The following reflects the profit/(loss) and equity share data used in the basic and diluted EPS computations:

	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
Net Profit / (Loss) attributable to equity shareholders (Rs. in Lakhs)	(62,404.23)	(29,113.17)
Weighted average number of equity shares in calculating EPS	2,327,550,091	2,186,735,023
Nominal value of Equity Shares (Rs.)	10.00	10.00
Basic & Diluted EPS (Rs.)	(2.68)	(1.33)

### 31. Accounting for Taxes on Income

Since availability of future taxable income is not certain, no provision for deferred tax assets has been made under Accounting Standard 22 'Accounting for Taxes in Income' issued by ICAI, in accordance with the transitional provisions.

### 32. Capital and other commitments

	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	7,006.90	54,219.12
Export Obligation Commitments under EPCG Scheme (*)	489,957.35	559,541.35

(\*) In terms of notification no. 70(RE-2013)/2009-2014, issued by the Ministry of Commerce and Industry, the company has applied Export obligation extension of 3 years from the date of approval of CDR package.

Company's irrecoverable off-take agreement with ECL for procurement of Iron ore at cost plus mark up during the currency of loan agreements with the lenders continues, whereas such agreement for procurement of Coking coal is cancelled, since the Hon'ble Supreme Court vide its order dated 24th September, 2014 has cancelled the coal block allotted to ECL w.e.f 1st April, 2015.

### 33. Contingent liabilities

	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
Claims against the company not acknowledged as debt	58,646.64	25,066.26

### 34. Value of import calculated on CIF basis

	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
Raw Materials	47,245.77	31,831.26
Stores & Spare Parts	7,261.56	6.08
Capital Goods	20,264.84	2,863.42
	<u>74,772.17</u>	<u>34,700.76</u>

### 35. Earnings in foreign exchange

	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
FOB value of exports	13,664.46	1,757.58
	<u>13,664.46</u>	<u>1,757.58</u>

### 36. Expenditure in foreign currency

	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
Consultancy and professional fees	142.40	84.81
Travelling and Conveyance	100.21	67.05
Salaries, Wages & Bonus	-	126.62
Rent	3.85	37.04
Interest paid	192.59	184.61
Others	9.35	39.06
	<u>448.40</u>	<u>539.19</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

### 37. Valuation of Current Assets, Loan & Advances

In the opinion of the management, current assets, loans and advances and trade receivables have the value at which these are stated in the Balance Sheet, unless otherwise stated, and adequate provisions for all known liabilities have been made and are not in excess of the amount reasonably required.

Vendor balances appearing under Long-term liabilities, trade Payables & other liabilities, loans & advances and trade receivables are subject to reconciliation/ confirmation and adjustments in this respect are carried out as and when amount thereof, if any, are ascertained.

### 38. Imported & Indigenous Raw Materials, components and Spares Parts Consumed

	for the year 2014-15		for the year 2013-14	
	Value Rs. in Lakhs	% of total consumption	Value Rs. in Lakhs	% of total consumption
Raw Materials				
Imported	52,251.88	35.29%	4,428.66	9.45%
Indigenous	95,805.51	64.71%	42,440.11	90.55%
Stores & Spares Parts				
Imported	486.05	3.87%	—	—
Indigenous	12,087.74	96.13%	2,258.49	100.00%

### 39. Derivative instruments and unhedged foreign currency exposure

#### A. Derivative contracts outstanding as at the Balance sheet date:

Particulars	Purpose
Forward contract to buy US \$	Hedge of buyers creditors
US\$ 59,110,635 (31st March 2014 : Nil) ( Rs 37,950.66 lacs (31st March 2014 : Rs Nil )	

#### B. Particulars of unhedged foreign currency exposure as at the Balance sheet date:

Particulars	Amount
Buyer's Creditors	USD\$ Nil (31st March 2014 : USD\$ 8,082,898) [ Rs Nil (31st March 2014 : Rs 4843.47 lacs) ]
Trade payables (including acceptances)	USD\$ 52,193,859 (31st March 2014 : USD\$ 55,374,049) [ Rs 32,506 lacs (31st March 2014 : Rs 33,180 lacs ) ]
	Euro 3,774,400 (31st March 2014 : 38,873,780) [ Rs 2,522.05 lacs (31st March 2014 : Rs 3,191.42 lacs) ]
	GBP 505 (31st March 2014 : Nil) [ Rs 0.47 lacs (31st March 2014 : Rs Nil ) ]

40. The Company has incurred a net loss of Rs. 62,404.23 lac ( Previous Year Rs. 29113.17 lac) during the year ended 31st March 2015. The Current liabilities exceeds the current assets by Rs. 163,669.48 lac (Previous year Rs. 76,680.50 lac). Further there has been an erosion of net worth by more than fifty percent because of accumulated losses. As stated earlier, the Company was sanctioned CDR Package on 28th September, 2013 to restructure and reschedule the Company's debt and provide additional facilities. The Master Restructuring Agreement was executed only on 20th January, 2014, resulting in delayed release of additional funds. The consequent release of additional term loan under CDR Package happened with delay which resulted in delay of operationalization of project modules. The Company is yet to get some portion of sanctioned loans requiring for the project completion.

Further, the financial closure of the need based working capital funds was inordinately delayed and the loan documentations made in November, 2014 only. There after release of the sanctioned working capital facility by the majority of the lenders was done gradually. However, the company is still to get the entire sanctioned need based working capital.

The release of working capital facility has enabled the Company to increase its production. The same is evident with the gradual increase in sales over on quarter - on- quarter basis. With the release of entire working capital facility, the Company would be able to step the production level which would add to enhanced top line and generation of cash flows. The company was EBIDTA positive in the financial year 2014-15.

Further, under the CDR Package, the Company is required to be infused further funds in the form of equity/preference shares/unsecured loan etc. by March 2016. The Company is seeking potential investment of necessary funds.

Thus, with the operationalization of other Project facilities together with the increase in release of working capital limits and the infusion of funds, it is expected that the project will be completed and the overall financial health of the company would improve considerably.

Considering the above developments and favourable impact thereof on the financials of the Company and its operations, the Company has prepared these financial statements on going concern basis.

41. Previous year figures have been reclassified wherever appropriate to confirm to current year's presentation.
42. All the figures in these notes are in 'Rs. in lakhs' except otherwise stated.

As per our Report of even date

**For B. Chhawchharia & Co.**  
**Firm Registration No. 305123E**  
Chartered Accountants

**S.K. Chhawchharia**  
Partner  
M. No. 008482

Kolkata  
May 11, 2015

For and on behalf of the Board

<b>Lalit Kumar Singhi</b>	<i>Director</i>
<b>R S Singh</b>	<i>Wholetime Director</i>
<b>Ashutosh Agarwal</b>	<i>Chief Financial Officer</i>
<b>Anubhav Maheshwari</b>	<i>Company Secretary</i>





**Electrosteel Steels Limited**

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