

B. Chhawchharia & Co.

Chartered Accountants

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To the Board of Directors of **M/s ELECTROSTEEL STEELS LIMITED**

1. We have reviewed the accompanying statement of unaudited financial results of M/s ELECTROSTEEL STEELS LIMITED ('the Company') for the quarter ended June 30, 2016 ('the Statement'), being submitted by the company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Attention is drawn to the fact that the figures for the corresponding quarter ended June 30, 2015 and the reconciliation of profit/ loss under Ind AS of the corresponding quarter with profit/ loss reported under previous GAAP, as reported in these financial results have been approved by company's Board of Directors but have not been subjected to review by us.

This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Attention is drawn to the Note '2' of the accompanying results, stating thereto the matter of erosion of net worth for more than fifty percent, the Company incurring losses continuously & current liabilities exceeding the current assets, and that of non due compliance of CDR package & the un-implementation of 'Strategic Debt Restructuring' (SDR) being in progress. Considering these, the Company has presented these financial statements on going concern basis.
4. Based on our review conducted as above, we report that, except for the possible effect of the matter stated in para '3' above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited standalone financial results prepared in accordance with applicable accounting standards i.e. Ind AS prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder or by the Institute of Chartered Accountants of India and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular dated 5th July, 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

Kolkata

September 6, 2016



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


Sushil Kumar Chhawchharia

Partner

Membership No. 008482


ELECTROSTEEL STEELS LIMITED

Registered Office : 801 Uma Shanti Apartments, Kanke Road, Ranchi - 834008, Jharkhand
 Head Office : G.K.Tower, 2nd & 3rd Floor, 19 Camac Street, Kolkata - 700 017, West Bengal
 CIN - L27310JH2006PLC012663, Tel and fax 0651-2285636, Website: www.electrosteelsteels.com

Statement of Standalone Un-Audited Financial Results for the Quarter Ended 30/06/2016

PART I

₹ in lakhs except, per share data

Particulars	3 months ended (30/06/2016)	3 months ended (30/06/2015)
	Unaudited	Unaudited
1 Income from Operations		
Gross sales/income from operations	85,780.50	57,924.15
Less: Excise Duty	7,407.30	6,415.37
(a) Net sales/income from operations (net of excise duty)	78,373.20	51,508.78
(b) Other operating income	2,141.55	1,394.86
Total income from operations (net)	80,514.75	52,903.64
2 Expenses		
(a) Cost of materials consumed	43,631.81	48,932.20
(b) Purchases of stock-in trade	-	433.41
(c) Changes in inventories of finished goods, work-in-progress and stock in trade	4,051.34	(10,842.32)
(d) Employee benefits expense	2,660.08	1,720.87
(e) Depreciation and amortisation expense	12,078.82	5,006.18
(f) Other expenses	21,210.10	15,069.10
Total expenses	83,632.15	60,319.44
3 Profit / (Loss) from operations before other income and finance costs (1- 2)	(3,117.40)	(7,415.80)
4 Other Income	358.34	331.68
5 Profit / (Loss) from ordinary activities before finance costs (3 + 4)	(2,759.06)	(7,084.12)
6 Finance Costs	24,325.53	12,670.33
7 Profit / (Loss) from ordinary activities after finance costs but before tax (5 + 6)	(27,084.59)	(19,754.45)
8 Tax expense	-	-
9 Net Profit / (Loss) from ordinary activities after tax (7 + 8)	(27,084.59)	(19,754.45)
10 Other Comprehensive Income after Tax	(9.84)	(4.97)
11 Total Comprehensive Income after Tax (9 + 10)	(27,094.43)	(19,759.42)
12 Paid up equity share capital (Face Value of Rs. 10/- each)	2,40,923.50	2,40,923.50
13 Earnings Per Share (of Rs. 10/- each) (not annualised):		
(a) Basic	(1.12)	(0.82)
(b) Diluted	(1.12)	(0.82)



NOTES:

- 1 The Company's Integrated Steel & DI Pipe Plant in the State of Jharkhand, India, is under construction & erection. A part of plant facility is still under construction & erection and accordingly the proportionate expenditure related thereto continues to be accounted as 'Project Development Expenditure' pending capitalisation under 'Capital Work-in-Progress'.
- 2 In view of the Company incurring losses continuously & current liabilities exceeding the current assets, there has been an erosion of net worth by more than fifty percent. Due compliance of the sanctioned CDR package could also not be met with. The lenders have since invoked the 'Strategic Debt Restructuring' (SDR) pursuant to RBI Circulars dated June 08, 2015 and Sept 24, 2015, and the implementation thereof is under progress. Considering the above developments the company has presented these financial statements on going concern basis.
- 3 The format for Unaudited Quarterly Results as prescribed in SEBI's Circular CIR/CFD/CMD/15/2015 dated 30th November, 2015 has been modified to comply with requirements of SEBI's Circular dated 5th July, 2016, Indian Accounting Standards (IND-AS) and Schedule III (Division II) to the Companies Act, 2013 applicable to the companies which are preparing the financial statements as per IND-AS.
- 4 These Financial Results have been prepared in accordance with the IND-AS notified under Companies (Indian Accounting Standards) Rules 2015 as amended by Companies (Indian Accounting Standards) (Amendment) Rules 2016. IND-AS has been made applicable with effect from April 1, 2016 and the comparative figures for the corresponding quarter of the previous year (transition date being April 1, 2015) has accordingly been restated.
- 5 The IND AS complied corresponding figures of the corresponding quarter of the previous year have not been subjected to a limited review or audit. However, the management has exercised necessary due diligence to ensure that such financial results provide a true and fair view of its affairs.
- 6 There being no reportable segment (business or geographical) as per the last audited accounts, the same has been continued in this quarter. Necessary review in this respect will be made at the year end and segment disclosure, if any, required will then accordingly be done.
- 7 Reconciliation between financial results, as previously reported (referred to as "Previous GAAP") and IND-AS for the quarter ended 30th June, 2015 are presented as under:

Particulars	Rs. in lakhs (Refer Note No.: 4)
Net Profit/ (Loss) under Previous GAAP	(18,779.90)
Finance Costs as per Effective Interest Rate method	(32.58)
Effect of fair valuation of financial assets	13.68
Effect of fair valuation of forward/ derivative contracts	(960.59)
Others	4.94
Net Profit/ (Loss) for the period under IND-AS	(19,754.45)
Other Comprehensive Income (net of taxes)	
Actuarial gain/ (loss) on employees defined benefit	(4.97)
Total Comprehensive Income under IND-AS	(19,759.42)

- 8 Previous quarter figures have been reclassified wherever appropriate to confirm to current period's presentation.
- 9 The above unaudited results were reviewed by the Audit Committee and thereafter approved by the Board of Directors at its meeting held on 6th September 2016.

Place : Kolkata
Date: 6th September 2016

For and on Behalf of the Board of Directors



Rama Shankar Singh
(Whole Time Director)
DIN : 02093276