



ELECTROSTEEL CASTINGS LIMITED

G. K. TOWER, 19 CAMAC STREET, KOLKATA-700 017 (INDIA)
TEL Board Number 91-33-22839990, 40090600
Fax (Directors) 91-33-22894336, (Sales) 91-33-22894337, (Export) 91-33-22894338, (Finance) 91-33-22894339,
CIN - L27310OR1955PLC000310
E-mail Id: companysecretary@electrosteel.com

12 September 2016

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai – 400 001

National Stock Exchange of India Limited

Exchange Plaza, Bandra Kurla Complex,
Bandra (E),
Mumbai – 400 051

Scrip Code: **500128**

Symbol: **ELECTCAST**

Dear Sir/Madam,

Sub: Submission of Annual Report of the Company for the Financial Year 2015-16 under Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

In compliance with Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit herewith the Annual Report of the Company for the Financial Year 2015-16 duly approved and adopted by the Members of the Company.

Kindly acknowledge receipt.

Yours faithfully,

For Electrosteel Castings Limited

Subhra Giri
Subhra Giri Patnaik
Company Secretary



Encl: a/a



Website : www.electrosteel.com
Regd. Office : Rajgangpur, Odisha



FM : 45346



ELECTROSTEEL

CASTINGS LIMITED

61ST ANNUAL REPORT 2015-2016

Corporate Information

Chairman	Mr. Pradip Kumar Khaitan
Directors	Mr. Binod Kumar Khaitan Mr. Naresh Chandra Dr. Jamshed Jiji Irani Mr. Ram Krishna Agarwal Mr. Shermadevi Yegnaswami Rajagopalan Mr. Vyas Mitre Ralli Ms. Nityangi Kejriwal
Managing Director	Mr. Umang Kejriwal
Joint Managing Director	Mr. Mayank Kejriwal
Whole-time Directors	Mr. Uddhav Kejriwal Mr. Mahendra Kumar Jalan
Chief Financial Officer	Mr. Brij Mohan Soni
Company Secretary	Ms. Subhra Giri Patnaik
Auditors	Lodha & Co. Chartered Accountants
Solicitors	Khaitan & Co. LLP, Kolkata
Bankers	Axis Bank Limited Bank of India DBS Bank Limited Export-Import Bank of India HDFC Bank Limited ICICI Bank Limited IDBI Bank Limited Kotak Mahindra Bank Limited IndusInd Bank Limited Punjab National Bank Standard Chartered Bank State Bank of India Syndicate Bank Yes Bank Limited
Works	Khardah, West Bengal Haldia, West Bengal Bansberia, West Bengal Elavur, Tamil Nadu
Corporate Office	G. K. Tower 19, Camac Street Kolkata 700 017 Tel. : 033 2283 9990 Fax : 033 2289 4339 E-mail Id : companysecretary@electrosteel.com Website : www.electrosteelcastings.com
Registered Office	Rathod Colony, Rajgangpur Dist. Sundergarh Odisha 770 017
Corporate Identification Number	L27310OR1955PLC000310

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Report of the Directors

Dear Members,

Your Directors are pleased to present the Sixty First Annual Report together with Audited Annual Financial Statements (including Audited Consolidated Financial Statements) of the Company for the Financial Year ended 31 March 2016.

FINANCIAL RESULTS

(Rs. in Crore)

Particulars	Standalone		Consolidated	
	FY 2015-16	FY 2014-15	FY 2015-16	FY 2014-15
Revenue from Operations	1972.26	2153.78	2160.34	2401.83
Other Income	32.04	30.81	20.08	62.18
Total Revenue	2004.30	2184.59	2180.42	2464.01
Profit before Tax (PBT)	80.50	96.34	61.05	143.51
Less : Tax including Deferred Tax	21.54	23.67	22.38	27.23
Profit after Tax (PAT)	58.96	72.67	38.67	116.28
Add : Share of Profit/(Loss) in Associates	-	-	(71.81)	(232.06)
Add/(Less) : Share of Unrealised Profit	-	-	(0.07)	(0.18)
Net Profit/(Loss) before Minority Interest	58.96	72.67	(33.21)	(115.96)
Minority Interest	-	-	0.00	(0.13)
Net Profit/(Loss) for the year	58.96	72.67	(33.21)	(116.09)
Add : Profit brought forward from previous year	198.35	182.10	(233.18)	(59.91)
Add : Transfer from Debenture Redemption Reserve	34.90	-	34.90	-
Less : Earlier year adjustment	-	-	-	0.68
Amount available for appropriation	292.21	254.77	(231.49)	(176.68)
Appropriations :				
Less : Transfer to Debenture Redemption Reserve	-	3.50	-	3.50
Less : Transfer to General Reserve	25.00	25.00	25.00	25.00
Less : Proposed Dividend including tax thereon	21.48	27.92	21.48	27.92
Less : Amount Transferred to Legal Reserve	-	-	0.17	0.08
Total	46.48	56.42	46.65	56.50
Surplus carried to Balance Sheet	245.73	198.35	(278.14)	(233.18)

DIVIDEND

The Directors are pleased to recommend a dividend of Re.0.50 per Equity Share of face value of Re.1 each, i.e. 50%, for the Financial Year ended 31 March 2016. This dividend is subject to the approval of the Members at the ensuing Annual General Meeting (AGM). If approved, the total outlay on account of dividend for the Financial Year 2015-16 would amount to Rs.21.48 Crore (including Rs.3.63 Crore towards Dividend Distribution Tax).

TRANSFER TO RESERVES

The Company proposes to transfer an amount of Rs.25.00 Crore to the General Reserve. An amount of Rs.245.73 Crore is proposed to be retained in the Statement of Profit and Loss.

OPERATIONS

The Company's Revenue from Operations on standalone basis decreased marginally from Rs.2,153.78 Crore in 2014-15 to Rs.1,972.26 Crore in 2015-16. Export Sales increased by around 3.27% from Rs.753.46 Crore in 2014-15 to Rs.778.13 Crore in 2015-16, due to increase in volume of sales. The Company's profit (PAT) for the Financial Year was Rs.58.96 Crore as against Rs.72.67 Crore for the previous Financial Year, mainly due to increase in finance cost.

The Revenue from Operations on consolidated basis, for the year ended 31 March 2016 was down by 10.05% from Rs.2,401.83 Crore in 2014-15 to Rs.2,160.34 Crore in 2015-16. The consolidated loss after tax for the year ended 31 March 2016 was Rs.33.21 Crore as against Rs.116.09 Crore for the previous Financial Year.

During the year under review, the production of Ductile Iron (DI) Pipes was 2,92,467 MT as against 2,77,317 MT in the previous year. The production of Cast Iron (CI) Pipes at Elavur was 33,639 MT as against 32,041 MT in the previous year.

DI Fittings & Accessories produced 6,572 MT of DI Fittings in 2015-16 as against 6,027 MT in 2014-15. The operation of Haldia Fittings Plant is under stabilisation. Further improvement is expected in current financial year.

The Company continues to provide special attention towards improvement in production and productivity with higher energy efficiency. Further, to meet and improve upon the expectations of both International and Indian customers, the Company has added a number of product variants to its existing product base.

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report and there has been no change in the nature of business.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report forms an integral part of this Report and gives details of the overall industry structure, developments, opportunities, threats, performance and state of affairs of the Company's business, internal controls and their adequacy, risk management systems including a section on 'Risk Management' and other material developments during the Financial Year 2015-16 is annexed as Annexure 1 forming part of this Report.

FUTURE PROSPECTS

The Indian pipes business has been growing rapidly since the past several years mainly due to increasing demand for pipes in the irrigation sector, for crude oil, real estate industry and growth in Gross domestic product of the country. Among the several varieties of pipes available in the market, the demand for ductile iron pipes in particular, is on a rise due to its high quality and high durability. Nationwide infrastructural development, urbanization, government's focus on real estate, irrigation to drive agricultural growth have been identified as major factors facilitating the growth of the pipes industry in the country.

The Government of India is launching new schemes in the irrigation and the real estate sector for significant investments. It is evident that the focus of Indian government is on water supply for housing sector, which will only be fulfilled with effective use of pipelines. Therefore, this end-user is a major demand driver of pipes. Furthermore, strong demand for crude oil transportation is also adding to the demand of pipes across the country.



Report of the Directors (Contd.)

Demand for Ductile Iron Pipes and Fittings in the domestic market continues to be bullish. The Company continues to maintain its dominant position in the market against competitors. The Company, after entrenching itself in the prestigious European markets, is continuously expanding the business to new countries like Tanzania, Zambia, Congo, Nigeria, Senegal, Morocco in Africa, Vietnam, Cambodia, Myanmar in South East Asia. The Company will continue to maintain its emphasis on the Gulf markets where it has a historically strong presence.

SHARE CAPITAL

The Issued, Subscribed and Paid up Share Capital of the Company is Rs.35,69,55,322/- comprising of 35,69,55,322 Equity shares of Re.1/- each as on 31 March 2016.

FINANCE

Global Depository Receipts

A total of 5,000 Global Depository Receipts are outstanding as on 31 March 2016.

Debentures

As on 31 March 2016, the Company has the following Secured Redeemable Non-Convertible Debentures (NCDs) listed on National Stock Exchange of India Limited :

Series of Debentures	Amount (Rs. in Crore)
10.75%	80.40
11.00%	50.00
Total	130.40

The Debenture Trustee for each of the aforesaid Series of Debentures is as follows:

M/s. Axis Trustee Services Limited,
2nd Floor, Axis House, Bombay Dyeing Mills Compound
Pandurang Budhkar Marg, Worli, Mumbai 400 025
Contact Person : Chief Operating Officer
Phone : (022) 2425 5202
Fax : (022) 2425 4200
Email Id : debenturetrustee@axistrustee.com

During the period under review, State Bank of India, debenture holder had exercised put option of 12.5% NCD (ISIN INE086A07133) and requested the Company to redeem 1,000 NCDs on 6 January 2016. The Company duly redeemed the NCDs. The Company had been regular in payment of interest on its NCDs.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

During the year under review, there were no significant or material order passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

INTERNAL FINANCIAL CONTROLS

The Internal Financial Controls with reference to the Financial Statements are considered to be commensurate with the size, scale and complexity of the operations of the Company. All operations are executed through Standard Operating Procedures (SOPs) in all functional activities for which key manuals have been put in place. The manuals are updated and validated periodically. Approval of all transactions is ensured through a pre-approved Delegation of Authority (DOA) Schedule which is in-built into the SAP system. DOA is reviewed periodically by the management

and compliance of DOA is regularly checked and monitored by the Auditors. The Company's books of accounts are maintained in SAP and transactions are executed through SAP (ERP) setups to ensure correctness/ effectiveness of all transactions, integrity and reliability of reporting.

The Internal Auditors of the Company, M/s. Chaturvedi & Company, an independent firm of Chartered Accountants, monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating system, accounting procedures and policies at all locations of the Company. Based on the Internal Audit Reports, process owner takes corrective actions in their respective areas and thereby strengthens the controls. The Report is presented before the Audit Committee for review at regular intervals.

DETAILS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company had the following Subsidiaries, Associate Companies and Joint Ventures as on 31 March 2016 :

Sl. No.	Name of the Company	Status
1.	Electrosteel Algeria SPA	Subsidiary
2.	Electrosteel Castings (UK) Limited	Subsidiary
3.	Electrosteel Castings Gulf FZE	Subsidiary
4.	Electrosteel Doha for Trading LLC	Subsidiary
5.	Electrosteel Europe S.A.	Subsidiary
6.	Electrosteel Trading S.A, Spain	Subsidiary
7.	Electrosteel USA, LLC	Subsidiary
8.	Electrosteel Brasil Ltda. Tubos e Conexoes Duteis	Subsidiary
9.	Mahadev Vyapaar Pvt Ltd	Subsidiary
10.	Electrosteel Bahrain Holding S.P.C. Company	Subsidiary
11.	WaterFab LLC (subsidiary of Electrosteel USA, LLC)	Subsidiary
12.	Electrosteel Bahrain Trading W.L.L (subsidiary of Electrosteel Bahrain Holding S.P.C. Company)	Subsidiary
13.	Electrosteel Steels Limited	Associate Company
14.	Electrosteel Thermal Power Limited	Associate Company
15.	Srikalahasthi Pipes Limited (Formerly, Lanco Industries Limited)	Associate Company
16.	Domco Private Limited	Joint Venture
17.	North Dhadhu Mining Company Private Limited	Joint Venture

M/s. Electrosteel Bahrain Trading W.L.L was incorporated as a subsidiary of Electrosteel Bahrain Holding S.P.C. Company during the year under review.

The Company has formulated a policy on determining material subsidiaries of the Company, which has been uploaded on the Company's website at the web link : <http://www.electrosteelmcastings.com/investors/pdf/policy-on-material-subsidiary.pdf>.

A Report on performance and financial position of each of the Company's subsidiaries, associate companies and joint ventures for the Financial Year ended 31 March 2016 pursuant to the provisions of Section 129(3) of the



Report of the Directors (Contd.)

Companies Act, 2013 (the Act) read with Rule 8 of Companies (Accounts) Rules, 2014 is given in Annexure 2. The statement containing salient features of financial statement of subsidiaries, associate companies and joint ventures for the financial year ended 31 March 2016 pursuant to the said Section read with Rule 5 of the said Rules are given in the financial statements.

STATUS OF AMALGAMATION OF MAHADEV VYAPAAR PVT. LTD.

The Hon'ble High Court at Calcutta, had vide order dated 18 November 2015, in Petition No. 278 of 2015 connected with Company Application No. 207 of 2015, filed by Mahadev Vyapaar Pvt. Ltd., a wholly owned subsidiary of the Company, passed order sanctioning the Scheme of Amalgamation of Mahadev Vyapaar Pvt. Ltd. with the Company in terms of prayers made in said Petition. The certified copy of said order had been filed with the Registrar of Companies by Mahadev Vyapaar Pvt. Ltd.

The Petition filed by the Company before the Hon'ble High Court of Orissa at Cuttack is pending for hearing. Hence, the said scheme has not been given effect by the Company.

REPORT ON CORPORATE GOVERNANCE

In compliance with Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), a Report on Corporate Governance for the year under review together with the Auditors' Certificate thereon is annexed as Annexure 3 forming part of this Report.

MEETINGS OF THE BOARD

The details of Board Meetings held during the Financial Year 2015-16 have been furnished in the Corporate Governance Report forming part of this Report and annexed as Annexure 3.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Members of the Company appointed Mr. Ram Krishna Agarwal, as an Independent Director with effect from 30 July 2015 for a term of 5 years, at their meeting held on 11 September 2015.

The Board in its meeting held on 5 November 2015 accepted the request of Mr. Vyas Mitre Ralli for early retirement from the office of Whole-time Director of the Company with effect from 1 January 2016. However, he continues as a Non-Executive Director of the Company with effect from 1 January 2016. The Board places on record its sincere appreciation for the valuable contributions made by Mr. Ralli during the tenure of his office as the Whole-time Director of the Company.

Mr. Uddhav Kejriwal and Mr. Naresh Chandra, retires by rotation at the forthcoming AGM and being eligible, offer themselves for re-appointment.

In compliance with Regulation 34 of the Listing Regulations, brief resume and other information of all the Directors proposed to be appointed/re-appointed are given in the Notice for the forthcoming AGM.

During the year, Mr. Gautam Jhunjunwala was appointed as the Chief Financial Officer with effect from 12 May 2015 and he resigned with effect from 30 September 2015. Mr. Brij Mohan Soni was appointed as the Chief Financial Officer of the Company with effect from 9 November 2015.

Mr. Prem Kumar Bafana resigned as the Company Secretary of the Company with effect from 31 July 2015. Ms. Subhra Giri Patnaik was appointed as the Company Secretary and Compliance Officer of the Company with effect from 1 August 2015.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(3)(c) and 134(5) of the Act, the Directors state that :

- a) in the preparation of annual accounts for the Financial Year ended 31 March 2016, the applicable accounting standards had been followed and there were no material departures requiring any explanation;

- b) they had 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 and of the profit of the Company for that period;
- c) they had taken proper and sufficient care for the 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 fraud and other irregularities;
- d) they had prepared annual accounts on a 'going concern' basis;
- e) they had laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively; and
- f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

INDEPENDENT DIRECTORS

Declaration by Independent Directors

Mr. Pradip Kumar Khaitan, Mr. Binod Kumar Khaitan, Dr. Jamshed Jiji Irani and Mr. Ram Krishna Agarwal, Independent Directors have given declarations that they fulfil the criteria of independence as laid down in Section 149(6) of the Act and the Rules made thereunder.

DETAILS OF BOARD COMMITTEES & ADOPTION OF POLICIES

There are 5 Board Committees as on 31 March 2016 viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Banking and Authorisation Committee.

The details of composition, terms of reference and meetings held and attended by the Committee members of Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee are provided in the Corporate Governance Report annexed as Annexure 3.

The Banking and Authorisation Committee comprises of Mr. Binod Kumar Khaitan as the Chairman, Mr. Shermadevi Yegnaswami Rajagopalan, Mr. Mayank Kejriwal and Mr. Uddhav Kejriwal as members as on 31 March 2016. The terms of reference for the Committee include taking various decisions pertaining to the opening or closing of bank accounts of the Company, changing the signatories of the Bank Accounts, subscribing/purchasing/selling/dealing in shares and securities and availing broking services, making loans from time to time to subsidiary companies/Joint Ventures/Associates for its working capital requirement and any other work related to day-to-day operations of the Company.

Vigil Mechanism

The Company has adopted Whistle Blower Policy and established a Vigil Mechanism in compliance with provisions of Section 177(9) of the Act and Regulation 22 of the Listing Regulations for the Directors and employees to report genuine concerns and grievances. This mechanism provides adequate safeguards against victimisation of employees and directors and also provide for direct access to the Chairperson of the Audit Committee. The said Policy is available at the Company's website and can be accessed through a web-link i.e. <http://www.electrosteelcastings.com/investors/pdf/vigil.pdf>.

Nomination and Remuneration Policy

The Board has adopted a Nomination and Remuneration Policy recommended by Nomination and Remuneration Committee in terms of the provisions of Section 178 of the Act. The Nomination and Remuneration Policy has been annexed to this Report as Annexure 4.



Report of the Directors (Contd.)

Corporate Social Responsibility Policy

In accordance with the requirements of Section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company has a Corporate Social Responsibility Committee and developed and implemented the Corporate Social Responsibility Policy. A Report on CSR activities/initiatives which includes the contents of the CSR Policy, composition of the Committee and other particulars as specified in the Section 135 of the Act read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 are disclosed as Annexure 5 to this Report.

Policy on Board Diversity and Succession Plan

A Policy on Board Diversity and Succession Plan was devised by the Nomination and Remuneration Committee to ensure adequate diversity in the Board of Directors of the Company.

FORMAL ANNUAL EVALUATION AND ITS CRITERIA

The Nomination and Remuneration Committee of the Board has formulated and laid down certain criteria for annual evaluation of Directors pursuant to provisions of Section 178 of the Companies Act, 2013 and Listing Regulations and as per requirements of Section 134 of the Act, are disclosed below –

- A. The Board shall evaluate the roles, functions, duties of the Independent Directors (IDs) of the Company. Each ID shall be evaluated by all other Directors but not by the Director being evaluated. The Board shall also review the manner in which IDs follow guidelines of professional conduct as specified in Schedule IV to the Act. The adherence of Section 149 and aforesaid Schedule IV by the IDs shall also be reviewed by the Board.
- B. Performance review of all the Non Independent Directors of the Company on the basis of the activities undertaken by them, expectations of Board and level of participation.
- C. Performance review of Chairman of the Company in terms of the level of competence of Chairman in steering the Company.
- D. The review and assessment of the flow of information by the Company to the Board and the manner in which deliberations take place, the manner of placing Agenda and contents therein.
- E. The review of the performance of Directors individually, its own performance as well as evaluation of working of its Committees shall be carried out by the Board.
- F. On the basis of performance evaluation, it shall be determined by the Nomination & Remuneration Committee & Board whether to extend or continue the term of appointment of ID subject to all other applicable compliances.

Further, in terms of the requirements of the Act and the Listing Regulations, the Board had carried out an annual evaluation of its own performance, the performance of Directors individually as well as evaluation of the performance and working of its Committees at its meeting based on the criteria formulated by the Nomination & Remuneration Committee.

Meeting of Independent Directors: The Independent Directors of the Company held a separate meeting without the attendance of Non Independent Directors and members of the management for evaluation of the performance of Non Independent Directors, the Board as a whole and Chairman of the Company and for consideration of such other matters as required under the provisions of the Act.

DISCLOSURE RELATING TO REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL (KMP) AND PARTICULARS OF EMPLOYEES

The statement pertaining to particulars of employees including their remuneration as required to be reported under the provisions of Section 197(12) of the Act, read with Rules 5(2) and 5(3) of the Companies (Appointment and

Remuneration of Managerial Personnel) Rules, 2014 (the Rules) are provided in Annexure 6A to this Report. However, as per the provisions of Section 136 of the Act, the Reports and Accounts for the Financial Year 2015-16 are being sent to the Members and other entitled thereto, excluding this statement. This statement is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

The disclosures pertaining to the remuneration of Directors, KMPs and employees as required under Section 197(12) of the Act, read with Rule 5(1) of the Rules are provided in Annexure 6B to this Report.

AUDITORS AND AUDITORS' REPORT

M/s. Lodha & Co., Chartered Accountants, (Firm Registration No.301051E) were appointed as Auditors of the Company for a tenure of three years i.e. from the conclusion of the 59th AGM till the conclusion of the 62nd AGM of the Company. This appointment is subject to ratification by the Members at every AGM held after appointment during their tenure of office.

As required under Section 139 of the Act, the Company has received a written consent from the Auditors to such continued appointment and also a certificate from them to the effect that their appointment, if ratified, would be in accordance with the conditions prescribed under the Act and the Rules made thereunder, as may be applicable. The necessary resolution is being placed for Members ratification at the ensuing AGM.

The para wise responses of the management to the opinion/remarks/observations made in the Independent Auditors' Report are given below :

1. As regards the Qualified Opinion expressed by the Auditors in their Report and its consequential references made in para nos. (d), (e), (h) and (i)(i) of their Report, attention is drawn to Note nos. 2.33a and 2.33b of the Standalone Financial Statement, which are self-explanatory;
2. On the Auditors' observation made in para (i)(a) of the Annexure to the Auditors' Report of even date, your Directors wish to inform that all necessary steps are being taken to regularise the maintenance of proper records for furniture and fixtures;
3. On the Auditors' observation made in para (ix) of Annexure to the Auditors' Report of even date, your Directors have to clarify that External Commercial Borrowings (ECB) funds are being used as per the progress of the respective project(s) for which these amounts were borrowed and pending the completion of the project(s), the balance amounts could only be parked with Authorised Dealer Bank as per the terms of ECB.

COST AUDITORS

The Companies (Cost Records and Audit) Amendment Rules, 2014 as published in Official Gazette on 31 December 2014 pursuant to Section 148 of the Act, requires audit of the cost accounting records of the Company relating to Pig Iron, DI Pipe, DI Fittings, CI Pipe, Coke, Dolomite, Sponge Iron & Power Generating units for every Financial Year.

The Cost Audit Report and a Compliance Report for the Financial Year 2014-15 were filed on 21 September 2015 which was within stipulated due date.

M/s. S. G. & Associates (FRN 000138), Cost Accountants, Kolkata, has been re-appointed as the Cost Auditors for Financial Year 2016-17 for all the applicable units and products of the Company with an intimation to the Ministry of Corporate Affairs. The remuneration proposed to be paid to them for the Financial Year 2016-17 requires ratification of the shareholders of the Company. In view of this, your ratification for payment of remuneration to the Cost Auditors is being sought at the ensuing AGM.



Report of the Directors (Contd.)

SECRETARIAL AUDITORS

In terms of Section 204 of the Act and Rules framed thereunder, M/s. S. M. Gupta & Co., Practicing Company Secretaries were appointed Secretarial Auditors of the Company for the Financial Year 2015-16. The report of the Secretarial Auditors is annexed as Annexure 7 to this Report. There were no qualification, reservation or adverse remark made by Secretarial Auditor except that the Securities and Exchange Board of India (SEBI) vide its order dated 31 March 2016 has inter-alia imposed a penalty of Rs.50 lacs under Section 23A(a) and Rs.50 lacs under Section 23E of the Securities Contract (Regulation) Act, 1956 for violation of Clause 36 of the Listing Agreement read with Section 21 of the Securities Contracts (Regulation) Act, 1956.

With regard to aforesaid SEBI order, the Company has decided to file an appeal against the order before Securities Appellate Tribunal.

INTERNAL AUDITORS

In terms of the provisions of Section 138 of the Act, M/s. Chaturvedi & Company, an independent firm of Chartered Accountants were appointed as Internal Auditors of the Company for the Financial Year 2015-16. The Audit Committee in consultation with the Internal Auditors formulates the scope, functioning, periodicity and methodology for conducting the Internal Audit. The Audit Committee inter-alia reviews Internal Audit Reports.

The Board has re-appointed M/s. Chaturvedi & Company, as Internal Auditors for the financial year 2016-17 under the provisions of Section 138 of the Act.

PUBLIC DEPOSITS

During the Financial Year 2015-16, the Company has not accepted any deposit within the meaning of Sections 73 and 76 of the Act, read together with the Companies (Acceptance of Deposits) Rules, 2014.

LOANS, INVESTMENTS, GUARANTEES & SECURITIES

The particulars of loans, guarantees and investments covered under the provisions of Section 186 of the Act are given in Note no. 2.38.3 to the Standalone Financial Statements.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return as on the Financial Year ended 31 March 2016 in Form MGT 9 is annexed as Annexure 8 to this Report.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The Company has in place a Policy in line with requirements, inter-alia, of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committees have been set up to redress complaints received regarding sexual harassment. The Company has not received any complaint of sexual harassment during the Financial Year 2015-16.

RELATED PARTY TRANSACTIONS

The Company has entered into contracts/arrangements with the related parties during the Financial Year 2015-16 which were in the ordinary course of business and on arm's length basis. Thus provisions of Section 188(1) of the Act are not applicable and the disclosure under AOC 2 is not required. However, your attention is drawn to the Related Party disclosure in Note no. 2.38 of the Standalone Financial Statements.

The Board has approved a policy for Related Party Transactions which has been hosted on the website of the Company. The web-link for the same is <http://www.electrosteelcastings.com/investors/pdf/related-party-transaction-policy.pdf>.

The Related Party Transactions, wherever necessary, are carried out by the Company as per this Policy.

There were no materially significant related party transactions entered into by the Company during the year, which may have a potential conflict with the interest of the company at large. There were no pecuniary relationship or transactions entered into by any Independent Director with the Company during the year under review.

RISK MANAGEMENT POLICY

The Company has a well-established Risk Management Policy to identify and evaluate business risks. This framework seeks to create transparency, minimise adverse effect on the business objectives and enhance Company's competitive advantage. The key business risks identified by the Company are economic risk, competitor risk, industry risk, environment risk, operational risk, foreign exchange risk etc. and it has proper mitigation process for the same. The Audit Committee reviews this policy periodically. A statement indicating development and implementation of Risk Management Policy for the Company including identification of elements of risk, if any, is provided as a part of Management Discussions & Analysis Report at Annexure 1 which forms a part of this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

The prescribed particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo required to be disclosed under Section 134 of the Act, read with Rule 8 of Companies (Accounts) Rules, 2014 is annexed as Annexure 9 and forms a part of this Report.

ACKNOWLEDGEMENT

Your Directors record their sincere appreciation for the assistance and co-operation received from the banks, financial institutions, government authorities, and other business associates and stakeholders. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and workers.

For and on behalf of the Board of Directors

Place : Kolkata
Date : 14 May 2016

Umang Kejriwal	Mahendra Kumar Jalan
Managing Director	Whole-time Director
DIN : 00065173	DIN : 00311883



Management Discussion and Analysis Report

A. INDUSTRY STRUCTURE AND DEVELOPMENT

« Overview

The Company is engaged in the business of manufacturing Ductile Iron (DI) Pipes, Ductile Iron Fittings (DIF) and Cast Iron (CI) Pipes. The Company is the first to set up a Ductile Iron Pipe Plant in India. Today it is India's leading pipeline solution provider. It has a strong brand presence around the Globe. Since 1994, the Company has maintained its edge over its competitors.

« Industry Outlook

Water and sewerage infrastructure development in Indian urban and rural sector has been the key engine of growth acceleration for the DI Pipe Industry. With only around 31% of India population currently urbanized, alongwith high population density, India's urbanization trends have scope to significantly accelerate. Further, the country faces immense problem of drinking water supplies and has poor transmission and distribution networks for water. The Indian water and waste water market is growing at the rate of 10%-12% every year.

The Indian Government has initiated various flagship programme such as the National Rural Drinking Water Programme and Swachh Bharat Abhiyan to improve access of potable water, sanitation and drainage facilities in rural areas in 31 States/Union Territories. The Government has announced huge allocations in the recent budget on this account.

DI Pipe in view of its inherent features like high ductility and bursting strength, higher corrosion & abrasion resistance, easy laying and long service life, is the preferred choice over other types of pipes for water and sewerage transportation. With the continued focus of the Government in this sector, the growing demand for DI Pipes is likely to continue in medium and long term. As such future of the Industry appears to be bright.

The export market continues to be very challenging due to slow down of world economy and Anti-dumping/Anti-subsidy duties imposed on Indian DI Pipes by European Commission in EU countries. However, the Company is foraying into many new countries to maintain Exports.

« Demand drivers for DI Pipes

The following factors would drive the demand for DI Pipes :

1. Thrust of the Government to provide drinking water and sanitation to 100% of the population and make funds available to achieve it.
2. The 100 smart city project launched by the Government will result in a surge in demand for the products.
3. The Prime Minister has announced housing for all by 2022, which will drive growth for piping. India has at present shortage of 59 million houses and need additional 51 million houses (total 110 million) by 2022. Also low cost housing is picking up in a big way.
4. The need to conserve water and reduce leakage. The need to focus on life cycle cost rather than initial cost and to consider inconvenience to public in replacement of pipes.

5. The over reliance on ground water for rural water supply has resulted in twin problem of sustainability and water quality and hence there is suggested shift to surface water source for tackling this issue. This will result in substantial increase in requirement of pipes.
6. Swachh Bharat Abhiyan will consume sustainable quantity of pipes.
7. Expectations and assertions from people all over for a strong water supply and good drainage system.

«« **FY 2015-16 vs. FY 2014-15**

The Company's Revenue from Operations was reported marginally lower at Rs.1,972.26 Crore during the year under review as compared to Rs.2,153.78 Crore reported in the previous year. The Export sales increased by around 3.27% from Rs.753.46 Crore in 2014-15 to Rs.778.13 Crore in 2015-16, due to increase in volume of sales. The Company's profit after tax (PAT) for the FY 2015-16 was reported at Rs.58.96 Crore as against Rs.72.67 Crore for FY 2014-15, mainly due to increase in finance cost.

B. PRODUCT WISE PERFORMANCE

«« **Ductile Iron (DI) Pipes**

The Ductile Iron Pipe Plant, with a total capacity of 2,80,000 TPA produced 2,92,467 MT of DI Pipes during the year 2015-16 compared to 2,77,317 MT in 2014-15. Initiatives continue by the Company to sustain improving productivity.

The main raw materials used in the production of DI pipes are Iron Ore and Coke. Iron Ore is mainly procured from Odisha and Coke is captively produced at Haldia. The DI Pipes produced by the Company is sold in India and globally. The sale of DI Pipes contributed to 72% of the total revenues of the Company during the year amounting to Rs.1,436.63 Crore.

«« **Cast Iron (CI) Pipes**

The Cast Iron Pipe Plant, with a total capacity of 1,08,000 TPA produced 33,639 MT of CI Pipes in 2015-16 compared to 32,041 MT in 2014-15. The production was higher although the demand for Cast Iron Pipes remains low.

The main raw material used in the production of CI pipes is Pig Iron, which is sourced from domestic sources. The CI Pipes produced by the Company is sold mainly to the states in Southern India. The sale of CI Pipes contributed Rs.131.53 Crore to the total revenues of the Company during the year.

«« **DI Fittings & Accessories**

DI Fittings & Accessories produced 6,572 MT of DI Fittings in 2015-16 as against 6,027 MT in 2014-15. The Company has enhanced the capacity through installation of new facility at Haldia works for improving the performance of the division. The operations of new Fittings Plant at Haldia is under stabilization. It is targeting more value added products and higher exports to niche markets. The sale of DI Fittings and Accessories contributed to Rs.95.46 Crore in the total revenues of the Company during the year.

«« **Power Plant**

12 MW Power Plant at Haldia has contributed 70.17 million units in 2015-16 to SEB grid in place of 55.22 million units in 2014-15. Generation increased due to higher availability of steam from Coke Oven and Sponge Iron Boilers for higher running days.

«« **Captive Coke Oven Plant**

The Coke Oven Plant, with a total capacity of 2,25,000 TPA at Haldia, produced 2,09,492 MT of Metallurgical Coke in 2015-16 against 1,97,884 MT in 2014-15, mainly for captive consumption in Blast Furnace at Khardah Works. The primary raw material for producing Coke that is Coking Coal was imported from Australia.



Management Discussion (Contd.)

Raw Materials Management

The Company's manufacturing facilities are spread across four locations in India. Presently, the business model consists of fully integrated production facilities which include Sinter Plant, Coke Oven Plant, Blast Furnace, Pig Iron Plant, Sponge Iron Plant, Fittings Plant and Captive Power Plant. The integrated manufacturing facility model helps the Company to minimise the production cost as the Company strongly believes that cost competitiveness is a key component of success. The Company continuously endeavors to improve the cost competitiveness by adopting various innovative and cost saving measures in the operations.

The Ministry of Mines, Government of India accorded the approval under Section 5(1) of the Mines and Minerals (Development and Regulation) Act, 1957 for grant of mining lease over an area of 192.50 ha in Village - Dirsumburu of Kodolibad forest in District - West Singhbhum, Jharkhand in the year 2006. The Company has already received 1st stage forest clearance and 2nd stage forest clearance is under process and is expected shortly. On receipt of these clearances the mining lease will be executed by Jharkhand Government and mining operation will start thereafter. Once mining operation commences, the basic raw material cost of iron ore being incurred by the Company would reduce substantially.

To ensure the timely and uninterrupted movement of raw materials, the Company has taken following steps:

1. The Company has constructed a private railway siding at Barajamda in Chakradharpur division of South-Eastern Railway. The siding has capacity to load 40 rakes per month & facilitated with proper illumination for day /night loading, in-motion railway weighbridge & also road weighbridge to ensure the inward & outward quantity. The siding has already been commissioned and is operative.
2. A private siding has also been constructed at Durga-Chalk, Haldia for inward & outward movement of raw materials & finished products. The signaling work is in progress. However, the connectivity and commissioning is awaited and the same would be executed after the approval of Commissioner of Railway Safety.

Exports

New Export markets are being constantly targeted to improve our export penetration across the world. New products in terms of joints, linings, coatings are being constantly developed to target newer areas and to offer better products.

European Commission has imposed Anti-dumping/Anti-subsidy duties on Indian origin products. The Company is making efforts to reduce/nullify the duty impact by cutting costs and/or increase in prices.

Engineering Export Promotion Council (EEPC) India, Eastern Region, has given "AWARD FOR EXPORT EXCELLENCE" as recognition for being Star Exporter in the category "Sanitary and Industrial Castings" for the year 2013-14.

Quality and Approvals

With the continual improvement of Quality, the Company is continuously expanding its business. After maintaining the strong presence in Europe, USA, Middle East etc. for years, the Company is continuously expanding the business to new countries like Tanzania, Zambia, Congo, Nigeria, Senegal, Morocco in Africa, Vietnam, Cambodia, Myanmar in South East Asia. The Company continues to be approved by DVGW of Germany, OVGW of Austria, BSI (UK), IGH (Croatia), UL (USA), FM (USA) etc. This year the new Fittings Plant in Haldia is also approved by BSI (UK).

After the huge success of ISO Electrolock Restrained pipe in European Market, the Company has developed the PushLok Restrained Joint for US Market which is giving the Company a competitive edge over the US Manufacturers.

After the success of ELECTROPUX (External Polyurethane Coating), the Company is developing Internal Polyurethane Coated pipes.

The paints manufactured by the Company's plant are continued to be approved by WRAS (UK), ACS (France) and DVGW (Germany) for drinking water application. This is a distinct achievement as very few paints all over the world have such accreditation.

C. OPPORTUNITIES AND THREATS

« Opportunities

The Indian Pipe Industry has experienced rapid growth in the last few years. The major reasons for the growth of this Industry is increasing demand for pipes in the irrigation sector, power and industry sector. Infrastructure development, rapid urbanization and the subsequent development of residential and industrial construction are accelerating the growth of the Water Pipe Industry in India. The Government of India has announced huge investments in Smart city and AMRUT projects which will increase the pipe demand. As the land acquisition has become a problem, more piped water irrigation projects are coming up. Urban sewerage system needs revamp in many cities which will require more pipes. The focus of the Government on rural water management will also be a contributing factor in the water pipe sector growth. Electrosteel Castings, a pioneer in introducing Ductile Iron Pipes in India, with state of the art manufacturing facilities, is well placed to provide such pipeline solutions to the nation and across the world.

« Threats

Increased cost of raw materials, pipe transportation/shipping, logistics and the bottlenecks in the logistics, coupled with increasingly competitive market, have created pressure on margins. The European Commission has imposed Anti-Dumping of Ductile Iron Pipes manufactured in India, which the Company is stoutly defending. However, with focus towards alternate markets, backward integration, cost reduction, de-bottlenecking of logistic constraints and long term planning for raw materials, the Company is confident of achieving sustained growth.

D. RISKS AND CONCERNS

This has been dealt with separately in the section on "Risk Management".

E. FINANCIAL PERFORMANCE

The highlight of the operations for the year ended 31 March 2016 and 31 March 2015 are as under :

a) Financials

(Rs. in Crore)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Gross Sales & Income from Operations	2,016.15	2,203.29
Profit before Interest, Depreciation & Exceptional Items	314.09	309.09
- Finance Expenses	169.98	145.32
- Depreciation	63.61	67.43
Profit before Exceptional Items & Tax	80.50	96.34
Exceptional Items	-	-
Profit before Tax	80.50	96.34
Tax Expenses	21.54	23.67
Profit after Tax	58.96	72.67



Management Discussion (Contd.)

b) Company's Sales mix

(Rs. in Crore)

Product	Turnover	
	Year ended 31 March 2016	Year ended 31 March 2015
Finished goods sold		
D.I. Spun Pipes	1,436.63	1,422.81
C.I. Spun Pipes	131.53	136.75
Others	379.31	512.53
Traded goods sold		
Coke and Coal	13.06	37.30
Others	11.80	17.32

Other Financial Matters

During the year :

1. Net Worth of the Company increased to Rs.2,008.56 Crore as at 31 March 2016 as against Rs.1,964.01 Crore as at 31 March 2015.
2. Gross Fixed Assets including Work in Progress & Capital Advances as at 31 March 2016 decreased from Rs.3,008.94 Crore as against Rs.3,028.24 Crore as at 31 March 2015.

F. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of operations. The Company has adequate internal control systems in all the areas. It ensures the efficiency of the operations, financial reporting and statutory compliances. These systems are routinely reviewed and updated wherever considered necessary. Apart from the internal control system, an Independent Internal Auditor also reviews all activities in a systematic and structured manner. The Audit Committee regularly reviews the observations and suggestions of the Internal Auditors and takes the necessary corrective actions.

G. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company recognises that its employees are its biggest source of strength and that highly engaged workforce delivers high performance and improved productivity. This has been continuously supported by the evolving human resource management systems and processes of the Company. The Company is providing an impetus for enhancing the capabilities of employees at all level. In addition, the Company is strongly focused towards manpower optimisation.

The constructive and cordial relationship between the Management and Unions has resulted in smooth Industrial Relations during the year under review.

The Company has been accredited with Social Accountability 8000 certification from BSI. The Company is taking initiatives to maintain TPM excellence. This year "TPM implementation" at Haldia and Bansberia Works are continued.

« Safety & Health

The Company strives for health, safety and environmental sustainability. It is committed to provide a safe, healthy, clean and ergonomic working environment in all spheres of its activities.

The Company is maintaining strict adherence in respect of monitoring and reviewing compliance of various laws applicable for health and safety at all work places and project works of the Company.

The Company is –

- focussed on providing General Safety, Process Safety and Behavioral Safety through various campaigns & training.
- effectively maintaining established Safety & Health Policy of the Company.
- efficiently conducting various competitions amongst all employees during celebration of Safety Week for further enhancement of safety awareness like Quiz Contest, KYT Contest and Safety-Drama Contest etc.
- monitoring and reviewing operational performance, working to anticipate potential risk issues and providing support in setting direction for improvements.
- providing training to workmen to maintain the workplace a safe zone.
- giving due weightage for identification of hazards and risk analysis thereof apart from regular plant safety inspection, implementation of safety committee resolutions etc.

◀ **Environment**

The vision of the Company is to have green and clean environment and sustain the same. All round efforts have been taken to prevent pollution generated due to plant activities. The Company has established and implemented Environmental Management System across the organisation through following initiatives :

- ↪ Appropriate pollution control system are installed in the plant which are operated satisfactorily as per required efficiency.
- ↪ As a part of green belt development programme, sufficient numbers of trees of various types have been planted within the premises.
- ↪ Permanent ambient air quality monitoring stations have been installed for continuous monitoring of air quality.
- ↪ Ongoing compliance of applicable legal requirements. A proper department is set up to monitor and analyze different aspects of Environment control.
- ↪ For conservation of water, various recovery & recycling operations are implemented within the plant to reduce the water consumption and also reduce the waste water generation.
- ↪ Conservation of energy as a part of continual improvement.
- ↪ Several initiatives are taken to create awareness about resource conservation and appropriate Environment Management Programme to optimize the resource consumption.
- ↪ Taken initiatives for implementing good housekeeping practices.
- ↪ Providing proper awareness and training to employees on best practices of environment control and improvement.

◀ **Waste Minimisation**

The Company has adopted 3 "R"s namely Reuse, Recycle and Reduce concept and making its all possible effort to convert wastes into resources.

- ↪ Collection, handling, storing and disposal of hazardous and non-hazardous waste in environmentally safe manner.
- ↪ Reuse of packing waste towards conservation of natural resources.



Management Discussion (Contd.)

- ⇒ Proper management of bio medical wastes and e-wastes.
- ⇒ Disposal of saleable wastes.

Corporate Social Responsibility (CSR)

For Electrosteel, Corporate Social Responsibility is a setup of planned activities, taking into consideration the capabilities of the Company and the place where it stands with a target on the significant positive impact on its local community & surrounding areas. The initiative of the Company is an aim to strengthen its operating foundation and enhance continuously on its corporate value in line with CSR activities.

The Company takes into account issues of concern related to stakeholders and also various range of programs that aim at Social & Environmental issues. It also creates and implements community based initiatives to solve issues in areas like education for children, environmental conservation and external cooperation keeping in mind the local culture and society.

« Electrosteel Initiatives

- ❖ Setting of Drinking water kiosks in Local area during the summer season.
- ❖ Providing assistance to promote local culture and festivals.
- ❖ Carrying out development work in local Schools & Sports Clubs to promote education & sports activities.
- ❖ Providing medical help through the Charitable Medical Centers.
- ❖ Motivating local poor but bright students and distribution of educations kits amongst school children.
- ❖ Arranging regular Blood Donation and Medical Camps through agencies and helping local people with Blood Cards as and when required.
- ❖ Distribution of Clothes/ Blankets to downtrodden people of local area.
- ❖ Providing financial help to needy people against their appeals.

The implementation and monitoring of the CSR activities is in compliance with the CSR objectives of the Company.

« Information Technology

The Company continues to leverage Information Technology as an invaluable means and key enabler to streamline the value chain and shaping its business strategy, business growth and competitiveness.

- ⇒ SAP as ERP system has been implemented over many years to handle the various business processes. The system is now mature and have a very good and positive impact on the management process of the Company.
- ⇒ Business Analytics for MIS and Decision support system. The Company has standardized on Qlikview as the analytical tool to assist decision making process across the functions.
- ⇒ Vendor portal solution at group level is driving close collaboration with its business partners.
- ⇒ As part of improved employee commitment and bonding, employee portal system has been implemented and available to all group employees for better collaboration.
- ⇒ A Wide Area Network connecting more than 20 diverse geographic locations across India including manufacturing plants, corporate office and sales offices.
- ⇒ The Company has implemented periodic checks to prevent data security threats and attacks.
- ⇒ Newer automated processes like biometric attendance, electronic Visitor Management System has been put in place to drive efficiency.

H. OUTLOOK

In view of upcoming ambitious Water Supply and infrastructure projects in 100 Smart Cities and 500 other Cities under AMRUT (Atal Mission for Rejuvenation and Urban Transformation) of the Central Government, the Company is hopeful of having comfortable order position to sustain in domestic market in 2016-17.

The Company is in the business of manufacture and supply of DI Pipes, which are widely used in water and sewerage transportation. With the thrust given by the State and Central Governments for water infrastructure and sewerage projects and the Company being the low cost producer of quality Ductile Iron Pipes, the Company is optimistic of its bright future.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report describing the Company's estimates, predictions, expectations may be "forward-looking" within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed or implied in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of finished goods in which the Company operates, input availability and prices, changes in government regulations, tax laws and other statutes, economic developments within the country and the countries within which the Company conducts business and other factors such as litigation and industrial relations. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of subsequent developments, information or events.



Risk Management

The Company has proper Risk Management and Control System to ensure that the risks of the Company are identified and managed effectively. The risk and mitigation measures are weaved into strategic plans and are reviewed periodically. Values and Business Principles are an important element of the internal environment for risk management. The main objective of Risk Management is proper compliances with applicable laws and regulations and to ensure that the systems protect the safety and health of the employees, customers and consumers.

The Company has already undertaken an extensive Risk Management effort that includes introducing Risk Management Manual, compiling a comprehensive profile of the key risks to the Company, identifying key gaps in managing those risks and developing preliminary action plans to address those risks. The worldwide activities of the Company are exposed to varying degrees of risk and uncertainty. The Company has identified and categorised the risks associated with its business into Economic Risk, Competitor Risk, Industrial Risk, Environmental Risk, Foreign Exchange Risk and Payment Risk.

Economic Risk

Economic risk can be described as the likelihood that the output of the project will not produce adequate revenues for covering operating costs and repaying the debt obligations. The causes can be many, for instance, the hike in the price for raw materials, failure to accomplish deadlines, disruptions in a production process, the change of a political regime, or natural disasters etc.

To counter this, the Company has taken various steps including backward integration which comprises owning of iron ore mines and brownfield expansions e.g. Sinter Plant, Sponge Iron Plant, Coke Oven Plant, Power Plant from waste heat recovery, upgrading and expanding manufacturing capacities and increasing efforts on research and development. In addition, cost control measures are an ongoing process.

To avoid price volatility for critical items, the Company enters into contracts for bulk quantity as well as keeps on exploring alternate sources of supply.

Competitor Risk

As the market is highly competitive with the elimination of physical barriers, the Company is exposed to the competitor risk. Ductile Iron (DI) Pipe Industry is a technology intensive industry. Staying in tune with customers need is vital to the sustainability of any company; the same can be safely said about the competition. With the entry of new players and the inevitable competition from other alternative industries, the Company constantly analyses the competitors from both marketing and strategic point through the assessment of strength, weakness of the each competitor which helps to identify the opportunities and threats.

The Company continues to focus on increasing its market share and taking marketing initiatives that help customers in taking informed decisions. The quality improvement and product enhancement efforts have established the brand image of the product as the most preferred brand with the customers. With the thrust given by Government of India on water and water related projects and due to the anticipated growth in water requirement in India, the demand of DI Pipes is expected to grow substantially in the next few years and the Company is confident of retaining its market share.

Industrial Risk

Labour unrest can erupt anytime in a Company and cause hindrance in the operation of the Plant. The Company recognises people as the primary source of its competitiveness. It continues to pay sincere attention on people development by developing a continuously learning human resource base to help them in improving their potential and fulfil their aspiration.

A major factor in the smooth operation of the plant is cordial industrial relation. The Company through its experienced team of management has been successful in maintaining an excellent labour relation over the years. As a consequence of such harmonious relations there has not been a single man day lost for more than a decade. The Company is optimistic that due to a loyal, devoted and dedicated workforce, the labour relation will continue to strengthen further and play an important role in the success of the Company.

Environmental Risk

Environmental Risk can be defined as actual or potential threat of adverse effects on the living organisms and environment by effluents, emissions, wastes, resource depletion etc. arising out of an organisation's activities. The Company is committed to protect environment and prevent the pollution arising out of emission, effluents, waste & resource depletion from plant activities.

The Company has installed state of the art devices to control emission and installed sprinkler system in all strategic locations to maintain cleaner environment in and around the factory premises. The Company has planted saplings inside as well as outside the factory to develop green belt.

The Company has adopted a comprehensive waste management method by developing innovative solution for waste disposal.

The Company is committed to continuously improve its efforts in energy conservation, waste management and conservation of natural resources keeping in mind the requirements of authority by strictly adhering to ISO 14001:2004 standards.

Foreign Exchange Risk

Foreign Exchange Risk (also known as exchange rate risk or currency risk) is a financial risk posed by an exposure to unanticipated changes in the exchange rate between two currencies. Multinational businesses exporting or importing goods and services are faced with an exchange rate risk which can have severe financial consequences if not managed appropriately. Considering the large export and imports of raw material, the Company is exposed to the risk of fluctuation in the exchange rates.

The Company has adopted a comprehensive risk management review system wherein it actively hedges its foreign exchange exposures within defined parameters, through use of hedging instruments such as forward contracts, options and swaps. The Company periodically reviews and audits its risk management initiatives through an independent expert.

Payment Risk

Payment Risk refers to the possibility of loss on account of non-receipt or delayed or part receipt of payments. For example, in case of incorrect or delayed payments, there are costs arising from transferring funds back, interest charges, replacement costs and other types of charges. In case of not receiving or receiving partial payments, there will be a principal loss.

Since major water infrastructure projects are Government funded or foreign aided, the risk involved in payment default is minimum. Further, evaluating the credit worthiness of the customers has minimised the risk of default by other segment customers. Besides, the risk of export receivables is covered under Credit Insurance.



Report on Performance and Financial Position of the Subsidiaries, Associates and Joint Ventures of the Company for the year ended 31 March 2016

There are 12 Subsidiaries, 3 Associates and 2 Joint Venture (JV) Companies of the Company as on 31 March 2016. The performance and financial position of these Subsidiaries, Associates and JVs are summarised below :

A. SUBSIDIARIES

1. Electrosteel Algeria SPA, Algeria

Electrosteel Algeria SPA is a wholly owned subsidiary engaged in marketing and selling the products of the Company in Algeria and other African countries. This subsidiary has made a loss of DZD 56.55 million on a total income of DZD 79.32 million during the year under review as compared to a profit of DZD 25.61 million on a total income of DZD 306.02 million during the previous year. The loss was due to provision of debtors amounting to DZD 83.40 million. Post Arab uprising in 2011, the funds are getting diverted by the Government to popular welfare schemes like food & shelter to the poor. The Government is following protective policy which gives protection to local products. This is severely affecting DI Pipes market.

2. Electrosteel Castings (UK) Ltd., United Kingdom

Electrosteel Castings (UK) Ltd. is a wholly owned subsidiary engaged in marketing and selling the products of the Company in United Kingdom. This subsidiary has earned a profit of GBP 122,581 on a turnover of GBP 14.59 million during the year under review as compared to a profit of GBP 412,492 on a turnover of GBP 15.95 million during the previous year. The Financial Year 2015-16 was the first year of the new AMP cycle in UK. The first year normally remain slow as it is the planning period for renewing and awarding the frameworks. The outlook for the next year in respect of volume and profitability is expected to be positive.

3. Electrosteel Castings Gulf FZE, UAE

Electrosteel Castings Gulf FZE is a wholly owned subsidiary engaged in marketing and selling the products of the Company in United Arab Emirates and other Middle-East countries. This subsidiary has earned a profit of AED 4,003,318 on a total income of AED 36.35 million during the year under review as compared to a profit of AED 396,656 on a total income of AED 1.93 million during the previous year. Due to low oil prices, the outlook for the next financial year will be challenging.

4. Electrosteel Doha for Trading LLC, Qatar

Electrosteel Doha for Trading LLC is a subsidiary engaged in marketing and selling the products of the Company in Qatar. The Company holds 49% stake and controlling interest in this subsidiary. This subsidiary has made a loss of QAR 53,754 on a total income of QAR 2.12 million during the year under review as compared to a profit of QAR 881,079 on a total income of QAR 2.13 million earned in the previous year. The outlook for next year is optimistic, as major projects are in the offing, due to upcoming FIFA World Cup in 2022.

5. Electrosteel Europe SA, France

Electrosteel Europe SA is a wholly owned subsidiary engaged in marketing and selling the products of the Company in France, Italy, Portugal, Poland, Germany and other countries located in North Europe. This

subsidiary has earned a profit before tax of Euro 156,977 on a turnover of Euro 63.40 million during the year under review as compared to a profit of Euro 1,097,740 on a turnover of Euro 59.92 million during the previous year. The Financial Year 2016-17 is going to be a big challenge due to the imposition of anti-dumping/anti-subsidy duty. The subsidiary is making efforts in compensating the anti-dumping duty effect by increasing selling prices and also reduction in overheads.

6. Electrosteel Trading SA, Spain

Electrosteel Trading SA is a wholly owned subsidiary engaged in marketing and selling the products of the Company in Spain and other countries located in South Europe. This subsidiary has earned a profit of Euro 558 on a turnover of Euro 3.05 million during the year under review as compared to a profit of Euro 44,237 on a turnover of Euro 2.79 million during the previous year. Outlook for the next Financial Year remains challenging.

7. Electrosteel USA, LLC, USA and its wholly owned subsidiary, WaterFab LLC, USA

Electrosteel USA, LLC is a wholly owned subsidiary and this entity along with its wholly owned subsidiary i.e. WaterFab LLC is engaged in marketing and selling the products of the Company in USA. This subsidiary has made a consolidated loss of USD 389,779 on a consolidated turnover of USD 5.15 million during the year under review as compared to a consolidated profit of USD 53,700 on a consolidated turnover of USD 7.86 million during the previous year. The demand in American markets remained sluggish and this subsidiary has been facing stiff competition. The outlook for the next year in respect of volume is expected to be positive with breakeven or marginal profits.

8. Electrosteel Brasil LTDA Tubos e Conexoes Duteis, Brazil

Electrosteel Brasil LTDA Tubos e Conexoes Duteis is a wholly owned subsidiary engaged in marketing and selling the products of the Company in Brazil and other South American markets. There has not been much of activity through this subsidiary during the Financial Year 2015-16. The political situation in Brazil continues to be challenging.

9. Electrosteel Bahrain Holding SPC Company, Bahrain and its wholly owned subsidiary Electrosteel Bahrain Trading W.L.L

Electrosteel Bahrain Holding SPC Company was incorporated as a wholly owned subsidiary of the Company on 17 March 2015 to act as the holding company. Electrosteel Bahrain Holding SPC Company has incorporated a subsidiary on 12 October 2015 by the name Electrosteel Bahrain Trading W.L.L (i.e. step down subsidiary of the Company). This subsidiary has made a consolidated loss of BHD 17,257 on a consolidated turnover of BHD 0.39 million during the year under review. This subsidiary will mainly cater the Saudi Arabia and Bahrain market. The outlook for the Financial Year 2016-17 looks positive.

10. Mahadev Vyapaar Pvt Ltd, India

This wholly owned subsidiary is being amalgamated with the Company. The status of the amalgamation has been provided in the Report of the Directors. This subsidiary had earned a profit after tax of Rs.7.37 lakh during the year under review as compared to the profit after tax of Rs.6.67 lakh earned in the previous year.

B. ASSOCIATES

1. Electrosteel Steels Limited, India

Electrosteel Steels Limited (ESL) is an Associate of the Company. ESL's 2.51 Million Ton Per Annum (MTPA) Greenfield Integrated Steel & Ductile Iron Pipe Plant in Bokaro, Jharkhand is under construction and erection. At present, out of envisaged installed capacity of 2.51 MTPA, ESL Plant is running at the current operational capacity of about 1.50 MTPA. ESL at present is selling TMT bars, Billets, Pig Iron, Wire Rod and Ductile Iron Pipes. ESL is listed on both BSE Limited and National Stock Exchange of India Limited.



Subsidiaries, Associates (Contd.)

ESL continuous efforts for reduction of production cost and improvement in operational efficiency has resulted in increase of overall sales in terms of production sold by 78% vis-a vis Financial Year 2014-15 and also resulted in profit for the quarter ended 31 March 2016. The turnover of ESL increased from Rs.1,83,124.07 lakh to Rs.2,59,769.47 lakh and loss of the Company for the Financial Year 2015-16 reduced from Rs.62,403.13 lakh to Rs.32,654.67 lakh.

The Lenders of ESL had invoked Strategic Debt Restructuring pursuant to RBI Circular No. DBR.BP.BC.NO.101/21.04.132.2014-15 dated 8 June 2015 and RBI Circular No. DBR.BP.BC.NO.41/21.04.048/15-16 dated 24 September 2015.

With the operationalization of the other project modules of Plant together with anticipated release of sanctioned working capital facilities, it is expected that the overall financial health of ESL would improve considerably as has been reflected from the performance of the Financial Year 2015-16.

2. Srikalahasthi Pipes Limited (formerly known as Lanco Industries Ltd.), India

Srikalahasthi Pipes Limited (SPL), an associate of the Company is also pioneers in South India for manufacturing of Ductile Iron Pipes. SPL registered gross operating revenue of Rs.1,17,767.06 lakh during the Financial Year 2015-16 as against Rs.1,12,304.37 lakh achieved in the previous year. Though operating revenue grew marginally by 5% only, the increased sales volumes in quantitative terms coupled with reduced input cost of production, improved operational efficiency and lower finance costs resulted in higher pre-tax profit of Rs.21,468.05 lakh in the year under review as compared to Rs.11,941.72 lakh in the previous year.

The Company is listed in both BSE Limited and National Stock Exchange of India Limited.

SPL has initiated yet another capital expenditure programme during the Financial Year 2015-16 entailing an investment of Rs.100 Crore towards up-gradation/modification of Blast Furnace including installation of Pulverized Coal Injection and Bell Less Top equipment facilities and capacity expansion of Ductile Iron Pipe Plant, which includes installation of new spinning machines and additional finishing line. These facilities are likely to be commissioned during the 3rd quarter of Financial Year 2016-17, whereby the capacity of Ductile Iron Pipes Plant shall increase from 2,25,000 TPA to 3,00,000 TPA.

Besides measures to increase volumes, SPL is also focused on cost reduction measures to remain low cost manufacturer and thus have competitive edge in the industry.

3. Electrosteel Thermal Power Limited, India

Electrosteel Thermal Power Limited (ETPL), an associate of the Company, is yet to commence operations. ETPL had reported a loss after tax of Rs.0.24 lakhs during the year 2015-16 as compared to a loss after tax of Rs.0.31 lakhs in the previous year.

C. JOINT VENTURES

1. Domco Private Limited, India

The status of Domco Private Limited, a JV entity, has been covered under Note no. 2.12.3 of the Notes on Consolidated Financial Statements for the year ended 31 March 2016.

2. North Dhadhu Mining Company Private Limited, India

The status of North Dhadhu Mining Company Private Limited, a JV entity, has been covered under Note no. 2.12.4 of the Notes on Consolidated Financial Statements for the year ended 31 March 2016.

Report on Corporate Governance of the Company

for the year ended 31 March 2016

[as required under Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

1. Company's philosophy on Corporate Governance in brief

The philosophy of the 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. The Company is committed to achieve and maintain the highest standards of Corporate Governance. The Company has adopted various codes, policies and programs to carry out its operations in a transparent and ethical manner. Some of the important codes, policies and programs adopted in this regard are –

- Code of Conduct for Directors and Senior Management;
- Code of conduct for regulating, monitoring and reporting trading by Insiders;
- Vigil Mechanism Policy;
- Related Party Transaction Policy;
- Nomination and Remuneration Policy;
- Corporate Social Responsibility Policy;
- Policy on Material Subsidiaries;
- Policy on Board Diversity and Succession Plan;
- Policy for determination of Materiality of Events/Information for disclosures
- Familiarization Program;

2. Board of Directors

2.1 Composition and Category of Directors and number of outside Directorship and Committee Positions held as on 31 March 2016

The Board of Directors of the Company consists of 12 (twelve) members which comprise of :

- Four Independent Non-Executive Directors;
- Three Promoter Executive Directors;
- One Promoter Non-Executive Director, also being the Woman Director;
- Three Non-Independent Non-Executive Directors; and
- One Non-Promoter Executive Director.

The Chairman of the Company is an Independent Non-Executive Director.

The composition of the Board as on 31 March 2016 was pursuant to the provisions of Companies Act, 2013 (the Act) and the Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).



Corporate Governance (Contd.)

Name of the Director	Category	Number of outside Directorship(s) held			Outside Committee Position(s) held ¹	
		Public Companies	Private Companies	Foreign Companies	As Member	As Chairman
Mr. Pradip Kumar Khaitan	Chairman, Independent, Non Executive	9	–	–	3	–
Dr. Jamshed Jiji Irani	Independent, Non Executive	2	–	–	–	–
Mr. Binod Kumar Khaitan	Independent, Non Executive	1	1	–	1	–
Mr. Ram Krishna Agarwal ²	Independent, Non Executive	4	1	1	4	–
Mr. Umang Kejriwal	Promoter, Executive	3	2	–	–	–
Mr. Mayank Kejriwal	Promoter, Executive	7	4	1	1	–
Mr. Uddhav Kejriwal	Promoter, Executive	3	10	–	–	–
Ms. Nityangi Kejriwal	Promoter, Non Independent, Non Executive	–	–	–	–	–
Mr. Naresh Chandra	Non Independent, Non Executive	8	1	1	8	1
Mr. Shermadevi Yegnaswami Rajagopalan	Non Independent, Non Executive	1	–	–	2	–
Mr. Vyas Mitre Ralli ³	Non Promoter, Non Executive	–	–	–	–	–
Mr. Mahendra Kumar Jalan	Non Promoter, Executive	–	5	8	–	–

Notes :

- For this purpose, only two Committees viz. the Audit Committee and the Stakeholders' Relationship Committee have been considered. This excludes Committee positions held in private limited companies, foreign companies and companies under Section 8 of the Act.
- Mr. Ram Krishna Agarwal was appointed as Non-Executive, Independent Director of the Company with effect from 30 July 2015.
- Mr. Vyas Mitre Ralli retired from office of Whole-time Director of the Company with effect from 1 January 2016 and continues to act as a Non-Executive Director with effect from 1 January 2016.
- Mr. Jinendra Kumar Jain was appointed as an Additional Director (Independent) with effect from 18 June 2015 and resigned with effect from 30 July 2015.
- None of the Directors on the Board hold directorships in more than ten public companies. Further none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he is a Director. Necessary disclosures regarding Committee positions in other public companies as on 31 March 2016 have been made by the Directors.
- Mr. Umang Kejriwal, Mr. Mayank Kejriwal, Mr. Uddhav Kejriwal and Ms. Nityangi Kejriwal are related to each other.

2.2 Attendance of Directors at the Board Meetings during the Financial Year ended 31 March 2016 and at the last Annual General Meeting

During the Financial Year ended 31 March 2016, 4 (four) Board meetings were held and the gap between any two consecutive meetings held during the year did not exceed 120 days. The attendance details of each Director at the Board meetings and at the last Annual General Meeting (AGM) is given below :

Name of the Director	No. of Board Meetings Held	No. of Board Meetings Attended	Attendance at the last AGM held on 11 September 2015
Mr. Pradip Kumar Khaitan	4	3	No
Mr. Binod Kumar Khaitan	4	4	Yes
Dr. Jamshed Jiji Irani	4	3	No
Mr. Jinendra Kumar Jain ¹	--	--	--
Mr. Ram Krishna Agarwal ²	3	3	No
Mr. Umang Kejriwal	4	2	No
Mr. Mayank Kejriwal	4	4	No
Mr. Uddhav Kejriwal	4	4	No
Ms. Nityangi Kejriwal	4	3	No
Mr. Naresh Chandra	4	2	No
Mr. Shermadevi Yegnaswami Rajagopalan	4	4	Yes
Mr. Vyas Mitre Ralli	4	4	No
Mr. Mahendra Kumar Jalan	4	2	No

Notes :

1. Mr. Jinendra Kumar Jain was appointed as an Additional Director (Independent) with effect from 18 June 2015 and resigned with effect from 30 July 2015.
2. Mr. Ram Krishna Agarwal was appointed as Non-Executive, Independent Director of the Company with effect from 30 July 2015.

2.3 Information placed before the Board

The notice and detailed agenda along with the relevant notes and other material information are sent in advance separately to each Director and in exceptional cases tabled at the Meeting with the approval of the Board. This ensures timely and informed decisions by the Board.

During the year 2015-16, information as mentioned in Schedule II Part A of the Listing Regulations, has been placed before the Board for its consideration, to the extent it is applicable and relevant.

The Board periodically reviews the compliance reports of all laws applicable to the Company, prepared by the Company.

2.4 Details of Meeting-wise attendance of Board Members

Date of the Board Meeting	Board Strength	No. of Directors Present
12 May 2015	11	10
30 July 2015	12	10
5 November 2015	12	8
30 January 2016	12	10



Corporate Governance (Contd.)

2.5 Details of shares/convertible instruments held by the Non-Executive or Independent Directors of the Company as on 31 March 2016 are as follows :

Name of the Director	No. of shares held
Mr. Pradip Kumar Khaitan	Nil
Mr. Binod Kumar Khaitan	2,000
Dr. Jamshed Jiji Irani	1,000
Mr. Ram Krishna Agarwal	1,000
Mr. Naresh Chandra	1,000
Ms. Nityangi Kejriwal	1,000
Mr. Shermadevi Yegnaswami Rajagopalan	5,100
Mr. Vyas Mitre Ralli	5,000

None of the Non-Executive or Independent Directors hold any convertible instruments and/or Stock Options of the Company as on 31 March 2016.

2.6 Details of familiarization programmes imparted to the independent Directors :

The details of familiarization programme imparted to the Independent Directors is hosted on the website of the Company under the web-link <http://www.electrosteelcastings.com/investors/pdf/familiarisation-programme-for-id.pdf>. Further at the time of appointment of an Independent Director, the Company issues a formal letter of appointment outlining his roles, functions and responsibilities etc. The terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company.

3. Audit Committee

The Audit Committee was reconstituted during the year under review. The composition, quorum and terms of reference of the Committee is in accordance with the provisions of Section 177 of the Act and Regulation 18 read with Schedule II Part C of the Listing Regulations.

The Committee comprises of the following Directors as on 31 March 2016 :

Mr. Binod Kumar Khaitan, Chairman - Independent Director
Mr. Pradip Kumar Khaitan - Independent Director
Mr. Ram Krishna Agarwal - Independent Director
Mr. Naresh Chandra - Non Executive Non Independent Director

The representatives of Statutory Auditors, Internal Auditors, Cost Auditors as well as the Executives heading the Finance, Accounts and other Departments of the Company are invited to attend meetings as and when required by the Committee. All members of the Audit Committee are financially literate and have accounting and related financial management expertise. Mr. Binod Kumar Khaitan, the Chairperson of the Committee was present at the 60th Annual General Meeting of the Company held on 11 September 2015 to answer shareholder queries. The Company Secretary acts as the Secretary to the Audit Committee.

The broad terms of reference of the Audit Committee include :

- i. 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;
- ii. Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- iii. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- iv. Reviewing, with the management, the annual financial statements and Auditor's Report thereon before submission to the Board for approval,

- v. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- vi. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- vii. Evaluation of internal financial controls and risk management systems;
- viii. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- ix. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- x. Discussion with internal auditors of any significant findings and follow up there on;
- xi. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- xii. Reviewing the functioning of Vigil Mechanism and compliance with statutory requirements etc.
- xiii. Review the following information:
 - a) Management Discussion and Analysis of financial condition and results of operations;
 - b) Statement of significant Related Party Transactions (as defined by the Audit Committee), submitted by the management;
 - c) Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
 - d) Internal Audit Reports relating to internal control weaknesses;
 - e) The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
 - f) The statement of deviations:
 - i. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations.
 - ii. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the Listing Regulations.

During the Financial Year 2015-16, 4 (four) Audit Committee meetings were held on 12 May 2015, 30 July 2015, 5 November 2015 and 30 January 2016. The gap between any two consecutive meetings did not exceed 120 days.

Name of the Director	No. of Meetings	
	Held	Attended
Mr. Binod Kumar Khaitan	4	4
Mr. Pradip Kumar Khaitan	4	3
Mr. Ram Krishna Agarwal ¹	2	2
Mr. Naresh Chandra	4	3

Note :

1. Mr. Ram Krishna Agarwal was appointed as a member of the Committee with effect from 30 July 2015.



Corporate Governance (Contd.)

4. Nomination & Remuneration Committee

There is a Nomination and Remuneration Committee (NRC) in place with roles, powers and duties, to be determined by the Board from time to time. Its terms of reference is in accordance with the provisions of Section 178 of the Act and Regulation 19(4) read with Schedule II Part D of the Listing Regulations.

The Committee comprises of the following Directors as on 31 March 2016 :

Mr. Binod Kumar Khaitan, Chairman - Independent Director

Mr. Pradip Kumar Khaitan - Independent Director

Mr. Shermadevi Yegnaswami Rajagopalan - Non-Executive Non Independent Director

All members of Nomination and Remuneration Committee are Non-Executive Directors. Mr. Binod Kumar Khaitan, the Chairperson of the Committee was present at the 60th Annual General Meeting of the Company held on 11 September 2015 to answer shareholder queries. The Company Secretary acts as the Secretary to the Nomination and Remuneration Committee.

The terms of reference of the NRC is to formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board, a policy relating to the remuneration of the directors, Key Managerial Personnel (KMP) and other employees; identifying persons who are qualified to become directors and who may be appointed in senior management; recommend to the Board their appointment and removal; formulate criteria for evaluation of Independent Directors and the Policy on Board Diversity & Succession.

The Nomination and Remuneration Committee of the Company has formulated the Nomination and Remuneration Policy of the Company. The Policy applies to appointment of the Directors, KMPs and Senior Management Personnel as well as determining the remuneration payable to them. The Committee had also formulated the Policy on Board Diversity & Succession Plan.

During the Financial Year 2015-16, 4 (four) Nomination and Remuneration Committee meetings were held on 12 May 2015, 30 July 2015, 5 November 2015 and 30 January 2016.

Name of the Director	No. of Meetings	
	Held	Attended
Mr. Binod Kumar Khaitan	4	4
Mr. Pradip Kumar Khaitan	4	3
Mr. Shermadevi Yegnaswami Rajagopalan	4	4

The Board of Directors has laid down the criteria for performance evaluation of Independent Directors of the Company. The following is the extract of the criteria :

"Each Independent director shall be evaluated by all other directors of the Board but not by him/her.

The Board shall evaluate the roles, functions, duties of the Independent directors of the Company. The Board shall also review the manner in which ID follows guidelines of professional conduct as specified in part I of schedule IV of Companies Act, 2013. The adherence of Section 149 and Schedule IV of the Companies Act, 2013 shall also be reviewed by the Board."

5. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee comprises of the following Directors as on 31 March 2016 :

Mr. Binod Kumar Khaitan, Chairman - Independent Director

Mr. Mayank Kejriwal - Joint Managing Director

Mr. Mahendra Kumar Jalan - Whole-time Director

The Company Secretary acts as the Secretary to Stakeholders' Relationship Committee.

The terms of reference of Stakeholders' Relationship Committee includes redressal of grievances of security holders and investors on issues like share transfer, non-receipt of Annual Report / dividends, amongst others. The Board has delegated powers of share transfers and mitigation of shareholders grievances to M/s. Maheshwari Datamatics Pvt. Ltd. (MDPL), the Registrar and Share Transfer Agents (RTA) of the Company.

During the year under review, Mr. Prem Kumar Bafana resigned from the office of Company Secretary and Compliance Officer with effect from 31 July 2015 and Mrs. Subhra Giri Patnaik was appointed as the Company Secretary and Compliance Officer of the Company with effect from 1 August 2015 and is responsible for monitoring the share transfer process and reporting to the Stakeholders' Relationship Committee.

During the Financial Year 2015-16, 4 (four) Stakeholders' Relationship Committee meetings were held on 12 May 2015, 30 July 2015, 5 November 2015 and 30 January 2016.

Name of the Director	No. of Meetings	
	Held	Attended
Mr. Binod Kumar Khaitan	4	4
Mr. Uddhav Kejriwal ¹	2	2
Mr. Mayank Kejriwal ¹	2	2
Mr. Mahendra Kumar Jalan	4	2

Note:

- The Committee was reconstituted by the Board on 30 July 2015 wherein Mr. Uddhav Kejriwal ceased to be a member and Mr. Mayank Kejriwal was appointed as the member of the Committee.

At the beginning of the year under review, there was no complaint remaining unresolved. During the period under review, 7 (seven) investors complaints were received by the RTA of the Company, which were duly resolved. There was no complaint which was pending at the end of the year.

There were no shares pending transfer as on 31 March 2016.

6. Remuneration of Directors

The Non-Executive Directors did not have any pecuniary relationship or transactions (except receipt of sitting fees and commission as Directors) with the Company during the year under review.

The criteria for making payments to Non-Executive Directors is laid down in the Nomination and Remuneration Policy of the Company, which is forming a part of the Annual Report.

Details of remuneration paid to Directors during the Financial Year 2015-16

- Remuneration paid to Independent & Non-Executive Directors :

(In Rupees)

Name of the Director	Sitting Fees ¹	Commission paid/payable ²	Total
Mr. Pradip Kumar Khaitan	4,50,000	6,00,000	10,50,000
Dr. Jamshed Jiji Irani	2,00,000	12,00,000	14,00,000
Mr. Binod Kumar Khaitan	6,50,000	6,00,000	12,50,000
Mr. Ram Krishna Agarwal	3,00,000	8,00,000	11,00,000
Mr. Naresh Chandra	2,50,000	12,00,000	14,50,000
Ms. Nityangi Kejriwal	1,50,000	6,00,000	7,50,000
Mr. Shermadevi Yegnaswami Rajagopalan	3,60,000	6,00,000	9,60,000
Mr. Vyas Mitre Ralli ³	50,000	1,50,000	2,00,000
Total	24,10,000	57,50,000	81,60,000



Corporate Governance (Contd.)

Notes :

1. The amount of sitting fees for attending Board and Audit Committee meeting was Rs.50,000 per meeting and for the meeting of Independent Directors of the Company, the sitting fees was fixed at Rs.50,000 per meeting. The fees for attending any other meeting was fixed at Rs.20,000 per meeting. The Directors are also entitled to reimbursement of expenses for participation in Board and other meetings.
 2. The Members at the 59th AGM of the Company held on 28 August 2014 had approved payment and distribution of Commission amongst Directors (other than Executive Directors) for a period of 5 years commencing from 1 April 2014, in such amounts or proportions and in such manner as may be directed and decided by the Board, within the ceiling of 1% per annum of the net profits of the Company computed in the manner referred to in Section 198 of the Act.
 3. Mr. Vyas Mitre Ralli retired from office of Whole-time Director of the Company with effect from 1 January 2016 and continues to act as a Non-Executive Director with effect from 1 January 2016.
- ii. Remuneration paid to Executive Directors :

(In Rupees)

Name of the Director & Designation	Relationship with other Directors	Salary	Perquisites	Commission paid/payable	Total ²	Service Contract etc.
Mr. Umang Kejriwal, Managing Director	See Note ¹	1,50,00,000	32,48,794	1,20,00,000	3,02,48,794	Tenure of 5 years w.e.f. 1 April 2012
Mr. Mayank Kejriwal, Joint Managing Director	See Note ¹	60,00,000	20,78,832	–	80,78,832	Tenure of 5 years w.e.f. 1 April 2012
Mr. Uddhav Kejriwal, Whole-time Director	See Note ¹	70,75,000	58,18,324	85,00,000	2,13,93,324	Tenure of 5 years w.e.f. 16 June 2013
Mr. Vyas Mitre Ralli, Whole-time Director ³	See Note ¹	29,78,871	1,02,94,839	–	1,32,73,710	From 21 December 2014 to 31 December 2015 ³
Mr. Mahendra Kumar Jalan, Whole-time Director	See Note ¹	40,18,065	99,21,871	–	1,39,39,936	Tenure of 5 years w.e.f. 22 January 2015
Total		3,50,71,936	3,13,62,660	2,05,00,000	8,69,34,595	

Notes :

1. Mr. Umang Kejriwal and Mr. Mayank Kejriwal are brothers. Mr. Mayank Kejriwal is the father of Mr. Uddhav Kejriwal. Ms. Nityangi Kejriwal, Non-Executive Director is daughter of Mr. Umang Kejriwal. Apart from this, none of the other Directors are in any way related to any other Director.
2. The abovementioned remuneration is within the limits prescribed under the provisions of the Act.
3. Mr. Vyas Mitre Ralli retired from office of Whole-time Director of the Company with effect from 1 January 2016 and continues to act as a Non-Executive Director with effect from 1 January 2016.
4. No Stock Options have been granted to any Executive Directors of the Company.

7. Subsidiary companies

The Audit Committee reviews the financial statements, in particular the investments made by its unlisted subsidiary companies. The minutes of the board meetings of the unlisted subsidiary companies are periodically placed before the Board of Directors of the Company.

The Company does not have any material unlisted Indian subsidiary companies.

8. General Body Meetings

a. Location and time, where last three Annual General Meetings (AGM) were held :

Year	Location	Date	Time	Whether Special Resolutions passed
2014-15	Rathod Colony, Rajgangpur District - Sundergarh, Odisha 770 017	11 September 2015*	11:30 A.M.	Yes, 3 (Three)
2013-14	Rathod Colony, Rajgangpur District - Sundergarh, Odisha 770 017	28 August 2014	11:30 A.M.	Yes, 7 (Seven)
2012-13	Rathod Colony, Rajgangpur District - Sundergarh, Odisha 770 017	22 August 2013	11:30 A.M.	None

*M/s. Bihani Rashmi & Co., Practicing Chartered Accountants were appointed as the Scrutinizer for the purpose of submitting Report on Voting (including e-voting) at the AGM held on 11 September 2015.

b. There were no special resolution passed last year through postal ballot.

c. As on date, no special resolution is proposed to be conducted through Postal Ballot.

9. Means of Communication

The Company's quarterly/half-yearly/yearly financial results are published in national english newspaper(s) as well as newspaper(s) published in vernacular language of the region where the Registered Office of the Company is situated, such as, Business Standard (all edition) and Lokakatha. The Company also submits its releases and financial results to the Stock Exchanges on which the securities of the Company are listed i.e. National Stock Exchange of India Limited and BSE limited. The Company's results and official news releases, presentations made to institutional investors or to the analysts, if any, are also displayed on the Company's website www.electrosteelcastings.com.

10. General Shareholder Information

a) Date, time and venue of the next Annual General Meeting	9 September 2016, at 11.30 A.M., at Rathod Colony, Rajgangpur, Sundergarh, Odisha 770 017, India
b) Financial Year	1 April 2015 to 31 March 2016
c) Book Closure Dates for Dividend	3 September 2016 to 9 September 2016 (both days inclusive)
d) Dividend Payment Date	On or before 8 October 2016
e) Listing at Stock Exchanges i) Equity shares & its Stock Codes at Stock Exchanges	<p>a) BSE Limited (BSE) P. J. Towers, Dalal Street, Mumbai 400 001 (Scrip Code - 500128)</p> <p>b) National Stock Exchange of India Limited (NSE) Exchange Plaza, 5th Floor Bandra Kurla Complex, Bandra (East), Mumbai 400 051 (Symbol - ELECTCAST)</p> <p>ISIN for Equity Shares - INE086A01029</p>



Corporate Governance (Contd.)

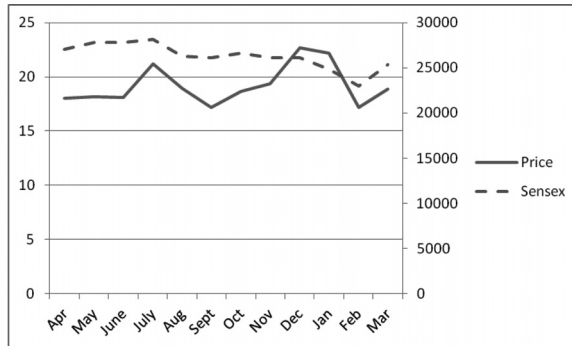
ii) Secured Redeemable Non Convertible Debentures of Rs.10,00,000/- each (NCDs)	All NCDs issued by the Company are listed at- National Stock Exchange of India Limited (NSE) Exchange Plaza, 5th Floor, Bandra Kurla Complex, Bandra (East), Mumbai 400 051
10.75% NCD	Stock Code - ELCA17; ISIN INE086A07117
11% NCD	Stock Code - ELCA18; ISIN INE086A07125
f) Listing Fee to Stock Exchanges	Listing Fees for the financial year 2016-17 have been paid to BSE and NSE for both Equity Shares and NCDs.

g) Market Price data for the Scrip of the Company during the Financial Year 2015-16 :

Month	BSE Limited (BSE)			National Stock Exchange of India Limited (NSE)		
	High Price (Rs.)	Low Price (Rs.)	Volume (No.)	High Price (Rs.)	Low Price (Rs.)	Volume (No.)
Apr-15	20.50	16.10	68,70,298	20.55	17.75	1,79,25,630
May-15	19.40	17.30	34,57,432	19.45	17.10	77,12,777
Jun-15	19.70	17.00	27,67,503	19.75	17.00	58,38,025
Jul-15	22.90	18.10	60,85,077	22.95	18.00	1,47,01,051
Aug-15	27.20	16.65	73,29,826	27.25	16.65	1,60,06,999
Sep-15	19.15	16.00	20,33,730	19.05	15.95	44,76,185
Oct-15	21.25	16.75	37,56,947	21.25	16.50	99,88,636
Nov-15	22.45	16.80	35,11,364	22.45	16.95	92,96,325
Dec-15	22.95	19.15	42,74,526	22.95	19.10	1,00,72,248
Jan-16	27.05	19.85	69,73,544	27.10	19.80	1,71,05,984
Feb-16	22.20	16.75	22,07,990	22.50	16.80	51,46,854
Mar-16	20.00	17.25	21,99,142	19.90	17.30	57,60,078

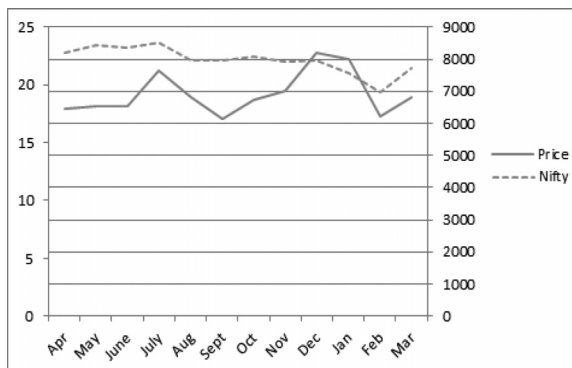
h) Share price performance in comparison to broad based indices - BSE Sensex and NSE Nifty for the Financial Year 2015-16.

i) In comparison with BSE Sensex #



Monthly Closing prices of the Scrip and monthly Closing indices have been taken from BSE Limited website.

ii) In comparison with NSE Nifty#



Monthly Closing prices of the Scrip and monthly Closing indices have been taken from National Stock Exchange of India Limited website.

i)	In case the securities are suspended from trading, the directors report shall explain the reason thereof	Not applicable as none of the securities of the Company are suspended from trading.
j)	Registrar and Share Transfer Agent for physical & dematerialised shares	Maheshwari Datamatics Pvt. Ltd. 6, Mangoe Lane, 2nd Floor, Kolkata 700 001 Phone: 033 2248 2248/2243 5029 Fax: 033 2248 4787 E-mail: mdpldc@yahoo.com
k)	Share transfer system	Share transfers in physical form are registered and returned within the period of 15 days from the date of lodgment if the documents are complete in all respect.



Corporate Governance (Contd.)

l) Distribution of shareholding as on 31 March 2016 :

Equity Shares held	No. of Shareholders	% of Total Shareholders	No. of Shares held	% of Shares held
Upto 500	40,544	65.47	84,17,477	2.36
501 to 1,000	9,388	15.16	82,49,749	2.31
1,001 to 2,000	5,599	9.04	92,34,282	2.59
2,001 to 3,000	1,842	2.97	48,25,741	1.35
3,001 to 4,000	1,081	1.75	39,95,532	1.12
4,001 to 5,000	907	1.46	43,60,104	1.22
5,001 to 10,000	1,293	2.09	98,95,346	2.77
10,001 and Above	1,276	2.06	30,79,77,091	86.28
Total	61,930	100.00	35,69,55,322	100.00

Note : % figures have been rounded off to nearest two decimal points.

m) Dematerialization of shares and liquidity	As per directives of SEBI, the Company's shares are tradable compulsorily in electronic form. The Company's shares are available for dematerialization at National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The International Securities Identification Number (ISIN) of the Company, as allotted by NSDL and CDSL, is INE086A01029. As on 31 March 2016, 99.10% of the shares of the Company stand dematerialized.
n) Outstanding ADRs / GDRs / warrants or any convertible instruments, conversion date and likely impact on equity	5,000 GDRs were outstanding as on 31 March 2016 and represented an equal number of underlying Equity Shares. Since the underlying Equity Shares represented by GDRs have been allotted in full, the outstanding GDRs have no impact on the Equity Share Capital of the Company.
o) Commodity price risk or foreign exchange risk and hedging activities	<p>The Company is exposed to foreign exchange risk on account of import and export transactions entered. Also it is a sizable user of various commodities, including base metals & others, which exposes it to the price risk on account of procurement of commodities.</p> <p>The Company is proactively mitigating these risks by entering into commensurate hedging transactions with banks as per applicable guidelines and risk management plan/policies. The Board monitors the foreign exchange exposures on a quarterly basis and the steps taken by management to limit the risks of adverse exchange rate movement. Similarly, the management monitors commodities/raw materials whose prices are volatile and suitable steps are taken accordingly to minimize risk on the same.</p>

p) Plant locations :	<p>Unit 1 : 30, B.T. Road, Sukchar, Khardah 24-Parganas (North), West Bengal 743 179</p> <p>Unit 2 : Gummidipoondi Taluk, P.O. Elavur, District Tiruvallur, Tamil Nadu 601 201</p> <p>Unit 3 : Haldia, Kasberia P.O. Khanjan Chawk, Haldia, Midnapore (East), West Bengal 721 635</p> <p>Unit 4 : Bansberia Works, Saptagram Panchayat, P.O. Adconnagar, Chak Bansberia, West Bengal 712 121</p>
q) Address for Correspondence :	<p>Mrs. Subhra Giri Patnaik Company Secretary Electrosteel Castings Limited G.K. Tower, 19, Camac Street, Kolkata 700 017 Phone: (033) 2283 9990 Email:companysecretary@electrosteel.com</p>

11. Other Disclosures

A. Materially significant related party transactions having potential conflict with the interest of the Company at large

There were no materially significant related party transactions which may have potential conflict with the interest of the Company at large. Details of materially significant related party transactions are presented in the Notes to the Financial Statements.

B. Penalties/Strictures imposed by Stock Exchanges/SEBI during last 3 years

An adjudication order dated 31 March 2016 has been passed by the Securities and Exchange Board of India (SEBI) imposing a penalty of Rs. 50 Lakh under Section 23A(a) and Rs. 50 Lakh under Section 23E of the Securities Contract (Regulation) Act, 1956 on the Company for violation of Clause 36 of the Listing Agreement read with Section 21 of Securities Contract (Regulation) Act, 1956. The Company is in process of filing an appeal before the Securities Appellate Tribunal against the aforesaid order.

Except the above, no penalties/strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets during the last three years.

C. Vigil Mechanism

The Company has a Whistle Blower Policy towards Vigil Mechanism and the same is hosted on the website of the Company at web-link - <http://www.electrosteelmcastings.com/investors/pdf/vigil-2016.pdf>. No personnel were denied access to the Audit Committee.

D. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements

The Company has complied with all mandatory requirements as stipulated in the Listing Regulations.



Corporate Governance (Contd.)

The Company has adopted C, D & E of the Non-Mandatory requirements as provided in Part E of Schedule II to the Listing Regulations and not adopted A & B since they are discretionary requirements.

E. Web link where policy for determining 'material' subsidiaries is disclosed

The Company has formulated a policy on determining material subsidiaries of the Company, which has been uploaded on its website at the web-link : <http://www.electrosteelcastings.com/investors/pdf/policy-on-material-subsidiary.pdf>

F. Web link where policy on dealing with related party transactions

The Board has approved a policy for Related Party Transactions which has been hosted on the website of the Company. The web-link for the same is <http://www.electrosteelcastings.com/investors/pdf/related-party-transaction-policy-ver3.pdf>

12. The Company has complied with all the requirements as stated in para C(2) to para C(10) of Schedule V of Listing Regulations.
13. The Company had adopted the following discretionary requirements as stated in Part E of Schedule II of the Listing Regulations :

A) Modified opinion(s) in Audit Report

It has always been the Company's endeavour to present unqualified Financial Statements. However, in pursuance of the Order dated 24 September 2014 issued by Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated 21 October 2014 (the Ordinance) for implementing the Supreme Court Order, allotment of Parbatpur coal block to the Company which was under advanced stage of implementation, had been cancelled with effect from 1 April 2015. The Company pending acceptance and recovery of the amount of compensation, has filed a petition before the Hon'ble High Court at Delhi, hearing whereof has been concluded and judgement is awaited on this date. The matter being subjudice, the amount of compensation are presently not ascertainable and consequential adjustments in this respect will be given effect to on ascertainment of the amount thereof.

Further in terms of the Order as referred above, North Dhadhu Coal Block, allotted in joint venture with other companies has also been cancelled with effect from 24 September 2014. The Company barring initial contribution has not made any further investments in the said joint venture company. In view of the management, the compensation to be received in terms of the ordinance is expected to cover the cost incurred by the Joint Venture Companies and thereby diminution in the value of such investments is expected to arise and accordingly no provision has been considered necessary by the management.

Pending decision of the court on the matter, the financial impact of the same could not be given in the financial statements.

B) Separate posts of Chairperson and Chief Executive Officer

The position of the Chairman and Managing Director are separate. Mr. Pradip Kumar Khaitan is the Chairman and Mr. Umang Kejriwal is the Managing Director of the Company.

C) Reporting of Internal Auditor

The Internal Auditor reports directly to the Audit Committee.

14. The Company is in compliance with the requirements stipulated under Clause 49 of the Listing Agreement and Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations, as applicable, with regard to corporate governance.

15. Code of Conduct

A Code of Conduct has been laid down for all Board Members and Senior Management of the Company, which suitably incorporates the duties of independent directors as laid down in the Act. The Board Members and Senior Management of the Company have affirmed compliance with the Code of Conduct of the Company. A declaration

signed by the Managing Director to this effect is annexed hereto. The Code of Conduct is available on the Company's website viz., www.electrosteelcastings.com.

16. Prevention of Insider Trading & Code of Conduct for Fair Disclosure

The Company has adopted a Code of Conduct for Regulating, Monitoring and Reporting Trading by Insiders in securities of the Company. The Code requires pre-clearance for dealing in the Company's securities and prohibits the purchase or sale of securities of the Company by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed.

The Company has also adopted a Code of Practices and Procedures for Fair Disclosure and Conduct of Unpublished Price Sensitive Information to formulate a stated framework and policy for prompt and fair disclosure of events and occurrences that could impact price discovery in the market for securities of the Company.

17. Disclosure with respect to demat suspense account/unclaimed suspense account

As on 31 March 2016, there are no shares lying in the demat suspense account/unclaimed suspense account.

For and on behalf of the Board of Directors

Place : Kolkata
Date : 14 May 2016

Umang Kejriwal
Managing Director
DIN : 00065173

Mahendra Kumar Jalan
Whole-time Director
DIN : 00311883

Declaration for Compliance of Code of Conduct

To
The Members of
Electrosteel Castings Limited

I hereby declare that the Company has obtained affirmation from all the members of Board of Directors and Senior Management Personnel of the Company that they have complied with the 'Code of Conduct of the Company for Board of Directors and Senior Management Personnel' in respect of Financial Year 2015-16.

Place : Kolkata
Date : 14 May 2016

Umang Kejriwal
Managing Director
DIN : 00065173



Auditors' Certificate

on compliance with
the conditions on Corporate Governance

To The Members of
Electrosteel Castings Limited

1. We have examined the compliance of conditions of Corporate Governance by Electrosteel Castings Limited ('the Company'), for the year ended 31st March, 2016, as stipulated in
 - a) Clause 49 (excluding Clause 49(VII)(E) of the Listing Agreement ('Listing Agreement') of the Company with the Stock Exchange in India for the period from 1st April, 2015 to 30th November, 2015;
 - b) Clause 49(VII)(E) of the Listing Agreement of the Company with the Stock Exchange in India for the period from 1st April, 2015 to 1st September, 2015;
 - c) Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") for the period from 2nd September, 2015 to 31st March, 2016;
 - d) Regulations 17 to 27 (excluding Regulation 23(4)), clauses (b) to (i) of Regulation 46(2) and paragraph C, D and E of Schedule V of the Listing Regulations for the period from 1st December, 2015 to 31st March, 2016.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on certification of Corporate Governance issued by the Institute of Chartered Accountants of India to the extent relevant, and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. 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 in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement and Listing Regulations, for the respective period, as applicable.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

R. P. Singh
Partner
Membership No.: 052438

Place : Kolkata
Date : 14th May, 2016

Annexure – 4

Nomination & Remuneration Policy

1. Preface

Nomination & Remuneration Policy (hereinafter referred to as 'the policy') of Electrosteel Castings Limited, comprising members of the Board of Directors ("Board"), Key Managerial Personnel ("KMP") and Senior Executives of the Company (Collectively known as "Executives").

- a. The Board of Directors has adopted the Nomination & Remuneration Policy at the recommendation of the Nomination & Remuneration Committee. The policy shall apply to remuneration earned and appointment of the 'Board, KMPs and other employees' done on and after 1st April, 2014.
- b. This policy was laid down on the basis of an overall assessment of the size of the Company, its organization and the complexity of its activities. The purpose is to have a policy that is consistent and promotes sound and effective risk management and which is aligned with the Company's strategy, values and goals and the interests of customers and investors.
- c. The salient features of the Policy shall be disclosed in Board's Report of the Company.
- d. The Policy will be reviewed at least once in a year by the Nomination and Remuneration Committee of the Board of Directors or as and when the Committee deems fit.

2. Commencement

The Nomination and Remuneration Policy of the Company is formulated in terms of Section 178 of Companies Act, 2013 and Clause 49 of Listing Agreement as revised from time to time. This policy governs Policy relating to directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178 commences on or after 1st April, 2014.

3. Definitions

- a) "Board of Directors" or "Board", in relation to a company, means the collective body of the directors of the company;
- b) "Chief Executive Officer" means an officer of a company, who has been designated as such by it;
- c) "Chief Financial Officer" means a person appointed as the Chief Financial Officer of a company;
- d) "Company Secretary" or "Secretary" means a company secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980 who is appointed by a company to perform the functions of a company secretary under this Act;
- e) "Director" means a director appointed to the Board of a company;
- f) "Executives" means persons holding the position of one level below the Key Managerial Personnel
- g) "Senior Management" means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads
- h) "Key Managerial Personnel", in relation to a company, means –
 - (i) the Chief Executive Officer or the managing director or the manager;



Nomination & Remuneration Policy (Contd.)

- (ii) the company secretary;
 - (iii) the whole-time director;
 - (iv) the Chief Financial Officer; and
- i) "Manager" means an individual who, subject to the superintendence, control and direction of the Board of Directors, has the management of the whole, or substantially the whole, of the affairs of a company, and includes a director or any other person occupying the position of a manager, by whatever name called, whether under a contract of service or not;
- j) "Managing Director" means a director who, by virtue of the articles of a company or an agreement with the company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the company and includes a director occupying the position of managing director, by whatever name called.

Explanation-For the purposes of this clause, the power to do administrative acts of a routine nature when so authorised by the Board such as the power to affix the common seal of the company to any document or to draw and endorse any cheque on the account of the company in any bank or to draw and endorse any negotiable instrument or to sign any certificate of share or to direct registration of transfer of any share, shall not be deemed to be included within the substantial powers of management;

- k) "Whole-Time Director" includes a director in the whole-time employment of the company;

4. Purpose

This Policy shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, KMPs and Executives.

5. Aims & Objectives

The aims and objectives of this policy may be summarized as follows:

- i. The Nomination & Remuneration Policy aims to enable the company to attract, retain and motivate highly qualified members for the Board and other executive level.
- ii. The policy seeks to enable the company to provide a well-balanced and performance-related compensation package, taking into account shareholder interests, industry standards and relevant Indian corporate regulations.
- iii. The policy will ensure that the interests of Board members, KMPs & all employees are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the company and will be consistent with the "pay-for-performance" principle.
- iv. The policy will ensure that remuneration to directors, key managerial personnel and employees 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.

6. Selection of Board Members & KMPs

The Nomination & Remuneration Committee of the Board of Directors has the responsibility of identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down in this policy, recommend to the Board their appointment and removal and carry out evaluation of every director's performance, formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other Employees, formulating framework and/or policy for remuneration, terms of employment and any changes, including service contracts, remuneration, policy for and scope of pension arrangements, etc for Executives and reviewing it on a periodic basis; formulating terms for cessation of employment and ensure that any payments made are fair to the individual and the company, that failure is not rewarded and that the duty to mitigate loss is fully recognized.

The Committee shall review the ongoing appropriateness and relevance of the remuneration policy; ensure that all provisions regarding disclosure of remuneration, including pensions, are fulfilled; obtain reliable, up-to-date information about remuneration in other companies; ensure that no director or executive is involved in any decisions as to their own remuneration.

Based on the recommendations of the Committee, the Board evaluates the candidate(s) and decides on the selection of the appropriate member. The Board then makes an invitation (verbal / written) to the new member to join the Board as a Director. On acceptance of the same, the new Director is appointed by the Board.

Procedure for the Selection and Appointment of Executives other than Board Members

- a. The Committee shall actively liaise with the relevant departments of the Company to study the requirement for management personnel, and produce a written document thereon;
- b. The Committee may conduct a wide-ranging search for candidates for the positions of KMP and Executives within the Company, within enterprises controlled by the Company or within enterprises in which the Company holds equity, and on the human resources market;
- c. The professional, academic qualifications, professional titles, detailed work experience and all concurrently held positions of the initial candidates shall be compiled as a written document;
- d. A meeting of the Committee shall be convened, and the qualifications of the initial candidates shall be examined on the basis of the conditions for appointment of KMP and Executives ;
- e. Before the selection of KMP or Executives, the recommendations of and relevant information on the relevant candidate(s) shall be submitted to the Board of Directors;
- f. The Committee shall carry out other follow-up tasks based on the decisions of and feedback from the Board of Directors.

7. Compensation Structure

The Managing Director, Key Managerial Personnel and Senior Management Personnel (other than Non-executive Directors) receive Basic Salary and other Perquisites. The Perquisites include other allowances. The total salary includes fixed and variable components.

The Company's policy is that the total fixed salary should be fair and reasonable after taking into account the following factors :

- ❖ The scope of duties, the role and nature of responsibilities
- ❖ The level of skill, knowledge and experience of individual
- ❖ Core performance requirements and expectations of individuals
- ❖ The Company's performance and strategy
- ❖ Legal and industrial Obligations

Remuneration for Non-Executive Director

Non-executive Directors are remunerated to recognize responsibilities, accountability and associated risks of Directors. The total remuneration of Non-executive Directors may include all, or any combination of following elements :

- i. Fees for attending Board, Committee and other meetings as permissible under Section 197 of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 and decided at the Meeting of the Board of Directors
- ii. Commission on net profits as permissible under Section 197 of the Companies Act, 2013 and decided by the Board from time to time to be payable to any of the Non-executive Director.



Nomination & Remuneration Policy (Contd.)

- iii. Non-Executive Directors are entitled to be paid all traveling and other expenses they incur for attending to the Company's affairs, including attending and returning from General Meetings of the Company or Meetings of the Board of Directors or Committee of Directors.

Any increase in the maximum aggregate remuneration payable beyond permissible limit under the Companies Act, 2013 shall be subject to the approval of the Shareholders' at the Annual General Meeting by special resolution and/or of the Central Government, as may be applicable.

Remuneration for Executive Directors and KMPs

Remuneration to be paid to Executive Directors (including Managing Director) and KMPs shall be within the scale as approved by the members of the Company. The elements of total compensation shall be recommended by the Nomination & Remuneration Committee and also be approved by the Board. The same shall be within the overall limits as specified under the Companies Act, 2013.

The Nomination & Remuneration Committee determines the annual variable pay compensation in the form of annual incentive/commission for the Executive Directors of the Company.

Executive Directors will not be paid any sitting fees for any Board/Committee meeting of the Company.

8. Process For Evaluation and approval

The Nomination & Remuneration Committee of the Board is responsible for the evaluation of Board performance. This policy as framed by the Committee shall be recommended to the Board of Directors for its approval.

Annexure – 5

Annual Report on Corporate Social Responsibility (CSR) Activities for the Financial Year 2015-16

1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs :

Electrosteel Castings Limited ("ECL/the Company") as a responsible corporate citizen recognises that the growth of the nation lies in improving the quality of life of the rural populace and the long term future of the Company is best served by addressing the interests of the surrounding communities. The Company has formulated its Corporate Social Responsibility (CSR) Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the website at the web-link <http://www.electrosteelcastings.com/investors/pdf/CSR-policy.pdf>. The CSR Policy lays down the activities to be undertaken by the Company as a part of its CSR activities.

- a) The brief outline of the contents of CSR Policy are as follows :

- i) **Area of Operations** - The focus areas would be in the surrounding of the Company's Corporate Office at Kolkata and Plants at Khardah, Bansberia & Haldia in West Bengal, Elavur in Tamil Nadu. However for a wider impact, the Company may extend its outreach to the district or state levels and also to other geographies in the country as may be approved by the CSR Committee/Board from time to time.
- ii) **CSR Interventions** - CSR thrust shall be in the field of Healthcare & Sanitation, Drinking water, Education, Livelihood enhancement, Environmental Sustainability & Rural development projects. It will also undertake programs to promote rural sports and culture, conservation of natural resources, skill development, entrepreneurship building and other community need based infrastructure projects/activities as stated in Schedule VII of the Companies Act, 2013.
- iii) **Approach** - The Company shall follow the process of community need identification and selection of the projects through partnership and for leveraging the Company's CSR initiative and affirmative action for targeted intervention for scheduled castes and tribes etc.
- iv) **Delivery mechanism responsibilities** - The planning, implementation, execution, monitoring and reporting will be done through the CSR Committee with the help of other departments and/or any registered trust/society.

- b) With this firm conviction & commitment, the Company has been undertaking rural development projects with focus on social and environmental care to bring economic and social upliftment in the lives of the people in the surrounding areas where the Company operates as well as at other places across the country. The Company had contributed to various trusts and society(ies) for upliftment of society via providing shelter and mobile health services to BPL & tribal families and medical support to the poor.

2. The composition of the CSR Committee is :

Mr. Shermadevi Yegnaswami Rajagopalan, Chairman
Mr. Pradip Kumar Khaitan, Member
Mr. Umang Kejriwal, Member



CSR Activities (Contd.)

3. Average Net Profit of the Company for last three Financial Years: Rs.11,670.27 Lakh.
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above) : Rs. 233.41 Lakh
5. Details of CSR spent during the Financial Year :
 - (a) Total amount to be spent for the financial year : Rs. 233.41 Lakh
 - (b) Amount unspent, if any : NIL
 - (c) Manner in which the amount spent during the financial year is detailed below :

S. No.	CSR Project or activity identified	Sector in which the Project is covered (Clause no. of Schedule VII to the Companies Act, 2013, as amended)	Projects or Programs 1) Local Area or other 2) Specify the State & District where projects or programs was undertaken	Amount Outlay (budget) projects or programs-wise (in Rs.)	Amount spent on Projects or Programs Sub-heads (in Rs.)		Cumulative expenditure upto the Reporting Period (as on 31.03.2016) (in Rs.)	Amount Spent (Direct or through Implementing Agency)
					(1) Direct expenditure on Projects or programs	(2) Overheads		
1.	Providing shelter & mobile health services to BPL & tribal families	Clause (i) Promoting preventive health care & sanitation	South 24 Parganas & Malda, West Bengal	1,75,00,000	1,66,25,000	8,75,000	1,75,00,000	Sahara Health & Education Society
2.	Vocational Training and Placement Centre for the Rural people of the Jajpur District	Clause (ii) employment enhancing vocation skills	Jajpur, Odisha	50,00,000	49,00,000	1,00,000	50,00,000	Sishu Kalyana Swadhikar Kendra
3.	Health Project along with medical support to the poor	Clause (i) Promoting preventive health care & sanitation	Bokaro, Jharkhand	10,00,000	10,00,000	-	10,00,000	Sparsh Trust
	Total			2,35,00,000	2,25,25,000	9,75,000	2,35,00,000	

6. In case the company has failed to spend the two percent, of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report - Not Applicable.
7. CSR Committee Responsibility Statement

The implementation and monitoring of CSR Policy is in compliance of CSR objectives and Policy of the Company.

Umang Kejriwal
Managing Director

Shermadevi Yegnaswami Rajagopalan
Chairman of CSR Committee

Annexure – 6B**Disclosure pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

(i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for financial year 2015-16 is as under :

Name of the Director	Ratio of remuneration of each Director to Median remuneration
Pradip Kumar Khaitan, Chairman - Independent Director	3.32
Jamshed Jiji Irani, Independent Director	4.43
Binod Kumar Khaitan, Independent Director	3.96
Jinendra Kumar Jain, Independent Director ¹	--
Ram Krishna Agarwal, Independent Director ²	3.48
Naresh Chandra, Non-Executive Non Independent Director	4.59
Shermadevi Yegnaswami Rajagopalan, Non-Executive Non Independent Director	3.04
Vyas Mitre Ralli, Non-Executive Non Independent Director ³	42.64
Nityangi Kejriwal, Non-Executive Non Independent Director	2.37
Umang Kejriwal, Managing Director	95.72
Mayank Kejriwal, Joint Managing Director	25.57
Uddhav Kejriwal, Whole-time Director	67.70
Mahendra Kumar Jalan, Whole-time Director	44.11

Notes :

1. Mr. Jinendra Kumar Jain was appointed as an Additional Director (Independent) with effect from 18 June 2015 and resigned with effect from 30 July 2015.
2. Mr. Ram Krishna Agarwal was appointed as an Independent Director with effect from 30 July 2015.
3. Mr. Vyas Mitre Ralli retired from office of Whole-time Director of the Company with effect from 1 January 2016 and continue to act as a Non-Executive Director with effect from 1 January 2016.

(ii) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the Financial Year 2015-16 is as under :

Name	% increase in Remuneration during the financial year 2015-16
Pradip Kumar Khaitan, Chairman - Independent Director	(17.32)
Jamshed Jiji Irani, Independent Director	(6.04)
Binod Kumar Khaitan, Independent Director	–
Jinendra Kumar Jain, Independent Director ¹	–
Ram Krishna Agarwal, Independent Director ²	–
Naresh Chandra, Non-Executive Non Independent Director	(1.36)
Shermadevi Yegnaswami Rajagopalan, Non-Executive Non Independent Director	(16.52)



Name	% increase in Remuneration during the financial year 2015-16
Vyas Mitre Ralli, Non-Executive Non Independent Director ³	-
Nityangi Kejriwal, Non-Executive Non Independent Director	-
Umang Kejriwal, Managing Director	(1.99)
Mayank Kejriwal, Joint Managing Director	(0.05)
Uddhav Kejriwal, Whole-time Director	2.29
Mahendra Kumar Jalan, Whole-time Director	2.53
Prem Kumar Bafana, Company Secretary ⁴	-
Subhra Giri Patnaik, Company Secretary ⁴	-
Gautam Jhunjunwala, Chief Financial Officer ⁵	-
Brij Mohan Soni, Chief Financial Officer ⁵	-

Notes :

- Mr. Jinendra Kumar Jain was appointed as an Additional Director (Independent) with effect from 18 June 2015 and resigned with effect from 30 July 2015.
 - Mr. Ram Krishna Agarwal was appointed as an Independent Director with effect from 30 July 2015.
 - Mr. Vyas Mitre Ralli retired from office of Whole-time Director of the Company with effect from 1 January 2016 and continue to act as a Non-Executive Director with effect from 1 January 2016. Therefore his remuneration for the current year is not comparable with the previous year.
 - Mr. Prem Kumar Bafana ceased to be the Company Secretary with effect from 30 July 2015 and Mrs. Subhra Giri Patnaik was appointed as the Company Secretary with effect from 1 August 2015 and therefore, their respective remuneration are not comparable with previous year.
 - Mr. Gautam Jhunjunwala was appointed as the Chief Financial Officer of the Company with effect from 12 May 2015 and resigned with effect from 30 September 2015. Mr. Brij Mohan Soni was appointed as the Chief Financial Officer with effect from 9 November 2015 and therefore, their respective remuneration are not comparable with previous year.
- (iii) The percentage increase in the median remuneration of employees in the Financial Year: 13.67%.
- (iv) The number of permanent employees on the rolls of Company : 1,601 as on 31 March 2016.
- (v) The explanation on the relationship between average increase in remuneration and company performance: The increase in remuneration was as per the policy of the Company, which seeks to provide a well-balanced and performance-related compensation package, taking into account the Company's business interests, industry standards and applicable corporate regulations.
- (vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company :

Rs. in Crore

Remuneration of Key Managerial Personnel (KMP) during the Financial Year 2015-16 (aggregated)	9.43
Revenue from Operations in 2015-16	1,972.26
Remuneration of KMP as a % of Revenue from Operations	0.48%
Profit Before Tax (PBT) in 2015-16	80.50
Remuneration of KMP as a % of PBT	11.70%

- (vii) Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies-

The Market Capitalisation as on 31 March 2016 was Rs.675 Crore approx. as compared to Rs.678 crore approx. as on 31 March 2015. (Closing Price of Share of the Company at BSE Limited on 31 March 2016 - Rs.18.90/- and 31 March 2015 - Rs.19.00/- has been considered).

Price Earnings ratio as at the closing date of the current financial year was 11.45 and as at the close of the previous financial year was 9.27.

The last offer for sale to public (i.e. shares were offered for sale to the public) was made in the year 1960 at par, i.e. at Rs.10/- per equity share of face value of Rs.10/- each. The closing share price of the Company at BSE Limited on 31 March, 2016 was Rs.18.90 per equity share of face value of Re.1/- each. The percentage increase in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with last public offer has been 7460% (approx.) after adjusting for stock split and bonus issues to date.

- (viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration :

Average % increase in salaries (median remuneration) of employees, other than managerial personnel in the last Financial Year i.e. 2015-16 was around 14.08% and the percentage decrease in managerial remuneration for the said Financial Year was 0.07%. This was due to annual increments, promotions and event based pay revisions of the employees. The remuneration of managerial personnel is linked to profit as per the provisions of the Companies Act, 2013.

- (ix) Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company:

Rs. in Crore

Name of the KMP	Remuneration in FY 2015-16	Revenue from Operations	Remuneration as a % of Revenue	Profit before Tax (PBT)	Remuneration as a % of PBT
Umang Kejriwal, Managing Director	3.02	1,972.26	0.15%	80.50	3.75%
Mayank Kejriwal, Joint Managing Director	0.81		0.04%		1.01%
Uddhav Kejriwal, Whole-time Director	2.14		0.11%		2.66%
Vyas Mitre Ralli, Whole-time Director ¹	1.33		0.07%		1.65%
Mahendra Kumar Jalan, Whole-time Director	1.39		0.07%		1.73%
Prem Kumar Bafana, Company Secretary ¹	0.10		0.01%		0.12%
Subhra Giri Patnaik, Company Secretary ¹	0.20		0.01%		0.25%
Gautam Jhunjhunwala, Chief Financial Officer ¹	0.20		0.01%		0.25%
Brij Mohan Soni, Chief Financial Officer ¹	0.24		0.01%		0.30%

Note : 1. Part of the year.



- (x) The key parameters for any variable component of remuneration availed by the directors:

The variable component of Directors' remuneration consists of commission which is calculated with reference to the net profits of the Company in a particular financial year and determined by the Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, separately for Non-Executive and Executive Directors in accordance with the applicable provisions of the Companies Act, 2013. In terms of the Shareholders' approval received at the Annual General Meeting held on 28 August 2014, commission is paid to the Non-Executive Directors at a sum not exceeding 1% per annum of the net profits of the Company which is distributed in such amounts or proportions and in such manner and in all respects as may be directed and decided by the Board. The Company also pays remuneration by way of Commission to the Managing Director and a Whole-time Director as per their respective terms of appointment, subject to the overall ceiling of remuneration as payable to Executive Directors under the provisions of the said Act.

- (xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:

No employee has received remuneration in excess of the highest paid director during the year 2015-16.

- (xii) Affirmation that the remuneration is as per the remuneration policy of the Company:

The remuneration paid is as per the Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

Annexure – 7

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED - 31.03.2016

[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 CASTINGS LIMITED
Regd. Office - Rathod Colony,
P.O. Rajgangpur, Dist - Sundergarh
Odisha - 770 017

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ELECTROSTEEL CASTINGS LIMITED** (hereinafter called the company). Secretarial Audit was conducted in accordance with the Guidance Note issued by the Institute of Company Secretaries of India (A statutory body constituted under the Company Secretaries Act, 1980) and in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

The Company's Management is responsible for preparation and maintenance of secretarial records and for devising proper systems to ensure compliance with the provisions of applicable laws and regulations.

Our responsibility is to express an opinion on the secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.

We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and read with the Statutory Auditors' Report on Financial Statements and Compliance of the conditions of Corporate Governance and also the information provided by the Company, its officers; agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion and to the best of our information, knowledge and belief and according to the explanations given to us, the company has, during the audit period covering the financial year ended on 31.03.2016 generally complied with the applicable 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 **ELECTROSTEEL CASTINGS LIMITED** for the financial year ended on 31.03.2016 according to the applicable provisions of :

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder except that the Securities and Exchange Board of India (SEBI) vide its order dated 31.03.2016 has inter-alia imposed a penalty of Rs.50 lacs u/s 23A(a) and Rs.50 lacs u/s 23E of the Securities Contracts (Regulation) Act, 1956 on the Company for violation of clause - 36 of the Listing Agreement read with Section 21 of Securities Contracts (Regulation) Act, 1956.
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act; 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the extent applicable to the company - **As reported to us, there were no FDI transaction in the company during the year under review.**
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the company :-



Secretarial Audit Report (Contd.)

- 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, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; - **No new securities were issued during the year.**
 - d) The Securities and Exchange Board of India (Share based employee benefits) Regulations, 2014; - **No instances were reported during the year.**
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - **No instances were reported during the year.**
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **The Company has appointed a SEBI authorized Category I Registrar and Share Transfer Agent.**
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 : **No delisting was done during the year.**
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - **No buy - back was done during the year.**
6. The following other laws specifically applicable to the Company to the extent applicable to it –
- a) The Factories Act, 1948 and Rules
 - b) W. B. Fire Services Act, 1950
 - c) Explosive Act, 1984
 - d) Petroleum Act, 1934

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India: with effect from 01.07.2015.
- ii. The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited upto 30.11.2015 and thereafter the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 respectively.

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

We further report that as far as we have been able to ascertain -

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and the changes in the composition of Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. 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.
3. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
4. 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.

We further report that as informed to us, during the audit period the company has had the following specific events:

1. The Articles of Association of the Company has been altered by substitution of a new set of Articles of Association at the Annual General Meeting held on 11.09.2015.
2. Scheme of Amalgamation of Mahadev Vyapaar Private Limited with the Company has since been sanctioned by the Hon'ble High Court at Calcutta on 18.11.2015 and the matter is presently pending before the Hon'ble High Court of Odisha at Cuttack.
3. Electrosteel Bahrain Holding S.P.C Company, a wholly owned subsidiary of the Company has formed Electrosteel Bahrain Trading W.L.L. incorporated in Bahrain, a step down wholly owned subsidiary on 12.10.2015.

It is stated that the compliance of all the applicable provisions of the Companies Act, 2013 and other laws is the responsibility of the management. We have relied on the representation made by the company and its Officers for systems and mechanism set-up by the company for compliances under applicable laws. Our examination, on a test-check basis, was limited to procedures followed by the Company for ensuring the compliance with the said provisions. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted its affairs. We further state that this is neither an audit nor an expression of opinion on the financial activities / statements of the Company. Moreover, we have not covered any matter related to any other law which may be applicable to the Company except the aforementioned corporate laws of the Union of India.

Place : Calcutta
Date : 14.05.2016
Endo : Annexure 'A' forming an integral part of this Report

(S.M.Gupta)
Partner
S. M. Gupta & Co.
Company Secretaries
Firm Registration No. P1993WB046600
Membership No. FCS No.: 896
C P No.: 2053

Annexure – ‘A’

To,
The Members
ELECTROSTEEL CASTINGS LIMITED
Regd. Office - Rathod Colony,
P.O. Rajgangpur, Dist- Sundergarh
Odisha - 770 017

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audits.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the fairness of the contents of the Secretarial records. The verification was done on test basis to ensure that facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis to the extent applicable to the Company.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place : Calcutta
Date : 14.05.2016

(S.M.Gupta)
Partner
S. M. Gupta & Co.
Company Secretaries
Firm Registration No. P1993WB046600
Membership No. FCS No.: 896
C P No.: 2053

**Form No. MGT-9****EXTRACT OF ANNUAL RETURN****As on the financial year ended on 31 March 2016**

[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 : L27310OR1955PLC000310
- ii) Registration Date : 26 November 1955
- iii) Name of the Company : Electrosteel Castings Limited
- iv) Category / Sub-Category of the Company : Public Company - Limited by Shares
- v) Address of the Registered Office and contact details : Rathod Colony, Rajgangpur,
Sundergarh, Odisha 770 017
Telephone No.: 066 2422 0332
Fax No.: 066 2422 0332
E-mail Id: companysecretary@electrosteel.com
- vi) Whether listed company Yes/ No : Yes
- vii) Name, Address and contact details of Registrar & Transfer Agents (RTA), if any : M/s. Maheshwari Datamatics Private Limited
6, Mangoe Lane,
2nd floor, Kolkata 700 001
Telephone No.: 033 2248 2248
Fax No.: 033 2248 4787
E-mail Id: mdpldc@yahoo.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated :

Sl. No.	Name and Description of main products/services	NIC Code of the Product/Service	% to total turnover of the Company
1.	Ductile Iron Pipes & Cast Iron Pipes	24311	81.11%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/Associate	% of shares held	Applicable Section
1.	Electrosteel Europe S.A. Zone Industrielle Nord, 9, Rue Galilee F13200, Arles, France	RCS TARASCON 44029044300058	Subsidiary	100%	Sections 2(87) of the Companies Act, 2013
2.	Electrosteel Algeria Spa Hai Amara lot N° 836 Section 04, Chéraga 16002 Algiers, Algeria	04B96523400/16	Subsidiary	100%	Sections 2(87) of the the Companies Act, 2013
3.	Electrosteel Castings (UK) Limited Ambrose House, Broombank Road Trading Estate, Broombank Road, Off Carrwood Road, Chesterfield, Derbyshire, S41 9QJ, UK	04057880	Subsidiary	100%	Sections 2(87) of the the Companies Act, 2013
4.	Electrosteel USA, LLC 1101, Louisville Road, Savannah, GA 31415, USA	42-1762327	Subsidiary	100%	Sections 2(87) of the Companies Act, 2013
5.	Waterfab LLC 270 Doug Baker Blvd, Suite 700-291, Birmingham, 35242, USA	27-1116056	Wholly owned subsidiary of Electrosteel USA, LLC, referred to in Sl. No. 4	100%	Sections 2(87) of the Companies Act, 2013
6.	Electrosteel Trading S.A. Spain C/Velazquez, 19-28001, Madrid	A86354305	Subsidiary	100%	Sections 2(87) of the Companies Act, 2013
7.	Mahadev Vyapaar Pvt Ltd. 25 Strand Road, Marshall House, Room No. 766, Kolkata 700 001, India	U51109WB 2005PTC106882	Subsidiary	100%	Sections 2(87) of the Companies Act, 2013
8.	Electrosteel Doha for Trading LLC P. O. Box 80368, Building No. 17, Office No 35, Barwa Village, Wakra, Doha, Qatar	CR NO. 57450	Subsidiary	49%	Sections 2(87) of the Companies Act, 2013
9.	Electrosteel Castings Gulf FZE P O Box 261462 Jebel Ali, Dubai, UAE	Regn no. 153890	Subsidiary	100%	Sections 2(87) of the Companies Act, 2013
10.	Electrosteel Brasil Ltda Tubos e Conexoes Duteis Rua Dona Maria Paula, 78, cj 01 sala 4, Bela Vista Sao Paulo, SP CEP 0139-000	17.581.655/0001-01	Subsidiary	100%	Sections 2(87) of the Companies Act, 2013

**Extract of Annual Return (Contd.)**

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/Associate	% of shares held	Applicable Section
11.	Electrosteel Bahrain Holding S.P.C. Company Unit no. 2102, Building no. 2648, Road No. 5720 Area 257, Amwaj Island, Manama, Bahrain	CR No 92991-1	Subsidiary	100%	Sections 2(87) of the Companies Act, 2013
12.	Electrosteel Bahrain Trading W.L.L. Area : Al Hamriya Block : 611 Road No. 31; Building No. 574 Flat No. 1201	CR No 95221-1	Subsidiary of Electrosteel Bahrain Holding S.P.C. Company referred to in Sl. No. 11	100%*	Sections 2(87) of the Companies Act, 2013
13.	Srikalahasthi Pipes Limited (formerly, Lanco Industries Limited) Rachgunneri Village, Srikalahasthi Mandal, Chittoor District Andhra Pradesh 517 641, India	L74999AP 1991PLC013391	Associate	48.54%	Sections 2(6) of the Companies Act, 2013
14.	Electrosteel Steels Limited 801, Uma Shanti Apartments, Kanke Road, Ranchi, Jharkhand 834 008, India	L27310JH 2006PLC012663	Associate	45.23%	Sections 2(6) of the Companies Act, 2013
15.	Electrosteel Thermal Power Limited 801, Uma Shanti Apartments, Kanke Road, Ranchi, Jharkhand 834 008, India	U45207JH 2006PLC012662	Associate	30%	Sections 2(6) of the Companies Act, 2013
16.	Domco Private Limited 403 Commerce House, Sarda Babu Street, Ranchi, Jharkhand 834 001, India	U23101JH 1988PTC002875	Joint Venture	50%	Sections 2(6) of the Companies Act, 2013
17.	North Dhadhu Mining Company Private Limited Sandhya Sukriti Apartment, Flat No. 6C, 6th Floor, Opposite Tagore Hill, Morabadi, Ranchi, Jharkhand 834 008, India	U10100JH 2008PTC013349	Joint Venture	48.98%	Sections 2(6) of the Companies Act, 2013

*49% of the shares are held directly and 51% of the shares are held in trust by a sponsor on behalf of Electrosteel Bahrain Holding S.P.C. Company

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-04-2015)				No. of Shares held at the end of the year (As on 31-03-2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(a) Individual / HUF	4,09,50,003	0	4,09,50,003	11.47	4,09,52,003	0	4,09,52,003	11.47	0.00
(b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
(c) State Govt (s)	0	0	0	0.00	0	0	0	0.00	0.00
(d) Bodies Corp.	14,82,74,369	0	14,82,74,369	41.54	14,82,74,369	0	14,82,74,369	41.54	0.00
(e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
(f) Any Other....	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A)(1)	18,92,24,372	0	18,92,24,372	53.01	18,92,26,372	0	18,92,26,372	53.01	0.00
(2) Foreign									
(a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(b) Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
(d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
(e) Any Other....	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A)(2)	0	0	0	0.00	0	0	0	0.00	0.00
Total Shareholding of Promoter (A) =									
(A)(1)+(A)(2)	18,92,24,372	0	18,92,24,372	53.01	18,92,26,372	0	18,92,26,372	53.01	0.00
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds	30,00,000	200	30,00,200	0.84	30,02,170	200	30,02,370	0.84	0.00
(b) Banks / FI	12,68,199	10,120	12,78,319	0.36	17,09,313	10,120	17,19,433	0.48	0.12
(c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
(d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
(e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(f) Insurance Companies	2,43,34,235	0	2,43,34,235	6.82	2,43,34,235	0	2,43,34,235	6.82	0.00
(g) FIs	55,31,106	0	55,31,106	1.55	29,77,226	0	29,77,226	0.83	(0.72)
(h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i) Others(specify) Foreign Portfolio Investor	18,11,330	0	18,11,330	0.51	18,36,977	0	18,36,977	0.51	0.00
Sub-total (B)(1)	3,59,44,870	10,320	3,59,55,190	10.07	3,38,59,921	10,320	3,38,70,241	9.49	(0.58)



Extract of Annual Return (Contd.)

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-04-2015)				No. of Shares held at the end of the year (As on 31-03-2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
(a) Bodies Corp.									
(i) Indian	2,22,94,974	1,27,880	2,24,22,854	6.28	1,84,00,695	79,880	1,84,80,575	5.18	(1.10)
(ii) Overseas	2,74,80,414	0	2,74,80,414	7.70	2,74,80,414	0	2,74,80,414	7.70	0.00
(b) Individuals									
(i) Individual Shareholders holding nominal share capital up to Rs.1 lakh	6,41,32,629	31,62,910	6,72,95,539	18.85	6,48,19,851	30,15,721	6,78,35,572	19.00	0.15
(ii) Individual Shareholders holding nominal share capital in excess of Rs.1 lakh	96,45,629	0	96,45,629	2.70	1,62,62,150	0	1,62,62,150	4.56	1.86
(c) Others (specify)									
(i) Trust	22,739	63,310	86,049	0.03	54,400	63,310	1,17,710	0.03	0.00
(ii) Clearing Members	4,55,803	0	4,55,803	0.13	16,54,571	0	16,54,571	0.46	0.33
(iii) NRI/OBC	21,99,562	44,160	22,43,722	0.63	19,28,557	44,160	19,72,717	0.55	(0.08)
(iii) NBFCs registered with RBI	40,750	0	40,750	0.01	50,000	0	50,000	0.01	0.00
Sub-total (B)(2)	12,62,72,500	33,98,260	12,96,70,760	36.33	13,06,50,638	32,03,071	13,38,53,709	37.50	1.17
Total Public Shareholding (B)=(B)(1)+(B)(2)	16,22,17,370	34,08,580	16,56,25,950	46.40	16,45,10,559	32,13,391	16,77,23,950	46.99	0.59
C. Shares held by Custodian for GDRs & ADRs	21,05,000	0	21,05,000	0.59	5,000	0	5,000	0.00	(0.59)
Grand Total (A+B+C)	35,35,46,742	34,08,580	35,69,55,322	100.00	35,37,41,931	32,13,391	35,69,55,322	100.00	0.00

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2015)			Shareholding at the end of the year (As on 31-03-2016)			% 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.	G K & Sons Private Ltd.	3,67,31,833	10.29	0.00	3,67,31,833	10.29	0.00	0.00
2.	Murari Investment & Trading Company Ltd.	3,00,53,080	8.42	4.57	3,00,53,080	8.42	4.57	0.00
3.	Electrocast Sales India Limited	2,98,99,981	8.38	0.00	2,98,99,981	8.38	0.00	0.00
4.	G. K. Investments Limited	2,17,39,560	6.09	4.57	2,17,39,560	6.09	4.57	0.00
5.	Uttam Commercial Company Ltd.	1,85,90,570	5.21	0.00	1,85,90,570	5.21	0.00	0.00
6.	Umang Kejriwal - Trustee of Sreeji Family Benefit Trust	1,47,44,555	4.13	0.00	1,47,44,555	4.13	0.00	0.00
7.	Mayank Kejriwal - Trustee of Sreeji Family Benefit Trust	1,47,44,555	4.13	0.00	1,47,44,555	4.13	0.00	0.00
8.	Malay Commercial Enterprises Ltd.	37,48,190	1.05	0.00	37,48,190	1.05	0.00	0.00
9.	Sri Gopal Investment Ventures Ltd.	37,32,885	1.05	0.00	37,32,885	1.05	0.00	0.00
10.	Mayank Kejriwal	35,74,310	1.00	0.00	35,74,310	1.00	0.00	0.00
11.	Uddhav Kejriwal	32,29,540	0.90	0.00	32,29,540	0.90	0.00	0.00
12.	Cubbon Marketing Pvt. Limited	25,00,000	0.70	0.00	25,00,000	0.70	0.00	0.00
13.	Uddhav Kejriwal HUF	15,54,550	0.44	0.00	15,54,550	0.44	0.00	0.00
14.	Mayank Kejriwal HUF	10,22,940	0.29	0.00	10,22,940	0.29	0.00	0.00
15.	Shashwat Kejriwal	7,44,310	0.21	0.00	7,44,310	0.21	0.00	0.00
16.	Ghanshyam Kejriwal	5,76,100	0.16	0.00	5,76,100	0.16	0.00	0.00
17.	Uma Kejriwal	3,36,000	0.09	0.00	3,36,000	0.09	0.00	0.00
18.	Quinline Dealcomm Private Ltd.	3,19,962	0.09	0.00	3,19,962	0.09	0.00	0.00
19.	Escal Finance Services Ltd.	2,50,000	0.07	0.00	2,50,000	0.07	0.00	0.00
20.	Ellenbarrie Developers Pvt. Ltd.	2,13,308	0.06	0.00	2,13,308	0.06	0.00	0.00
21.	Global Exports Ltd.	2,00,000	0.06	0.00	2,00,000	0.06	0.00	0.00
22.	Pallavi Kejriwal	1,87,950	0.05	0.00	1,87,950	0.05	0.00	0.00
23.	Greenchip Trexim Pvt. Limited	1,65,000	0.05	0.00	1,65,000	0.05	0.00	0.00
24.	Samridhi Kejriwal	1,57,100	0.04	0.00	1,57,100	0.04	0.00	0.00
25.	Calcutta Diagnostics Centre (P) Ltd	1,30,000	0.04	0.00	1,30,000	0.04	0.00	0.00
26.	Mayank Kejriwal, Aarti Kejriwal - Trustee of Priya Manjari Trust	27,000	0.01	0.00	27,000	0.01	0.00	0.00

**Extract of Annual Return (Contd.)**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2015)			Shareholding at the end of the year (As on 31-03-2016)			% 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	
27.	Aarti Kejriwal	26,593	0.01	0.00	26,593	0.01	0.00	0.00
28.	Uddhav Kejriwal, Pallavi Kejriwal - Trustee of Samridhi Trust	24,500	0.00	0.00	24,500	0.00	0.00	0.00
29.	Umang Kejriwal	0	0.00	0.00	1000	0.00	0.00	0.00
30.	Nityangi Kejriwal	0	0.00	0.00	1000	0.00	0.00	0.00
	Total	18,92,24,372	53.01	9.14	18,92,26,372	53.01	9.14	0.00

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	18,92,24,372	53.01		
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) :				
1.	10.04.2015				
	(i) Umang Kejriwal - Transfer	1000	0.00		
	(ii) Nityangi Kejriwal - Transfer	1000	0.00	18,92,26,372	53.01

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) :

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding during the year			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	Date ¹	Increase/ Decrease	Reason	No. of shares	% of total shares of the Company
1.	Stemcor Metals Limited	1,92,43,836	5.39	01.04.2015 31.03.2016	No change during the year		1,92,43,836	5.39
2.	General Insurance Corporation of India	97,00,000	2.71	01.04.2015 31.03.2016	No change during the year		97,00,000	2.71
3.	PGS Invest Corp	82,36,578	2.31	01.04.2015 31.03.2016	No change during the year		82,36,578	2.31
4.	Orange Mauritius Investments Limited	71,62,067	2.01	01.04.2015 10.04.2015 17.04.2015 24.04.2015 31.03.2016	(22,00,000) (13,00,000) (10,00,000)	Transfer Transfer Transfer	49,62,067 36,62,067 26,62,067 26,62,067	1.39 1.02 0.74 0.74
5.	United India Insurance Company Limited	65,79,481	1.84	01.04.2015 31.03.2016	No change during the year		65,79,481	1.84
6.	The New India Assurance Company Limited	38,56,280	1.08	01.04.2015 31.03.2016	No change during the year		38,56,280	1.08
7.	Life Insurance Corporation of India	37,93,318	1.06	01.04.2015 31.03.2016	No change during the year		37,93,318	1.06
8.	ICICI Prudential Dynamic Plan	30,00,000	0.84	01.04.2015 31.03.2016	No change during the year		30,00,000	0.84
9.	Subhash P Rathod	14,21,470	0.40	01.04.2015 10.04.2015 06.11.2015 11.12.2015 18.12.2015 25.12.2015 31.12.2015 08.01.2016 15.01.2016 22.01.2016 29.01.2016 05.02.2016 19.02.2016 26.02.2016 04.03.2016 11.03.2016 18.03.2016 25.03.2016 31.03.2016	(40000) (88601) 6 4,21,109 7,795 3,788 2,079 128 (16,230) 13,563 (32,178) 1 15,089 12 (643) 22 9 (2,26,577)	Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer	13,81,470 12,92,869 12,92,875 17,13,984 17,21,779 17,25,567 17,27,646 17,27,774 17,11,544 17,25,107 16,92,929 16,92,930 17,08,019 17,08,031 17,07,388 17,07,410 17,07,419 14,80,842	0.39 0.36 0.36 0.48 0.48 0.48 0.48 0.48 0.48 0.48 0.47 0.47 0.47 0.48 0.47 0.47 0.47 0.41

**Extract of Annual Return (Contd.)**

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding during the year			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	Date ¹	Increase/ Decrease	Reason	No. of shares	% of total shares of the Company ²
10.	Sanjay Thapar ²	11,96,756	0.33	01.04.2015				
				30.09.2015	(34,708)	Transfer	11,62,048	0.32
				09.10.2015	(57,009)	Transfer	11,05,039	0.31
				04.12.2015	(5,500)	Transfer	10,99,539	0.31
				11.12.2015	(57,500)	Transfer	10,42,039	0.29
				18.12.2015	(2,000)	Transfer	10,40,039	0.29
				25.12.2015	(33,000)	Transfer	10,07,039	0.28
				31.12.2015	(28,000)	Transfer	9,79,039	0.27
				08.01.2016	(57,350)	Transfer	9,21,689	0.26
				15.01.2016	(82,000)	Transfer	8,39,689	0.23
				22.01.2016	(1,70,532)	Transfer	6,69,157	0.19
				29.01.2016	(70,401)	Transfer	5,98,756	0.17
				05.02.2016	(46,500)	Transfer	5,52,256	0.15
				12.02.2016	(1,45,339)	Transfer	4,06,917	0.11
				19.02.2016	(61,181)	Transfer	3,45,736	0.10
				26.02.2016	(1,22,489)	Transfer	2,23,247	0.06
				11.03.2016	(54,629)	Transfer	1,68,618	0.05
				18.03.2016	(21,500)	Transfer	1,47,118	0.04
				31.03.2016	(3,150)	Transfer	1,43,968	0.04
11	Koushik Sekhar ³	0	0.00	01.04.2015				
				25.09.2015	65,000	Transfer	65,000	0.02
				30.09.2015	40,000	Transfer	1,05,000	0.03
				09.10.2015	20,000	Transfer	1,25,000	0.03
				31.12.2015	3,34,500	Transfer	4,59,500	0.13
				08.01.2016	2,25,500	Transfer	6,85,000	0.19
				15.01.2016	3,50,000	Transfer	10,35,000	0.29
				22.01.2016	2,23,980	Transfer	12,58,980	0.35
				29.01.2016	25,000	Transfer	12,83,980	0.36
				05.02.2016	25,000	Transfer	13,08,980	0.36
				12.02.2016	15,345	Transfer	13,24,325	0.37
				19.02.2016	1,60,000	Transfer	14,84,325	0.41
				31.03.2016			14,84,325	0.41

Notes :

1. The Company is listed and 99.10% shareholding is on demat form. The Company receives shareholdings from the depositories for weekend positions only and therefore weekend date and net quantity increase/decrease during the week could only be provided.
2. Ceased to be in the list of top 10 shareholders as on 31.03.2016. The details are provided above as the shareholder was appearing in the list of top 10 shareholders as on 01.04.2015.
3. Not in the list of Top 10 shareholders as on 01.04.2015. The details are provided above as the shareholder was one of the Top 10 shareholders as on 31.03.2016

(v) Shareholding of Directors and Key Managerial Personnel :

Sl. No.	Name of the Director/KMP	Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding during the year			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	Date	Increase/ Decrease	Reason	No. of shares	% of total shares of the Company ¹
1.	Pradip Kumar Khaitan, Chairman - Independent Director	1,000	0.00	01.04.2015 16.10.2015 31.03.2016	(1,000)	Transfer	0 0	0.00 0.00
2.	Umang Kejriwal, Managing Director	0	0.00	01.04.2015 10.04.2015 31.03.2016	1,000	Transfer	1,000 1,000	0.00 0.00
3.	Mayank Kejriwal, Joint Managing Director	35,74,310	1.00	01.04.2015 31.03.2016	No change during the year		35,74,310	1.00
4.	Uddhav Kejriwal, Whole-time Director	32,29,540	0.90	01.04.2015 31.03.2016	No change during the year		32,29,540	0.90
5.	Binod Kumar Khaitan, Independent Director	2,000	0.00	01.04.2015 31.03.2016	No change during the year		2,000	0.00
6.	Dr. Jamshed Jiji Irani, Independent Director	1,000	0.00	01.04.2015 31.03.2016	No change during the year		1,000	0.00
7.	Ram Krishna Agarwal, Independent Director	0	0.00	01.04.2015 31.07.2015 31.03.2016	1,000	Transfer	1,000 1,000	0.00 0.00
8.	Naresh Chandra, Non-Executive Director	1,000	0.00	01.04.2015 31.03.2016	No change during the year		1,000	0.00
9.	Shermadevi Yegnaswami Rajagopalan, Non-Executive Director	5,100	0.00	01.04.2015 31.03.2016	No change during the year		5,100	0.00
10.	Mahendra Kumar Jalan, Whole-time Director	1,750	0.00	01.04.2015 31.03.2016	No change during the year		1,750	0.00
11.	Nityangi Kejriwal, Non-Executive Director	1,000	0.00	01.04.2015 10.04.2015 31.03.2016	1,000	Transfer	1,000 1,000	0.00 0.00
12.	Vyas Mitre Ralli, Non-Executive Director	5,000	0.00	01.04.2015 31.03.2016	No change during the year		5,000	0.00
13.	Gautam Jhunjunwala, Chief Financial Officer ²	0	0.00	01.04.2015 31.03.2016	No change during the year		0	0.00
14.	Brij Mohan Soni, Chief Financial Officer ³	0	0.00	01.04.2015 19.02.2016 31.03.2016	1,000	Transfer	1,000 1,000	0.00 0.00
15.	Prem Kumar Bafana, Company Secretary ⁴	0	0.00	01.04.2015 31.03.2016	No change during the year		0	0.00
16.	Subhra Giri Patnaik, Company Secretary ⁵	0	0.00	01.04.2015 31.03.2016	No change during the year		0	0.00



Extract of Annual Return (Contd.)

Notes :

1. The above details are given as on 31 March 2016. The Company is listed and 99.10% shareholding is on demat form. The Company receives shareholdings from the depositories for weekend positions only and therefore weekend date and net quantity increase/decrease during the week could only be provided.
2. Mr. Gautam Jhunjhunwala was appointed as the Chief Financial Officer with effect from 12 May 2015 and resigned with effect from 30 September 2015.
3. Mr. Brij Mohan Soni was appointed as the Chief Financial Officer of the Company with effect from 9 November 2015.
4. Mr. Prem Kumar Bafana ceased to be the Company Secretary with effect from 31 July 2015.
5. Ms. Subhra Giri Patnaik was appointed as the Company Secretary with effect from 1 August 2015.

V. INDEBTEDNESS

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

Amount (Rs. in Lakhs)

	Secured Loan excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2015)				
i) Principal Amount	2,43,479.93	2,939.77	-	2,46,419.70
ii) Interest due but not paid	149.84	5.75	-	155.59
iii) Interest accrued but not due	3,253.18	-	-	3,253.18
Total (i+ii+iii)	2,46,882.95	2,945.52	-	2,49,828.47
Change in Indebtedness during the financial year				
Additions	84,022.96	9,945.14	-	93,968.10
Reduction	1,30,089.09	2,945.52	-	1,33,034.61
Net Change	(46,066.13)	6,999.62	-	(39,066.51)
Indebtedness at the end of the financial year (31.03.2016)				
i) Principal Amount	1,98,776.85	9,802.13	-	2,08,578.98
ii) Interest due but not paid	46.31	-	-	46.31
iii) Interest accrued but not due	1,993.66	143.01	-	2,136.67
Total (i+ii+iii)	2,00,816.82	9,945.14	-	2,10,761.96

Note: Figures in bracket represent negative figures.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole time director and/or Manager**

Amount in Rs.

Sl. No.	Particulars of Remuneration	Name of the MD / WTD / Manager					Total Amount
		Umang Kejriwal	Mayank Kejriwal	Uddhav Kejriwal	Mahendra Kumar Jalan	Vyas Mitre Ralli**	
1.	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961	1,50,00,000	60,00,000	1,13,20,000	1,28,65,704	1,22,94,860	5,74,80,564
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	8,73,394	11,43,432	4,65,924	4,55,942	3,93,099	33,31,791
	(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	1,20,00,000	-	85,00,000	-	-	2,05,00,000
	- others (specify)	-	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-	-
	Total (A)	2,78,73,394	71,43,432	2,02,85,924	1,33,21,646	1,26,87,959	8,13,12,355
	Ceiling as per the Act	Rs.943.66 Lakhs (10% of the net profits calculated as per Section 198 of the Companies Act, 2013)					

B. Remuneration to other directors

Amount in Rs.

Sl. No.	Particulars of Remuneration	Name of Directors								Total Amount
		Pradip Kumar Khaitan	Jamshed Jiji Irani	Binod Kumar Khaitan	Ram Krishna Agarwal	Naresh Chandra	Shermadevi Yegnaswami Rajagopalan	Nityangi Kejriwal	Vyas Mitre Ralli**	
1.	Independent Directors									
	(a) Fee for attending board/ committee/other meetings	4,50,000	2,00,000	6,50,000	3,00,000	--	--	--	-	16,00,000
	(b) Commission	6,00,000	12,00,000	6,00,000	8,00,000	--	--	--	-	32,00,000
	(c) Others, please specify	-	-	-	-	-	-	-	-	-
	Total (1)	10,50,000	14,00,000	12,50,000	11,00,000	--	--	--	-	48,00,000
2.	Other Non Executive Directors									
	(a) Fee for attending board/ committee meetings	--	--	--	--	2,50,000	3,60,000	1,50,000	50,000	8,10,000
	(b) Commission	--	--	--	--	12,00,000	6,00,000	6,00,000	1,50,000	25,50,000
	(c) Others, please specify	-	-	-	-	-	-	-	-	-
	Total (2)	--	--	--	--	14,50,000	9,60,000	7,50,000	2,00,000	33,60,000
	Total (B)=(1+2)	10,50,000	14,00,000	12,50,000	11,00,000	14,50,000	9,60,000	7,50,000	2,00,000	81,60,000
	Total Managerial Remuneration* (A+B)									8,94,72,355
	Overall Ceiling as per the Act	Rs.1,038.03 Lakhs (being 11% of the net profits calculated as per Section 198 of the Companies Act, 2013)								

* Total remuneration to Managing Director, Whole-time Directors and other Directors (being the total of A and B).

**Mr. Vyas Mitra Ralli retired from office of Whole-time Director of the Company w.e.f 1 January 2016 and continues to act as a Non-Executive Director w.e.f 1 January 2016.



Extract of Annual Return (Contd.)

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Amount in Rs.

Sl. No.	Particulars of Remuneration	Key Managerial Personnel				Total	
		Chief Executive Officer	Chief Financial Officer		Company Secretary		
			Gautam Jhunjunwala ¹	Brij Mohan Soni ²	Prem Kumar Bafana ³		Subhra Giri Patnaik ⁴
1.	Gross salary	Not applicable					
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961		17,13,102	20,66,100	9,26,700	18,56,936	65,62,838
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961		57,629	87,724	25,000	33,333	2,03,686
	(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 (specify)		-	-	-	-	-
5.	Others, please specify		-	-	-	-	-
	Total		17,70,731	21,53,824	9,51,700	18,90,269	67,66,524

Notes :

- Mr. Gautam Jhunjunwala was appointed as the Chief Financial Officer with effect from 12 May 2015 and resigned with effect from 30 September 2015.
- Mr. Brij Mohan Soni was appointed as the Chief Financial Officer of the Company with effect from 9 November 2015.
- Mr. Prem Kumar Bafana ceased to be the Company Secretary with effect from 31 July 2015.
- Ms. Subhra Giri Patnaik was appointed as the Company Secretary with effect from 1 August 2015.
- Figures of previous employer is not considered.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES :

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

Annexure – 9**PARTICULARS ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO**

[Information under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of Companies (Accounts) Rules, 2014 and forming part of the Report of Directors]

A) CONSERVATION OF ENERGY

- i) The steps taken or impact on conservation of energy :
- ▶ Installation of new Power Factor Controller with 6KV Capacitors for CESC Feeder-II has resulted in improvement of monthly average power factor of Khardah Main Plant from 98% to >99% and thus maximum possible rebate is being obtained from CESC as per latest order of West Bengal Electricity Regulatory Commission.
 - ▶ Strict control of demand load & improvement in Power Factor have resulted in reduction of Monthly Maximum Demand of 33KV line at Khardah Main Plant by 1.1% from the last financial year.
 - ▶ Demand controllers have been installed in Khardah R&D Land & Annex-1 plants to keep Maximum Demand under control.
 - ▶ Introduction of special refractory lining in Induction Furnaces have improved their energy efficiency considerably.
 - ▶ Energy efficient fans have been installed in the Blast Furnace cooling towers to reduce their energy consumption.
 - ▶ Installation of energy efficient LED lights replacing conventional lamps in Bansberia Works Coating Plant have resulted in reduction of energy consumption.
 - ▶ In addition to the above, various kaizens were done in electrical and hydraulic systems of different sections of Khardah Works which resulted in energy saving of approximately Eight lakh KWh during the financial year.
- ii) The steps taken by the Company for utilising alternate sources of energy :
- ▶ Usage of more Blast Furnace Gas (a by-product from the process) and optimization of furnace parameters have resulted in reduction in fuel oil consumption in Furnaces by 10.6% in comparison to last financial year.
 - ▶ Feasibility study for installation of solar powered street lights at Bansberia unit is under progress.
- iii) The capital investment on energy conservation equipments:
- The Company has made capital investments amounting to Rs.25 lakhs during the Financial Year 2015-16 on the energy conservation equipments.

B) TECHNOLOGY ABSORPTION

- i) The efforts made towards technology absorption
- The Company has developed the PushLok Restrained Joint for US Market giving a tough fight to the US Manufacturers. After the success of ELECTROPUX (External Polyurethane Coating), the Company is developing Internal Polyurethane Coated pipes.
- ii) The benefits derived like product improvement, cost reduction, product development or import substitution
- The products of the Company continues to be approved by DVGW of Germany, OVGW of Austria, BSI (UK), IGH (Croatia), UL (USA), FM (USA) etc. This year the new Fittings Plant in Haldia is also approved by BSI (UK).



iii) In case of imported technology (imported during the last 3 years reckoned from the beginning of the year) -

- a) The details of technology imported - Nil.
- b) The year of import - Not Applicable.
- c) Whether the technology is fully absorbed - Not Applicable.
- d) If not fully absorbed, areas where absorption has not taken place, and the reason thereof - Not Applicable.

As your Company is putting up continuous effort for In-house development of the latest available technology, the absorption of imported technology is avoided.

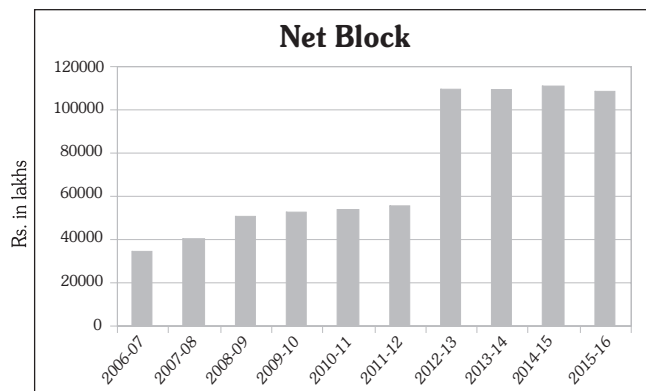
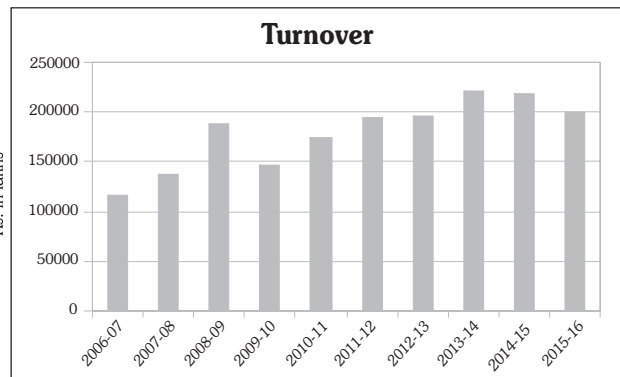
iv) The expenditure incurred on Research and Development

The expenditure incurred by the Company towards Research and Development during the Financial Year 2015-16 amounted to Rs.93.59 lakhs.

Ten Years Financial Summary

Rs. in lakhs

Year	Gross Turnover	Gross Profit	Depreciation	Tax	Profit After Tax	Gross Block	Net Block	Capital Employed
2006-07	117621.51	19208.81	3366.78	5226.05	10615.98	53309.28	33863.80	150580.12
2007-08	138442.11	14726.11	3660.59	(156.16)	5201.58	62779.30	40479.08	190943.89
2008-09	189557.52	26117.43	5212.48	6865.54	14039.41	78184.12	50688.80	243673.62
2009-10	146664.11	36021.73	5230.06	10162.78	20628.89	84200.94	52462.54	287267.53
2010-11	174967.18	26930.00	5441.26	6025.00	15463.74	91435.90	53804.79	320054.39
2011-12	195671.85	7684.59	5426.03	(1979.72)	4238.28	99166.78	55547.65	351714.07
2012-13	198231.53	17406.75	5308.68	2375.36	9722.71	158917.71	109450.41	465227.91
2013-14	223509.05	18893.43	5296.71	3540.88	10055.84	164668.04	109462.80	487165.21
2014-15	220328.82	16376.65	6743.00	2366.49	7267.16	174316.05	110880.11	499985.06
2015-16	201615.28	14410.83	6361.16	2154.17	5895.50	172609.28	108763.25	465596.87





Financial Statements

for the year ended 31st March, 2016

Independent Auditors' Report

To the Members of
Electrosteel Castings Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Electrosteel Castings Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, and the Statement of Profit and Loss, and Cash Flow Statement for the year then ended, a significant accounting policies and other notes for the year ended on that date.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the 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 Companies (Accounts) Rules, 2014.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

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.

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 financial statements are free from material misstatement.

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 auditors' judgement, 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 control 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 control 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.



Auditors' Report (Contd.)

Basis for Qualified Opinion

Attention is drawn to the following notes to the financial statement:

- a) Note No.2.33.a of the financial statements dealing with cancellation of coal block allotted to company and accounting being followed in this respect and the resultant amount of the claim for compensation along with interest thereon and consequential adjustments thereof presently not being ascertained and given effect to, pending decision of the court on the matter.
- b) Note No. 2.33.b regarding non-provision of diminution in the value of investments in a joint venture company, pending determination of the claim for compensation against North Dhadhu Coal block.
- c) Impact with respect to (a) to (b) are presently not ascertainable and as such cannot be commented upon by us.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its Profit and its Cash Flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

Further to our comments in the annexure referred to in the paragraph above, as required by Section 143(3) of the Act, we report that :

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited by us;
- d) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and loss and Cash Flow Statement comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) The matter described in the Basis for Qualified opinion paragraph above, in the event of being decided unfavorably, in our opinion, may have an adverse effect on the functioning of the Company.
- f) On the basis of the written representations received from the directors as on March 31, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- h) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- i) 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

Auditors' Report (Contd.)

to the explanations given to us :

- i. Except for the matters dealt with in the basis for Qualified Opinion paragraph impact whereof are presently not ascertainable, impact of pending litigations (Other than those already recognised in the accounts) on the financial position of the Company have been disclosed in the financial statement as required in terms of the accounting standards and provisions of the Companies Act, 2013;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts- Refer Note 2.10 to the financial statements;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Place: Kolkata

R. P. Singh
Partner

Annexure "A" to the Auditor's Report of even date :

- i) a. The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets except in case of furniture and fixture.
- b. During the year, fixed assets have been physically verified by the management according to a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets except in respect of fixed assets located at Parbatpur Coal Block for reasons stated in Note No. 2.33.a. As informed, no material discrepancies were noticed on such verifications.
- c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except as detailed below: (Refer Note no. 2.11.6 and 2.11.7 of the financial statements)

(Rs. In Lakhs)

Type of Land	Gross Block	Net Block
Leasehold	240.00	220.28
Land Freehold Land	335.81	335.81

- ii) a. As informed, the inventories of the Company except for materials in transit, those lying with third parties and for reasons stated in Note no. 2.33.a inventories lying at Parbatpur Coal Block have been physically verified by the management during the year. In our opinion and according to the information and explanations given to us, the frequency of such verification is reasonable.
- b. As the Company's inventory of raw materials comprises mostly of bulk materials such as coal, coke, iron ore, etc. requiring technical expertise for quantification, the Company has hired an independent agency for the physical verification of the stock of these materials. Considering the above, in our opinion, the procedures for 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.
- iii) The Company has not granted any loans secured or unsecured to companies, firms or parties covered in the register maintained under Section 189 of the Act. Accordingly, clause 3 (iii) of the Order is not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.



Auditors' Report (Contd.)

- v) The Company has not accepted any deposits from public covered under Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder.
- vi) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148 (1) of the Act in respect of the Company's products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed records have been maintained. We have however not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
- vii) a. According to the information and explanations given to us, during the year, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other statutory dues as applicable to it.
- b. According to the information and explanations given to us, the details of disputed dues of sales tax, income tax, customs duty, wealth tax, excise duty, service tax, and Cess, if any, as at 31st March, 2016, are as follows :

Name of the Statute	Nature of Dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act	Excise Duty	771.14	1997-2000 2005-2007 2008-2009	Tribunal
		8.30	2005-2006	Commissioner (Appeals)
The Central Excise Act	Service Tax	1,721.95	2005-2012	Tribunal
		11.73	2007-2010	Commissioner (Appeals)
Sales Tax Act	Sales Tax	3,933.32	1974-1978, 1985-1987, 1989-1993 1997-1998, 1999-2000, 2008-2012	West Bengal Appellate & Revisional Board (WBA&RB)
		47.72	2004-2007 2008-2010	Tribunal
		3091.27	2006-2008	Fast Track Court
		565.50	2008-2009 2012-2014	Commissioner
		150.51	2012-2013	Addl. Commissioner
		247.21	2002-2003	Special Commissioner
		41.28	2010-2012	Joint Commissioner
		40.40	2008-2011 2012-2014	Deputy Commissioner (Appeals)
Income Tax Act, 1961	Income Tax	5.82	Assessment Year 2010-2011	Commissioner (Appeals)
		251.04	Assessment Year 2010-2011	Tribunal

Auditors' Report (Contd.)

- viii) In our opinion and on the basis of information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- ix) In our opinion and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments), however the term loans raised during the year have been utilised for the purposes for which they were raised except Rs.1735.86 Lakhs which are lying in bank account (Refer Note No. 2.18.2 of the financial statements) pending utilization for the intended use.
- x) During the course of our examination of books of account carried out in accordance with generally accepted auditing practices in India, we have neither come across any incidence of fraud on or by the Company nor have we been informed of any such cases by the management.
- xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv) According to the information and explanations given to us and as represented to us by the management and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

Place: Kolkata
Date : 14th May 2016

R. P. Singh
Partner
Membership No. : 52438



Auditors' Report (Contd.)

Annexure "B" to the Independent Auditor's Report

(Referred to in paragraph (g) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Electrosteel Castings Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Auditors' Report (Contd.)

in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place: Kolkata
Date : 14th May 2016

R. P. Singh
Partner
Membership No. : 52438



Balance Sheet as at March 31, 2016

Amount Rs. in lakhs

Particulars	Note No.	As at 31.03.2016	As at 31.03.2015
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	2.1	35,69.55	35,69.55
Reserves and Surplus	2.2	25,06,56.47	24,69,09.09
		25,42,26.02	25,04,78.64
NON-CURRENT LIABILITIES			
Long-term borrowings	2.3	11,48,69.94	12,84,37.59
Deferred tax liabilities (Net)	2.4	27,91.82	30,86.72
Other Long term liabilities	2.5	1,49,80.31	82.71
Long-term provisions	2.6	15,76.51	12,98.62
		13,42,18.58	13,29,05.64
CURRENT LIABILITIES			
Short-term borrowings	2.7	7,69,83.80	8,10,19.45
Trade payables	2.8	—	—
Total outstanding dues of Micro and Small Enterprises		—	—
Total outstanding dues other than Micro and Small Enterprises		2,42,59.18	2,21,43.38
Other current liabilities	2.9	3,26,78.68	5,19,43.97
Short-term provisions	2.10	87,76.33	76,93.65
		14,26,97.99	16,28,00.45
TOTAL		53,11,42.59	54,61,84.73
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.11	10,85,63.76	11,06,44.63
Intangible assets	2.11	1,99.49	2,35.48
Capital work-in-progress	2.33	12,78,41.69	12,78,41.17
		23,66,04.94	23,87,21.28
Non-current investments	2.12	12,58,63.97	12,58,63.97
Long-term loans and advances	2.14	29,24.66	21,34.07
Other non-current assets	2.15	26,36.69	3,39.68
		36,80,30.26	36,70,59.00
CURRENT ASSETS			
Current investments	2.13	2,67.15	7,15.46
Inventories	2.16	3,50,92.41	4,95,78.56
Trade receivables	2.17	7,03,72.37	5,80,34.76
Cash and bank balances	2.18	94,95.66	2,10,22.42
Short-term loans and advances	2.19	2,96,15.19	3,65,12.74
Other current assets	2.20	1,82,69.55	1,32,61.79
		16,31,12.33	17,91,25.73
TOTAL		53,11,42.59	54,61,84.73

Summary of significant accounting policies 1
Notes on financial statements 2.1-2.46
The notes are an integral part of the financial statements
As per our report of even date.

For Lodha & Co.
Chartered Accountants

R. P. Singh
Partner

Kolkata
May 14, 2016

For and on behalf of the Board

Mahendra Kumar Jalan
Director
(DIN : 00311883)

Brij Mohan Soni
Chief Financial Officer

Umang Kejriwal
Managing Director
(DIN : 00065173)

Subhra Giri Patnaik
Company Secretary

Statement of Profit & Loss for the year ended March 31, 2016

Particulars	Note No.	Amount Rs. in lakhs	
		For the year ended 31.03.2016	For the year ended 31.03.2015
Revenue from operations	2.21	19,72,26.14	21,53,77.89
Other income	2.22	32,03.66	30,81.13
Total Revenue		20,04,29.80	21,84,59.02
Expenses			
Cost of materials consumed	2.23	8,55,40.33	10,37,26.82
Purchases of Stock-in-Trade	2.24	48,73.91	86,53.10
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	2.25	30,23.34	5,09.27
Employee benefits expense	2.26	1,77,82.39	1,59,90.67
Finance costs	2.27	1,69,97.96	1,45,31.62
Depreciation and amortization expense	2.28	63,61.16	67,43.00
Other expenses	2.29	5,78,01.04	5,86,70.89
Total expenses		19,23,80.13	20,88,25.37
Profit before tax		80,49.67	96,33.65
Tax expense :			
Current tax	2.30	24,49.07	24,78.82
Deferred tax	2.4	(2,94.90)	(1,12.33)
Profit for the year		58,95.50	72,67.16
Earnings per equity share:			
Equity share of par value of Re 1/- each	2.32		
Basic (Rs.)		1.65	2.05
Diluted (Rs.)		1.65	2.05
Number of shares used in computing earning per share			
Basic		35,69,55,322	35,51,91,590
Diluted		35,69,55,322	35,51,91,590
Summary of significant accounting policies	1		
Notes on financial statements	2.1-2.46		

The notes are an integral part of the financial statements

As per our report of even date.

For Lodha & Co.
Chartered Accountants

R. P. Singh
Partner

Kolkata
May 14, 2016

For and on behalf of the Board

Mahendra Kumar Jalan
Director
(DIN : 00311883)

Brij Mohan Soni
Chief Financial Officer

Umang Kejriwal
Managing Director
(DIN : 00065173)

Subhra Giri Patnaik
Company Secretary



Cash Flow Statement for the year ended March 31, 2016

Amount Rs. in lakhs

	Year ended March 31 2016	Year ended March 31 2016	Year ended March 31 2015	Year ended March 31 2015
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Taxes		80,49.67		96,33.65
Add : Depreciation/Amortisation	63,61.16		67,43.00	
Bad Debts	4,00.74		-	
Pipe mould written off	2,26.09		2,80.03	
Provision for diminution in value of investments	1,25.70		27.32	
Finance Costs	1,69,97.96	2,41,11.65	1,45,31.62	2,15,81.97
		3,21,61.32		3,12,15.62
Less : Interest Received	7,68.06		4,50.92	
Income from Investments	6,39.97		13,90.27	
Foreign Exchange gain / (loss)	2,36.32		(5,20.78)	
Provisions / Liabilities no longer required written back	1.43		3,37.22	
Profit/(Loss) on sale / discard of Fixed Assets (Net)	16.13	16,61.91	(6.28)	16,51.35
		3,04,99.41		2,95,64.27
Operating Profit before Working Capital changes		3,04,99.41		2,95,64.27
Less : Increase/(Decrease) in Inventories	(1,44,86.15)		(61,00.97)	
Increase/(Decrease) in Trade Receivables	(74,24.27)		(32,04.65)	
Increase/(Decrease) in Loans & Advances and other assets	51,62.68		(85,30.50)	
(Increase)/Decrease in Trade Payables, Provisions and other Liabilities	(41,10.72)	(2,08,58.46)	70,07.07	(1,08,29.05)
		5,13,57.87		4,03,93.32
Cash generation From Operations		5,13,57.87		4,03,93.32
Less : Direct Taxes paid (Net)		9,62.07		9,12.42
Net cash flow from Operating activities		5,03,95.80		3,94,80.90
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets / movements in Capital work in progress	(26,22.45)		(1,32,32.98)	
Fixed Assets sold/discarded	4,92.50		22.69	
(Purchase)/Sale of Investment (net)	3,78.90		59,55.04	
Investment in subsidiaries, associate and joint venture	-		(2,26,26.35)	
Advances and Loans to subsidiaries	-		3,88.53	
Sale of Investment in subsidiary	-		11,53.80	
Interest Received	8,84.36		18,80.50	
Dividend received	5,83.69		2,96.98	
Other bank balance: deposits with more than 3 months maturity	92,52.23	89,69.23	13,83.66	(2,47,78.13)
		89,69.23		(2,47,78.13)
Net Cash flow from Investing activities		89,69.23		(2,47,78.13)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of share capital	-		25,00.16	
Proceeds/(Repayments) from borrowings (net)	(37,11.47)		1,03,82.36	
Proceeds / (Redemption / Repayment) of Debentures/Term Loan	(3,06,50.61)		(62,13.85)	
	(3,43,62.08)		66,68.67	
Interest Paid	(2,21,19.31)		(1,92,29.72)	
Dividend paid	(21,87.37)		(22,47.43)	
Tax on Dividend	(4,72.34)	(5,91,41.10)	(3,79.81)	(1,51,88.29)
		(5,91,41.10)		(1,51,88.29)
Net cash flow from Financing activities		(5,91,41.10)		(1,51,88.29)
Cash and Cash equivalents (A+B+C)		2,23.93		(4,85.52)
Cash and Cash equivalents as at 1st April		79,35.90		84,14.18
Add / (Less) : Unrealised exchange gain / (loss) on Bank balances		1.51		7.24
Cash and Cash equivalents as at 31st March (Refer note 2.18)		81,61.34		79,35.90

- Note : 1) Cash and Cash equivalents represents cash in hand and deposits/balances with Banks
2) The Cash flow statement has been prepared under indirect method as per Accounting Standard 3 on Cash Flow Statement

As per our report of even date.

For Lodha & Co.
Chartered AccountantsR. P. Singh
PartnerKolkata
May 14, 2016

For and on behalf of the Board

Mahendra Kumar Jalan
Director
(DIN : 00311883)Brij Mohan Soni
Chief Financial OfficerUmang Kejriwal
Managing Director
(DIN : 00065173)Subhra Giri Patnaik
Company Secretary

Notes on Financial Statements for the year ended March 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention except in respect of certain fixed assets which are stated at revalued amount in accordance with the provisions of the Companies Act, 2013 and accounting standards as prescribed under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and other recognized accounting practices. Accounting policies unless specifically stated to be otherwise, are consistent and are in consonance with generally accepted accounting principles.

1.2 USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities as at the Balance Sheet date and the reported amounts of revenue and expenses during the year.

Contingencies are recorded when it is probable that a liability will be incurred and the amounts can reasonably be estimated. Differences between the actual results and estimates are recognized in the year in which the results are known / materialised.

1.3 FIXED ASSETS, DEPRECIATION AND AMORTIZATION OF EXPENSES

1) Tangible Assets

(i) Gross Block :

Fixed Assets are stated at cost of acquisition and subsequent improvements thereto or at revalued amounts wherever such assets have been revalued. Cost of acquisition includes taxes, duties (net of cenvat availed), inward freight, preoperative expenses, installation expenses and adjustment for exchange differences wherever applicable. For major projects, interest and other costs incurred on / related to the borrowings for financing projects / fixed assets during construction period and pre-operative period, if appropriate, are capitalized. Expenditure on Blast Furnace/Coke Oven Battery Relining is capitalized.

(ii) Depreciation and Amortization of Expenses :

- (a) Depreciation on tangible fixed assets, except otherwise stated has provided as per Schedule II of the Companies Act, 2013 on straight line method in respect of Plant and Equipments and Office Equipments at all location of the Company except Elavur Plant of the Company and on written down value method on all other assets including Plant and Equipments and Office Equipments at Elavur Plant. Certain Plant and Equipments have been considered Continuous Process Plant on the basis of technical assessment. Depreciation on upgradation of tangible fixed assets is provided over the remaining useful life of the mother plant / fixed assets.
- (b) Assets costing Rupees five thousand or less are being depreciated fully in the year of addition/acquisition.
- (c) Pipe Moulds above 350mm for Ductile Iron Foundry Works are depreciated over a period of 3 years. Pipe Moulds upto 350mm are charged to consumption in the year of issue.
- (d) Blast Furnace and Coke Oven Battery relining are depreciated on straight line method over a period of 2 years and 5 years respectively (average expected life) as per technical assessment. Wagons acquired under "Wagon Investment Scheme" are depreciated over a period of 10 years and Heavy Earth Moving Machinery used for coal mines are depreciated over a period of 5 years on straight line method. Railway siding constructed on government land is amortised over the period of ten years.



Notes on Financial Statements for the year ended March 31, 2016

- (e) Leasehold land is amortised on straight line method over the period of the lease.
- (f) Machinery Spares which can be used only in connection with an item of tangible fixed asset and whose use are expected to be irregular, are amortised over the useful life of the respective tangible fixed assets and the amount amortised is included under stores and spares consumed.
- (iii) Capital Work-in-progress includes preoperative and development expenses, equipments to be installed, construction and erection materials, etc.
- (iv) Development Expenses including overburden removal expenses net of revenue of the Projects / Mines under development are debited to Development Account and included under Capital Work in progress till the projects/ mines are brought to Revenue Account. Except otherwise specifically stated in the Project Report, upon the commercial readiness of the project to yield production on a sustainable basis and completion of required development activity during the period of construction, projects and mines under development are brought to revenue: (a) From beginning of the financial year immediately after the year in which the project achieves physical output of 50% of rated capacity as per approved project report, or (b) One year of touching of coal, or (c) From the beginning of the financial year in which the value of production is more than total expenses.

2) Intangible Assets

Intangible assets are stated at cost of acquisition less accumulated amortization. Computer Software packages are amortised on straight line method over a period of 5 years. Mining rights are amortised on straight line method over the available period of mining lease.

1.4 INVESTMENTS

Non current investments are stated at cost less provision, if any, for diminution in value other than temporary. Current investments are carried at lower of cost or fair value, computed category wise.

1.5 INVENTORIES

- (i) Inventories are valued at lower of cost or net realisable value. Cost of inventories are ascertained on 'weighted average' basis. Materials and other supplies held for use in the production of inventories are not written down below cost if the related finished products are expected to be sold at or above cost.
- (ii) Cost in respect of raw materials and stores and spares includes expenses incidental to procurement of the same. Cost in respect of finished goods represents prime cost, and includes appropriate portion of overheads and excise duty.
- (iii) Cost in respect of process stock represents, cost incurred upto the stage of completion.
- (iv) Cost in respect of work-in-progress represents cost of materials remaining uncertified / incomplete under the Turnkey Contracts undertaken by the Company.

1.6 IMPAIRMENT

Fixed assets are reviewed at each balance sheet date for impairment. In case, events and circumstances indicate any impairment, recoverable amount of fixed assets is determined. An impairment loss is recognized, whenever the carrying amount of assets either belonging to Cash Generating Unit (CGU) or otherwise exceeds recoverable amount. The recoverable amount is the greater of assets' net selling price or its value in use. In assessing value in use, the estimated future cash flows from the use of the assets are discounted to their present value at an appropriate rate. An impairment loss is reversed if there has been a change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss/reversal thereof is adjusted to the carrying value of the respective assets, which in case of CGU, are allocated to its assets on a prorata basis.

Notes on Financial Statements for the year ended March 31, 2016

1.7 FOREIGN CURRENCY TRANSACTIONS AND DERIVATIVES

Transactions in foreign currencies are accounted for at the exchange rate prevailing on the date of the transaction. Foreign currency monetary assets and liabilities at the year end are translated at the year end exchange rates. Non-monetary items other than fixed assets, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction. The loss or gain thereon and also on the exchange differences on settlement of the foreign currency transactions during the year are recognized as revenue or expense and are shown in the statement of profit and loss except in respect of non current liabilities related to fixed asset/capital work in progress in which case, these are adjusted to the cost of respective fixed assets/capital work in progress.

Revenue/Expenditure earned/incurred by the overseas office is translated at the respective month end rate during which such revenue /expenditure is so earned / incurred. Branch monetary assets and liabilities are restated at the year end rates.

Exchange differences arising with respect to forward contracts other than those entered into, to hedge foreign currency risk on unexecuted firm commitments or of highly probable forecast transactions are recognized in the period in which they arise and the difference between the forwards rate and exchange rate at the date of transaction is recognized as revenue / expense over the life of the contract.

In respect of derivative contracts (other than forward contracts dealt as above) premium paid, gains /losses on settlement and losses on restatement are recognized in statement of profit and loss except in case they relate to acquisition or construction of fixed assets, in which case they are adjusted to the cost of fixed assets/capital work in progress.

1.8 REVENUE RECOGNITION

All expenses and revenues to the extent considered payable and receivable respectively unless specifically stated to be otherwise are accounted for on mercantile basis.

1.9 SALES

Sales include excise duty, wherever applicable and rebate, discounts, claims, expenses incurred on consignment sales etc. are excluded there from. Sales on consignment and expenses there against are being accounted for on receipt of sales account from the respective consignee. Revenue against Turnkey Contracts undertaken by the Company is recognized progressively on the basis of percentage of completion method. Stage of completion of contracts in progress is determined by reference to the physical proportion of the contract work completed.

1.10 EMPLOYEE BENEFITS

Employee benefits are accrued in the year in which services are rendered by the employees. Short term employee benefits are recognised as an expense in the statement of profit and loss for the year in which the related service is rendered.

Contribution to defined contribution schemes such as Provident Fund, Superannuation Fund etc. are recognized as and when incurred.

Long-term employee benefits under defined benefit scheme such as contribution to gratuity, leave etc. are determined at close of the year at present value of the amount payable using actuarial valuation techniques.

Actuarial gain and losses are recognized in the year when they arise.



Notes on Financial Statements for the year ended March 31, 2016

1.11 BORROWING COSTS

Borrowing costs that are attributable to the acquisition or construction of qualifying asset 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 its intended use. All other borrowing costs are charged to statement of Profit and Loss.

1.12 RESEARCH AND DEVELOPMENT

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

1.13 EXPORT BENEFITS

Export benefits arising on account of entitlement for duty free imports are accounted for through import of materials. Other export benefits are accounted for as and when the ultimate realisability of such benefits are established.

1.14 GOVERNMENT GRANTS

Revenue grants including subsidy/rebates are credited to Statement of Profit and Loss under "other operating income" or deducted from the related expenses. Grants relating to fixed assets are credited to Capital Reserve Account or adjusted in the cost of such assets as the case may be, as and when the ultimate realisability of such grants are established.

1.15 INCOME TAX

Provision for tax is made for current and deferred taxes. Current tax is provided on the taxable revenue using the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing differences, which are capable of reversal in subsequent periods are recognized using tax rates and tax laws, which have been enacted or substantively enacted. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets will be realized. In case of carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognized only if there is "virtual certainty" that such deferred tax assets can be realized against future taxable profits.

1.16 PROVISIONS, CONTINGENCIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events, it is probable that there will be an outflow of resources and a reliable estimate can be made, of the amount of the obligation. Contingent assets are neither recognized nor disclosed in the financial statements. Contingent liabilities are not provided for and are disclosed by way of notes.

Notes on Financial Statements for the year ended March 31, 2016

2. NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2016

2.1 SHARE CAPITAL

Particulars	Ref. note no.	Amount Rs. in lakhs	
		As at March 31, 2016	As at March 31, 2015
Authorised Equity shares, Re 1/- par value 50,00,00,000 (50,00,00,000) equity shares		50,00.00	50,00.00
Issued, Subscribed and Paid-up Equity shares, Re 1/- par value 35,69,55,322 (previous year 35,69,55,322) equity shares fully paid up	2.1.4	35,69.55	35,69.55
		35,69.55	35,69.55

2.1.1 The Company has only one class of shares referred to as equity shares having a par value of Re 1/-. Each holder of equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company, after distribution of all preferential amounts, in proportion of their shareholding.

2.1.2 The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

2.1.3 During the year ended 31 March, 2016 the amount of per share dividend recognized as distribution to equity shareholders was Re.0.50.

2.1.4 Reconciliation of the number of shares outstanding

Particulars	Ref. note no.	No. of shares	
		As at March 31, 2016	As at March 31, 2015
Number of shares at the beginning		35,69,55,322	34,38,17,322
Add : Addition during the year		–	1,31,38,000
Number of shares at the end		35,69,55,322	35,69,55,322

2.1.5 Shareholders holding more than 5% shares

Name of share holders	Ref. note no.	No. of shares	
		As at March 31, 2016	As at March 31, 2015
G. K. & Sons Private Ltd		3,67,31,833	3,67,31,833
Murari Investment & Trading Company Ltd.		3,00,53,080	3,00,53,080
Electrocast Sales India Ltd.		2,98,99,981	2,98,99,981
G.K.Investments Ltd.		2,17,39,560	2,17,39,560
Stemcor Metals Ltd.		1,92,43,836	1,92,43,836
Uttam Commercial Company Ltd.		1,85,90,570	1,85,90,570

2.2 RESERVES AND SURPLUS

Particulars	Ref. note no.	Amount Rs. In lakhs	
		As at March 31, 2016	As at March 31, 2015
Capital reserve as per last Balance Sheet			
Capital subsidy		46.52	46.52
Others			
Amount forfeited on warrants not exercised		30,94.71	30,94.71
Non refundable/ Adjustable amount of warrants issued through Qualified Institution Placements		10,07.05	10,07.05
		41,48.28	41,48.28
Securities Premium Account as per last Balance Sheet		6,55,90.26	6,32,21.48
Add : Addition during the year		–	23,68.78
		6,55,90.26	6,55,90.26
Revaluation Reserve as per last Balance Sheet		5,40,77.97	5,68,06.00
Less : Transfer to General Reserve	2.11.2	7,08.13	19,35.36
Less : Transfer due to transitional provision of Companies Act, 2013	2.11.4	–	7,92.67
		5,33,69.84	5,40,77.97



Notes on Financial Statements for the year ended March 31, 2016

Particulars	Ref. Note No.	Amount Rs. in lakhs	
		As at March 31, 2016	As at March 31, 2015
Debtore Redemption Reserve as per last Balance Sheet		67,50.00	64,00.00
Add : Transfer from Surplus		–	3,50.00
		67,50.00	67,50.00
Less : Transfer to Surplus		(34,90.00)	–
		32,60.00	67,50.00
General reserve as per last Balance Sheet		9,65,07.51	9,25,00.00
Add : Transfer from Surplus		25,00.00	25,00.00
Add : Transfer from Revaluation Reserve	2.11.2	7,08.13	19,35.36
Less : Transfer due to transitional provision of Companies Act, 2013 (net)	2.11.4	–	4,27.85
		9,97,15.64	9,65,07.51
Surplus as per last Balance Sheet		1,98,35.07	1,82,10.46
Add : Net profit after tax transferred from Statement of Profit and Loss		58,95.50	72,67.16
Add : Transfer from debtore redemption reserve		34,90.00	–
Amount available for appropriation		2,92,20.57	2,54,77.62
Appropriations :			
Proposed dividend	2.1.2 & 2.1.3	17,84.78	23,20.21
Tax on dividend		3,63.34	4,72.34
Amount transferred to debtore redemption reserve		–	3,50.00
Amount transferred to general reserve		25,00.00	25,00.00
Balance in Surplus		2,45,72.45	1,98,35.07
		25,06,56.47	24,69,09.09

2.3 LONG TERM BORROWINGS

Particulars	Ref. Note No.	As at March 31, 2016		As at March 31, 2015	
		Non Current	Current	Non Current	Current
SECURED LOANS					
11.00% Non Convertible Debentures	2.3.1	50,00.00	–	50,00.00	–
12.50% Non Convertible Debentures	2.3.2	–	–	1,00,00.00	–
10.75% Non Convertible Debentures	2.3.3	40,80.00	39,60.00	80,40.00	39,60.00
Term loans - from banks					
External Commercial Borrowing	2.3.4.1 & 2.3.4.2	6,26,19.50	91,67.68	7,38,37.84	2,92,55.47
FCNR Loan	2.3.5.1	1,01,27.64	8,80.66	–	–
Others	2.3.6.1 & 2.3.6.2	2,17,00.00	14,00.00	2,31,00.00	9,00.00
Term loan from financial institutions	2.3.7.1, 2.3.7.2 & 2.3.7.3	71,42.80	13,16.95	84,59.75	28,47.19
		11,06,69.94	1,67,25.29	12,84,37.59	3,69,62.66
UNSECURED LOANS					
Term loan from financial institution	2.3.8.1	42,00.00	–	–	–
		42,00.00	–	–	–
		11,48,69.94	1,67,25.29	12,84,37.59	3,69,62.66

2.3.1 11% Non Convertible Debentures (privately placed) are secured by second pari-passu charge on company's fixed assets (immovable and movable) including land and buildings both present and future other than assets located at Chennai and Elavur. These debentures were allotted on 5th July, 2013 and are redeemable at par at the end of 5th year from the date of allotment i.e on 5th July 2018. However, there is a Put and Call option available to the issuer / investor which can be exercised at the end of three years from the date of allotment i.e on 5th July 2016.

2.3.2 12.50% Non Convertible Debentures (privately placed) were secured by second pari-passu charge on company's fixed assets (immovable and movable) including land and buildings both present and future other than assets located at Chennai and Elavur.

Notes on Financial Statements for the year ended March 31, 2016

- 2.3.3 10.75% Non Convertible Debentures (privately placed) are secured by first pari-passu charge on company's fixed assets (immovable and movable) including land and buildings both present and future other than assets located at Chennai and Elavur and excluding furniture and fixture, vehicles and other intangible assets. These debentures were allotted on 11th April, 2012 and are redeemable at par in three annual installments at the end of 3rd, 4th & 5th year from the date of allotment.
- 2.3.4.1 External Commercial Borrowings is secured by way of first pari-passu charge on all immovable and movable Fixed Assets, both present and future of the Company other than assets located at Chennai and Elavur.
- 2.3.4.2 External Commercial Borrowings of USD 77.50 million was repayable in 3 annual installments of 33.25% in July, 2013, 33.25% in July, 2014 & 33.50% in July, 2015. The outstanding as on 31.03.2016 is NIL (previous year Rs. 1,62,25.26 lakhs). External Commercial Borrowings of USD 139.00 million is repayable in 12 semi annual installments from 29th August, 2015. The outstanding as on 31.03.2016 is Rs 7,17,87.18 lakhs (previous year Rs. 8,68,68.05 lakhs). The interest rate ranges from 6M Libor + 400 to 500 basis points.
- 2.3.5.1 FCNR Loan of USD 16.16 million is to be secured by way of first pari-passu charge on all immovable and movable Fixed Assets, both present and future of the Company other than assets located at Chennai and Elavur. FCNR Loan is repayable in 25 equal quarterly installments from Dec, 2016. The interest rate ranges from 3M Libor + 275 to 325 basis points. The outstanding as on 31.03.2016 is Rs. 1,10,08.30 lakhs (previous year NIL).
- 2.3.6.1 Rupee Term Loan of Rs. 1,96,00.00 lakhs (Previous year Rs. 2,00,00.00 lakhs) from bank is secured by way of first pari-passu charge on all immovable and movable Fixed Assets, both present and future of the Company other than assets located at Chennai and Elavur. Term Loan is repayable in 28 quarterly installments starting from June, 2015. The interest rate ranges from 12.50% p.a to 13.25% p.a.
- 2.3.6.2 Rupee Term Loan of Rs. 35,00.00 lakhs (Previous year Rs. 40,00.00 lakhs) from bank is secured by way of first pari-passu charge on all immovable and movable Fixed Assets, both present and future of the Company other than assets located at Chennai, Elavur and Vadgaon (Pune). Rupee Term Loan is repayable in 16 equal quarterly installments starting from Dec, 2015. The interest rate ranges from 10.50% p.a to 11.00% p.a.
- 2.3.7.1 Term Loan of NIL (Previous year Rs. 23,52.94 lakhs) from a financial institution was secured by way of first pari-passu charge on all immovable and movable Fixed Assets, both present and future of the Company other than assets located at Chennai and Elavur.
- 2.3.7.2 Term Loan of Rs. 50,00.00 lakhs (Previous year Rs. 50,00.00 lakhs) from a financial institution is secured by way of first pari-passu charge on all immovable and movable Fixed Assets, both present and future of the Company other than assets located at Chennai and Elavur. Term Loan is repayable in 24 equal quarterly installments starting from July 1, 2016. The interest rate ranges from 12.00% p.a to 13.00% p.a.
- 2.3.7.3 Term Loan of Rs. 34,59.75 lakhs (Previous year Rs. 39,54.00 lakhs) from a financial institution is to be secured by way of second pari-passu charge on all movable Fixed Assets and Current Assets, both present and future of the Company. The loan is repayable in 54 monthly installments starting from April, 2015. The interest rate ranges from 14.00% p.a to 14.50% p.a.
- 2.3.8.1 Term Loan of Rs. 42,00.00 lakhs (Previous year NIL) from a financial institution is repayable in 16 monthly installments starting from Dec, 2017. The interest rate ranges from 11.50% p.a to 12.25% p.a.

**Notes on Financial Statements** for the year ended March 31, 2016**2.4 DEFERRED TAX LIABILITIES (NET)**

Amount Rs. in lakhs

The break up of deferred tax assets and deferred tax liabilities are as given below.

Particulars	Opening as on April 01, 2015	Charge or (Credit) during the Year	Closing as at March 31, 2016
Deferred Tax Assets:			
1. Expenses allowable on payment basis	12,24.23	(4,78.22)	17,02.45
2. Provision for doubtful debts and advances	3,19.10	0.49	3,18.61
3. Others	8,54.75	(38.28)	8,93.03
Deferred Tax Liabilities:			
1. Depreciation etc.	53,38.98	2,97.55	56,36.53
2. Liquidated Damages and Retention money	1,45.82	(76.44)	69.38
Net Deferred Tax Liability	30,86.72	(2,94.90)	27,91.82

2.5 OTHER LONG TERM LIABILITIES

Particulars	Ref. Note No.	As at March 31, 2016	As at March 31, 2015
Capital Vendors	2.5.1	1,37.64	16.48
Advance from customers		1,47,70.74	–
Others		71.93	66.23
		1,49,80.31	82.71

2.5.1 Advance from Customers amounting to Rs. 1,65,62.50 lakhs (including Rs. 17,91.76 shown under other current liabilities) received as interest bearing advance for export of DI Pipes, Fittings and related accessories has been classified and disclosed as aforesaid as per terms of the contract.

2.6 LONG TERM PROVISION

Provision for employee benefits	2.31	10,78.49	8,37.40
Provision for mine closure and restoration charges	2.6.1	4,98.02	4,61.22
		15,76.51	12,98.62

2.6.1 Provision for Mines closure and restoration charges are made in terms of statutory obligations specified for the purpose and deposited in the Escrow account in terms of the stipulation made by Ministry of Coal, for Mines closure Plan. (Refer note 2.18).

2.7 SHORT TERM BORROWINGS**SECURED LOANS**

Repayable on demand from banks	2.7.1 & 2.7.2		
Indian Currency		2,89,31.43	2,81,20.07
Foreign Currency		4,24,50.24	4,99,59.61
		7,13,81.67	7,80,79.68

UNSECURED LOANS

Repayable on demand from banks			
Foreign Currency		–	28,43.43
From related parties	2.38	21,02.13	96.34
From Others		35,00.00	–
		56,02.13	29,39.77
		7,69,83.80	8,10,19.45

2.7.1 Loans repayable on demand being Working Capital facilities from Banks (both fund based and non fund based) are secured by first pari passu charge by way of joint hypothecation of raw materials, finished goods, work in progress, consumable stores and spares, book debts / receivables and other current assets of the company both present and future.

2.7.2 Fixed Deposits amounting to NIL (previous year Rs. 30,00.00 lakhs) are pledged with Bank for availing working capital facility (Refer note no. 2.18.1)

Notes on Financial Statements for the year ended March 31, 2016

2.8 TRADE PAYABLES

Particulars	Ref. note no.	Amount Rs. in lakhs	
		As at March 31, 2016	As at March 31, 2015
Payable for Goods and Services			
Due of Micro and Small Enterprises	2.8.2	-	-
Others	2.8.1	2,42,59.18	2,21,43.38
		<u>2,42,59.18</u>	<u>2,21,43.38</u>

2.8.1 Including acceptances of Rs.37,53.88 lakhs (previous year Rs. 19,50.59 lakhs)

2.8.2 Disclosure of Trade payables is based on the information available with the company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" (the Act). There are no delays in payment made to such suppliers and there is no overdue amount outstanding as at the balance sheet date. Based on above the relevant disclosures u/s 22 of the Act are as follows :

1. Principal amount outstanding at the end of the year	Nil	Nil
2. Interest amount due at the end of the year	Nil	Nil
3. Interest paid to suppliers	Nil	Nil

2.9 OTHER CURRENT LIABILITIES

Current maturities of long-term debt	2.3		
Secured		1,67,25.29	3,69,62.66
Interest accrued but not due on borrowings		21,36.67	32,53.18
Interest accrued and due on borrowings		46.31	1,55.59
Advance from customers	2.5.1	45,53.54	20,04.67
Unclaimed dividends	2.9.1	2,44.36	1,11.52
Other payables			
Credit balances in current account with banks		25,85.90	13,60.03
Statutory dues - PF, ESI, Service Tax, TDS, Entry Tax etc.		44,79.97	38,31.12
Excise duty on stock		4,85.70	8,40.09
Capital vendors		10,66.97	32,94.70
Others		3,53.97	130.41
		<u>3,26,78.68</u>	<u>5,19,43.97</u>

2.9.1 The same is not due for payment to investor education and protection fund.

2.10 SHORT TERM PROVISIONS

Provision for employee benefits	2.31	18,07.39	16,52.32
Others			
Provision for taxation (net of advance tax)	2.10.1	38,18.63	23,02.76
Provision for dividend	2.1.2 & 2.1.3	17,84.78	23,20.21
Provision for tax on dividend		363.34	4,72.34
Provision for losses on derivative transactions on mark to market basis		284.51	2,23.77
Other Provisions	2.10.2	7,17.68	7,22.25
		<u>87,76.33</u>	<u>76,93.65</u>

2.10.1 Includes Rs. 10,14.09 lakhs being interest received under section 244A of the Income Tax Act, 1961 pertaining to Assessment Year 2003-04 and from Assessment Year 2005-06 to 2008-09 as the refund and the aforesaid amount has been disputed by the Income Tax Department and the matter is under appeal before Income Tax Appellate Tribunal (ITAT).

2.10.2 Other provisions include (a) provision relating to indirect taxes in respect of proceedings of various excise duty matters – carrying amount at the end of the year Rs. 5,00.00 lakhs (previous year Rs. 5,00.00 lakhs). No amount was used and reversed during the year. Outflows in these cases would depend on the final developments/outcomes; (b) Other class of provisions related to disputed customer claims/rebates/demands – carrying amount at the end of the year Rs. 2,10.00 lakhs (previous year Rs. 2,10.00 lakhs). No amount was used and reversed during the year.



Notes on Financial Statements for the year ended March 31, 2016

2.11 FIXED ASSETS

Amount Rs. in Lakhs

Description	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK		
	Cost as on April 01, 2015	Additions	Sales/ Adjustments	Other Adjustments	Cost as on March 31, 2016	Upto March 31, 2015	For The Year	Sales/ Adjustments	Upto March 31, 2016	As on March 31, 2016	As on March 31, 2015
	2	3	4	5	6	7	8	9	10	11	12
Tangible Assets											
LAND-FREEHOLD	5,78,10.69	3.30	-	-	5,78,13.99	-	-	-	-	5,78,13.99	5,78,10.69
LAND-LEASEHOLD	17,96.29	2,06.02	-	-	20,02.31	1,46.55	28.22	-	1,74.77	18,27.54	16,49.74
BUILDINGS	1,97,32.90	9,88.84	-	1,16.98	2,08,38.72	96,05.83	14,60.94	-	1,10,66.77	97,71.95	1,01,27.07
RAILWAY SIDING	47,97.11	88.59	-	-	48,85.70	15,22.51	4,91.57	-	20,14.08	28,71.62	32,74.60
PLANT AND EQUIPMENTS	8,68,41.77	29,66.46	64,27.57	2,27.03	8,96,07.69	4,98,59.12	40,47.47	58,19.76	4,80,86.83	3,55,20.86	3,69,82.65
OFFICE EQUIPMENT	6,78.26	86.29	12.32	2.13	7,54.36	4,90.60	44.30	4.96	5,29.94	2,24.42	1,87.66
FURNITURE AND FIXTURES	6,42.59	25.73	-	0.52	6,68.84	5,25.93	35.96	-	5,61.89	1,06.95	1,16.66
VEHICLES	11,74.02	1,49.35	1,48.78	-	11,74.59	6,79.57	1,96.05	1,26.35	7,49.27	4,25.32	4,94.45
LIVESTOCK	1.11	-	-	-	1.11	-	-	-	-	1.11	1.11
Total	17,34,74.74	45,14.58	65,88.67	3,46.66	17,17,47.31	6,28,30.11	63,04.51	59,51.07	6,31,83.55	10,85,63.76	11,06,44.63
Previous Year	16,38,96.59	1,06,74.73	10,96.58	-	17,34,74.74	5,46,53.14	89,64.53	7,87.56	6,28,30.11	11,06,44.63	
Intangible Assets											
COMPUTERS SOFTWARES	8,25.99	20.66	-	-	8,46.65	5,98.65	55.12	-	6,53.77	1,92.88	2,27.34
MINING RIGHTS	15.32	-	-	-	15.32	7.18	1.53	-	8.71	6.61	8.14
Total	8,41.31	20.66	-	-	8,61.97	6,05.83	56.65	-	6,62.48	1,99.49	2,35.48
Previous Year	7,71.45	69.86	-	-	8,41.31	5,52.10	53.73	-	6,05.83	235.48	

Notes :

- 2.11.1 Freehold Land and Buildings pertaining to Elavur, Khardah and Haldia Units of the Company has been revalued by an approved valuer as on 31st March 2013 on direct sales approach basis and depreciated replacement cost approach basis respectively. Accordingly, net increase of Rs. 5,73,30,74 lakhs as on 31st March 2013 in the value of these fixed assets due to such revaluation had been transferred to Revaluation Reserve.
- 2.11.2 Depreciation and amortization amounting to Rs. 7,08,13 lakhs (previous year Rs. 19,35,36 lakhs) pertains to additional depreciation charged due to revaluation of Buildings on 31st March 2013 which has been adjusted from revaluation reserve and transferred to general reserve.
- 2.11.3 Depreciation and amortization for the year includes Rs nil (previous year Rs. 7,38,89 lakhs) transferred to Pre-operative expenses.
- 2.11.4 During the previous year, depreciation had been provided based on the life of the assets as per schedule II of the Companies Act, 2013. In term of said schedule, where the remaining life of the assets was nil as on 1st April 2014, the carrying amount of Rs. 12,20,52 lakhs (net off deferred tax of Rs. 3,15,85 lakhs) (including Rs. 7,92,67 lakhs pertaining to revalued assets) after retaining the residual value, had been fully depreciated and had been adjusted against general reserve.
- 2.11.5 Plant and Equipments includes :
 (a) Rs. 8,27,18 lakhs (previous year Rs. 8,27,18 lakhs) being contribution for laying the Power line, the ownership of which does not vest with the company.
 (b) Rs. 24,98,72 lakhs (previous year Rs. 24,98,72 lakhs) being cost of wagons procured under "Wagon Investment Scheme".
 (c) Railway Siding Rs.46,31.77 lakhs (previous year Rs. 45,43.18 lakhs) incurred for construction, the ownership of which does not vest with the company.
- 2.11.6 Leasehold Land of Rs. 2,40,00 lakhs (previous year Rs. 2,40,00 lakhs) is pending execution of lease agreement and registration thereof.
- 2.11.7 Freehold land includes Rs. 3,35,81 lakhs (previous year Rs. 3,35,81 lakhs) Land acquired for coal mines in respect of which the execution of conveyance deeds is pending. (refer note no. 2.33.a)
- 2.11.8 Other adjustments includes Rs. 44,37 Lakh (previous year Nil) being interest capitalised during the year and Rs. 3,02,29 Lakh (previous year Nil) representing foreign exchange fluctuation.
- 2.11.9 Land with factory buildings (net block Rs.1,34,25,34 lakhs (previous year Rs. 1,34,91,04 lakhs) at Elavur plant of the Company are mortgaged in the favour of lender to Electrosteel Steel Limited, an associate of the Company.
- 2.11.10 Refer note 2.3

Notes on Financial Statements for the year ended March 31, 2016

2.12 NON-CURRENT INVESTMENTS- AT COST

Amount Rs. in lakhs

(Fully paid up except otherwise stated)

Particulars	As at March 31, 2016		As at March 31, 2015	
	Holding	Value	Holding	Value
(A) Trade				
Equity Instruments				
Equity Shares				
Quoted				
R.G. Ispat Limited (Face value of Rs. 10/- each)	50	0.00	50	0.00
Unquoted				
Rainbow Steels Limited (Face value of Rs. 10/- each)	100	0.01	100	0.01
Metal Scrap Trade Corporation Limited (Face value of Rs. 10/- each)	1,000	0.05	1,000	0.05
		<u>0.06</u>		<u>0.06</u>
(B) Others				
Equity Instruments				
Equity Shares				
Quoted				
Associates				
Srikalahashti Pipes Limited (Face value of Rs. 10/- each)	1,93,01,218	6,333.53	1,93,01,218	6,333.53
Electrosteel Steels Ltd. (Face value Rs. 10/-each)	1,08,98,00,000	1,11,077.64	1,08,98,00,000	1,11,077.64
Unquoted				
Subsidiaries				
Electrosteel Europe SA (Face value of Euro 10 each)	3,80,000	2,323.41	3,80,000	2,323.41
Electrosteel Algeria SPA((Face value of 3550 Algerian Dinar each)	82,500	914.41	82,500	914.41
Electrosteel Castings (UK) Ltd. (Face value of GBP 1 each)	11,00,000	1,059.26	11,00,000	1,059.26
Electrosteel USA, LLC	#	1,445.60	#	1,445.60
Electrosteel Trading S.A.Spain (Face Value of Euro 1 each)	65,000	45.10	65,000	45.10
Mahadev Vyapaar Pvt Ltd. (Face Value of Rs 10/- each)	10,000	1,203.00	10,000	1,203.00
Electrosteel Castings Gulf FZE (Face Value of UAE Dhiram 1000000 each)	1	150.60	1	150.60
Electrosteel Brasil LTDA Tubos E Conexoes Duteis (Face Value of BRL 1 each)	1,50,000	45.05	1,50,000	45.05
Electrosteel Doha for Trading LLC (Face Value of QAR 1000 each)	98	14.84	98	14.84
Electrosteel Baharain Holding S.P.C.Company (Face value of BHD 100 each)	2,500	414.83	2,500	414.83
Associate				
Electrosteel Thermal Power Ltd. (Face value of Rs. 10/- each)	15,000	1.50	15,000	1.50
Joint Venture				
Domco Pvt Ltd (Face value of Rs 100/- each)	30,000	30.00	30,000	30.00
North Dhadhu Mining Company Pvt Ltd (Face value of Rs. 10/- each)	82,28,053	822.81	82,28,053	822.81
Others				
Singardo International Pte Ltd (Face value of SGD 1 each)	25,000	7.33	25,000	7.33
N Marshall Hi-tech Engineers Pvt. Ltd.(Face value of Rs. 10/- each)	50,000	5.00	50,000	5.00
		<u>1,25,893.91</u>		<u>1,25,893.91</u>
Quoted Preference share				
Mukand Limited (0.01% Cumulative Redeemable Preference Shares Share Face value of Rs 10/- each)	16	0.00	16	0.00
		<u>1,25,893.91</u>		<u>1,25,893.91</u>
Less: Provision for investments		30.00		30.00
		<u>1,25,863.91</u>		<u>1,25,863.91</u>
Total-Non-Current Investments		<u>1,25,863.97</u>		<u>1,25,863.97</u>
# Towards 100% Capital Contribution				
Aggregate amount of Quoted Investments		<u>1,17,411.17</u>		<u>1,17,411.17</u>
Aggregate amount of Unquoted Investments		<u>8,452.80</u>		<u>8,452.80</u>
		<u>1,25,863.97</u>		<u>1,25,863.97</u>
Aggregate amount of Market value of Quoted Investments		<u>80,196.61</u>		<u>71,255.83</u>
		<u>80,196.61</u>		<u>71,255.83</u>

**Notes on Financial Statements** for the year ended March 31, 2016

Notes

- 2.12.1 86,67,50,000 Equity shares of Rs 10/- each fully paid up of Electrosteel Steels Limited aggregating Rs. 8,87,71.31 lakhs (previous year Rs.8,87,71.31 lakhs) held by the Company as Investment have been pledged in favour of Electrosteel Steels Limited lenders for securing financial assistance to Electrosteel Steels Limited.
- 2.12.2 Electrosteel Steels Limited, an associate company is currently passing through financial stringency. Joint Lender Forum (JLF) is contemplating various restructuring and other measures which interalia include restructuring of debts, induction of new promoter etc., final outcome whereof is awaited. Pending this and assessment of change in the status and resultant valuation etc., Company's Investment in the said associate has been carried at cost.
- 2.12.3 The Company has investment of Rs. 30 Lakhs in equity shares and given advance of Rs. 7.00 Lakhs against equity to Domco Private Limited (DPL), a Company incorporated in India, and has joint control (proportion of ownership interest of the Company being 50%) over DPL along with other venturers (the Venturers). The Venturers had filed a petition before the Company Law Board, Principal Bench, New Delhi (CLB) against the Company on various matters including for forfeiture of the Company's investment in equity shares of the DPL. The Company had inter alia filed petition before the Hon'ble High Court of Jharkhand at Ranchi. The Hon'ble High Court of Jharkhand at Ranchi upheld the Company's appeal and decided that the matter would have to be referred for Arbitration, the Venturer has challenged the aforesaid judgment in the Divisional Bench of the Hon'ble High Court of Jharkhand at Ranchi. Further advance of Rs. 7.00 Lakhs recoverable as above has also been referred for arbitration in terms of Shareholders Agreement. Pending final outcome of the matter and since, the other Venturer are not providing the financial statements of DPL, and thereby disclosures as regards to contingent liability, capital commitments, if any, aggregate amounts of the assets, liabilities, income and expenses related to the Company's interest in DPL has not been made in these financial statements.
- 2.12.4 (a) The North Dhadhu Coal Block located in the state of Jharkhand was allocated to the Company, M/s. Adhunik Alloys & Power Limited (AAP), M/s. Jharkhand Ispat Pvt. Ltd. (JPL) and M/s. Pawanjay Steel & Power Limited (PSPL) (collectively referred to as venturers) for working through a joint venture company. Accordingly, North Dhadhu Mining Company Private Limited (NDMCPL), a company in which the Company has joint control (proportion of ownership interest of the Company being 48.98 %) along with other venturers was formed. The Company has investment of Rs. 8,22.81 lakhs in equity shares of NDMCPL. (refer note no. 2.33.b)
- (b) The Ministry of Coal, Government of India had issued an order for de-allocation of North Dhadhu Coal Block and deduction of Bank Guarantee of Rs. 56.03 crores issued for the same. The Company's share in the Bank Guarantee is Rs 27.45 crores. On a writ petition filed by the Company for quashing the order, stay has been granted by the Hon'ble High Court of Jharkhand. Pending final judgement, no provision is considered necessary in the respect of Company's investment in NDMCPL and amount of Bank Guarantee. (refer note no. 2.33.b)
- 2.12.5 **Information on other joint venture (other than 2.12.3)**

Sl. No. Name of the Joint Venture

(i) North Dhadhu Mining Company Private Limited

(ii) Interest in assets, liabilities, revenue and expenses with respect to jointly controlled entities.

A) Assets :

a) Fixed Assets (Net Block) :

Capital Work-in-Progress

b) Current Assets

Cash & Bank Balances

Long term loans & advances

Short term loans & advances

Other Current Assets

Current Investments

B) Current liabilities :

Other current liabilities

Trade payables

C) Revenue**D) Expenses**

	Country of Incorporation	Percentage of ownership interest
	India	48.98
		Amount Rs. In lakhs
	2015-16	2014-15
	0.19	0.21
	7,13.73	7,13.73
	1,05.72	49.13
	6.17	6.44
	2.42	2.40
	7.80	4.06
	-	51.55
	0.07	0.07
	1.62	0.85
	13.87	5.25
	2.60	2.78

22.12.6 Particulars of investments as required in terms of section 186(4) of the Companies Act, 2013 have been disclosed under note no. 2.12 & 2.13.

Notes on Financial Statements for the year ended March 31, 2016

2.13 CURRENT INVESTMENTS - AT COST

Amount Rs. in lakhs

(Fully paid up except otherwise stated)

Other Instruments

Equity Instruments

Equity Shares (Quoted)

	As at March 31, 2016		As at March 31, 2015	
	Holding	Value	Holding	Value
Coal India Limited (Face value of Rs. 10/- each)	-	-	19,000	49.96
Jindal Drilling & Industries Ltd (Face value of Rs. 5/- each)	1,76,500	5,19.99	1,76,500	5,19.99
Manganese Ore India Ltd (Face value of Rs. 10/- each)	3,794	14.23	3,794	14.23
Reliance Industries Ltd (Face value of Rs. 10/- each)	500	4.44	18,000	1,60.19
Andhra Bank (Face value of Rs. 10/- each)	5,000	7.87	5,000	7.87
3I Infotech Ltd. (Face value of Rs. 10/- each)	60,000	18.01	60,000	18.01
BGR Energy Systems Ltd. (Face value of Rs. 10/- each)	1,500	5.48	1,500	5.48
Bharat Heavy Electricals Ltd. (Face value of Rs. 2/- each)	12,500	41.94	12,500	41.94
Fortis Healthcare (India) Ltd. (Face value of Rs. 10/- each)	-	-	4,000	5.75
GTL Infrastructure Ltd. (Face value of Rs. 10/- each)	60,000	8.25	60,000	8.25
Garden Silk Mills Ltd. (Face value of Rs. 10/- each)	1,000	0.80	1,000	0.80
Jyoti Structures Ltd. (Face value of Rs. 2/- each)	5,000	3.59	5,000	3.59
National Aluminium Company Ltd. (Face value of Rs 5/- each)	2,500	1.95	2,500	1.95
Punjab National Bank (Face value of Rs. 2/- each)	10,000	19.86	10,000	19.86
Pilani Investments and Industries Corporation Ltd. (Face value of Rs. 10/- each)	700	17.17	700	17.17
Vedanta Limited (Formerly known as Sesa Sterlite Industries Ltd.) (Face value of Rs. 1/- each)	2,000	4.18	2,000	4.18
Timex Group India Ltd. (Face value of Rs. 1/- each)	-	-	1,000	0.28
Tata Teleservices (Maharashtra) Ltd. (Face value of Rs. 10/- each)	28,333	4.91	28,333	4.91
		6,72.67		8,84.41
Less : Provision		4,05.52		2,79.82
Total - Equity Shares		2,67.15		6,04.59

Bonds (Quoted)

8.74% RRUVUNL (Tranche 11) 26/03/2027 of Rs. 10,00,000 each	-	-	4	40.00
11% Bank Of India Perpetual Bonds of Rs. 10,00,000 each	-	-	3	30.76
11.50% ITNL NCD 21/06/2024 of Rs.10,00,000 each	-	-	4	40.11

Total - Bonds

1,10.87

Total - Current Investments

2,67.15

7,15.46

Aggregate amount of Quoted Investments

- In Bonds and Commercial Papers	-		1,10.87	
- In Equity Shares	6,72.67	6,72.67	8,84.41	9,95.28

Aggregate amount of Market value of Quoted Investments

- In Bonds	-			1,18.04
- In Equity Shares	2,67.15			6,04.59
	2,67.15			7,22.63

2.13.1 Quoted Investments for which quotations are not available have been included in the market value at the face value/paid up value, whichever is lower except in case of debenture, bonds and government securities where the net present value at current yield to maturity have been considered.

2.13.2 Refer note no. 2.12.6 for particulars of investments.

**Notes on Financial Statements** for the year ended March 31, 2016

		Amount Rs. in lakhs	
2.14 LONG TERM LOANS AND ADVANCES		As at March 31, 2016	As at March 31, 2015
Particulars	Ref. note no.		
UNSECURED, CONSIDERED GOOD	2.14.2		
Capital Advances	2.14.4	4,42.87	6,66.39
Security Deposits	2.14.3	24,18.33	13,36.06
Others			
Prepaid expenses		57.24	1,16.96
Others	2.14.1	6.22	14.66
		29,24.66	21,34.07
2.14.1	Including loans and advance to employees amounting to Rs. 5.77 lakhs.(previous year Rs. 14.21 lakhs)		
2.14.2	In the opinion of the Board of Directors, current assets and loans and advances 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.		
2.14.3	Security deposits include Rs. 5,57.50 lakhs (previous year Rs. 5,57.50 lakhs) with private limited companies in which directors are interested as a member / director and Rs. 1,85.00 lakhs (previous year Rs. 2,03.00 lakhs) with related parties.		
2.14.4	Capital advances includes Rs. 5.27 lakhs (previous year Rs. 5.27 lakhs) paid to related party		
2.15 OTHER NON-CURRENT ASSETS			
UNSECURED, CONSIDERED GOOD			
Long Term Trade Receivables		1,36.19	3,39.14
Fixed Deposit (having original maturity of more than 1 year)	2.18.1	25,00.50	0.54
		26,36.69	3,39.68
2.16 INVENTORIES			
Raw materials		1,13,32.81	2,56,07.46
Raw materials (goods in transit)		24,02.92	5,17.67
Process stock	2.16.2	42,89.29	47,91.91
Finished goods	2.16.2	1,07,33.89	1,27,38.30
Stores and spares		59,73.37	54,07.54
Stores and spares (goods in transit)		84.74	2,13.97
		3,48,17.02	4,92,76.85
Work-in-progress (Turnkey Projects)	2.16.2	2,75.39	7,91.70
Less: Progress payment received		-	4,89.99
		2,75.39	3,01.71
		3,50,92.41	4,95,78.56
2.16.1	Refer note no. 2.7.1 and 2.17.1		
2.16.2 Details of Inventories			
Finished goods			
D.I. Spun pipes		74,86.10	80,11.36
C.I. Spun pipes		5,28.71	3,27.84
Metallurgical Coke		10,21.51	16,96.19
Others		16,97.57	27,02.91
		1,07,33.89	1,27,38.30
Process stock			
D.I. Spun pipes		23,98.43	35,57.30
D.I. Fittings		10,65.78	9,94.93
Others		8,25.08	2,39.68
		42,89.29	47,91.91
Work-in-progress (Turnkey Projects)			
Pipes		2,01.50	4,57.47
Others		73.89	3,34.23
		2,75.39	7,91.70

Notes on Financial Statements for the year ended March 31, 2016

		Amount Rs. in lakhs	
2.17 TRADE RECEIVABLES			
Particulars	Ref. note no.	As at March 31, 2016	As at March 31, 2015
CURRENT	2.7.1		
UNSECURED, CONSIDERED GOOD			
Trade outstanding for period exceeding six months from the date they become due for payment		29,13.89	28,72.50
Others		6,74,58.48	5,51,62.26
		<u>7,03,72.37</u>	<u>5,80,34.76</u>
2.17.1 Balances of Trade Receivables including for Turnkey Contracts, Work-in-progress, Creditors and advances are subject to confirmation/reconciliation and adjustments in this respect are carried out as and when amounts thereof, if any are ascertained.			
2.18 CASH AND BANK BALANCES			
Cash and Cash Equivalents			
Balances with banks			
In current and cash credit accounts	2.18.2	68,83.86	78,05.12
In dividend accounts		2,44.36	1,11.52
Fixed Deposits (Original Maturity Less than 3 months)		10,25.00	-
Cash on hand		8.12	19.26
		<u>81,61.34</u>	<u>79,35.90</u>
Other balance with banks			
In Fixed Deposit Escrow account	2.6.1	4,98.02	4,61.22
Margin money/Fixed deposits (having original maturity of more than 3 months)	2.18.1 & 2.18.2	8,36.30	1,26,25.30
		<u>94,95.66</u>	<u>2,10,22.42</u>
2.18.1 Fixed Deposits with Banks include Fixed Deposit of Rs. 9,04.23 lakhs (previous year Rs. 31,07.27 lakhs) lodged with Government Departments, Customers and Bank.			
2.18.2 Includes Fixed Deposits of NIL (previous year Rs. 95,16.64 lakhs) and bank Balance of Rs.17,35.86 lakhs (previous year NIL) in respect of External Commercial Borrowings loan pending utilisation for intended use.			
2.19 SHORT TERM LOANS AND ADVANCES			
UNSECURED, CONSIDERED GOOD	2.7.1		
Advances to related parties	2.38 & 2.19.2	2,22,96.21	2,62,99.99
Other loans and advances			
Security Deposits		7,86.58	10,97.90
For supply of goods and rendering of services		11,29.89	12,92.10
Balance with Government authorities		51,17.20	74,54.87
Prepaid expenses		1,,93.49	2,59.84
Others		91.82	1,08.04
		<u>2,96,15.19</u>	<u>3,65,12.74</u>
DOUBTFUL ADVANCES			
Advances to related party	2.12.3	7,00.00	7,00.00
Others		10.62	12.04
		<u>7,10.62</u>	<u>7,12.04</u>
Less : Provision for doubtful advances		7,10.62	7,12.04
		<u>-</u>	<u>-</u>
		<u>2,96,15.19</u>	<u>3,65,12.74</u>

**Notes on Financial Statements** for the year ended March 31, 2016

2.19.1 Disclosure of Loans and Advances as per the Regulation 34(3) of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) are as follows :

	Amount Outstanding at the year end March 31, 2016 (Rs. in lakhs)	Maximum Amount Outstanding during the year 2015-16 (Rs. in lakhs)	Amount Outstanding at the year end March 31, 2015 (Rs. in lakhs)	Maximum Amount Outstanding during the year 2014-15 (Rs. in lakhs)
Loans and advances in the nature of loans to Subsidiaries and Associates:				
(a) Singardo International Pte Ltd.*	-	-	-	99.12
(b) Electrosteel Castings (UK) Limited	-	-	-	27,92.70
(c) Mahadev Vyapaar Private Limited	4,14.63	4,30.52	4,30.12	4,45.89
Loans and advances in the nature of loans to Firms/Companies in which directors are interested				
Loans and advance in the nature of loans and loanee has invested in :				
(a) Shares of Parent Company	-	-	-	-
(b) Shares of a Subsidiary (including sub/fellow subsidiary)	-	-	-	-

*During the previous year Singardo International Pte Ltd has ceased to be an subsidiary /associate of the company.

2.19.2 All the above advances have been given for general corporate purpose. In respect of advance given to Mahadev Vyapaar Pvt. Ltd., reference should be made to note no. 2.45.

2.20 OTHER CURRENT ASSETS

Amount Rs. in lakhs

Particulars	Ref. Note No.	As at March 31, 2016	As at March 31, 2015
Interest receivable		18.84	38.57
Claim Receivable	2.33.a	92,16.89	-
Incentive/Subsidy receivable		63,51.64	56,42.29
Export incentive receivable		17,13.11	42,58.70
Forward Premium receivable		1,97.28	27,89.69
Others		7,71.79	5,32.54
		<u>1,82,69.55</u>	<u>1,32,61.79</u>

2.21 REVENUE FROM OPERATIONS

Particulars	Ref. note no.	For the year ended 31.03.2016	For the year ended 31.03.2015
Sale of products	2.21.1	19,72,32.44	21,26,71.01
Sale of services (Turnkey contracts)		4,93.79	10,04.14
Other operating revenues			
Incentive on exports		27,56.30	52,45.37
Others		11,32.75	14,08.30
		<u>20,16,15.28</u>	<u>22,03,28.82</u>
Less: Excise duty		43,89.14	49,50.93
		<u>19,72,26.14</u>	<u>21,53,77.89</u>

2.21.1 Details of products sold**Finished goods sold**

D.I. Spun pipes	14,36,63.41	14,22,80.69
C.I. Spun pipes	1,31,52.53	1,36,74.95
Others	3,79,30.51	5,12,53.25
	<u>19,47,46.45</u>	<u>20,72,08.89</u>

Traded goods sold

Coke and Coal	13,05.76	37,30.11
Others	11,80.23	17,32.01
	<u>24,85.99</u>	<u>54,62.12</u>

Notes on Financial Statements for the year ended March 31, 2016

		Amount Rs. in lakhs	
2.22 OTHER INCOME			
Particulars	Ref. note no.	For the year ended 31.03.2016	For the year ended 31.03.2015
Interest income on			
Current investments		7.89	8.25
Interest on loans, deposits, overdue debts etc.		7,60.17	4,42.67
Dividend income			
Current investments		3.82	7.46
Non current investments		5,79.86	2,89.52
Net gain or loss on sale / redemption of investments			
Current investments (net)		56.29	3,72.05
Non current investments		-	7,21.24
Net gain or loss on foreign currency transaction and translation		17,25.66	8,58.18
Profit on sale of fixed assets		16.13	-
Provision no longer required written back		1.43	3,37.22
Miscellaneous income		52.41	44.54
		<u>32,03.66</u>	<u>30,81.13</u>
 2.23 COST OF MATERIALS CONSUMED			
Raw materials consumed	2.23.1	<u>8,55,40.33</u>	<u>10,37,26.82</u>
2.23.1 Details of material consumed			
Iron ore		1,94,22.86	2,81,09.60
Coal		3,60,55.85	4,34,39.43
Others		3,00,61.62	3,21,77.79
		<u>8,55,40.33</u>	<u>10,37,26.82</u>
 2.24 PURCHASES OF STOCK IN TRADE			
Coke and coal		12,64.80	36,13.11
Rubber gaskets		25,46.46	26,31.91
DI fittings		5,22.68	2,56.21
Others		5,39.97	21,51.87
		<u>48,73.91</u>	<u>86,53.10</u>
 2.25 (INCREASE)/DECREASE IN INVENTORIES			
Closing Stock :			
Finished		1,07,33.89	1,27,38.30
Process		42,89.29	47,91.91
Work in Progress (Turnkey Projects)		2,75.39	7,91.70
		<u>1,52,98.57</u>	<u>1,83,21.91</u>
Less : Opening stock			
Finished		1,27,38.30	1,47,40.52
Stock-in-trade (in respect of goods acquired for trading)		-	38.62
Process		47,91.91	35,40.34
Work in Progress (Turnkey Projects)		7,91.70	5,11.70
		<u>1,83,21.91</u>	<u>1,88,31.18</u>
		<u>30,23.34</u>	<u>5,09.27</u>

**Notes on Financial Statements** for the year ended March 31, 2016

		Amount Rs. in lakhs	
2.26 EMPLOYEE BENEFITS EXPENSE			
Particulars	Ref. note no.	For the year ended 31.03.2016	For the year ended 31.03.2015
Salaries and wages	2.29.5	1,60,68.35	1,44,73.84
Contribution to provident and other funds		9,09.35	7,88.29
Staff welfare expenses		8,04.69	7,28.54
		<u>1,77,82.39</u>	<u>1,59,90.67</u>
2.27 FINANCE COSTS			
Interest expense		1,21,32.08	1,16,40.00
Net gain/loss on foreign currency transactions and translation		28,13.43	23,41.28
Other borrowing cost		20,52.45	5,50.34
		<u>1,69,97.96</u>	<u>1,45,31.62</u>
2.28 DEPRECIATION AND AMORTISATION EXPENSES			
Depreciation and amortization expense	2.11	63,61.16	67,43.00
		<u>63,61.16</u>	<u>67,43.00</u>
2.29 OTHER EXPENSES			
Consumption of stores and spare parts	2.29.2	1,44,96.99	1,38,54.11
Power and fuel		1,51,12.78	1,71,03.74
Material Handling Charges		21,63.70	18,90.81
Rent	2.29.4	8,19.71	7,73.75
Repairs to buildings		2,54.49	2,61.17
Repairs to machinery		3,54.30	3,47.25
Insurance		3,54.50	3,05.95
Rates and taxes		4,65.50	3,70.26
Directors fees and commission		90.85	86.74
Packing & forwarding charges [(net of realisation Rs. 62,73.79 lakhs (previous year Rs. 64,61.87 lakhs)]		72,97.62	90,40.97
Commission to selling agents		56,70.91	58,03.20
Job charges		6,24.93	15,89.46
Excise duty on stock		(3,39.57)	(41.07)
Bad debts		4,00.74	-
Loss on sale of fixed assets (net)		-	6.28
Provision for diminution in value of investments		1,25.70	27.32
Miscellaneous expenses	2.29.1 , 2.29.3 & 2.29.6	99,07.89	72,50.95
		<u>5,78,01.04</u>	<u>5,86,70.89</u>
2.29.1 Miscellaneous expenses includes auditors remuneration.			
(a) Audit Fees		15.00	15.00
(b) Other services - Certificates, etc.		11.34	8.51
2.29.2 Stores and spares consumption include pipe moulds written off			
		2,26.09	2,80.03

Notes on Financial Statements for the year ended March 31, 2016

- 2.29.3 Miscellaneous expenses include Charity and Donation of Rs. 3,30.32 lakhs (previous year Rs. 2,63.62 lakhs).
- 2.29.4 The Company has certain operating lease arrangements for office accommodations etc. with tenure extending upto 9 yrs. Term of certain lease arrangements include escalation clause for rent on expiry of 36 months from the commencement date of such lease and deposit / refund of security deposit etc. Expenditure incurred on account of rent during the year and recognized in the Profit and Loss account amounts to Rs. 5,93.26 lakhs (previous year Rs. 5,47.30 lakhs).
- 2.29.5 During the year, the Company has incurred Rs 93.59lakhs (previous year Rs 89.65 lakhs) on account of research and development expenses which has been charged to Statement of Profit and Loss.
- 2.29.6 During the year, the Company has incurred Rs. 2,35.00 lakhs (previous year Rs. 1,98.48 lakhs) on account of Corporate Social Responsibility (CSR) out which Rs. 2,25.00 lakhs (previous year Rs. 1,51.00 lakhs) included under Charity and Donation, Rs. 10.00 lakhs (previous year Rs. 11.21 lakhs) included under Other Miscellaneous Expenses and NIL (previous year Rs. 36.30 lakhs) under capital work in progress.

2.30 TAX EXPENSES - Current Tax

Particulars	Ref. note no.	Amount Rs. in lakhs	
		For the year ended 31.03.2016	For the year ended 31.03.2015
Provision for current tax		24,49.07	24,78.82
		24,49.07	24,78.82

2.31 Employee Benefits

The disclosures required under Accounting Standard 15 on "Employee Benefits" are given below :

Defined Contribution Scheme

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

Employer's Contribution to Provident Fund	2,60.71	3,28.33
Employer's Contribution to Pension Fund	2,00.08	1,61.76
Employer's Contribution to Superannuation Fund	56.53	65.00

Defined Benefit Scheme

The employee's gratuity fund scheme managed by Life Insurance Corporation of India and ICICI Prudential Life Insurance Company Ltd. is a defined benefit plan. The present value of obligation 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.

a) Change in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

- Liability at the beginning of the year
- Interest Cost
- Current Service Cost
- Actuarial (gain) / loss on obligations
- Benefits paid
- Liability at the end of the year

Gratuity (Funded)	
2015-16	2014-15
20,94.29	16,92.03
1,76.64	1,56.19
1,49.06	1,31.46
1,30.11	1,67.27
(2,40.50)	(52.66)
23,09.60	20,94.29



Notes on Financial Statements for the year ended March 31, 2016

Amount Rs. in lakhs

		Gratuity (Funded)	
		2015-16	2014-15
b)	Changes in the Fair Value of Plan Asset representing reconciliation of opening and closing balances thereof are as follows:		
	Fair value of Plan Assets at the beginning of the year	13,76.19	10,87.44
	Expected Return on Plan Assets	1,04.54	98.27
	Contributions by the Company	34.11	1,70.20
	Benefits paid	(2,40.50)	(52.66)
	Actuarial gain / (loss) on Plan Assets	(35.79)	72.94
	Fair value of Plan Assets at the end of the year	12,38.55	13,76.19
	Total actuarial gain / (loss) to be recognised	(1,65.90)	(94.33)
c)	Actual return on Plan Asset		
	Expected return on Plan assets	1,04.54	98.27
	Actuarial gain / (loss) on Plan Assets	(35.79)	72.94
	Actual Return on Plan Assets	68.75	1,71.21
d)	Amount Recognized in Balance Sheet		
	Liability at the end of the year	23,09.60	20,94.29
	Fair value of Plan Assets at the end of the year	12,38.55	13,76.19
		10,71.05	7,18.10
e)	Expenses Recognized in the Income Statement		
	Current Service Cost	1,49.06	1,31.46
	Interest Cost	1,76.64	1,56.19
	Expected Return on Plan Assets	(1,04.54)	(98.27)
	Net Actuarial (gain) / loss to be Recognized	1,65.90	94.33
	Expenses Recognized in Profit & Loss Account	3,87.06	2,83.71
f)	Balance Sheet Reconciliation		
	Opening Net Liability	7,18.10	6,04.59
	Expenses as above	3,87.06	2,83.71
	Employers Contribution	(34.11)	(1,70.20)
	Amount Recognized in Balance Sheet	10,71.05	7,18.10

Gratuity (Funded)					
	2015-16	2014-15	2013-14	2012-13	2011-12
Defined Benefit Obligation at the end of the year	23,09.60	20,94.29	16,92.03	14,92.89	12,54.18
Plan Asset at the end of the period	12,38.55	13,76.19	10,87.44	8,42.10	7,39.04
Funded status	10,71.05	7,18.10	6,04.59	6,50.79	5,15.14

Experience adjustments:

Experience gain/ (loss) on adjustment on plan Liabilities

Experience gain/ (loss) on adjustment on plan Assets

2,05.46	-	(26.37)	(67.22)	(23.58)
(35.79)	72.94	(3.51)	4.34	(2.35)

Notes on Financial Statements for the year ended March 31, 2016

Compensated Absences

The obligation for compensated absences is recognized in the same manner as gratuity. The actuarial liability of Compensated Absences (unfunded) of accumulated privileged and sick leaves of the employees of the Company as at March 31, 2016 is given below :

Particulars	Amount Rs. in lakhs	
	As at March 31, 2016	As at March 31, 2015
Privileged Leave	10,95.52	9,94.90
Sick Leave	6,14.80	6,72.22
g) Principal Actuarial assumptions as at the Balance Sheet date		
Discount Rate	8.00%	8.25%
Rate of Return on Plan Assets	8.00%	8.25%

Notes :

- Assumptions relating to future salary increases, attrition, interest rate for discount & overall expected rate of return on Assets have been considered based on relevant economic factors such as inflation, market growth & other factors applicable to the period over which the obligation is expected to be settled.
- The Company expects to contribute Rs. 2,00.00 lakhs (previous year Rs. 2,00.00 lakhs) to Gratuity fund in 2016-17.

2.32 Calculation of Earning Per Share is as follows:

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Net profit for basic and diluted earnings per share as per Statement of Profit and Loss	58,95.50	72,67.16
Net profit for basic and diluted earnings per share	58,95.50	72,67.16
(b) Weighted average number of equity shares for calculation of basic and diluted earnings per share (Face value Re. 1/- per share)		
No of equity shares outstanding as on 31st March	35,69,55,322	34,38,17,322
Add : Issued on 20th May 2014	–	1,31,38,000
Number of equity shares considered in calculating basic and diluted EPS	35,69,55,322	35,69,55,322
(c) Weighted average number of equity shares outstanding	35,69,55,322	35,51,91,590
(d) Earnings per share (EPS) of Equity Share of Re. 1/- each :		
a) Basic (Rs.)	1.65	2.05
b) Diluted (Rs.)	1.65	2.05

2.33.a. In pursuance of the Order dated September 24, 2014 issued by the Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated October 21, 2014 (Ordinance) for implementing the Order, allotment of Parbatpur coal block (coal block/mines) to the Company which was under advanced stage of implementation, has been cancelled w.e.f. April 01, 2015. In terms of the Ordinance, the Company was allowed to continue the operations in the said block till March 31, 2015. Accordingly, the same has been handed over to Bharat Coking Coal Limited (BCCL) as per the direction from Coal India Ltd. (CIL) with effect from April 01, 2015. The Company pending acceptance and recovery of the amount of compensation, has filed a petition before the Hon'ble High Court at Delhi, hearing whereof has been concluded and judgement is awaited.

**Notes on Financial Statements** for the year ended March 31, 2016

Pending decision of the Court,

- (i) Rs.12,88,84.11 lakhs incurred pertaining to the coal block till March 31, 2015 after setting off income, stocks etc. there against as per the accounting policy then followed by the company has been continued to be shown as freehold land, capital work in progress, other fixed assets and other respective head of accounts.
- (ii) Interest and other finance cost for the period from April 01, 2015 onwards against the fund borrowed and other expenses directly attributable in this respect amounting to Rs. 94,14.78 lakhs has been considered as other recoverable under current assets.
- (iii) Realisation against sale of assets, advances etc amounting to Rs. 6,33.83 lakhs have been adjusted thereagainst.

The matter being subjudice the amount of compensation are presently not ascertainable and consequential adjustments in this respect will be given effect to on ascertainment of the amounts thereof. Claims pursuant to cancellation of Coal Block and handing over the same as detailed in different heads of account includes the following :

Particulars	Amount Rs. in lakhs			
	As at 31 March, 2016		As at 31 March, 2015	
Inventories		14,78.76		14,78.76
Short Term Loan and Advances		13,99.78		13,99.78
Capital Work in Progress :				
Plant and Equipment and others assets under Installation		3,34,93.90		3,34,93.90
Mine Development including overburden removal expenses (Net) (Refer Note No. 2.33.d)		8,66,86.76	12,01,80.66	8,66,86.76
Other Fixed Assets		22,43.99		22,43.99
Capital Advance		3,31.92		3,31.92
Freehold Land (Refer Note No. 2.11.7)		32,49.00		3,249.00
Other balances with Banks in Fixed Deposit Escrow Accounts		4,98.02		4,61.22
Less : Provision for mine closure and restoration charges		4,98.02		4,61.22
Sub Total		12,88,84.11		1,28,884.11
Other Recoverable		94,14.78		-
Less : Sale of Assets and other realisations		6,33.83	87,80.95	-
Total		13,76,65.06		1,28,884.11

2.33.b In terms of the Supreme Court Order as referred above, North Dhadhu Coal Block, allotted in joint venture with other companies, has also been cancelled w.e.f. September 24, 2014. The Company barring initial contribution of Rs. 8,22.81 Lakhs has not made any further investments in the said the joint venture company. In respect of Company's investment of Rs.8,22.81 lakhs in North Dhadhu Coal Block, allotted in joint venture with other companies, in view of the management, the compensation to be received in terms of the ordinance is expected to cover the cost incurred by the Joint Venture Companies and thereby no diminution in value of such investment is expected to arise and accordingly no provision has been considered necessary by the management.

2.33.c Capital work in progress includes plant and equipments and other assets amounting to Rs.4,01,03.05 lakhs (previous year Rs. 4,01,68.80 lakhs) under installation and capital and other expenditure incurred pending completion thereof.

2.33.d The expenses incurred for projects/assets during the construction/mine development period are classified as "Pre-operative Expenses" pending capitalization are included under capital work in progress and will be allocated to the assets on completion of the project/assets. Consequently expenses disclosed under the respective head are net of amount classified as preoperative expenses by the Company. The details of these expenses are as follows :

Particulars	As at	
	March 31, 2016	March 31, 2015
Balance brought forward	8,76,72.37	8,03,92.74
Add :		
Contractual Expenses - raising, over burden removal etc.	-	86,83.65
Salaries and Wages	2,86.31	15,42.39
Contribution to Provident and Other Funds	11.24	59.75
Staff welfare expenses	7.03	51.68
Stores and Spares Consumption	-	14,80.01
Handling and Transportation	-	51.39
Power and Fuel	-	29,90.00
Repairs others	-	24.35

Notes on Financial Statements for the year ended March 31, 2016

Particulars	Amount Rs. in lakhs	
	As at March 31, 2016	As at March 31, 2015
Rent	–	20.54
Insurance	–	61.20
Miscellaneous Expenses	82.69	25,18.19
Royalty on Coal, Clean energy cess and Stowing duty	–	9,02.72
Interest Paid		
On term Loan	1,07.51	–
On Others	–	54,12.05
Finance charges	–	1,13.64
Depreciation and amortisation expense (Refer note no. 2.11.3)	–	7,38.89
Excise duty on coal Stock	–	(4,75.94)
Loss on exchange fluctuation	1,75.67	47,17.05
Excess provision written back	–	(4,05.32)
Provision for Mine Closure and restoration expenses	–	93.64
Total preoperative/development expenses	8,83,42.82	10,89,72.62
Less :		
Allocated/Transferred during the year to completed assets	6,04.18	61.01
Sale of Coal to associate [NIL MT. (previous year 557625.04 MT)]	–	2,43,33.82
Less : Excise Duty	–	14,01.41
Less : Royalty, clean energy cess, stowing duty and vat	–	32,21.04
Net Sales	–	1,97,11.37
Coal transferred for Captive Consumption [NIL MT, (Previous Year 184856.44 MT)]	–	95,24.15
Other Income		
Interest on Escrow Account, etc.	–	26.19
Increase/(Decrease) in stock of Coal		
Opening Stock 64502 MT (Previous Year 389925 MT)	–	1,02,77.32
Less : Closing Stock 64502 MT (Previous Year 64502 MT)	–	14,44.74
Interest on deposit [net of provision for current tax NIL (previous year Rs. 4,17.14 lakhs)]	–	8,10.11
Total preoperative and development expenses carried forward pending allocation	87738.64	8,76,72.37

2.34 (a) Category wise outstanding derivatives contracts entered for hedging as on March 31, 2016 are as follows :

Sl. No.	Category	Currency	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015	As at March 31, 2015
			No. of Deals	Amount in Foreign Currency	No. of Deals	Amount in Foreign Currency
1	Sell Forward	USD/INR	30	2,58,25,234	29	3,37,42,628
2	Sell Forward	GBP/USD	4	19,51,660	4	19,66,773
3	Sell Forward	EURO/USD	20	1,72,83,549	18	1,75,82,413
4	Sell Forward	EURO/INR	5	59,29,318	18	2,00,00,000
5	Sell Forward	USD/SGD	4	17,05,432	–	–
6	Sell Forward	USD/EURO	–	–	2	23,84,000
7	Sell Forward	USD/GBP	1	6,95,475	–	–
8	Buy Forward	USD/INR	1	10,00,000	13	2,30,96,183
9	Buy Forward (ECB)	USD/INR	1	5,00,000	–	–
10	Option (Buyers Credit)	USD	16	2,23,53,341	–	–
11	Option (ECB)	USD	–	–	2	60,00,000
12	Interest Rate Swap	USD	14	6,80,00,000	16	8,33,50,000
13	Interest Rate Cap	USD	3	1,27,50,000	4	1,66,80,000
14	Currency Swap	USD	1	1,66,16,314	–	–



Notes on Financial Statements for the year ended March 31, 2016

2.34 (b) Unhedged Foreign Currency exposures as on March 31, 2016 are as follows :

Nature	Currency	As at	As at
		31st March, 2016	31st March, 2015
		Amount in	Amount in
		Foreign Currency	Foreign Currency
Payables			
ECB Payable (include accrued interest)	USD	10,83,34,478	15,17,04,075
Buyer's Credit / Suppliers Credit /Acceptances (include accrued interest)	USD	3,04,79,479	3,14,68,716
FCNR	USD	40,00,000	40,00,000
Imports & Other payables	USD	33,51,617	36,90,607
Imports & Other payables	EURO	9,41,011	6,11,045
Imports & Other payables	GBP	36,320	7,576
Imports & Other payables	AED	94,400	94,400
Imports & Other payables	HKD	-	29,472
Imports & Other payables	BHD	1,00,050	2,31,332
Imports & Other payables	AUD	38,440	1,875
Imports & Other payables	TRY	5,57,560	1,61,492
Receivable			
Exports	GBP	36,43,628	29,06,569
Exports	SGD	18,33,423	35,06,611
Exports	USD	2,37,45,390	-
Exports	EURO	90,06,912	-
Exports	BHD	5,682	5,07,059
Others	TRY	-	3,23,159
Others	GBP	12,303	1,23,451
Others	EURO	3,38,738	-
Others	SGD	-	4,226
Others	BHD	28,816	1,87,437
Others	USD	33,173	-

2.35 As regards construction contracts in progress as on March 31, 2016, aggregate amount of costs incurred and recognised profit (less recognized losses) upto the year end (to the extent ascertained by the management), aggregate amount of advances received and aggregate amount of retentions are Rs. 24,50.75 lakhs, Rs. 18,81.49 lakhs and Rs. 1,04.46 lakhs respectively (previous year Rs. 19,96.19 lakhs, Rs. 15,17.41 lakhs and Rs. 82.78 lakhs respectively). Amount Rs. in lakhs

		As at 31.03.2016	As at 31.03.2015	
		528.66	535.54	
		in million Rs. In lakhs	in million	Rs. In lakhs
2.36 (a)	Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances):			
2.36 (b)	Other commitments			
	i) Forward contract outstanding			
	In USD	28.02 1,85,63.72	59.22	3,70,11.29
	In Euro	23.21 1,74,97.69	37.58	2,52,01.64
	In GBP	1.95 18,56.45	1.97	18,21.09
	In SGD	1.71 8,38.17	-	-
	ii) Capital Commitment towards subscription to equity capital in			
	Electrosteel Spain SA	26.38		23.47
	Electrosteel Brasil Ltda. Tubos E Conexoes Duteis	32.04		28.50

Notes on Financial Statements for the year ended March 31, 2016

Amount Rs. in lakhs

2.37 Contingent Liabilities not provided for in respect of :

	As at 31.03.2016	As at 31.03.2015
a) Various show cause notices/demands issued/ raised, which in the opinion of the management are not tenable and are pending with various forum / authorities :		
i) Sales Tax	81,99.59	75,21.84
ii) Excise, Custom Duty and Service tax [net of provision of Rs. 5,00.00 lakhs (previous year Rs. 5,00.00 lakhs)]	1,49,23.44	1,34,41.52
iii) Income Tax	2,56.86	1,14.48
b) Penalty for non compliance of listing agreement and disputed by the Company.	1,00.00	-
c) Employees State Insurance Corporation has raised demand for contribution in respect of Gross Job Charges for the year 2001-02, 2003-04 and March, 08 to January, 10. In the opinion of the management demand is adhoc and arbitrary and is not sustainable legally.	92.51	92.51
d) Demand of Tamilnadu Electricity Board disputed by the Company.	8.20	8.20
e) During the year 1994 UPSEB had raised demand for electricity charges by revising the power tariff schedule applicable to the Company retrospectively from Feb'86. In the opinion of the management the revised power tariff is not applicable to the Company and accordingly the Company disputed the demand and the matter is pending before Hon'ble High Court at Allahabad.	2,61.74	2,61.74
f) Corporate guarantee issued to banks by the Company on behalf of :		
(i) Subsidiary Companies	39,84.34	74,71.77
(ii) Others	-	21,61.17
g) Standby Letter of Credit issued by banks on behalf of the company in favour of :		
(i) Subsidiary Companies	1,33,86.12	1,16,38.81
h) Guarantees given by banks on behalf of the Company	79,71.67	89,61.87
i) Bills Discounted with Banks.	51,41.86	69,69.41
j) The Company has disputed downward revision in the prices affected by the purchaser subsequent to sale of certain specified materials. In the opinion of the management and also on the merit of the case, as advised legally no liability is likely to arise. The matter is subjudice and pending final judgement the amount payable, if any is not ascertainable presently.		

Note : The Company's pending litigations comprises of claim against the company and proceedings pending with Taxation/ Statutory/ Government Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, and disclosed contingent liabilities, where applicable, in its financial statements. The company does not expect the outcome of these proceedings to have a material impact on its financial position. Future cash outflows, if any, in respect of (a) to (e), and (j) above is dependent upon the outcome of judgments / decisions.



Notes on Financial Statements for the year ended March 31, 2016

2.38 Related party disclosure as identified by the management in accordance with the Accounting Standard (AS) 18 on “Related Party Disclosures” are as follows:

A) Names of related parties and description of relationship

- | | |
|---|---|
| 1) Subsidiary Company | Electrosteel Europe SA
Electrosteel Algeria SPA
Electrosteel Castings (UK) Limited
Electrosteel USA LLC
WaterFab, LLC (subsidiary of Electrosteel USA, LLC)
Mahadev Vyapaar Private Limited
Electrosteel Trading S.A, Spain
Electrosteel Castings Gulf Fze
Electrosteel Doha for Trading (LLC)
Electrosteel Brasil Ltda. Tubos e Conexoes Duteis
Electrosteel Bahrain Holding SPC Company
Electrosteel Bahrain Trading WLL (subsidiary of Electrosteel Bahrain Holding SPC Company)
Singardo International Pte. Ltd.(Ceased to be subsidiary during previous year) |
| 2) Associate Company | Srikalahasthi Pipes Limited
Electrosteel Steels Limited
Electrosteel Thermal Power Limited
Singardo International Pte. Ltd.
(Ceased to be associate during previous year) |
| 3) Joint Venture | North Dhadhu Mining Company Private Limited
Domco Private Limited |
| 4) Key Managerial Personnel (KMP) and their relatives | Mr. Umang Kejriwal - Managing Director
Mr. Mayank Kejriwal - Joint Managing Director
Mr. Uddhav Kejriwal - Wholetime Director
Mr. Vyas Mitre Ralli - Wholetime Director (upto December 31, 2015)
Mr. Mahendra Kumar Jalan - Wholetime Director
Ms. Nityangi Kejriwal- Daughter of Mr. Umang Kejriwal - Managing Director (MD)
Ms. Uma Kejriwal- Mother of Mr.Umang Kejriwal - Managing Director (MD) and Mr. Mayank Kejriwal - Joint Managing Director
Umang kejriwal HUF
Ms. Priya Manjari Todi -Daughter of Mr. Mayank Kejriwal - Joint Managing Director (JMD) Sister of Mr. Uddhav Kejriwal - Wholetime Director (WTD)
Mr. Anirudh Jalan -Son of Mr. Mahendra Kumar Jalan - Wholetime Director (WTD) |
| 5) Enterprise where KMP/Relatives of KMP have significant influence or control | Gaushree Enterprises
Wilcox Merchants Private Limited
Tulsi Highrise Private Limited
Sri Gopal Investments Ventures Ltd.
Global Exports Ltd.
Ultimo Logistics Private Limited
Krsna Logistics Private Limited
Sree Khemisati Constructions Private Limited
G K & Sons Private Limited
Electrosteel Thermal Coal Limited
Electrocast Sales India Limited
Badrinath Industries Ltd.
Murari Investment & Trading Company Ltd.
Uttam Commercial Company Ltd
Radhya Infraservices Private Limited |

Notes on Financial Statements for the year ended March 31, 2016**B) Related Party Transaction**

Amount Rs. in lakhs

	Subsidiary	Associate	Joint Venture	KMP & their Relatives	KMP/Rela- tives of KMP have control	Total	Outstanding as on 31.03.16	Outstanding as on 31.03.15
Sale								
Electrosteel Europe SA	3,34,83.35	-	-	-	-	3,34,83.35	2,19,70.54	-
Electrosteel Castings (UK) Limited	72,71.29	-	-	-	-	72,71.29	54,16.62	-
Electrosteel USA, LLC	19,66.65	-	-	-	-	19,66.65	25,76.84	-
Electrosteel Castings Gulf FZE	53,87.29	-	-	-	-	53,87.29	44,86.61	-
Electrosteel Bahrain Trading WLL	17,82.12	-	-	-	-	17,82.12	17,70.84	-
Electrosteel Steels Limited	-	31,90.31	-	-	-	31,90.31	3,99.58	-
Srikalahasthi Pipes Limited	-	13,68.25	-	-	-	13,68.25	-	-
Total	4,98,90.70	45,58.56	-	-	-	5,44,49.26	3,66,21.03	-
Previous Year								
Electrosteel Europe SA	3,16,81.08	-	-	-	-	3,16,81.08	-	1,40,32.25
Electrosteel Castings (UK) Limited	76,66.69	-	-	-	-	76,66.69	-	45,36.36
Electrosteel USA, LLC	37,70.25	-	-	-	-	37,70.25	-	27,56.52
Electrosteel Castings Gulf FZE	7,42.13	-	-	-	-	7,42.13	-	5,81.03
Singardo International Pte Ltd. *	23,03.87	8,80.73	-	-	-	31,84.60	-	-
Electrosteel Steels Limited	-	4,36,88.44	-	-	-	4,36,88.44	-	48,12.72
Srikalahasthi Pipes Limited	-	8,50.99	-	-	-	8,50.99	-	-
Purchase								
Srikalahasthi Pipes Limited	-	61,63.69	-	-	-	61,63.69	33,89.74	-
Electrosteel Steels Limited	-	7,81.26	-	-	-	7,81.26	-	-
Total	-	69,44.95	-	-	-	69,44.95	33,89.74	-
Previous Year								
Srikalahasthi Pipes Limited	-	1,02,62.51	-	-	-	1,02,62.51	-	36,33.93
Electrosteel Steels Limited	-	55,66.01	-	-	-	55,66.01	-	5,41.64
Gaushree Enterprises	-	-	-	-	0.32	0.32	-	-
Electrosteel Europe SA	3.67	-	-	-	-	3.67	-	13.77
Job Charges Received								
Electrosteel Steels Limited	-	4,22.84	-	-	-	4,22.84	-	-
Total	-	4,22.84	-	-	-	4,22.84	-	-
Previous Year								
Electrosteel Steels Limited	-	3,36.50	-	-	-	3,36.50	-	38.05
Job Charges Paid								
Previous Year								
Electrosteel Steels Limited	-	7,51.73	-	-	-	7,51.73	-	-
Remuneration								
Mr. Umang Kejriwal	-	-	-	3,02.49	-	3,02.49	1,20.00	-
Mr. Mayank Kejriwal	-	-	-	80.79	-	80.79	-	-
Mr. Uddhav Kejriwal	-	-	-	2,13.93	-	2,13.93	85.00	-
Mr. Vyas Mitre Ralli	-	-	-	1,32.74	-	1,32.74	-	-
Mr. Mahendra Kumar Jalan	-	-	-	1,39.40	-	1,39.40	-	-
Ms. Priya Manjari Todi	-	-	-	5.62	-	5.62	-	-
Ms. Nityangi Kejriwal	-	-	-	7.50	-	7.50	6.00	-
Total	-	-	-	8,82.47	-	8,82.47	2,11.00	-
Previous Year								
Mr. Umang Kejriwal	-	-	-	3,08.62	-	3,08.62	-	1,20.00
Mr. Mayank Kejriwal	-	-	-	80.83	-	80.83	-	-
Mr. Uddhav Kejriwal	-	-	-	2,09.14	-	2,09.14	-	85.00
Mr. Vyas Mitre Ralli	-	-	-	1,34.15	-	1,34.15	-	-
Mr. Mahendra Kumar Jalan	-	-	-	1,35.96	-	1,35.96	-	-
Ms. Priya Manjari Todi	-	-	-	5.62	-	5.62	-	-
Rent Paid								
Wilcox Merchants Pvt. Ltd.	-	-	-	-	52.19	52.19	-	-
Tulsi Highrise Private Limited	-	-	-	-	52.01	52.01	-	-
Sri Gopal Investments Ventures Ltd.	-	-	-	-	18.00	18.00	-	-
Mahadev Vyapar Private Limited	18.00	-	-	-	-	18.00	-	-



Notes on Financial Statements for the year ended March 31, 2016

B) Related Party Transaction							Amount Rs. in lakhs	
	Subsidiary	Associate	Joint Venture	KMP & their Relatives	KMP/Relatives of KMP have control	Total	Outstanding as on 31.03.16	Outstanding as on 31.03.15
Global Exports Ltd.	-	-	-	-	15.00	15.00	-	-
Smt. Uma Kejriwal	-	-	-	4.39	-	4.39	-	-
Umang Kejriwal HUF	-	-	-	8.78	-	8.78	-	-
Sree Khemisati Constructions Private Limited	-	-	-	-	7.20	7.20	-	-
Badrinath Industries Ltd.	-	-	-	-	30.00	30.00	-	-
Total	18.00	-	-	13.17	1,74.40	2,05.57	-	-
Previous Year								
Wilcox Merchants Pvt. Ltd.	-	-	-	-	44.66	44.66	-	-
Tulsi Highrise Private Limited	-	-	-	-	44.51	44.51	-	-
Sri Gopal Investments Ventures Ltd.	-	-	-	-	31.50	31.50	-	-
Mahadev Vyapar Private Limited	18.00	-	-	-	-	18.00	-	-
Global Exports Ltd.	-	-	-	-	15.00	15.00	-	-
Smt. Uma Kejriwal	-	-	-	8.78	-	8.78	-	-
Umang Kejriwal HUF	-	-	-	8.78	-	8.78	-	-
Sree Khemisati Constructions Private Limited	-	-	-	-	6.50	6.50	-	-
North Dhadhu Mining Company Pvt Ltd.	-	-	0.60	-	-	0.60	-	-
Badrinath Industries Ltd.	-	-	-	-	18.75	18.75	-	-
Service Charges Paid	-	-	-	-	-	-	-	-
Ultimo Logistics Pvt. Ltd.	-	-	-	-	12,01.68	12,01.68	12.03	-
Sree Khemisati Constructions Private Limited	-	-	-	-	2,69.97	2,69.97	4.14	-
Krsna Logistics Private Limited	-	-	-	-	6,39.15	6,39.15	1,83.98	-
Global Exports Ltd.	-	-	-	-	78.46	78.46	-	-
Anirudh jalan	-	-	-	1.80	-	1.80	0.30	-
Sri Gopal Investments Ventures Ltd.	-	-	-	-	2.32	2.32	-	-
Total	-	-	-	1.80	21,91.58	21,93.38	2,00.45	-
Previous Year								
Ultimo Logistics Pvt. Ltd.	-	-	-	-	11,06.59	11,06.59	-	-
Sree Khemisati Constructions Private Limited	-	-	-	-	2,41.37	2,41.37	-	3.06
Krsna Logistics Private Limited	-	-	-	-	4,59.49	4,59.49	-	60.95
Radhya Infrservices Private Limited	-	-	-	-	1,14.39	1,14.39	-	-
Global Exports Ltd.	-	-	-	-	77.05	77.05	-	1.88
Anirudh jalan	-	-	-	1.80	-	1.80	-	-
Sri Gopal Investments Ventures Ltd.	-	-	-	-	1.06	1.06	-	-
Service Charges Received	-	-	-	-	-	-	-	-
Electrosteel Europe SA	36.34	-	-	-	-	36.34	48.42	-
Electrosteel Castings (UK) Limited	10.94	-	-	-	-	10.94	11.70	-
Electrosteel Steels Limited	-	2,25.27	-	-	-	2,25.27	2,35.40	-
Total	47.28	2,25.27	-	-	-	2,72.55	2,95.52	-
Previous Year								
Electrosteel Europe SA	31.29	-	-	-	-	31.29	-	31.29
Electrosteel Castings (UK) Limited	12.51	-	-	-	-	12.51	-	12.51
Loan Given								
Previous Year								
Electrosteel Castings (UK) Limited	27,92.70	-	-	-	-	27,92.70	-	-
Loan Taken								
Electrosteel Castings Gulf Fze	-	-	-	-	-	-	1,02.13	-
G. K. & Sons Private Limited	-	-	-	-	10,00.00	10,00.00	10,00.00	-
Electrocast Sales India Limited	-	-	-	-	5,00.00	5,00.00	5,00.00	-
Uttam Commercial CO. Ltd	-	-	-	-	5,00.00	5,00.00	5,00.00	-
Total	-	-	-	-	20,00.00	20,00.00	21,02.13	-
Previous Year								
Electrosteel Castings Gulf Fze	-	-	-	-	-	-	-	96.34
Reimbursements of expenses paid								
Electrosteel Europe SA	3,07.31	-	-	-	-	3,07.31	2,82.13	-
Electrosteel Castings (UK) Limited	57.74	-	-	-	-	57.74	51.79	-

Notes on Financial Statements for the year ended March 31, 2016

B) Related Party Transaction							Amount Rs. in lakhs	
	Subsidiary	Associate	Joint Venture	KMP & their Relatives	KMP/Relatives of KMP have control	Total	Outstanding as on 31.03.16	Outstanding as on 31.03.15
Electrosteel Bahrain Trading WLL	19.03	-	-	-	-	19.03	19.03	-
Total	3,84.08	-	-	-	-	3,84.08	3,52.95	-
Previous Year								
Electrosteel Europe SA	51.62	-	-	-	-	51.62	-	95.33
Electrosteel Steels Limited	-	0.12	-	-	-	0.12	-	0.12
Reimbursements of expenses received								
Electrosteel Europe SA	1,15.31	-	-	-	-	1,15.31	2,06.91	-
Srikalahasthi Pipes Limited	-	12.03	-	-	-	12.03	11.94	-
Total	1,15.31	12.03	-	-	-	1,27.34	2,18.85	-
Previous Year								
Electrosteel Castings (UK) Limited	1,97.47	-	-	-	-	1,97.47	-	1,01.80
Electrosteel Steels Limited	-	11,26.50	-	-	-	11,26.50	-	39.99
Electrosteel Europe SA	1,38.21	-	-	-	-	1,38.21	-	1,31.04
Srikalahasthi Pipes Limited	-	52.47	-	-	-	52.47	-	-
Corporate Guarantee, Standby Letter of Credit and Letter of Comfort								
Electrosteel Europe SA	61,70.24	-	-	-	-	61,70.24	62,18.79	-
Electrosteel Algeria SPA	23,22.95	-	-	-	-	23,22.95	49,68.75	-
Electrosteel Castings (UK) Limited	-	-	-	-	-	-	61,82.91	-
Total	84,93.19	-	-	-	-	84,93.19	1,73,70.45	-
Previous Year								
Electrosteel Europe SA	-	-	-	-	-	-	-	87,17.43
Electrosteel Algeria SPA	15,02.75	-	-	-	-	15,02.75	-	43,74.65
Electrosteel Castings (UK) Limited	32,40.74	-	-	-	-	32,40.74	-	60,18.52
Singardo International Pte Ltd. *	12,34.60	-	-	-	-	12,34.60	-	21,61.17
Investment								
Previous Year								
Electrosteel Steels Limited	-	2,22,50.00	-	-	-	2,22,50.00	-	-
Electrosteel Algeria SPA	3,94.08	-	-	-	-	3,94.08	-	-
Electrosteel Bahrain Holding SPC Company	4,14.83	-	-	-	-	4,14.83	-	-
Commission								
Electrosteel Doha for Trading LLC	2,01.68	-	-	-	-	2,01.68	1,45.41	-
Electrosteel Algeria SPA	4,46.65	-	-	-	-	4,46.65	89.25	-
Electrosteel Europe SA	2,44.41	-	-	-	-	2,44.41	2,71.44	-
Electrosteel Castings Gulf Fze	2,61.95	-	-	-	-	2,61.95	2,32.85	-
Total	11,54.69	-	-	-	-	11,54.69	7,38.95	-
Previous Year								
Electrosteel Doha for Trading LLC	3,74.64	-	-	-	-	3,74.64	-	2,24.79
Electrosteel Algeria SPA	1,42.24	-	-	-	-	1,42.24	-	49.53
Electrosteel Europe SA	1,69.62	-	-	-	-	1,69.62	-	1,44.48
Electrosteel Castings (UK) Limited	24.13	-	-	-	-	24.13	-	-
Electrosteel Castings Gulf Fze	64.08	-	-	-	-	64.08	-	65.50
Security Deposits								
Sri Gopal Investments Ventures Ltd.	-	-	-	-	-	-	9.00	-
Electrosteel Thermal Coal Limited	-	-	-	-	-	-	1,85.00	-
Total	-	-	-	-	-	-	1,94.00	-
Previous Year								
Sri Gopal Investments Ventures Ltd.	-	-	-	-	-	-	-	18.00
Electrosteel Thermal Coal Limited	-	-	-	-	-	-	-	1,85.00
Dividend Received								
Srikalahasthi Pipes Limited	-	5,79.04	-	-	-	5,79.04	-	-
Total	-	5,79.04	-	-	-	5,79.04	-	-
Previous Year								
Srikalahasthi Pipes Limited	-	2,89.52	-	-	-	2,89.52	-	-
Rent Receipts								
G. K. & Sons Private Limited	-	-	-	-	1.50	1.50	-	-



Notes on Financial Statements for the year ended March 31, 2016

B) Related Party Transaction

Amount Rs. in lakhs

	Subsidiary	Associate	Joint Venture	KMP & their Relatives	KMP/Relatives of KMP have control	Total	Outstanding as on 31.03.16	Outstanding as on 31.03.15
Srikalahasthi Pipes Limited	-	0.36	-	-	-	0.36	-	-
Electrosteel Steels Limited	-	0.60	-	-	-	0.60	0.11	-
Electrocast Sales India Limited	-	-	-	-	1.50	1.50	-	-
Total	-	0.96	-	-	3.00	3.96	0.11	-
Previous Year								
G. K. & Sons Private Limited	-	-	-	-	3.60	3.60	-	1.01
Srikalahasthi Pipes Limited	-	0.36	-	-	-	0.36	-	-
Electrosteel Steels Limited	-	0.60	-	-	-	0.60	-	0.05
Electrocast Sales India Limited	-	-	-	-	3.60	3.60	-	1.35
Sale of Fixed Asset								
Srikalahasthi Pipes Limited	-	2.73	-	-	-	2.73	-	-
Total	-	2.73	-	-	-	2.73	-	-
Previous Year								
Advances Given								
Ultimo Logistics Pvt. Ltd.	-	-	-	-	-	-	23.40	-
Electrosteel Steels Limited	-	-	-	-	-	-	2,18,69.21	-
Mahadev Vyapar Private Limited	-	-	-	-	-	-	4,14.63	-
Electrosteel Thermal Power Limited	-	-	-	-	-	-	5.27	-
Electrosteel Thermal Coal Limited	-	-	-	-	-	-	1.00	-
Total	-	-	-	-	-	-	2,23,13.51	-
Previous Year								
Ultimo Logistics Pvt. Ltd.	-	-	-	-	-	-	-	23.96
Electrosteel Steels Limited	-	-	-	-	-	-	-	2,63,73.82
Mahadev Vyapar Private Limited	-	-	-	-	-	-	-	4,30.12
Electrosteel Thermal Power Limited	-	-	-	-	-	-	-	5.27
Electrosteel Thermal Coal Limited	-	-	-	-	-	-	-	1.00
Krsna Logistics Private Limited	-	-	-	-	55.00	55.00	-	-
Advances Taken								
Srikalahasthi Pipes Limited	-	55,00.00	-	-	-	55,00.00	-	-
Total	-	55,00.00	-	-	-	55,00.00	-	-
Previous Year								
Interest Received								
Electrosteel Steels Limited	-	1,01.43	-	-	-	1,01.43	-	-
Total	-	1,01.43	-	-	-	1,01.43	-	-
Previous Year								
Singardo International Pte Ltd. *	6.09	-	-	-	-	6.09	-	-
Electrosteel Castings (UK) Limited	6.48	-	-	-	-	6.48	-	-
Interest Paid								
Srikalahasthi Pipes Limited	-	3,02.37	-	-	-	3,02.37	2,72.14	-
G. K. & Sons Private Limited	-	-	-	-	28.77	28.77	25.89	-
Electrocast Sales India Limited	-	-	-	-	14.38	14.38	12.95	-
Uttam Commercial CO. Ltd	-	-	-	-	14.38	14.38	12.95	-
Total	-	3,02.37	-	-	57.53	3,59.90	3,23.93	-
Previous Year								
Employee Welfare Expenses								
Gaushree Enterprises	-	-	-	-	4.69	4.69	0.51	-
Total	-	-	-	-	4.69	4.69	0.51	-
Previous Year								
Gaushree Enterprises	-	-	-	-	8.05	8.05	-	2.62
Equity Share contribution								
Previous Year								
G. K. & Sons Private Limited	-	-	-	-	12,50.08	12,50.08	-	-
Electrocast Sales India Limited	-	-	-	-	12,50.08	12,50.08	-	-

Notes on Financial Statements for the year ended March 31, 2016

- 2.38.1 In respect of the above parties, there is no provision for doubtful debts as on March 31, 2016 and no amount has been written off or written back during the year in respect of debts due from/to them.
- 2.38.2 The above related party information is as identified by the management and relied upon by the auditors.
- 2.38.3 Details of Loans, Investments and Guarantees covered U/S 186 (4) of the Companies Act, 2013 :
1. Details of Loans and Investments are given under the respective heads. (Refer Note no. 2.12.6, 2.13.2 & 2.19.2)
 2. Details of Coporate Guarantees / Stand by Letter of Credit given by the Company are as follows :

Amount Rs. in lakhs

Name of the Company	Date of Undertaking	Purpose	As at	As at
			March 31, 2016	March 31, 2015
Electrosteel Europe SA	11-Sep-12	Working capital facility	-	13,41.15
	7-Jun-13	Working capital facility	-	6,70.57
	28-Feb-14	Short Term Loan Facility	-	20,11.71
	12-Aug-15	Short Term Loan Facility	23,51.83	-
	12-Aug-15	Short Term Loan Facility	27,36.27	-
	21-Nov-15	Bank Gurantee Facility	11,30.69	-
Electrosteel Algeria SPA	2-Sep-13	Factoring Facility	-	46,94.00
	26-May-10	Working capital facility	26,50.00	43,74.65
	30-Mar-16	Working capital facility	23,18.75	-
Electrosteel Castings (UK) Ltd.	31-Mar-15	Short Term Loan Facility	33,29.26	32,40.74
	27-Feb-13	Factoring Facility	28,53.65	27,77.78
Singardo International Pte Ltd.*	26-Mar-07	Working capital facility	-	9,11.27
	12-Dec-13	Working capital facility	-	12,49.90

* Ceased to be subsidiary / associate during previous year

- 2.39 The company operates mainly in one business segment viz Pipes being primary segment and all other activities revolve around the main activity. The secondary segment is geographical, information related to which is given as under :

Particulars	2015-16			2014-15		
	Within India	Outside India	Total	Within India	Outside India	Total
Sales (gross)	11,99,13.05	7,78,13.18	19,77,26.23	13,83,29.21	7,53,45.94	21,36,75.15
Trade receivables and other assets	48,02,10.50	5,09,32.09	53,11,42.59	51,45,65.98	3,16,18.75	54,61,84.73

2.40 C.I.F. value of imports

	2015-16	2014-15
(a) Raw Materials	3,12,41.73	2,99,97.61
(b) Spare Parts & Components	40,31.73	38,15.53
(c) Capital Goods	12,26.18	16,89.99

2.41 Expenditure in Foreign Currency

Amount Rs. in lakhs

	2015-16	2014-15
(a) Travelling Expenses	1,17.45	1,19.26
(b) Technical/Consultancy Fees	12,59.07	3,07.53
(c) Interest Paid	52,56.21	51,47.20
(d) Commission	14,75.17	14,66.30
(e) Ocean Freight	40,42.27	57,19.53
(f) Others	575.14	14,19.94
(g) Payment of Dividend for F Y 2014 - 2015 (previous year F Y 2013 -2014) on Equity Shares in foreign currency		
- No. of Non-Resident holders	1	2
- No. of shares held	82,36,578	2,74,80,414
- Dividend	53.54	178.62

**Notes on Financial Statements** for the year ended March 31, 2016

2.42 Value of Imported & Indigenous Raw materials, Spare Parts Consumed

	2015-16		2014-15	
	Amount Rs. in lakhs	%	Amount Rs. in lakhs	%
Raw materials				
Imported	3,14,24.57	37%	2,55,42.06	25%
Indigenous	5,41,15.76	63%	7,81,84.76	75%
	8,55,40.33	100%	10,37,26.82	100%
Spare parts				
Imported	37,91.84	26%	42,52.26	31%
Indigenous	1,07,05.15	74%	96,01.85	69%
	1,44,96.99	100%	1,38,54.11	100%

2.43 Earnings in Foreign Exchange

Amount Rs. in lakhs

	2015-16	2014-15
(a) FOB Value of Exports	7,35,21.59	6,87,97.91
(b) Others	74.04	9,38.93

2.44 The company has opted for accounting the exchange difference arising on reporting of long term foreign currency monetary items as per Accounting Standard 11, "The Effects of Changes in Foreign Exchange Rates". During the year ended March 31, 2016 the net exchange difference of Rs. 54,58.89 lakhs (net debit) (previous year Rs. 42,90.69 lakhs) on foreign currency loans have been adjusted in the carrying amount of fixed assets / capital work in progress / claim receivable. The unamortised balance is Rs. 2,71,37.17 lakhs (previous year Rs. 2,18,54.69 lakhs).

2.45 The Board of Directors of the Company in its meeting held on August 11, 2014 has approved the Scheme of Amalgamation ("the Scheme") of its wholly owned subsidiary, Mahadev Vyapaar Private Limited with the Company with effect from April 1, 2014 ("Appointed Date"). The Company has filed an application before Hon'ble High Court of Orissa at Cuttack which is pending for hearing. In respect of the application filed by Mahadev Vyapaar Private Limited before the Hon'ble High Court at Calcutta, the Hon'ble High Court has sanctioned the said Scheme. No effect of the Scheme has been given in the above financial statement of the Company, pending sanction by the Hon'ble High Court of Orissa.

2.46 Previous year figures have been regrouped / reclassified wherever necessary.

As per our report of even date.

For Lodha & Co.
Chartered Accountants

R. P. Singh
Partner

Kolkata
May 14, 2016

For and on behalf of the Board

Mahendra Kumar Jalan
Director
(DIN : 00311883)

Brij Mohan Soni
Chief Financial Officer

Umang Kejriwal
Managing Director
(DIN : 00065173)

Subhra Giri Patnaik
Company Secretary

Form AOC 1

(Pursuant to first proviso to sub-section(3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the Financial Statement of Subsidiaries/Associate Companies/Joint Ventures of Electrosteel Castings Limited as on 31st March 2016

PART 'A' : Subsidiaries

Sl. No.	Name of the Subsidiary	Reporting currency	Year	Exchange Rate	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed dividend	%age of shareholding	Country
1	Electrosteel Algerie SPA*	DZD	2015-16	0.61	1,792.50	(1,678.25)	2,016.54	1,902.29	-	-	(350.34)	-	(350.34)	-	100%	Algeria
2	Electrosteel Castings (UK) Limited	GBP	2015-16	95.12	1,046.34	(147.79)	12,779.92	11,881.37	-	13,715.42	116.60	32.88	83.72	-	100%	United Kingdom
3	Electrosteel Europe S.A.	EURO	2015-16	75.38	2,864.41	2,179.88	39,203.17	34,158.88	0.42	46,419.19	115.57	46.06	69.51	-	100%	France
4	Electrosteel USA, LLC#	USD	2015-16	66.25	1,987.50	(1,307.09)	3,495.89	2,815.48	-	3,414.48	(258.23)	-	(258.23)	-	100%	USA
5	Electrosteel Trading S.A, Spain	EURO	2015-16	75.38	49.00	25.36	925.80	851.44	-	2,462.52	0.42	-	0.42	-	100%	Spain
6	Electrosteel Doha for Trading LLC	QAR	2015-16	18.19	36.39	223.10	465.57	206.08	-	163.40	(9.71)	-	(9.71)	-	49%	Qatar
7	Electrosteel Castings Gulf Fze	AED	2015-16	18.04	180.39	885.78	5,828.24	4,762.07	-	6,292.19	722.16	-	722.16	-	100%	UAE
8	Electrosteel Brasil LTDA. Tubos e Conexoes Duteis	BRL	2015-16	18.44	27.66	(72.51)	19.56	64.41	-	-	(22.68)	-	(22.68)	-	100%	Brasil
9	Mahadev Vyapaar Private Limited	RS.	2015-16	-	1.00	(6.13)	410.00	415.13	-	18.00	7.37	-	7.37	-	100%	India
10	Electrosteel Bahrain Holding S.P.C Company ##	BHD	2015-16	175.92	493.79	(30.36)	2,494.88	2,025.45	-	690.09	(30.36)	-	(30.36)	-	100%	Bahrain

Notes :

1. Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, are based on the exchange rates as on 31.03.2016
2. * The financial year of the company ends on December 31st. However, the results given are as of March 31, 2016
3. # Includes information of its wholly owned subsidiary WaterFab LLC
4. ## Includes information of its subsidiary Electrosteel Bahrain Trading WLL



PART 'B' : Associates and Joint Ventures
Statement pursuant to Section 129(3) of the Companies Act, 2013 related to
Associate Companies and Joint Ventures

Sl. No.	Name of the Associates / Joint Ventures	Latest Audited Balance Sheet Date	No. of Shares held by the Company as on 31.03.2016	Amount of investment (Rs in lakhs.)	Extent of holding %	Description of how there is significant influence	Reason why the associate/joint Venture is not consolidated	Net Worth attributable to shareholding as per latest audited Balance Sheet (Rs in lakhs.)	Profit / Loss for the year	
									Considered in consolidation (Rs in lakhs.)	Not considered in consolidation (Rs in lakhs.)
1	Srikalahasti Pipes Limited (Formerly, Lanco Industries Limited)	31.03.2016	19,301,218	6,333.53	48.54%	Extent of holding more than 20%	N.A	26,404.69	7,582.55	-
2	Electrosteel Steels Limited	31.03.2016	1,089,800,000	111,077.64	45.23%	Extent of holding more than 20%	N.A	41,692.57	(14,771.10)	-
3	Electrosteel Thermal Power Limited	31.03.2016	15,000	1.50	30.00%	Extent of holding more than 20%	N.A	1.02	(0.09)	-
4	Domco Private Limited	Ref. Note No. 2.45.1	30,000	30.00	50.00%	Extent of holding more than 20%	Ref Note No 2.12.3	-	-	-
5	North Dhadhu Mining Company Private Limited	Ref. Note No. 2.43	8,228,053	822.81	48.98%	Extent of holding more than 20%	N.A	834.35	7.72	-

For and on behalf of the Board

Mahendra Kumar Jalan
Director
(DIN : 00311883)

Umang Kejriwal
Managing Director
(DIN : 00065173)

Kolkata
May 14, 2016

Brij Mohan Soni
Chief Financial Officer

Subhra Giri Patnaik
Company Secretary

**Statement on Impact of Audit Qualifications (for audit report with modified opinion)
submitted along-with Annual Standalone Audited Financial Results**

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2016

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(Rs in Lakhs)

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	200429.80	Not Ascertainable
	2.	Total Expenditure	192380.13	
	3.	Net Profit/(Loss)	5895.50	
	4.	Earnings Per Share	1.65	
	5.	Total Assets	531142.59	
	6.	Total Liabilities	276916.57	
	7.	Net Worth	196707.90	
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-

II. Audit Qualification (each audit qualification separately) :

a. Details of Audit Qualification :

Attention has been drawn by the Auditors' under Para 3 of the Auditors' Report to the following notes of the financial results for the quarter and year ended 31st March 2016 –

Para 3(a): Note No. 4(a) dealing with cancellation of coal blocks allotted to the company and the resultant amount of the claim for compensation along with interest thereon currently being outstanding pending decision of the court.

Para 3(b): Note No. 4(b) regarding non-provision of diminution in the value of investments in a joint venture company, pending determination of the claim for compensation against North Dhadu Coal Block.

Impact with respect to Para 3(a) and Para 3(b) are presently not ascertainable and as such cannot be commented upon by us.

b. **Type of Audit Qualification :** Qualified Opinion / ~~Disclaimer of Opinion~~ / ~~Adverse Opinion~~

c. **Frequency of qualification :** ~~Whether appeared first time / repetitive~~ / since how long continuing - since financial year 2014-15.

d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views :** N.A

e. **For Audit Qualification(s) where the impact is not quantified by the auditor :**

(i) **Management's estimation on the impact of audit qualification :** N.A

(ii) **If management is unable to estimate the impact, reasons for the same :**

Para 3(a) - In pursuance of the Order dated September 24, 2014 issued by the Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated October 21, 2014 (Ordinance) for implementing the Order, allotment of Parbatpur coal block (coal block/mines) to the Company which was under advanced stage of implementation, has been cancelled w.e.f.



April 01, 2015. In terms of the Ordinance, the Company was allowed to continue the operations in the said block till March 31, 2015. Accordingly, the same has been handed over to Bharat Coking Coal Limited (BCCL) as per the direction from Coal India Ltd. (CIL) with effect from April 01, 2015. The Company pending acceptance and recovery of the amount of compensation, has filed a petition before the Hon'ble High Court at Delhi, hearing whereof has been concluded and judgement is awaited.

As stated in Note 4(a) of the financial results, pending decision of the Court,

- (i) Rs.128884.11 lakhs incurred pertaining to the coal block till March 31, 2015 after setting off income, stocks etc. there against as per the accounting policy then followed by the company has been continued to be shown as freehold land, capital work in progress, other fixed assets and other respective head of accounts;
- (ii) Interest and other finance cost for the period from April 01, 2015 onwards against the fund borrowed and other expenses directly attributable in this respect amounting to Rs. 9414.78 lakhs have been considered as other recoverable under current assets;
- (iii) Realisation against sale of assets, advances etc. amounting to Rs. 633.83 lakhs have been adjusted there against.

The matter being subjudice the amount of compensation and consequential adjustments to be given effect to on ascertainment of the amounts thereof are presently not ascertainable.

Para 3(b) - In terms of the Supreme Court Order as referred above, North Dhadhu Coal Block, allotted in joint venture with other companies, has also been cancelled w.e.f. September 24, 2014. The Company barring initial contribution of Rs. 822.81 lakhs has not made any further investments in the said the joint venture company. In respect of Company's investment of Rs.822.81 lakhs in North Dhadhu Coal Block, allotted in joint venture with other companies, in view of the management as stated in Note 4(b), the compensation to be received in terms of the ordinance is expected to cover the cost incurred by the Joint Venture Companies and thereby no diminution in value of such investment is expected to arise and accordingly no provision has been considered necessary by the management.

(iii) Auditors' Comments on (i) or (ii) above :

As stated herein above, the impact with respect to above and consequential adjustments cannot be ascertained by the management and as such cannot be commented upon by us.

III. Signatories :

CEO/Managing Director

Umang Kejriwal,
Managing Director

CFO

Brij Mohan Soni
Chief Financial Officer

Audit Committee Chairman

Binod Kumar Khaitan
Audit Committee Chairman

Statutory Auditor

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

R.P. Singh
(Partner)
Membership No: 52438

Place : Kolkata

Date : July 26, 2016

Independent Auditors' Report

To the Members of Electrosteel Castings Limited

Report on the Consolidated Financial Statements

We have audited the accompanying financial statements of Electrosteel Castings Limited ("hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entities comprising of the Consolidated Balance Sheet as at March 31, 2016, and the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other notes for the year ended on that date (hereinafter referred to as "the Consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly Controlled entities 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 Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the 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, which has been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, 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.

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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Holding Company's preparation of the consolidated 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 Holding Company has an adequate internal financial control 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 Holding Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditor's in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis for Qualified Opinion

Attention is drawn to the following notes to the financial statement :

- a) Note No.2.33.a of the consolidated financial statements dealing with cancellation of coal block allotted to company and accounting being followed in this respect and the resultant amount of the claim for compensation



Consolidated Independent Auditors' Report (Contd.)

along with interest thereon and consequential adjustments thereof presently not being ascertained and given effect to, pending decision of the court on the matter.

- b) Note No. 2.33.b of the consolidated financial statements regarding non-provision of diminution in the value of investments in a joint venture company, pending determination of the claim for compensation against North Dhadhu Coal block.
- c) Impact with respect to (a) to (b) are presently not ascertainable and as such cannot be commented upon by us.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid consolidated 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 Group as at 31st March, 2016, its associates and jointly controlled entities as at 31st March 2016, and their consolidated Loss and their consolidated Cash Flows for the year ended on that date.

Other Matters

- a) We did not audit the financial statements of twelve subsidiaries, whose financial statements reflect total assets of Rs. 2,00,639.13 Lakhs as at 31st March 2016, total revenue of Rs. 72,040.51 Lakhs and Net cash flows amounting to Rs. 617.72 Lakhs for the year ended as on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of Rs. 7,188.63 Lakhs for the year ended 31st March 2016, as considered in the consolidated financial statements, in respect of three associates, whose financial statements have not been audited by us. The aforesaid financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates, is based solely on the reports of the other auditors.
- b) As stated in Note No. 2.43 we did not audit the financial statements of one subsidiary companies, and one jointly controlled entity whose financial statements reflect total assets of Rs. 855.58 Lakhs as at 31st March 2016, total revenue of Rs. 3.74 Lakhs and Net cash flows amounting to Rs. 56.59 Lakhs for the year ended as on that date, as considered in the consolidated financial statements. The aforesaid financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.
- c) As stated in Note No. 2.12.3 of the consolidated financial statement regarding non-availability of the financial statement of Domco Private Limited, a jointly controlled entity due to which these have not been consolidated in these Consolidated Financial Statements as required in terms of AS-27 on "Financial Reporting of Interests in Joint Ventures".

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statement certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that to the extent applicable, that :

- a) We have sought and, except for the possible effect of the matter described in the Basis for Qualified Opinion above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

Consolidated Independent Auditors' Report *(Contd.)*

- b) In our opinion proper books of accounts, proper books of accounts as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as appears from our examination of those books and the report of the other auditors;
- c) Except for the matter described the Basis for Qualified Opinion paragraph above, the reports on the accounts of the subsidiaries and associate companies incorporated in India, audited under Section 143(8) of the Act by the other auditors, as applicable, and have been properly dealt with in preparing this report.
- d) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- e) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, In our opinion, the Consolidated Balance Sheet, Consolidated Statement of Profit and loss and Consolidated Cash Flow Statement comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- f) The matter described in the Basis for Qualified opinion paragraph above, in the event of being decided unfavorably, in our opinion, may have an adverse effect on the functioning of the Holding Company.
- g) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016, taken on record by the Board of Directors of the Holding Company and the report of the other statutory auditors of its subsidiary companies and associate companies, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act.
- h) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- i) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in "Annexure A", which is based on the auditor's reports of the Holding company, subsidiary companies and associate companies incorporated in India. This does not include the report on Jointly Controlled entities since these are not available for reasons stated in Note No. 2.43 and 2.12.3 of the financial statements. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's, subsidiary companies and associate companies incorporated in India.
- j) 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 :
- i. Except for the matters dealt with in the basis for Qualified Opinion paragraph impact whereof are presently not ascertainable, impact of pending litigations (Other than those already recognised in the consolidated financial statements) on the consolidated financial position of the Group, its associates and jointly controlled entities have been disclosed in the consolidated financial statement as required in terms of the accounting standards and provisions of the Companies Act, 2013;
 - ii. The Group, its associates and jointly controlled entities has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts- Refer Note 2.10 to the financial statements;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.

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

Place: Kolkata
Date : 14th May 2016

R. P. Singh
Partner
Membership No. : 52438



ANNEXURE "A" to the Independent Auditors' Report on Consolidated Financial Statements

(Referred to in paragraph (i) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Electrosteel Castings Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary companies and its associate companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies and associate companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable

Consolidated Independent Auditors' Report *(Contd.)*

assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company, its subsidiary companies and associates, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to one subsidiary companies and three associates, which are companies incorporated in India, is based on the corresponding standalone reports of the auditors, as applicable, of such companies incorporated in India.

In respect of two jointly controlled entities as stated in Para (i) of Report on other legal and regulatory requirements, there are no report from Chartered Accountants in respect of internal financial control system over financial reporting and hence, these could not be considered for the purpose of this report.

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

Place: Kolkata
Date : 14th May 2016

R. P. Singh
Partner
Membership No. : 52438



Consolidated Balance Sheet as at March 31, 2016

Particulars	Note No.	Amount Rs. in lakhs	
		As at 31.03.2016	As at 31.03.2015
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	2.1	35,69.55	35,69.55
Reserves and Surplus	2.2	19,79,80.45	20,34,50.16
		20,15,50.00	20,70,19.71
Minority Interest		22.25	22.12
NON-CURRENT LIABILITIES			
Long-term borrowings	2.3	11,60,19.58	12,96,74.24
Deferred tax liabilities (Net)	2.4	27,55.98	30,19.37
Other Long term liabilities	2.5	1,49,92.64	82.71
Long-term provisions	2.6	15,76.51	12,98.62
		13,53,44.71	13,40,74.94
CURRENT LIABILITIES			
Short-term borrowings	2.7	8,73,74.10	9,02,89.31
Trade payables	2.8		
Total outstanding dues of Micro and Small Enterprises		-	-
Total outstanding dues other than Micro and Small Enterprises		2,94,63.01	2,93,37.37
Other current liabilities	2.9	3,56,68.09	53,361.02
Short-term provisions	2.10	86,85.48	76,65.16
		16,11,90.68	18,06,52.86
TOTAL		49,81,07.64	52,17,69.63
ASSETS			
NON-CURRENT ASSETS			
Goodwill		14,19.71	14,19.71
Fixed assets			
Tangible assets	2.11	11,32,46.51	11,36,38.60
Intangible assets	2.11	2,89.48	3,07.29
Capital work-in-progress	2.11	12,85,55.42	12,85,54.90
		24,20,91.41	24,25,00.79
Non-current investments	2.12	6,81,10.98	7,58,78.67
Long-term loans and advances	2.14	29,72.09	24,34.98
Other non-current assets	2.15	26,36.69	3,39.68
		31,72,30.88	32,25,73.83
CURRENT ASSETS			
Current investments	2.13	2,67.15	7,67.02
Inventories	2.16	5,92,39.34	6,88,95.61
Trade receivables	2.17	5,41,31.62	5,16,22.30
Cash and bank balances	2.18	1,36,54.56	2,45,27.67
Short-term loans and advances	2.19	3,50,36.81	3,99,93.86
Other current assets	2.20	1,85,47.28	1,33,89.34
		18,08,76.76	19,91,95.80
TOTAL		49,81,07.64	52,17,69.63

Summary of significant accounting policies 1
Notes on consolidated financial statements 2.1-2.47

The notes are an integral part of the consolidated financial statements
As per our report of even date.

For Lodha & Co.
Chartered Accountants

R. P. Singh
Partner

Kolkata
May 14, 2016

For and on behalf of the Board

Mahendra Kumar Jalan
Director
(DIN: 00311883)

Brij Mohan Soni
Chief Financial Officer

Umang Kejriwal
Managing Director
(DIN: 00065173)

Subhra Giri Patnaik
Company Secretary

Consolidated Statement of Profit & Loss for the year ended March 31, 2016

Particulars	Note No.	Amount Rs. in lakhs	
		For the year ended 31.03.2016	For the year ended 31.03.2015
Revenue from operations	2.21	21,60,33.95	24,01,82.56
Other income	2.22	20,07.81	62,18.30
Total Revenue		21,80,41.76	24,64,00.86
Expenses			
Cost of materials consumed	2.23	8,55,40.33	10,37,26.82
Purchases of Stock-in-Trade	2.24	1,25,33.60	1,48,37.82
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	2.25	(18,06.53)	(1,27.74)
Employee benefits expense	2.26	2,30,79.54	2,15,38.70
Finance costs	2.27	1,81,22.90	1,56,56.66
Depreciation and amortization expense	2.28	65,97.98	70,61.09
Other expenses	2.29	6,78,68.76	6,93,56.24
Total expenses		21,19,36.58	23,20,49.59
Profit before tax		61,05.18	1,43,51.27
Tax expense:			
Current tax	2.30	25,01.39	27,78.23
Deferred tax	2.4	(2,63.39)	(54.99)
Profit / (Loss) for the year		38,67.18	1,16,28.03
Add: Share of Profit/(loss) in Associates		(71,80.79)	(2,32,05.57)
Add/(Less): Share of Unrealised Profit		(7.85)	(18.27)
Net Profit/(Loss) before Minority Interest		(33,21.46)	(1,15,95.81)
Minority Interest		(0.13)	(13.09)
Net Profit/(Loss) for the year		(33,21.59)	(1,16,08.90)
Earnings per equity share:			
Equity share of par value of Re 1/- each	2.32		
Basic (Rs.)		(0.93)	(3.27)
Diluted (Rs.)		(0.93)	(3.27)
Number of shares used in computing earning per share			
Basic		35,69,55,322	35,51,91,590
Diluted		35,69,55,322	35,51,91,590
Summary of significant accounting policies	1		
Notes on consolidated financial statements	2.1-2.47		

The notes are an integral part of the consolidated financial statements

As per our report of even date.

For Lodha & Co.
Chartered Accountants

R. P. Singh
Partner

Kolkata
May 14, 2016

For and on behalf of the Board

Mahendra Kumar Jalan
Director
(DIN: 00311883)

Brij Mohan Soni
Chief Financial Officer

Umang Kejriwal
Managing Director
(DIN: 00065173)

Subhra Giri Patnaik
Company Secretary



Consolidated Cash Flow Statement for the year ended March 31, 2016

Amount Rs. in lakhs

	Year ended March 31 2016	Year ended March 31 2016	Year ended March 31 2015	Year ended March 31 2015
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Taxes		61,05.18		1,43,51.27
Add : Depreciation/Amortisation	65,97.98		70,61.09	
Bad Debts	4,53.51		47.54	
Pipe mould written off	2,26.09		2,80.03	
Provision for diminution in value of Investments	1,25.70		27.32	
Provision for Bad and Doubtful debts	7,76.53		2,42.09	
Prior period Expenses	-		(67.77)	
Finance Costs	1,81,22.90	2,63,02.71	1,56,56.66	2,32,46.96
		3,24,07.89		3,75,98.23
Less: Interest Received	7,81.60		4,78.38	
Income from Investments	65.78		6,13.79	
Foreign Exchange gain / (loss)	2,36.32		(5,20.78)	
Provisions / Liabilities no longer required written back	1.50		3,37.22	
Profit/(Loss) on sale / discard of Fixed Assets (Net)	11.59	10,96.79	(1.33)	9,07.28
Operating Profit before Working Capital changes		3,13,11.10		3,66,90.95
Less: Increase/(Decrease) in Inventories	(96,48.42)		(70,03.43)	
Increase/(Decrease) in Trade Receivables	(1,65,85.18)		(37,20.53)	
Increase/(Decrease) in other Assets and Loans and Advances	65,98.07		(82,17.98)	
(Increase)/Decrease in Trade Payables, Provisions and other liabilities	(28,24.63)	(2,24,60.16)	1,00,33.20	(89,08.74)
Cash generation From Operations		5,37,71.26		4,55,99.69
Less: Direct Taxes paid		10,85.30		12,68.70
Net cash flow from Operating activities		5,26,85.96		4,43,30.99
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets / movements in Capital work in progress	(43,42.12)		(1,38,60.56)	
Fixed Assets sold/discarded	5,20.03		43,12.89	
(Purchase)/Sale of Investment (net)	10,22.17		(3,76,04.33)	
Investment in associate and joint venture	-		2,22,50.00	
Interest Received	8,97.90		19,14.18	
Dividend received	4.66		7.47	
Other bank balance: deposits with more than 3 month maturities	92,52.23	73,54.87	13,83.66	(2,15,96.69)
Net Cash flow from Investing activities		73,54.87		(2,15,96.69)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of share capital	-		25,00.16	
Proceeds/(Repayments) from borrowings (net)	(25,90.98)		56,77.85	
Proceeds / (Redemption / Repayment) of Debentures/Term Loan	(3,06,88.35)		(88,81.96)	
	(3,32,79.33)		(7,03.95)	
Interest Paid	(2,32,24.22)		(2,02,20.87)	
Dividend paid	(21,87.37)		(22,47.43)	
Tax on Dividend	(4,72.34)	(5,91,63.26)	(3,79.81)	(2,35,52.06)
Net cash flow from Financing activities		(5,91,63.26)		(2,35,52.06)
Cash and Cash equivalents (A+B+C)		8,77.57		(8,17.76)
Cash and Cash equivalents as at 1st April		1,14,41.15		1,22,51.67
Add / (Less) : Unrealised exchange gain / (loss) on Bank balances		1.51		7.24
Cash and Cash equivalents as at 31st March (Refer note 2.18)		1,23,20.23		1,14,41.15

Note : 1) Cash and Cash equivalents represents cash in hand and deposits/balances with Banks
2) The Cash flow statement has been prepared under indirect method as per Accounting Standard 3 on Cash Flow Statement

As per our report of even date.

For Lodha & Co.

Chartered Accountants

R. P. Singh
PartnerKolkata
May 14, 2016

For and on behalf of the Board

Mahendra Kumar Jalan
Director
(DIN : 00311883)Brij Mohan Soni
Chief Financial OfficerUmang Kejriwal
Managing Director
(DIN : 00065173)Subhra Giri Patnaik
Company Secretary

Notes on Consolidated Financial Statements for the year ended March 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 1.1 The Consolidated Financial Statements have been prepared in accordance with the Accounting Standard (AS) - 21 on "Consolidated Financial Statements", AS - 23 on "Accounting for Investments in Associates in Consolidated Financial Statements" and AS - 27 on "Financial Reporting of Interest in Joint Ventures" notified vide Companies (Accounting Standards) Rules, 2006
- 1.2 The Consolidated Financial Statements relate to Electrosteel Castings Limited (the Company), its subsidiaries, joint ventures and associates (Group). The details are as given below:

Name of the subsidiaries	Country of Incorporation	Proportion of ownership interest
Electrosteel Europe S.A.	France	100%
Electrosteel Algeria SPA	Algeria	100%
Electrosteel Castings (UK) Limited	United Kingdom	100%
Electrosteel USA, LLC	USA	100%
WaterFab LLC (acquired 100% share capital through wholly owned subsidiary Electrosteel USA, LLC)	USA	
Electrosteel Trading S.A. Spain	Spain	100%
Mahadev Vyapaar Private Limited	India	100%
Electrosteel Castings Gulf FZE	UAE	100%
Electrosteel Doha For Trading LLC	Qatar	49%
Electrosteel Brasil Ltda. Tubos e Conexoes Duteis	Brazil	100%
Electrosteel Bahrain Holding Company S.P.C	Bahrain	100%
Electrosteel Bahrain Trading W.L.L (subsidiary of Electrosteel Bahrain Holding Company S.P.C)	Bahrain	49%
Name of the Associate Companies	Country of Incorporation	Proportion of ownership interest
Srikalahasthi Pipes Limited	India	48.54%
Electrosteel Steels Limited	India	45.23%
Electrosteel Thermal Power Limited	India	30.00%
Name of the Joint Venture Companies	Country of Incorporation	Proportion of ownership interest
Domco Private Limited	India	50.00%
North Dhadhu Mining Company Private Limited	India	48.98%

1.3 CONSOLIDATION PROCEDURE :

- The financial statements of the parent Company and its subsidiaries have been prepared based on a line-by-line consolidation by adding together the book value of like items of assets and liabilities, revenue and expenses as per the respective financial statements. Intra group balances, intra group transactions and the unrealised profits on stocks arising out of intra group transaction have been eliminated.
 - As far as possible, the consolidated financial statements are prepared using uniform accounting policies for similar material transactions and other events in similar circumstances otherwise as stated elsewhere.
 - The difference between the costs of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the consolidated financial statements as Goodwill or Capital reserve as the case may be.
 - Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the revenue of the Group in order to arrive at the net revenue attributable to the shareholders of the Company. The excess of loss over the minority interest in the equity is adjusted in majority interest.
 - Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separate from liabilities and the equity of the Company's shareholders.
 - In terms of AS - 11 on "The Effects of Changes in Foreign Exchange Rates", foreign subsidiaries of the Company are integral to the operations of the Company. Financial statements of these subsidiaries have been translated at following exchange rates:
 - Revenue and expenses: At the average exchange rates during the year.
 - Fixed Assets and Investment: At Average exchange rates in the year of purchase.
 - All other assets and liabilities: Closing rates prevailing at the year end.
- Any exchange difference arising on consolidation is recognised in the statement of profit and loss.
- Investments in Associates are accounted in accordance with AS-23 on "Accounting for Investments in Associates in Consolidated Financial Statements", under "equity method". Unrealised profit/loss are eliminated other than in respect of transactions pertaining to non depreciable assets.



Notes on Consolidated Financial Statements for the year ended March 31, 2016

- viii. The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the consolidated financial statements as Goodwill or Capital reserve as the case may be.
- ix. The group's interest in the jointly controlled entity is accounted using proportionate consolidation.

1.4 Investments other than in subsidiaries, joint ventures and associates have been accounted as per AS- 13 on "Accounting for Investments."

1.5 OTHER SIGNIFICANT ACCOUNTING POLICIES :

1.5.1 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared under the historical cost convention except in respect of certain fixed assets which are stated at revalued amount in accordance with the provisions of the Companies Act, 2013 and accounting standards as prescribed under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and other recognized accounting practices. Accounting policies unless specifically stated to be otherwise, are consistent and are in consonance with generally accepted accounting principles.

1.5.2 USE OF ESTIMATES

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities as at the Balance Sheet date and the reported amounts of revenue and expenses during the year.

Contingencies are recorded when it is probable that a liability will be incurred and the amounts can reasonably be estimated. Differences between the actual results and estimates are recognized in the year in which the results are known / materialised.

1.5.3 FIXED ASSETS, DEPRECIATION AND AMORTIZATION

1. Tangible Assets

i. Gross Block :

Fixed Assets are stated at cost of acquisition and subsequent improvements thereto or at revalued amounts wherever such assets have been revalued. Cost of acquisition includes taxes, duties (net of centvat availed), inward freight, preoperative expenses, installation expenses and adjustment for exchange differences wherever applicable. For major projects, interest and other costs incurred on / related to the borrowings - for finance fixed assets during construction period and pre-operative period, if appropriate, are capitalized. Expenditure on Blast Furnace/Coke Oven Battery relining is capitalized.

ii. Depreciation and Amortisation of Expenses :

[A] In case of the Company:

- (a) Depreciation on tangible fixed assets, except otherwise stated has been provided as per Schedule II of the Companies Act, 2013 on straight line method in respect of Plant & Equipments and Office Equipments at all location of the Company except Elavur Plant of the Company and on written down value method on all other assets including Plant and Equipments and Office Equipments at Elavur Plant. Certain Plant and Equipments have been considered Continuous Process Plant on the basis of technical assessment. Depreciation on upgradation of tangible fixed assets is provided over the remaining useful life of the mother plant / fixed assets.
- (b) Assets costing Rs. Five Thousand or less are being depreciated fully in the year of addition/acquisition.
- (c) Pipe Moulds above 350 mm for Ductile Iron Foundry Works are depreciated over a period of 3 years. Pipe Moulds upto 350 mm are charged to consumption in the year of issue.
- (d) Blast Furnace and Coke Oven Battery relining are depreciated on straight line method over a period of 2 years and 5 years respectively (average expected life) as per technical assessment. Wagons acquired under "Wagon Investment Scheme" are depreciated over a period of 10 years and Heavy Earth Moving Machinery used for coal mines are depreciated over a period of 5 years on straight line method. Railway siding constructed on government land is amortised over the period of ten years.
- (e) Leasehold land is amortised on straight line method over the period of the lease.
- (f) Machinery Spares which can be used only in connection with an item of fixed asset and whose use are expected to be irregular, are amortised over the useful life of the respective fixed assets and the amount amortised is included under stores and spares consumed.

[B] In case of the subsidiaries, depreciation is provided on straight line method on the basis of estimated useful life of the assets applying the depreciation rates ranging from 1.5% to 35% per annum. In case of Electrosteel Castings (UK) Ltd. assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

- iii. Capital Work-in-progress includes preoperative expenses, equipment to be installed, Construction and Erection Materials etc.
- iv. Development Expenses including overburden removal expenses net of revenue of the Projects/Mines under development are debited to Development Account and grouped under Capital Work in progress till the projects/ mines are brought to Revenue Account. Except otherwise specially stated in the Project Report upon the commercial readiness of the project to yield production on a sustainable basis and completion of required

Notes on Consolidated Financial Statements for the year ended March 31, 2016

development activity during the period of construction, projects and mines under development are brought to revenue : (a) From beginning of the financial year immediately after the year in which the project achieves physical output of 50% of rated capacity as per approved project report, or (b) One year of touching of coal, or (c) From the beginning of the financial year in which the value of production is more than total expenses.

2) Intangible Assets

Intangible assets are stated at cost of acquisition less accumulated amortization. Computer Software packages are amortised on straight line method over a period of 5 years. Mining rights are amortised on straight line method over the available period of mining lease.

1.5.4 INVESTMENTS

Non current investments are stated at cost less provision, if any, for diminution in value other than temporary. Current investments are carried at lower of cost or fair value, computed category wise.

1.5.5 INVENTORIES

- (i) Inventories are valued at lower of the cost or net realisable value. Cost of inventories are ascertained on 'weighted average' basis. Materials and other supplies held for use in the production of inventories are not written down below cost if the related finished products are expected to be sold at or above cost.
- (ii) In case of subsidiaries
 - (a) Inventories of Electrosteel Algeria SPA are valued at weighted average price method
 - (b) Inventories of USA are valued at lower of cost or market, with cost determined on the basis of the average cost of all similar items.
- (iii) Cost in respect of raw materials and stores and spares include expenses incidental to procurement of the same. Cost in respect of manufactured finished goods represents prime cost, and includes appropriate portion of overheads and excise duty wherever applicable. Cost in respect of purchased finished goods comprises of procurement cost and other expenses incurred in bringing such goods to the present location and condition.
- (iv) Cost in respect of process stock represents, cost incurred upto the stage of completion.
- (v) Cost in respect of Work-in-progress represents cost of materials remaining uncertified / incomplete under the Turnkey Contracts undertaken by the Company.

1.5.6 IMPAIRMENT

Fixed assets are reviewed at each balance sheet date for impairment. In case, events and circumstances indicate any impairment, recoverable amount of fixed assets is determined. An impairment loss is recognized, whenever the carrying amount of assets either belonging to Cash Generating Unit (CGU) or otherwise exceeds recoverable amount. The recoverable amount is the greater of assets net selling price or its value in use. In assessing value in use, the estimated future cash flows from the use of the assets are discounted to their present value at an appropriate rate. An impairment loss is reversed if there has been change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss/reversal thereof is adjusted to the carrying value of the respective assets, which in case of CGU, are allocated to its assets on a prorata basis.

1.5.7 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are accounted for at the exchange rate prevailing on the date of the transaction. Foreign currency monetary assets and liabilities at the year end are translated at the year end exchange rates. Non-monetary items other than fixed assets, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction. The loss or gain thereon and also on the exchange differences on settlement of the foreign currency transactions during the year are recognized as revenue or expense and are adjusted in the statement of profit and loss except in respect of non current liabilities related to fixed asset/capital work in progress in which case, these are adjusted to the cost of respective fixed assets/capital work in progress.

Revenue/Expenditure earned/incurred by the Overseas Office is translated at the respective month end rate during which such revenue /expenditure is so earned/incurred. Branch monetary assets and liabilities are restated at the year end rates.

Exchange differences arising with respect to forward contracts other than those entered into, to hedge foreign currency risk on unexecuted firm commitments or of highly probable forecast transactions are recognized in the period in which they arise and the difference between the forwards rate and exchange rate at the date of transaction is recognized as revenue / expense over the life of the contract.

In respect of mark to market losses on all other derivative contracts (other than forward contracts dealt as above) premium paid, gains /losses on settlement and losses on restatement are recognized in statement of profit and loss except in case they relate to acquisition or construction of fixed assets, in which case they are adjusted to the cost of fixed assets/capital work in progress.

1.5.8 REVENUE RECOGNITION

All expenses and revenues to the extent considered payable and receivable respectively unless specifically stated to be otherwise are accounted for on mercantile basis.



Notes on Consolidated Financial Statements for the year ended March 31, 2016

1.5.9 SALES

Sales include excise duty, wherever applicable and rebate, discounts, claims, expenses incurred on consignment sales etc. are excluded there from. Sales on consignment and expenses there against are being accounted for on receipt of sales account from the respective consignee. Revenue against Turnkey Contracts undertaken by the Company is recognised progressively on the basis of percentage of completion method. Stage of completion of contracts in progress is determined by reference to the physical proportion of the contract work completed.

1.5.10 EMPLOYEE BENEFITS

Employee benefits are accrued in the year in which services are rendered by the employees. Short term employee benefits are recognised as an expense in the statement of profit and loss for the year in which the related service is rendered.

Contribution to defined contribution schemes such as Provident Fund, Superannuation Fund etc. are recognised as and when incurred.

In case of the company, long-term employee benefits under defined benefit scheme such as contribution to gratuity, leave etc. are determined at close of the year at present value of the amount payable using actuarial valuation techniques.

Actuarial gain and losses are recognized in the year when they arise.

1.5.11 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 its intended use. All other borrowing costs are charged to statement of profit and loss.

1.5.12 RESEARCH AND DEVELOPMENT

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

1.5.13 EXPORT BENEFITS

Export benefits arising to the Company on account of entitlement for duty free imports are accounted for through import of materials. Other export benefits are accounted for as and when the ultimate realisability of such benefits is established.

1.5.14 GOVERNMENT GRANTS

Revenue grants including subsidy/rebates are credited to statement of profit and loss under "other operating revenue" or deducted from the related expenses. Grants relating to fixed assets are credited to Capital Reserve Account or adjusted in the cost of such assets as the case may be, as and when the ultimate realisability of such grants is established.

1.5.15 INCOME TAX

In case of the Company, provision for tax is made for current and deferred taxes. Current tax is provided on the taxable revenue using the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing differences, which are capable of reversal in subsequent periods are recognized using tax rates and tax laws, which have been enacted or substantively enacted. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable revenue will be available against which such deferred tax assets will be realized. In case of carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognized only if there is "virtual certainty" that such deferred tax assets can be realized against future taxable profits.

In case of foreign companies, tax liabilities and assets are recognized in accordance with the local laws.

1.5.16 LEASES

In case of Electrosteel Castings (UK) Ltd., rentals paid under operating leases are charged to statement of profit and loss as incurred.

In case of Electrosteel Castings (UK) Ltd., Electrosteel Europe S.A. and Electrosteel USA, LLC, leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Assets held under finance leases are recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to revenue statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

1.5.17 PROVISIONS, CONTINGENCIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events, it is probable that there will be an outflow of resources and a reliable estimate can be made, of the amount of the obligation. Contingent assets are neither recognized nor disclosed in the financial statement. Contingent liabilities are not provided for and are disclosed by way of notes.

Notes on Consolidated Financial Statements for the year ended March 31, 2016

2. NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2016

Amount Rs. in lakhs

2.1 SHARE CAPITAL

Particulars	Ref. note no.	As at March 31, 2016	As At March 31, 2015
Authorised			
Equity shares, Re 1/- par value 50,00,00,000 (50,00,00,000) equity shares		50,00.00	50,00.00
Issued, Subscribed and Paid-up			
Equity shares, Re 1/- par value 35,69,55,322 (previous year 35,69,55,322) equity shares fully paid up	2.1.4	35,69.55	35,69.55
		<u>35,69.55</u>	<u>35,69.55</u>

2.1.1 The Company has only one class of shares referred to as equity shares having a par value of Re 1/- each holder of equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company, after distribution of all preferential amounts, in proportion of their shareholding.

2.1.2 The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

2.1.3 During the year ended 31 March, 2016 the amount of per share dividend recognized as distribution to equity shareholders was Re 0.50.

2.1.4 Reconciliation of the number of shares outstanding

No. of shares

Particulars	Ref. note no.	As at March 31, 2016	As At March 31, 2015
Number of shares at the beginning		3,56,95,53,22	3,43,81,73,22
Add : Addition during the year		–	13,13,80,00
Number of shares at the end		<u>3,56,95,53,22</u>	<u>3,56,95,53,22</u>

2.2 RESERVES AND SURPLUS

(Amount Rs. in lakhs)

Particulars	Ref. note no.	As at March 31, 2016	As at March 31, 2015
Capital reserve as per last Balance Sheet			
Capital subsidy		66.01	66.01
Others			
Amount forfeited on warrants not exercised		30,94.71	30,94.71
Non refundable/ Adjustable amount of warrants issued through Qualified Institution Placements		10,07.05	10,07.05
		<u>41,67.77</u>	<u>41,67.77</u>
Securities Premium Account as per last Balance Sheet		6,55,90.26	6,32,21.48
Add : Addition during the year		–	23,68.78
		<u>6,55,90.26</u>	<u>6,55,90.26</u>
Revaluation Reserve as per last Balance Sheet		5,40,77.97	5,68,06.00
Less : Transfer to General Reserve	2.11.2	7,08.13	19,35.36
Less : Transfer due to transitional provision of Companies Act, 2013	2.11.4	–	7,92.67
		<u>5,33,69.84</u>	<u>5,40,77.97</u>
Debenture Redemption Reserve as per last Balance Sheet		67,50.00	64,00.00
Add : Transfer from Surplus		–	3,50.00
		<u>67,50.00</u>	<u>67,50.00</u>
Less : Transfer to Surplus		(34,90.00)	–
		<u>32,60.00</u>	<u>67,50.00</u>



Notes on Consolidated Financial Statements for the year ended March 31, 2016

Particulars	Ref. Note No.	Amount Rs. in lakhs	
		As at March 31, 2016	As at March 31, 2015
Legal reserve as per last Balance Sheet		1,15.84	1,07.93
Add : Transfer from Surplus		16.97	7.91
		1,32.81	1,15.84
General reserve as per last Balance Sheet		9,60,65.95	9,20,58.48
Add : Transfer from Surplus		25,00.00	25,00.00
Add : Transfer from Revaluation Reserve	2.11.2	7,08.13	19,35.36
Less : Transfer due to transitional provision of Companies Act, 2013 (net)	2.11.4	—	4,27.89
		9,92,74.08	9,60,65.95
		(2,33,17.63)	(59,90.50)
Surplus as per last Balance Sheet			
Add : Net profit after tax transferred from Statement of Profit and Loss		(33,21.59)	(1,16,08.90)
Add : Transfer from debenture redemption reserve		34,90.00	—
Less : Earlier year adjustment	2.2.1	—	67.77
Amount available for appropriation		(2,31,49.22)	(1,76,67.17)
Appropriations :			
Proposed dividend	2.1.2 & 2.1.3	17,84.78	23,20.21
Tax on dividend		3,63.34	4,72.34
Amount transferred to debenture redemption reserve		—	3,50.00
Amount transferred to general reserve		25,00.00	25,00.00
Amount transferred to legal reserve		16.97	7.91
Balance in Surplus		(2,78,14.31)	(2,33,17.63)
		19,79,80.45	20,34,50.16

2.2.1 In one of the subsidiary prior period expenses had been adjusted against opening surplus.

2.3 LONG TERM BORROWINGS

Particulars	Ref. Note No.	As at March 31, 2016		As at March 31, 2015	
		Non Current	Current	Non Current	Current
SECURED LOANS					
11.00% Non Convertible Debentures	2.3.1	50,00.00	—	50,00.00	—
12.50% Non Convertible Debentures	2.3.2	—	—	1,00,00.00	—
10.75% Non Convertible Debentures	2.3.3	40,80.00	39,60.00	80,40.00	39,60.00
Term loans - from banks					
External Commercial Borrowing	2.3.4.1 & 2.3.4.2	6,26,19.50	91,67.68	7,38,37.84	29,255.47
FCNR Loan	2.3.5.1	1,01,27.64	8,80.66	—	—
Others	2.3.6.1 & 2.3.6.2	2,17,00.00	14,00.00	2,31,00.00	900.00
Term loan from financial institution	2.3.7.1, 2.3.7.2 & 2.3.7.3	71,42.80	13,16.95	84,59.75	2,847.19
Finance Lease	2.3.9.1	15.87	6.80	26.88	6.13
Others	2.3.10.1 & 2.3.10.2	11,33.77	3,24.13	12,09.77	275.54
		11,18,19.58	1,70,56.22	12,96,74.24	37,244.33
UNSECURED LOANS					
Term loan from financial institution	2.3.8.1	42,00.00	—	—	—
		42,00.00	—	—	—
		11,60,19.58	1,70,56.22	12,96,74.24	37,244.33

2.3.1 11% Non Convertible Debentures (privately placed) are secured by second pari-passu charge on company's fixed assets (immovable and movable) including land and buildings both present and future other than assets located at Chennai and Elavur. These debentures were allotted on 5th July, 2013 and are redeemable at par at the end of 5th year from the date of allotment i.e on 5th July 2018. However, there is a Put and Call option available to the issuer / investor which can be exercised at the end of three years from the date of allotment i.e on 5th July 2016.

2.3.2 12.50% Non Convertible Debentures (privately placed) was secured by second pari-passu charge on company's fixed assets (immovable and movable) including land and buildings both present and future other than assets located at Chennai and Elavur.

Notes on Consolidated Financial Statements for the year ended March 31, 2016

- 2.3.3 10.75% Non Convertible Debentures (privately placed) are secured by first pari-passu charge on company's fixed assets (immovable and movable) including land and buildings both present and future other than assets located at Chennai and Elavur and excluding furniture and fixture, vehicles and other intangible assets. These debentures were allotted on 11th April, 2012 and are redeemable at par in three annual installments at the end of 3rd, 4th & 5th year from the date of allotment.
- 2.3.4.1 External Commercial Borrowings is secured by way of first pari-passu charge on all immovable and movable Fixed Assets, both present and future of the Company other than assets located at Chennai and Elavur.
- 2.3.4.2 External Commercial Borrowings of USD 77.50 million was repayable in 3 annual installments of 33.25% in July 2013, 33.25% in July, 2014 & 33.50% in July, 2015. The outstanding as on 31.03.2016 is NIL (previous year Rs. 1,62,25.26 lakhs). External Commercial Borrowings of USD 139.00 million is repayable in 12 semi annual installments from 29th August, 2015. The outstanding as on 31.03.2016 is Rs. 7,17,87.38 lakhs (previous year Rs. 8,68,68.05 lakhs). The interest rate ranges from 6M Libor + 400 to 500 basis points.
- 2.3.5.1 FCNR Loan of USD 16.16 million is to be secured by way of first pari-passu charge on all immovable and movable Fixed Assets, both present and future of the Company other than assets located at Chennai and Elavur. FCNR Loan is repayable in 25 equal quarterly installments from Dec, 2016. The interest rate ranges from 3M Libor + 275 to 325 basis points. The outstanding as on 31.03.2016 is Rs. 1,10,08.30 lakhs (previous year NIL).
- 2.3.6.1 Rupee Term Loan of Rs. 1,96,00.00 lakhs (Previous year Rs. 2,00,00.00 lakhs) from bank is secured by way of first pari-passu charge on all immovable and movable Fixed Assets, both present and future of the Company other than assets located at Chennai and Elavur. Term Loan is repayable in 28 quarterly installments starting from June, 2015. The interest rate ranges from 12.50% p.a to 13.25% p.a.
- 2.3.6.2 Rupee Term Loan of Rs. 35,00.00 lakhs (Previous year Rs. 40,00.00 lakhs) from bank is secured by way of first pari-passu charge on all immovable and movable Fixed Assets, both present and future of the Company other than assets located at Chennai, Elavur and Vadgaon (Pune). Rupee Term Loan is repayable in 16 equal quarterly installments starting from Dec, 2015. The interest rate ranges from 10.50% p.a to 11.00% p.a.
- 2.3.7.1 Term Loan of NIL (Previous year Rs. 23,52.94 lakhs) from a financial institution was secured by way of first pari-passu charge on all immovable and movable Fixed Assets, both present and future of the Company other than assets located at Chennai and Elavur.
- 2.3.7.2 Term Loan of Rs. 50,00.00 lakhs (Previous year Rs. 50,00.00 lakhs) from a financial institution is secured by way of first pari-passu charge on all immovable and movable Fixed Assets, both present and future of the Company other than assets located at Chennai and Elavur. Term Loan is repayable in 24 equal quarterly installments starting from 01st July, 2016. The interest rate ranges from 12.00% p.a to 13.00% p.a.
- 2.3.7.3 Term Loan of Rs. 34,59.75 lakhs (Previous year Rs. 39,54.00 lakhs) from a financial institution is to be secured by way of second pari-passu charge on all movable Fixed Assets and Current Assets, both present and future of the Company. The loan is repayable in 54 monthly installments starting from April, 2015. The interest rate ranges from 14.00% p.a to 14.50% p.a.
- 2.3.8.1 Term Loan of Rs. 42,00.00 lakhs (Previous year NIL) from a financial institution is repayable in 16 monthly installments starting from Dec, 2017. The interest rate ranges from 11.50% p.a to 12.25% p.a.
- 2.3.9.1 The carrying amounts of financial lease represent their fair values. The flat interest rate is 4.65% per annum. The company's obligation under finance lease is secured by lessor's title to the leased asset.
- 2.3.10.1 Loan from others includes Rs. 9,04.82 lakhs which is repayable in 120 equal monthly installments of Rs 8.17 lakhs from 25th October 2011. The outstanding as on 31.03.2016 is Rs. 5,38.96 lakhs (Previous year Rs. 4,79.46 lakhs).
- 2.3.10.2 Loan from others includes Rs. 10,05.85 lakhs which is repayable in 60 equal monthly installments of Rs 18.84 lakhs from 2nd April 2015. The outstanding as on 31.03.2016 is Rs. 9,18.94 lakhs (Previous year Rs. 10,05.85 lakhs).

**Notes on Consolidated Financial Statements** for the year ended March 31, 2016**2.4 DEFERRED TAX LIABILITIES (NET)**

Amount Rs. in lakhs

The break up of deferred tax assets and deferred tax liabilities are as given below.

Particulars	Opening as on April 01, 2015	Charge or (Credit) during the Year	Closing as at March 31, 2016
Deferred Tax Assets:			
1. Expenses Allowable on payment Basis	12,24.23	(4,78.22)	17,02.45
2. Provision for doubtful debts and advances	3,19.10	0.49	3,18.61
3. Others	9,22.10	(6.77)	9,28.87
Deferred Tax Liabilities:			
1. Depreciation etc.	53,38.98	2,97.55	56,36.53
2. Liquidated Damages and Retention money	1,45.82	(76.44)	69.38
Net Deferred Tax Liability	30,19.37	(2,63.39)	27,55.98

2.5 OTHER LONG TERM LIABILITIES

Particulars	Ref. Note No.	As at March 31, 2016	As at March 31, 2015
Capital Vendors		1,37.64	16.48
Advance from customers	2.5.1	1,47,70.74	–
Others		84.26	66.23
		1,49,92.64	82.71

2.5.1 Advance from Customers amounting to Rs. 1,65,62.50 lakhs (including Rs. 17,91.76 lakhs shown under other current liabilities) received as interest bearing advance for export of DI Pipes, Fittings and related accessories has been classified and disclosed as aforesaid as per terms of the contract.

2.6 LONG TERM PROVISION

Provision for employee benefits	2.31	10,78.49	8,37.40
Provision for mine closure and restoration charges	2.6.1	4,98.02	4,61.22
		15,76.51	12,98.62

2.6.1 Provision for Mines closure and restoration charges are made in terms of statutory obligations specified for the purpose and deposited in the Escrow account in terms of the stipulation made by Ministry of Coal, for Mines closure Plan. (Refer note 2.18)

2.7 SHORT TERM BORROWINGS**SECURED LOANS**

Repayable on demand from banks	2.7.1 & 2.7.2		
Indian Currency		2,89,31.43	2,81,20.07
Foreign Currency	2.7.3	5,10,06.69	5,33,04.55
		7,99,38.12	8,14,24.62

UNSECURED LOANS

Repayable on demand from banks			
Foreign Currency		19,35.98	88,64.69
From a related party	2.42	20,00.00	–
From Others		35,00.00	–
		74,35.98	88,64.69
		8,73,74.10	9,02,89.31

2.7.1 Loans repayable on demand being Working Capital facilities from Banks (both fund based and non fund based) are secured by first pari passu charge by way of joint hypothecation of raw materials, finished goods, work in progress, consumable stores and spares, book debts/receivables and other current assets of the company both present and future.

2.7.2 Fixed Deposits amounting to NIL (previous year Rs. 30,00 lakhs) are pledged with Bank for availing working capital facility (Refer note no. 2.18.1)

Notes on Consolidated Financial Statements for the year ended March 31, 2016

2.7.3 Loans repayable on demand being Working Capital facilities from Banks includes Rs. 30,91.46 lakhs (Previous year Rs. 30,09.96 lakhs) secured over the assets of one of the subsidiary including freehold and lease hold property.

2.8 TRADE PAYABLES

Particulars	Ref. note no.	Amount Rs. in lakhs	
		As at March 31, 2016	As at March 31, 2015
Payable for Goods and Services			
Dues of Micro and Small Enterprises	2.8.1	–	–
Others		2,94,61.39	2,93,36.52
Share of Joint Venture	2.12.5	1.62	0.85
		<u>2,94,63.01</u>	<u>2,93,37.37</u>

2.8.1 Including acceptances of Rs. 37,53.88 lakhs (previous year Rs. 19,50.59 lakhs)

2.9 OTHER CURRENT LIABILITIES

Current maturities of long-term debt	2.3		
Secured		1,70,49.42	3,72,38.20
Current maturities of long-term finance lease	2.3		
Secured		6.80	6.13
Interest accrued but not due on borrowings		23,14.08	34,10.54
Interest accrued and due on borrowings		46.31	1,55.59
Advance from customers	2.5.1	47,38.40	20,27.63
Unclaimed dividends	2.9.1	2,44.36	1,11.52
Other payables			
Credit balances in current account with banks		25,85.90	15,71.11
Statutory dues - PF, ESI, Service Tax, TDS, Entry Tax etc.		60,45.11	43,53.03
Excise duty on stock		4,85.70	8,40.09
Capital vendors		10,66.97	33,12.32
Others		10,84.97	3,34.79
		<u>3,56,68.02</u>	<u>5,33,60.95</u>
Share of Joint Venture	2.12.5	0.07	0.07
		<u>3,56,68.09</u>	<u>5,33,61.02</u>

2.9.1 The same is not due for payment to investor education and protection fund.

2.10 SHORT TERM PROVISIONS

Provision for employee benefits	2.31	18,12.71	16,52.32
Others			
Provision for taxation (net of advance tax)	2.10.1	37,07.39	22,67.00
Provision for dividend	2.1.2 & 2.1.3	17,84.78	23,20.21
Provision for tax on dividend		3,63.34	4,72.34
Provision for losses on derivative transactions on mark to market basis		2,84.51	2,23.77
Other Provisions	2.10.2	7,32.75	7,29.52
		<u>86,85.48</u>	<u>76,65.16</u>

2.10.1 Includes Rs. 10,14.09 Lakhs being interest received under section 244A of the Income Tax Act, 1961 pertaining to Assessment Year 2003-04 and from Assessment Year 2005-06 to 2008-09 as the refund and the aforesaid amount has been disputed by the Income Tax Department and the matter is under appeal before Income Tax Appellate Tribunal (ITAT).

2.10.2 Other provisions include (a) provision relating to indirect taxes in respect of proceedings of various excise duty matters – carrying amount at the end of the year Rs. 5,00.00 lakhs (previous year Rs. 5,00.00 lakhs). No amount was used and reversed during the year. Outflows in these cases would depend on the final developments/outcomes; (b) Other class of provisions related to disputed customer claims/rebates/demands – carrying amount at the end of the year Rs. 2,10.00 lakhs (previous year Rs. 2,10.00 lakhs). No amount was used and reversed during the year.



Notes on Consolidated Financial Statements for the year ended March 31, 2016

Amount Rs. In Lakhs

Description	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK					
	Cost as on April 01, 2015	Additions	Sales/ Adjustments	Other Adjustments	Cost as on March 31, 2016	Upto March 31, 2015	For The Year	Sales/ Adjustments	Other Adjustments	Upto March 31, 2016	As on March 31, 2016	As on March 31, 2015
1	2	3	4	5	6	7	8	9	10	11	12	13
Tangible Assets												
LAND-FREEHOLD	5,81,18.53	3.30	-	-	5,81,21.83	-	-	-	-	-	5,81,21.83	5,81,18.53
LAND-LEASEHOLD	35,64.32	2,06.02	-	-	37,70.34	1,46.55	28.22	-	-	1,74.77	35,95.57	34,17.77
BUILDINGS	2,00,76.85	25,13.63	-	1,16.98	2,27,07.46	97,17.06	14,94.89	-	-	1,12,11.95	1,14,95.51	1,03,59.79
RAILWAY SIDING	47,97.11	88.59	-	-	48,85.70	15,22.51	4,91.57	-	-	20,14.08	28,71.62	32,74.60
PLANT AND EQUIPMENTS	8,78,47.43	33,03.45	65,57.22	2,27.03	8,48,20.69	5,04,79.40	41,45.51	59,19.97	-	4,87,04.94	3,61,15.75	3,73,68.03
OFFICE EQUIPMENT	9,03.00	97.54	12.32	2.13	9,90.35	5,93.57	65.33	5.07	-	6,53.83	3,36.52	3,09.43
FURNITURE AND FIXTURES	9,99.84	49.49	-	0.52	10,49.85	7,65.93	70.50	0.27	-	8,36.16	2,13.69	2,33.91
VEHICLES	13,21.89	1,79.58	1,57.49	-	13,43.98	7,66.67	2,14.62	1,32.05	-	8,49.24	4,94.74	5,55.22
LIVESTOCK	1.11	-	-	-	1.11	-	-	-	-	-	1.11	1.11
Total	17,76,30.08	64,41.60	67,27.03	3,46.66	17,76,91.31	6,39,91.69	65,10.64	60,57.36	-	6,44,44.97	11,32,46.34	11,36,38.39
Share of Joint Venture	0.59	-	-	-	0.59	0.38	0.04	-	-	0.42	0.17	0.21
Total	17,76,30.67	64,41.60	67,27.03	3,46.66	17,76,91.90	6,39,92.07	65,10.68	60,57.36	-	6,44,45.39	11,32,46.51	11,36,38.60
Previous Year	17,23,24.33	1,10,41.04	12,03.14	(45,31.56)	17,76,30.67	5,58,76.05	92,56.48	8,64.80	(2,75.66)	6,39,92.07	11,36,38.60	
Intangible Assets												
COMPUTERS SOFTWARES	10,70.70	69.49	-	-	11,40.19	7,71.55	85.77	-	-	8,57.32	2,82.87	2,99.15
MINING RIGHTS	15.32	-	-	-	15.32	7.18	1.53	-	-	8.71	6.61	8.14
Total	10,86.02	69.49	-	-	11,55.51	7,78.73	87.30	-	-	8,66.03	2,89.48	3,07.29
Previous Year	9,85.99	1,00.03	-	-	10,86.02	6,98.82	79.91	-	-	7,78.73	3,07.29	

Notes:

- 2.11.1 Freehold Land and Buildings pertaining to Elavur, Khairah and Haldia Units of the Company has been revalued by an approved valuer as on 31st March 2013 on direct sales approach basis and depreciated replacement cost approach basis respectively. Accordingly, net increase of Rs. 5,73,30.74 lakhs as on 31st March 2013 in the value of these fixed assets due to such revaluation had been transferred to Revaluation Reserve.
- 2.11.2 Depreciation and amortization amounting to Rs. 7,08.13 lakhs (previous year Rs. 19,55.36 lakhs) pertains to additional depreciation charged due to revaluation of Buildings on 31st March 2013 which has been adjusted from revaluation reserve and transferred to general reserve.
- 2.11.3 Depreciation and amortization for the year includes NIL (previous year Rs. 7,38.89 lakhs) transferred to Pre-operative expenses.
- 2.11.4 During the previous year, depreciation had been provided based on the life of the assets as per schedule II of the companies Act, 2013. In term of said schedule, where the remaining life of the assets was nil as on 1st April 2014, the carrying amount of Rs. 12,20.56 lakhs (net of deferred tax of Rs. 3,15.85 lakhs) (including Rs. 7,92.67 lakhs pertaining to revalued assets) after retaining the residual value, had been fully depreciated and had been adjusted against general reserve.
- 2.11.5 Plant and Equipments includes :
 - (a) Rs. 8,27.18 lakhs (previous year Rs. 8,27.18 lakhs) being contribution for laying the Power line, the ownership of which does not vest with the company.
 - (b) Rs. 24,98.72 lakhs (previous year Rs. 24,98.72 lakhs) being cost of wagons procured under "Wagon Investment Scheme".
 - (c) Railway Siding Rs.46,31.77 lakhs (previous year Rs. 45,43.18 lakhs) incurred for construction, the ownership of which does not vest with the company.
- 2.11.6 Leasehold Land of Rs. 2,40,00 lakhs (previous year Rs. 2,40,00 lakhs) is pending execution of lease agreement and registration thereof.
- 2.11.7 Freehold land includes Rs. 3,35.81 lakhs (previous year Rs. 3,35.81 lakhs) in respect of which the execution of conveyance deeds is pending (refer note no 2.33.a).
- 2.11.8 Other adjustments includes adjustment on account of cessation of subsidiary during the previous year w.e.f October 01, 2014 and Rs. 44.37 lakhs (previous year NIL) being interest capitalised during the year and Rs. 3,02.29 lakhs (previous year NIL) representing foreign exchange fluctuation.
- 2.11.9 Land with factory buildings (net block Rs.1,34,91.04 lakhs) at Elavur plant of the Company are mortgaged in the favour of lender to Electrosteel Steel limited, an associate of the Company.
- 2.11.10 Classification of assets into leasehold and freehold is as per the respective subsidiaries.

Particulars

Particulars	As at March 31, 2016	As at March 31, 2015
Capital Work in Progress	2.33	12,78,41.17
Share of Joint Venture	2.12.5	7,13.73
	12,85,55.42	12,85,54.90

Notes on Consolidated Financial Statements for the year ended March 31, 2016

2.12 NON-CURRENT INVESTMENTS- AT COST

(Fully paid up except otherwise stated)

Amount Rs. in lakhs

Particulars	As at March 31, 2016		As at March 31, 2015	
	Holding	Value	Holding	Value
(A) Trade				
Equity Instruments				
Equity Shares				
Quoted				
R.G. Ispat Limited (Face value of Rs. 10/- each)	50	–	50	–
Saint Gobain-PAM (Face value of Euro 4/-each)	14	0.26	14	0.26
Von Roll (Face value of Euro 0.071 each)	10	0.05	10	0.05
Unquoted				
Rainbow Steels Limited (Face value of Rs. 10/- each)	100	0.01	100	0.01
Metal Scrap Trade Corporation Limited (Face value of Rs. 10/- each)	1000	0.05	1000	0.05
		<u>0.37</u>		<u>0.37</u>
(B) Others				
Equity Instruments				
Equity Shares				
Quoted				
Associates				
Srikalahashti Pipes Limited (Face value of Rs. 10/- each) [Cost of acquisition includes goodwill of Rs. 44,91.37 lakhs (Previous year Rs. 44,91.37 lakhs)]	1,94,01.18	19,30,12.18	2,64,04.69	19,30,12.18
Add : Share of Profit/(Loss) for the year (Net)	77,00.43			
Less : Dividend received during the year	5,79.04			
Less : Dividend tax	1,17.88			
Electrosteel Steels Ltd. (Face value Rs. 10/-each) [Cost of acquisition includes goodwill of Rs. 70,29.90 lakhs (Previous year 70,29.90 lakhs)]	5,64,63.67	10,89,80,00.00	4,16,92.57	10,89,80,00.00
Add : Share of Profit/(Loss) for the year (Net)	(1,47,71.10)			
Unquoted				
Associate				
Electrosteel Thermal Power Ltd. (Face value of Rs. 10/- each) [Cost of acquisition includes goodwill of Rs. 0.70 lakhs (Previous year 0.70 lakhs)]	1.11	1,50.00	1.02	1,50.00
Add : Share of Profit/(Loss) for the year (Net)	(0.09)			
Joint Venture				
Domco Pvt Ltd (Face value of Rs. 100/- each)		3,00.00	30.00	3,00.00
North Dhadhu Mining Company Pvt Ltd (Face value of Rs. 10/- each)	8,22.81	8,22,80.53	–	8,22,80.53
[Cost of acquisition includes goodwill of NIL (Previous year NIL)]				
Less : Proportionate Consolidation	8,22.81			
Other Companies				
Singardo International Pte Ltd (Face value of SGD 1 each)		2,50.00	7.33	2,50.00
N Marshall Hi-tech Engineers Pvt. Ltd. (Face value of Rs. 10/- each)		5,00.00	5.00	5,00.00
		<u>6,81,40.61</u>		<u>7,59,08.30</u>
Quoted Preference share				
Mukand Limited (0.01% Cumulative Redeemable Preference Shares Share Face value of Rs 10/- each)		16	–	16
Less : Provision for investments		<u>30.00</u>		<u>30.00</u>
		<u>6,81,10.61</u>		<u>7,58,78.30</u>
Total - Non-Current Investments		<u>6,81,10.98</u>		<u>7,58,78.67</u>
Aggregate amount of Quoted Investments		<u>6,80,97.57</u>		<u>7,58,65.16</u>
Aggregate amount of Unquoted Investments		<u>13.41</u>		<u>13.51</u>
		<u>6,81,10.98</u>		<u>7,58,78.67</u>
Aggregate amount of Market value of Quoted Investments		<u>8,01,97.01</u>		<u>7,12,56.22</u>
		<u>8,01,97.01</u>		<u>7,12,56.22</u>

**Notes on Consolidated Financial Statements** for the year ended March 31, 2016

Notes

- 2.12.1 86,67,50,000 Equity shares of Rs 10/- each fully paid up of Electrosteel Steels Limited aggregating Rs. 8,87,71.31 lakhs (previous year Rs. 8,87,71.31 lakhs) held by the Company as Investment have been pledged in favour of Electrosteel Steels Limited lenders for securing financial assistance to Electrosteel Steels Limited.
- 2.12.2 Electrosteel Steels Limited, an associate company is currently passing through financial stringency. Joint Lender Forum (JLF) is contemplating various restructuring and other measures which inter alia include restructuring of debts, induction of new promoter etc., final outcome whereof is awaited. Pending this and assessment of change in the status and resultant valuation etc., Company's Investment in the said associate has been carried at cost.
- 2.12.3 The Company has investment of Rs. 30 Lakhs in equity shares and given advance of Rs. 7.00 Lakhs against equity to Domco Private Limited (DPL), a Company incorporated in India, and has joint control (proportion of ownership interest of the Company being 50%) over DPL along with other venturers (the Venturers). The Venturers had filed a petition before the Company Law Board, Principal Bench, New Delhi (CLB) against the Company on various matters including for forfeiture of the Company's investment in equity shares of the DPL. The Company had inter alia filed petition before the Hon'ble High Court of Jharkhand at Ranchi. The Hon'ble High Court of Jharkhand at Ranchi upheld the Company's appeal and decided that the matter would have to be referred for Arbitration, the Venturer has challenged the aforesaid judgment in the Divisional Bench of the Hon'ble High Court of Jharkhand at Ranchi. Further advance of Rs. 7.00 Lakhs recoverable as above has also been referred for arbitration in terms of Shareholders Agreement. Pending final outcome of the matter and since, the other Venturer are not providing the financial statements of DPL, and thereby disclosures as regards to contingent liability, capital commitments, if any, aggregate amounts of the assets, liabilities, income and expenses related to the Company's interest in DPL has not been made in these financial statements.
- 2.12.4 (a) The North Dhadhu Coal Block located in the state of Jharkhand was allocated to the Company, M/s. Adhunik Alloys & Power Limited (AAP), M/s. Jharkhand Ispat Pvt. Ltd. (JPL) and M/s. Pawanjay Steel & Power Limited (PSPL) (collectively referred to as venturers) for working through a joint venture company. Accordingly, North Dhadhu Mining Company Private Limited (NDMCPL), a company in which the Company has joint control (proportion of ownership interest of the Company being 48.98 %) along with other venturers was formed. The Company has investment of Rs. 8,22.81 Lakhs in equity shares of NDMCPL. (refer note no. 2.33.b)
- b) The Ministry of Coal, Government of India had issued an order for de-allocation of North Dhadhu Coal Block and deduction of Bank Guarantee of Rs. 56.03 crores issued for the same. The Company's share in the Bank Guarantee is Rs 27.45 crores. On a writ petition filed by the Company for quashing the order, stay has been granted by the Hon'ble High Court of Jharkhand. Pending final judgement, no provision is considered necessary in the respect of Company's investment in NDMCPL and amount of Bank Guarantee. (refer note no. 2.33.b)
- 2.12.5 Information on other joint venture (other than 2.12.3)

Sl. No. Name of the Joint Venture

- (i) North Dhadhu Mining Company Private Limited
- (ii) Interest in assets, liabilities, revenue and expenses with respect to jointly controlled entities.
- A) Assets:**
- a) Fixed Assets (Net Block):
Capital Work-in-Progress
- b) Current Assets
Cash & Bank Balances
Long term loans & advances
Short term loans & advances
Other Current Assets
Current Investments
- B) Current liabilities:**
Other current liabilities
Trade payables
- C) Revenue**
- D) Expenses**

	<u>Country of Incorporation</u>	<u>Percentage of ownership interest</u>
	India	48.98
		Amount Rs. in lakhs
	2015-16	2014-15
	0.19	0.21
	7,13.73	7,13.73
	1,05.72	49.13
	6.17	6.44
	2.42	2.40
	7.80	4.06
	-	51.55
	0.07	0.07
	1.62	0.85
	13.87	5.25
	2.60	2.78

- 2.12.6 Particulars of investments as required in terms of section 186(4) of the Companies Act, 2013 have been disclosed under note no. 2.12 & 2.13.

Notes on Consolidated Financial Statements for the year ended March 31, 2016

2.13 CURRENT INVESTMENTS - AT COST

Amount Rs. in lakhs

(Fully paid up except otherwise stated)

	As at March 31, 2016		As at March 31, 2015	
	Holding	Value	Holding	Value
Other Investments				
Equity Instruments				
Equity Shares (Quoted)				
Coal India Limited (Face value of Rs. 10/- each)	-	-	19,000	49.97
Jindal Drilling & Industries Ltd (Face value of Rs. 5/- each)	1,76,500	5,19.99	1,76,500	5,19.99
Manganese Ore India Ltd (Face value of Rs. 10/- each)	3,794	14.23	3,794	14.23
Reliance Industries Ltd (Face value of Rs. 10/- each)	500	4.44	18,000	1,60.19
Andhra Bank (Face value of Rs. 10/- each)	5,000	7.87	5,000	7.87
3I Infotech Ltd. (Face value of Rs. 10/- each)	60,000	18.01	60,000	18.01
BGR Energy Systems Ltd. (Face value of Rs. 10/- each)	1,500	5.48	1,500	5.48
Bharat Heavy Electricals Ltd. (Face value of Rs. 2/- each)	12,500	41.94	12,500	41.94
Fortis Healthcare (India) Ltd. (Face value of Rs. 10/- each)	-	-	4,000	5.75
GTL Infrastructure Ltd. (Face value of Rs. 10/- each)	60,000	8.25	60,000	8.25
Garden Silk Mills Ltd. (Face value of Rs. 10/- each)	1,000	0.80	1,000	0.80
Jyoti Structures Ltd. (Face value of Rs. 2/- each)	5,000	3.59	5,000	3.59
National Aluminium Company Ltd. (Face value of Rs. 5/- each)	2,500	1.95	2,500	1.95
Punjab National Bank (Face value of Rs. 2/- each)	10,000	19.86	10,000	19.86
Pilani Investment and Industries Corporation Ltd. (Face value of Rs. 10/- each)	700	17.17	700	17.17
Vedanta Limited (Formerly known as Sesa Sterlite Industries Ltd.) (Face value of Rs. 1/- each)	2,000	4.18	2,000	4.18
Timex Group India Ltd. (Face value of Rs. 1/- each)	-	-	1,000	0.28
Tata Teleservices (Maharashtra) Ltd. (Face value of Rs. 10/- each)	28,333	4.91	28,333	4.91
		6,72.67		8,84.42
Less: Provision		4,05.52		2,79.82
Total - Equity Shares		2,67.15		6,04.60
Bonds (Quoted)				
8.74% RRUUVNL (Tranche 11) 26/03/2027 of Rs. 10,00,000 each	-	-	4	40.00
11% Bank Of India Perpetual Bonds of Rs. 10,00,000 each	-	-	3	30.76
11.50% ITNL NCD 21/06/2024 of Rs.10,00,000 each	-	-	4	40.11
Total - Bonds		-		1,10.87
Total - Current Investments		2,67.15		7,15.47
Share of Joint Venture (Refer note no. 2.12.5)				
Reliance Money Manager Fund (Face value of Rs 1000/- each)	-	-	29,34.11	51.55
		2,67.15		7,67.02
Aggregate amount of Quoted Investments				
- In Mutual Funds	-	-	51.55	
- In Bonds and Commercial Papers	-	-	1,10.87	
- In Equity Shares	6,72.67	6,72.67	8,84.42	10,46.84
Aggregate amount of Market value of Quoted Investments				
- In Mutual Funds		-		54.81
- In Bonds		-		1,18.04
- In Equity Shares		2,67.15		6,04.59
		2,67.15		7,77.44

2.13.1 Quoted Investments for which quotations are not available have been included in the market value at the face value/paid up value, whichever is lower except in case of debenture, bonds and government securities where the net present value at current yield to maturity have been considered.

2.13.3 Refer note no. 2.12.6 for particulars of investments.

**Notes on Consolidated Financial Statements** for the year ended March 31, 2016

2.14 LONG TERM LOANS AND ADVANCES		Amount Rs. in lakhs	
Particulars	Ref. note no.	As at March 31, 2016	As at March 31, 2015
UNSECURED, CONSIDERED GOOD			
Capital Advances	2.14.4	4,46.41	9,19.43
Security Deposits	2.14.3	24,37.22	13,54.95
Others			
Prepaid expenses		57.25	1,22.02
Loans and Advances to related party	2.14.5	18.82	17.75
Others	2.14.1	6.22	14.66
		29,65.92	24,28.81
Share of Joint Venture	2.12.5	6.17	6.17
		29,72.09	24,34.98

2.14.1 Including loans and advance to employees amounting to Rs. 5.77 lakhs.(previous year Rs. 14.21 lakhs)

2.14.2 In the opinion of the Board of Directors, current assets and loans and advances 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.

2.14.3 Security deposits include Rs. 5,57.50 lakhs (previous year Rs. 5,57.50 lakhs) with private limited companies in which directors are interested as a member / director and Rs 1,85.00 lakhs (previous year Rs.2,03.00 lakhs) with related parties.

2.14.4 Capital advances includes Rs.5.27 lakhs (previous year Rs.5.27 lakhs) paid to related party

2.14.5 Includes Rs.18.82 Lakhs (previous year Rs. 17.75 lakhs) being amount given as interest free loan to shareholder.

2.15 OTHER NON-CURRENT ASSETS**UNSECURED, CONSIDERED GOOD**

Long Term Trade Receivables		1,36.19	3,39.14
Fixed Deposit (having original maturity of more than 1 year)	2.18.1	25,00.50	0.54
		26,36.69	3,39.68

2.16 INVENTORIES

Raw materials		1,13,32.81	2,56,07.46
Raw materials (goods in transit)		24,02.92	5,17.67
Process stock		42,89.29	47,91.91
Finished goods		3,20,75.48	3,20,55.35
Finished goods (goods in transit)		28,05.33	-
Stores and spares		59,73.38	54,07.54
Stores and spares (goods in transit)		84.74	2,13.97
		5,89,63.95	6,85,93.90
Work-in-progress (Turnkey Projects)		2,75.39	7,91.70
Less : Progress payment received		-	4,89.99
		2,75.39	3,01.71
		5,92,39.34	6,88,95.61

2.16.1 Refer note no. 2.7.1 and 2.17.1

Notes on Consolidated Financial Statements for the year ended March 31, 2016

		Amount Rs. in lakhs	
2.17 TRADE RECEIVABLES		As at	As at
Particulars	Ref. note no.	March 31, 2016	March 31, 2015
CURRENT UNSECURED	2.7.1		
Trade outstanding for period exceeding six months from the date they become due for payment		42,12.16	55,78.71
Considered Good		14,63.53	6,13.20
Considered Doubtful		56,75.69	61,91.91
Less : Provision for doubtful		14,63.53	6,13.20
		42,12.16	55,78.71
Others		4,99,19.46	4,60,43.59
		5,41,31.62	5,16,22.30
2.17.1 Balances of Trade Receivables including for Turnkey Contracts, Work-in-progress, Creditors and advances are subject to confirmation/reconciliation and adjustments in this respect are carried out as and when amounts thereof, if any are ascertained.			
2.18 CASH AND BANK BALANCES			
Cash and Cash Equivalents			
Balances with banks			
In current and cash credit accounts	2.18.2	1,09,28.79	1,12,52.06
In dividend accounts		2,44.36	1,11.52
Fixed Deposits (Original Maturity Less than 3 months)		10,25.00	-
Cash on hand		16.36	28.44
		1,22,14.51	1,13,92.02
Share of Joint Venture	2.12.5	1,05.72	49.13
		1,23,20.23	1,14,41.15
Other balance with banks			
In Fixed Deposit Escrow account	2.6.1	4,98.02	4,61.22
Margin money/Fixed deposits(having original maturity of more than 3 months)	2.18.1 & 2.18.2	8,36.31	1,26,25.30
		1,36,54.56	2,45,27.67
2.18.1 Fixed Deposits with Banks include Fixed Deposit of Rs. 9,04.23 lakhs (previous year Rs. 31,07.27 lakhs) lodged with Government Departments, Customers and Bank.			
2.18.2 Includes Fixed Deposits of NIL (previous year Rs. 95,16.64 lakhs) and bank Balance of Rs.17,35.86 lakhs (previous year NIL) in respect of External Commercial Borrowings loan pending utilisation for intended use.			
2.19 SHORT TERM LOANS AND ADVANCES			
UNSECURED, CONSIDERED GOOD	2.7.1		
Advances to related parties	2.42 & 2.19.1	2,18,81.58	2,58,69.88
Other loans and advances			
Security Deposits		9,13.33	12,26.31
For supply of goods and rendering of services		21,50.82	13,14.94
Loans and advances to employees		46.50	7.38
Balance with Government authorities		53,38.26	80,23.45
Prepaid expenses		762.58	11,79.33
Others		39,41.32	23,70.17
		3,50,34.39	3,99,91.46
Share of Joint Venture	2.12.5	2.42	2.40
		3,50,36.81	3,99,93.86
DOUBTFUL ADVANCES			
Advances to a related party	2.12.3	7,00.00	7,00.00
Others		10.62	12.04
		7,10.62	7,12.04
Less : Provision for doubtful advances		7,10.62	7,12.04
		-	-
		3,50,36.81	3,99,93.86

**Notes on Consolidated Financial Statements** for the year ended March 31, 2016

2.19.1 All the above advances have been given for general corporate purpose.

2.20 OTHER CURRENT ASSETS

Amount Rs. in lakhs

Particulars	Ref. Note No.	As at March 31, 2016	As at March 31, 2015
Interest receivable		18.84	38.57
Claim Receivable	2.33.a	92,16.89	-
Incentive/Subsidy receivable		63,51.64	56,42.29
Export incentive receivable		17,13.11	42,58.70
Forward Premium receivable		1,97.28	27,89.69
Others		10,41.72	6,56.03
		<u>1,85,39.48</u>	<u>1,33,85.28</u>
Share of Joint Venture	2.12.5	7.80	4.06
		<u>1,85,47.28</u>	<u>1,33,89.34</u>

2.21 REVENUE FROM OPERATIONS

Sale of products		21,60,58.39	23,75,14.66
Sale of services (Turnkey contracts)		4,93.79	10,04.14
Other operating revenues			
Incentive on exports		27,56.30	52,45.37
Others		11,14.61	13,69.32
		<u>22,04,23.09</u>	<u>24,51,33.49</u>
Less : Excise duty		43,89.14	49,50.93
		<u>21,60,33.95</u>	<u>24,01,82.56</u>

2.22 OTHER INCOME

Interest income on			
Current investments		7.89	8.25
Interest on loans, deposits, overdue debts etc.	2.22.1	7,73.71	4,70.13
Dividend income			
Current investments		3.82	7.46
Non current investments		0.84	0.01
Net gain or loss on sale / redemption of investments			
Current investments (net)	2.22.2	61.12	3,72.29
Non current investments		-	2,34.03
Net gain or loss on foreign currency transaction and translation		28.28	36,90.74
Profit on sale of fixed assets		11.59	-
Provision no longer required written back		1.50	3,37.22
Miscellaneous income	2.22.3	11,19.06	10,98.17
		<u>20,07.81</u>	<u>62,18.30</u>

2.22.1 Includes share of Joint Venture Rs 9.03 lakhs (previous year Rs 4.72 lakhs) (refer note no. 2.12.5)

2.22.2 Includes share of Joint Venture Rs 4.83 lakhs (previous year Rs 0.24 lakhs) (refer note no. 2.12.5)

2.22.3 Includes share of Joint Venture Rs 0.01 lakhs (previous year Rs 0.29 lakhs) (refer note no. 2.12.5)

2.23 COST OF MATERIALS CONSUMED

Raw materials consumed		<u>8,55,40.33</u>	<u>10,37,26.82</u>
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2.24 PURCHASE OF STOCK IN TRADE

D.I. Pipes & Fittings		81,82.37	64,40.93
Coke and Coal		12,64.80	36,13.11
Rubber Gaskets			
Others		25,46.46	26,31.91
		5,39.97	21,51.87
		<u>1,25,33.60</u>	<u>1,48,37.82</u>

Notes on Consolidated Financial Statements for the year ended March 31, 2016

2.25 (INCREASE)/DECREASE IN INVENTORIES		Amount Rs. in lakhs	
Particulars	Ref. note no.	For the year ended 31.03.2016	For the year ended 31.03.2015
Closing Stock :			
Finished		3,48,80.81	3,20,55.35
Process		42,89.29	47,91.91
Work in Progress (Turnkey Projects)		2,75.39	7,91.70
		<u>3,94,45.49</u>	<u>3,76,38.96</u>
Less : Opening stock			
Finished		3,20,55.35	3,49,78.30
Less : Adjustment for stock of subsidiary	2.25.1	–	(15,57.74)
Stock-in-trade (in respect of goods acquired for trading)		–	38.62
Process		47,91.91	35,40.34
Work in Progress (Turnkey Projects)		7,91.70	5,11.70
		<u>3,76,38.96</u>	<u>3,75,11.22</u>
		<u>(18,06.53)</u>	<u>(1,27.74)</u>
2.25.1 Represents adjustment made to previous year figure on account of disposal of subsidiary w.e.f. October 01, 2014.			
2.26 EMPLOYEE BENEFITS EXPENSE			
Salaries and wages	2.29.7	2,03,80.56	1,90,63.87
Contribution to provident and other funds		17,30.26	16,18.66
Staff welfare expenses		9,68.72	8,56.17
		<u>2,30,79.54</u>	<u>2,15,38.70</u>
2.27 FINANCE COSTS			
Interest expense		1,32,35.69	1,27,60.90
Net gain/loss on foreign currency transactions and translation		28,13.43	23,41.28
Other borrowing cost		20,73.78	5,54.48
		<u>1,81,22.90</u>	<u>1,56,56.66</u>
2.28 DEPRECIATION AND AMORTISATION EXPENSES			
Depreciation and amortization expense	2.11	65,97.98	70,61.09
		<u>65,97.98</u>	<u>70,61.09</u>
2.29 OTHER EXPENSES			
Consumption of stores and spare parts	2.29.2	1,46,29.69	1,38,75.60
Power and fuel		1,52,99.53	1,73,38.08
Material Handling Charges		21,63.70	18,90.81
Rent	2.29.4	21,18.24	20,06.38
Repairs to buildings		2,54.49	2,61.17
Repairs to machinery		4,32.70	4,30.36
Insurance		8,41.92	9,68.00
Rates and taxes	2.29.5	5,75.94	5,38.06
Directors fees and commission		90.85	86.74
Packing & forwarding charges (net of realisation Rs. 62,73.79 lakhs (previous year Rs.64,61.87 lakhs))		1,15,52.59	1,32,02.44
Commission to selling agents		52,49.80	59,23.13
Job charges		6,24.93	15,89.46
Excise duty on stock		(3,39.57)	(41.07)
Bad debts		4,53.51	47.54
Loss on sale of fixed assets (net)		–	1.33
Loss on sale of Subsidiary		–	2,73.22
Provision for bad and doubtful debts		7,76.53	2,42.09
Provision for diminution in value of investments		1,25.70	27.32
Miscellaneous expenses	2.29.1, 2.29.3, 2.29.6, 2.29.8 & 2.29.9	1,30,18.21	1,06,95.58
		<u>6,78,68.76</u>	<u>6,93,56.24</u>

**Notes on Consolidated Financial Statements** for the year ended March 31, 2016

	Amount Rs. in lakhs	
	For the year ended 31.03.2016	For the year ended 31.03.2015
2.29.1 Miscellaneous expenses includes auditors remuneration.		
(a) Audit Fees	83.35	1,10.21
(b) Other services- Certificates, etc.	11.34	8.51
2.29.2 Stores and spares consumption include pipe moulds written off	2,26.09	2,80.03
2.29.3 Miscellaneous expenses include Charity and Donation of Rs. 3,30.32 lakhs (previous year Rs. 2,63.62 lakhs).		
2.29.4 The Company has certain operating lease arrangements for office accommodations etc. with tenure extending upto 9 yrs. Term of certain lease arrangements include escalation clause for rent on expiry of 36 months from the commencement date of such lease and deposit / refund of security deposit etc. Expenditure incurred on account of rent during the year and recognized in the Profit and Loss account amounts to Rs. 5,93.26 lakhs (previous year Rs. 5,47.30 lakhs).		
2.29.5 Includes share of Joint Venture Rs 0.02 lakhs (previous year Rs 0.02 lakhs) (refer note no. 2.12.5)		
2.29.6 Includes share of Joint Venture Rs 2.58 lakhs (previous year Rs 2.76 lakhs) (refer note no. 2.12.5)		
2.29.7 During the year, the Company has incurred Rs 93.59 lakhs (previous year Rs 89.65 lakhs) on account of research and development expenses which has been charged to Statement of Profit and Loss.		
2.29.8 During the year, the Company has incurred Rs. 2,35.00 lakhs (previous year Rs. 1,98.48 lakhs) on account of Corporate Social Responsibility (CSR) out of which Rs. 2,25.00 lakhs (previous year Rs. 1,51.00 lakhs) included under Charity and Donation, Rs. 10.00 lakhs (previous year Rs. 11.21 lakhs) included under Other Miscellaneous Expenses and NIL (previous year Rs. 36.30 lakhs) under capital work in progress.		
2.29.9 Includes provision for inventories amounting to Rs. 95.75 lakhs (previous year Rs. 43.79 lakhs)		

2.30 TAX EXPENSES - Current Tax

Provision for current tax

<u>25,01.39</u>	<u>27,78.23</u>
25,01.39	27,78.23

2.31 Employee Benefits

The disclosures required under Accounting Standard 15 on "Employee Benefits" are given below :

Defined Contribution Scheme

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

Employer's Contribution to Provident Fund	2,60.71	3,28.33
Employer's Contribution to Pension Fund	2,00.08	1,61.76
Employer's Contribution to Superannuation Fund	56.53	65.00

Defined Benefit Scheme

The employee's gratuity fund scheme managed by Life Insurance Corporation of India and ICICI Prudential Life Insurance Company Ltd. is a defined benefit plan. The present value of obligation 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.

	Amount Rs. In lakhs	
	Gratuity (Funded)	
	2015-16	2014-15
a) Change in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows :		
Liability at the beginning of the year	20,94.29	16,92.03
Interest Cost	1,76.64	1,56.19
Current Service Cost	1,49.06	1,31.46
Actuarial (gain) / loss on obligations	1,30.11	1,67.27
Benefits paid	(2,40.50)	(52.66)
Liability at the end of the year	23,09.60	20,94.29

Notes on Consolidated Financial Statements for the year ended March 31, 2016

Amount Rs. in lakhs

	Gratuity (Funded)	
	2015-16	2014-15
b) Changes in the Fair Value of Plan Asset representing reconciliation of opening and closing balances thereof are as follows :		
Fair value of Plan Assets at the beginning of the year	13,76.19	10,87.44
Expected Return on Plan Assets	1,04.54	98.27
Contributions by the Company	34.11	1,70.20
Benefits paid	(2,40.50)	(52.66)
Actuarial gain / (loss) on Plan Assets	(35.79)	72.94
Fair value of Plan Assets at the end of the year	12,38.55	13,76.19
Total actuarial gain / (loss) to be recognised	(1,65.90)	(94.33)
c) Actual return on Plan Asset		
Expected return on Plan assets	1,04.54	98.27
Actuarial gain / (loss) on Plan Assets	(35.79)	72.94
Actual Return on Plan Assets	68.75	1,71.21
d) Amount Recognized in Balance Sheet		
Liability at the end of the year	23,09.60	20,94.29
Fair value of Plan Assets at the end of the year	12,38.55	13,76.19
	10,71.05	7,18.10
e) Expenses Recognized in the Income Statement		
Current Service Cost	1,49.06	1,31.46
Interest Cost	1,76.64	1,56.19
Expected Return on Plan Assets	(1,04.54)	(98.27)
Net Actuarial (gain) / loss to be Recognized	1,65.90	94.33
Expenses Recognized in Profit & Loss Account	3,87.06	2,83.71
f) Balance Sheet Reconciliation		
Opening Net Liability	7,18.10	6,04.59
Expenses as above	3,87.06	2,83.71
Employers Contribution	(34.11)	(1,70.20)
Amount Recognized in Balance Sheet	10,71.05	7,18.10

	Gratuity (Funded)				
	2015-16	2014-15	2013-14	2012-13	2011-12
Defined Benefit Obligation at the end of the year	23,09.60	20,94.29	16,92.03	14,92.89	12,54.18
Plan Asset at the end of the period	12,38.55	13,76.19	10,87.44	8,42.10	7,39.04
Funded status	10,71.05	7,18.10	6,04.59	6,50.79	5,15.14

Experience adjustments:

Experience gain/ (loss) on adjustment on plan Liabilities	2,05.46	-	(26.37)	(67.22)	(23.58)
Experience gain/ (loss) on adjustment on plan Assets	(35.79)	72.94	(3.51)	4.34	(2.35)

**Notes on Consolidated Financial Statements** for the year ended March 31, 2016**Compensated Absences**

The obligation for compensated absences is recognized in the same manner as gratuity. The actuarial liability of Compensated Absences (unfunded) of accumulated privileged and sick leaves of the employees of the Company as at March 31, 2016 is given below :

Particulars	Amount Rs. in lakhs	
	As at March 31, 2016	As at March 31, 2015
Privileged Leave	1095.52	994.90
Sick Leave	614.80	672.22
g) Principal Actuarial assumptions as at the Balance Sheet date		
Discount Rate	8.00%	8.25%
Rate of Return on Plan Assets	8.00%	8.25%

Notes :

- Assumptions relating to future salary increases, attrition, interest rate for discount & overall expected rate of return on Assets have been considered based on relevant economic factors such as inflation, market growth & other factors applicable to the period over which the obligation is expected to be settled.
- The Company expects to contribute Rs 200.00 lakhs (previous year Rs 200.00 lakhs) to Gratuity fund in 2016-17.

2.32 Calculation of Earning Per Share is as follows:

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Net profit for basic and diluted earnings per share as per Statement of Profit and Loss	<u>(3321.59)</u>	<u>(11608.90)</u>
Net profit for basic and diluted earnings per share	<u>(3321.59)</u>	<u>(11608.90)</u>
(b) Weighted average number of equity shares for calculation of basic and diluted earnings per share (Face value Re. 1/- per share)		
No of equity shares outstanding as on 31st March	35,69,55,322	34,38,17,322
Add : Issued on 20th May 2014	–	1,31,38,000
Number of equity shares considered in calculating basic and diluted EPS	<u>35,69,55,322</u>	<u>35,69,55,322</u>
(c) Weighted average number of equity shares outstanding	<u>35,69,55,322</u>	<u>35,51,91,590</u>
(d) Earnings per share (EPS) of Equity Share of Re. 1 each:		
a) Basic (Rs.)	(0.93)	(3.27)
b) Diluted (Rs.)	(0.93)	(3.27)

2.33.a. In pursuance of the Order dated September 24, 2014 issued by the Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated October 21, 2014 (Ordinance) for implementing the Order, allotment of Parbatpur coal block (coal block/mines) to the Company which was under advanced stage of implementation, has been cancelled w.e.f. April 01, 2015. In terms of the Ordinance, the Company was allowed to continue the operations in the said block till March 31, 2015. Accordingly, the same has been handed over to Bharat Coking Coal Limited (BCCL) as per the direction from Coal India Ltd. (CIL) with effect from April 01, 2015. The Company pending acceptance and recovery of the amount of compensation, has filed a petition before the Hon'ble High Court at Delhi, hearing whereof has been concluded and judgement is awaited.

Pending decision of the Court,

- Rs.12,88,84.11 Lakhs incurred pertaining to the coal block till March 31, 2015 after setting off income, stocks etc. there against as per the accounting policy then followed by the company has been continued to be shown as freehold land, capital work in progress, other fixed assets and other respective head of accounts.

Notes on Consolidated Financial Statements for the year ended March 31, 2016

(ii) Interest and other finance cost for the period from April 01, 2015 onwards against the fund borrowed and other expenses directly attributable in this respect amounting to Rs. 94,14.78 lakhs has been considered as other recoverable under current assets.

(iii) Realisation against sale of assets, advances etc amounting to Rs. 6,33.83 Lakhs have been adjusted thereagainst.

The matter being subjudice the amount of compensation are presently not ascertainable and consequential adjustments in this respect will be given effect to on ascertainment of the amounts thereof. Claims pursuant to cancellation of Coal Block and handing over the same as detailed in different heads of account includes the following :

Amount Rs. in lakhs

Particulars	As at March 31, 2016		As at March 31, 2015	
Inventories		1,478.76		1,478.76
Short Term Loan and Advances		1,399.78		1,399.78
Capital Work in Progress:				
Plant and Equipment and others assets under Installation	33,493.90		33,493.90	
Mine Development including overburden removal expenses (Net) (Refer Note No: 2.33.d)	86,686.76	1,20,180.66	86,686.76	1,20,180.66
Other Fixed Assets		2,243.99		2,243.99
Capital Advance		331.92		331.92
Freehold Land (Refer Note No. 2.11.7)		3,249.00		3,249.00
Other balances with Banks in Fixed Deposit Escrow Account	498.02		461.22	
Less : Provision for mine closure and restoration charges	498.02	-	461.22	-
Sub Total		1,28,884.11		1,28,884.11
Other Recoverable	9,414.78			
Less : Sale of Assets and other realisations	633.83	8,780.95		-
Total		1,37,665.06		1,28,884.11

2.33.b In terms of the Supreme Court Order as referred above, North Dhadhu Coal Block, allotted in joint venture with other companies, has also been cancelled w.e.f. September 24, 2014. The Company barring initial contribution of Rs. 8,22.81 Lakhs has not made any further investments in the said the joint venture company. In respect of Company's investment of Rs.8,22.81 lakhs in North Dhadhu Coal Block, allotted in joint venture with other companies, in view of the management, the compensation to be received in terms of the ordinance is expected to cover the cost incurred by the Joint Venture Companies and thereby no diminution in value of such investment is expected to arise and accordingly no provision has been considered necessary by the management.

2.33.c Capital work in progress includes plant and equipments and other assets amounting to Rs.4,08,16.78 lakhs (previous year Rs. 4,08,82.53 lakhs) under installation and capital and other expenditure incurred pending completion thereof.

2.33.d The expenses incurred for projects/assets during the construction/mine development period are classified as "Pre-operative Expenses" pending capitalization are included under capital work in progress and will be allocated to the assets on completion of the project/assets. Consequently expenses disclosed under the respective head are net of amount classified as preoperative expenses by the Company. The details of these expenses are as follows :

Particulars	As at	
	March 31, 2016	March 31, 2015
Balance brought forward	87,672.37	80,392.74
Add :		
Contractual Expenses - raising, over burden removal etc.	-	8,683.65
Salaries and Wages	286.31	1,542.39
Contribution to Provident and Other Funds	11.24	59.75
Staff welfare expenses	7.03	51.68
Stores and Spares Consumption	-	1,480.01
Handling and Transportation	-	51.39
Power and Fuel	-	2,990.00
Repairs others	-	24.35

**Notes on Consolidated Financial Statements** for the year ended March 31, 2016

Amount Rs. in lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
Rent	-	20.54
Insurance	-	61.20
Miscellaneous Expenses	82.69	25,18.19
Royalty on Coal, Clean energy cess and Stowing duty	-	9,02.72
Interest Paid		
On term Loan	1,07.51	-
On Others	-	54,12.05
Finance charges	-	1,13.64
Depreciation and amortisation expense (Refer note no.2.11.3)	-	7,38.89
Excise duty on coal Stock	-	(4,75.94)
Loss on exchange fluctuation	1,75.67	47,17.05
Excess provision written back	-	(4,05.32)
Provision for Mine Closure and restoration expenses	-	93.64
Total preoperative/development expenses	8,83,42.82	10,89,72.62
Less:		
Allocated/Transferred during the year to completed assets	6,04.18	61.01
Sale of Coal to associate[NIL MT. (previous year 557625.04 MT)]	-	2,43,33.82
Less: Excise Duty	-	14,01.41
Less: Royalty, clean energy cess, stowing duty and vat	-	32,21.04
Net Sales		1,97,11.37
Coal transferred for Captive Consumption [NIL MT, (Previous Year 184856.44 MT)]		95,24.15
Other Income		
Interest on Escrow Account, etc.	-	26.19
Increase/(Decrease) in stock of Coal		
Opening Stock 64502 MT.(Previous Year 389925 MT.)	-	1,02,77.32
Less : Closing Stock 64502 MT (Previous Year 64502 MT)	-	14,44.74
		(88,32.58)
Interest on deposit [net of provision for current tax NIL (previous year Rs. 4,17.14 lakhs)]	-	8,10.11
Total preoperative and development expenses carried forward pending allocation	8,77,38.64	8,76,72.37

2.34 (a) Category wise outstanding derivatives contracts entered for hedging as on March 31,2016 are as follows:

Sl. No.	Category	Currency	2015-16		2014-15	
			No. of Deals	Amount in Foreign Currency	No. of Deals	Amount in Foreign Currency
1	Sell Forward	USD/INR	30	2,58,25,234	29	3,37,42,628
2	Sell Forward	GBP/USD	4	19,51,660	4	19,66,773
3	Sell Forward	EURO/USD	20	1,72,83,549	18	1,75,82,413
4	Sell Forward	EURO/INR	5	59,29,318	18	2,00,00,000
5	Sell Forward	USD/SGD	4	17,05,432	-	-
6	Sell Forward	USD/EURO	-	-	2	23,84,000
7	Sell Forward	USD/GBP	1	6,95,475	-	-
8	Buy Forward	USD/INR	1	10,00,000	13	2,30,96,183
9	Buy Forward (ECB)	USD/INR	1	5,00,000	-	-
10	Option(BUYERS CREDIT)	USD	16	2,23,53,341	-	-
11	Option(ECB)	USD	-	-	2	60,00,000
12	Interest Rate Swap	USD	14	6,80,00,000	16	8,33,50,000
13	Interest Rate Cap	USD	3	1,27,50,000	4	1,66,80,000
14	Currency Swap	USD	1	1,66,16,314	-	-

Notes on Consolidated Financial Statements for the year ended March 31, 2016

Amount Rs. in lakhs

2.34 (b) Unhedged Foreign Currency exposures as on March 31, 2016 are as follows :

Nature	Currency	2015-16	2014-15
		Amount in Foreign Currency	Amount in Foreign Currency
Payables			
ECB Payable (include accrued interest)	USD	10,83,34,478	15,17,04,075
Buyer's Credit / Suppliers Credit /Acceptances (include accrued interest)	USD	3,04,79,479	3,14,68,716
FCNR	USD	40,00,000	40,00,000
Imports & Other payables	USD	33,51,617	36,90,607
Imports & Other payables	EURO	9,41,011	6,11,045
Imports & Other payables	GBP	36,320	7,576
Imports & Other payables	AED	94,400	94,400
Imports & Other payables	HKD	-	29,472
Imports & Other payables	BHD	1,00,050	2,31,332
Imports & Other payables	AUD	38,440	1,875
Imports & Other payables	TRY	5,57,560	1,61,492
Receivable			
Exports	GBP	36,43,628	29,06,569
Exports	SGD	18,33,423	35,06,611
Exports	USD	2,37,45,390	-
Exports	EURO	90,06,912	-
Exports	BHD	5,682	5,07,059
Others	TRY	-	3,23,159
Others	GBP	12,303	1,23,451
Others	EURO	3,38,738	-
Others	SGD	-	4,226
Others	BHD	28,816	1,87,437
Others	USD	33,173	-

2.35 As regards construction contracts in progress as on March 31, 2016, aggregate amount of costs incurred and recognised profit (less recognized losses) upto the year end (to the extent ascertained by the management), aggregate amount of advances received and aggregate amount of retentions are Rs 24,50.75 lakhs, Rs 18,81.49 lakhs and Rs 1,04.46 lakhs respectively. (previous year Rs 19,96.74 lakhs, Rs 15,17.41 lakhs and Rs 82.78 lakhs respectively).

2.36 (a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) :

2.36 (b) Other commitments

Forward contract outstanding

In USD

In Euro

In GBP

In SGD

As at 31.03.2016		As at 31.03.2015	
528.66		535.54	
in million	Rs. In lakhs	in million	Rs. In lakhs
28.02	1,85,63.72	59.22	3,70,11.29
23.21	1,74,97.69	37.58	2,52,01.64
1.95	18,56.45	1.97	18,21.09
1.71	8,38.17	-	-

**Notes on Consolidated Financial Statements** for the year ended March 31, 2016

Amount Rs. in lakhs

2.37 Contingent Liabilities not provided for in respect of :

	As at 31.03.2016	As at 31.03.2015
a) Various show cause notices/demands issued/ raised, which in the opinion of the management are not tenable and are pending with various forum / authorities:		
i) Sales Tax	8,199.59	7,521.84
ii) Excise, Custom Duty and Service tax [net of provision of Rs. 500.00 lakhs (previous year Rs. 500.00 lakhs)]	14,923.44	13,441.52
iii) Income Tax	256.86	114.48
b) Penalty for non compliance of listing agreement and disputed by the Company.	100.00	-
c) Employees State Insurance Corporation has raised demand for contribution in respect of Gross Job Charges for the year 2001-02, 2003-04 and March'08 to January'10. In the opinion of the management demand is adhoc and arbitrary and is not sustainable legally.	92.51	92.51
d) Demand of Tamilnadu Electricity Board disputed by the Company.	8.20	8.20
e) During the year 1994 UPSEB had raised demand for electricity charges by revising the power tariff schedule applicable to the Company retrospectively from Feb'86. In the opinion of the management the revised power tariff is not applicable to the Company and accordingly the Company disputed the demand and the matter is pending before Hon'ble High Court at Allahabad.	261.74	261.74
f) Corporate guarantee issued to banks by the Company on behalf of :		
(i) Subsidiary Companies	3,984.34	7,471.77
(ii) Others	-	2,161.17
g) Standby Letter of Credit issued by banks on behalf of the company in favour of		
(i) Subsidiary Companies	13,386.12	11,638.81
h) Guarantees given by banks on behalf of the Company		
(i) The Company	7,971.67	8,961.87
(ii) The Subsidiary	115.03	-
i) Bills Discounted with Banks	5,141.86	6,969.41
j) Receivable factored	4,309.41	4,408.65
k) The Company has disputed downward revision in the prices affected by the purchaser subsequent to sale of certain specified materials. In the opinion of the management and also on the merit of the case, as advised legally no liability is likely to arise. The matter is subjudice and pending final judgement the amount payable, if any is not ascertainable presently.		

Note : The Company's pending litigations comprises of claim against the company and proceedings pending with Taxation/ Statutory/Government Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, and disclosed contingent liabilities, where applicable, in its financial statements. The company does not expect the outcome of these proceedings to have a material impact on its financial position. Future cash outflows, if any, in respect of (a) to (e), and (k) above is dependent upon the outcome of judgments/decisions.

Notes on Consolidated Financial Statements for the year ended March 31, 2016

2.38 At the Balance Sheet Date, the following are the commitments in respect of

(a) Operating Lease		Amount Rs. in lakhs			
		Due within one year		Due between two and five years	
Name of the Companies	2015-16	2014-15	2015-16	2014-15	
1. Electrosteel Castings (UK) Limited	124.42	3.70	264.25	107.41	
2. Electrosteel USA LLC.	96.57	100.87	90.62	176.58	
3. Electrosteel Bahrain Holding SPC	83.52	-	1,168.85	-	
(b) Finance Lease					
1. Electrosteel Europe S.A	-	23.71	-	-	
(c) Capital Lease					
1. Electrosteel USA LLC.	6.80	6.13	15.87	21.38	

2.39 The company operates mainly in one business segment viz Pipes being primary segment and all other activities revolve around the main activity. The secondary segment is geographical, information related to which is given as under :

Particulars	2015-16			2014-15		
	Within India	Outside India	Total	Within India	Outside India	Total
Sales (gross)	1,19,913.05	96,639.13	2,16,552.18	1,38,329.21	1,00,189.59	2,38,518.80
Trade receivables and other assets	4,30,903.05	67,204.59	4,98,107.64	4,73,010.91	48,758.72	5,21,769.63
Cost incurred for acquisition of Tangible and Intangible assets	4,906.72	1,951.55	6,858.27	17,504.04	396.48	17,900.52

2.40 In respect of unrealised profits resulting from intragroup transactions that are included in the carrying amount of inventory are eliminated in full. The aforesaid inventory is as certified by the respective management.

2.41 The company has opted for accounting the exchange difference arising on reporting of long term foreign currency monetary items as per Accounting Standard 11, "The Effects of Changes in Foreign Exchange Rates". During the year ended 31st March 2016 the net exchange difference of Rs. 54,58.89 lakhs (net debit) (previous year Rs. 42,90.69 lakhs) on foreign currency loans have been adjusted in the carrying amount of fixed assets/capital work in progress/claim receivable. The unamortised balance is Rs. 2,71,37.17 lakhs (previous year Rs. 2,18,54.69 lakhs).

**Notes on Consolidated Financial Statements** for the year ended March 31, 2016

2.42. Related party disclosure as identified by the management in accordance with the Accounting Standard (AS) 18 on “Related Party Disclosures” are as follows :

A) Names of related parties and description of relationship

- | | |
|---|---|
| 1) Associate Company | Srikalahasthi Pipes Limited
Electrosteel Steels Limited
Electrosteel Thermal Power Limited
Singardo International Pte. Ltd.
(Ceased to be associate during previous year) |
| 2) Joint Venture | North Dhadhu Mining Company Private Limited
Domco Private Limited |
| 3) Key Managerial Personnel (KMP) and their relatives | Mr. Umang Kejriwal - Managing Director
Mr. Mayank Kejriwal - Joint Managing Director
Mr. Uddhav Kejriwal - Wholetime Director
Mr. Vyas Mitre Ralli - Wholetime Director (Upto December 31, 2015)
Mr. Mahendra Kumar Jalan - Wholetime Director
Ms. Nityangi Kejriwal - Daughter of Mr. Umang Kejriwal -Managing Director (MD)
Ms. Uma Kejriwal - Mother of Mr. Umang Kejriwal -Managing Director (MD) and Mr. Mayank Kejriwal - Joint Managing Director (JMD)
Umang Kejriwal (H.U.F.)
Ms. Priya Manjari Todi - Daughter of Mr. Mayank Kejriwal - Joint Managing Director (JMD) Sister of Mr. Uddhav Kejriwal - Wholetime Director (WTD)
Mr. Anirudh Jalan - Son of Mr. Mahendra Kumar Jalan - Wholetime Director (WTD) |
| 4) Enterprise where KMP/Relatives of KMP have significant influence or control | Gaushree Enterprises
Wilcox Merchants Private Limited
Tulsi Highrise Private Limited
Sri Gopal Investments Ventures Ltd.
Global Exports Ltd.
Ultimo Logistics Private Limited
Krsna Logistics Private Limited
Sree Khemisati Constructions Private Limited
G K & Sons Private Limited
Electrosteel Thermal Coal Limited
Electrocast Sales India Limited
Badrinath Industries Ltd.
Murari Investment & Trading Company Ltd.
Uttam Commercial Company Ltd.
Radhya Infraserivices Private Limited |

Notes on Consolidated Financial Statements for the year ended March 31, 2016

B) Related Party Transaction

Amount Rs. in lakhs

	Associate	Joint Venture	KMP & their Relatives	KMP/relatives of KMP have control	Total	Outstanding as at March 31, 2016	Outstanding as at March 31, 2015
Sale							
Electrosteel Steels Limited	31,90.31	-	-	-	31,90.31	3,99.58	-
Srikalahasthi Pipes Limited	13,68.25	-	-	-	13,68.25	-	-
Total	45,58.56	-	-	-	45,58.56	3,99.58	-
Previous Year							
Singardo International Pte Ltd. *	8,80.73	-	-	-	8,80.73	-	-
Electrosteel Steels Limited	4,36,88.44	-	-	-	4,36,88.44	-	48,12.72
Srikalahasthi Pipes Limited	8,50.99	-	-	-	8,50.99	-	-
Purchase							
Srikalahasthi Pipes Limited	61,63.69	-	-	-	61,63.69	33,89.74	-
Electrosteel Steels Limited	7,81.26	-	-	-	7,81.26	-	-
Total	69,44.95	-	-	-	69,44.95	33,89.74	-
Previous Year							
Srikalahasthi Pipes Limited	1,02,62.51	-	-	-	1,02,62.51	-	36,33.93
Electrosteel Steels Limited	55,66.01	-	-	-	55,66.01	-	5,41.64
Gaushree Enterprises	-	-	-	0.32	0.32	-	-
Job Charges Received							
Electrosteel Steels Limited	4,22.84	-	-	-	4,22.84	-	-
Total	4,22.84	-	-	-	4,22.84	-	-
Previous Year							
Electrosteel Steels Limited	3,36.50	-	-	-	3,36.50	-	38.05
Job Charges Paid							
Previous Year							
Electrosteel Steels Limited	7,51.73	-	-	-	7,51.73	-	-
Remuneration							
Mr. Umang Kejriwal	-	-	3,02.49	-	3,02.49	1,20.00	-
Mr. Mayank Kejriwal	-	-	80.79	-	80.79	-	-
Mr. Uddhav Kejriwal	-	-	2,13.93	-	2,13.93	85.00	-
Mr. Vyas Mitre Ralli	-	-	1,32.74	-	1,32.74	-	-
Mr. Mahendra Kumar Jalan	-	-	1,39.40	-	1,39.40	-	-
Ms. Priya Manjari Todi	-	-	5.62	-	5.62	-	-
Ms. Nityangi Kejriwal	-	-	7.50	-	7.50	6.00	-
Total	-	-	8,82.47	-	8,82.47	2,11.00	-
Previous Year							
Mr. Umang Kejriwal	-	-	3,08.62	-	3,08.62	-	1,20.00
Mr. Mayank Kejriwal	-	-	80.83	-	80.83	-	-
Mr. Uddhav Kejriwal	-	-	2,09.14	-	2,09.14	-	85.00
Mr. Vyas Mitre Ralli	-	-	1,34.15	-	1,34.15	-	-
Mr. Mahendra Kumar Jalan	-	-	1,35.96	-	1,35.96	-	-
Ms. Priya Manjari Todi	-	-	5.62	-	5.62	-	-
Rent Paid							
Wilcox Merchants Pvt. Ltd.	-	-	-	52.19	52.19	-	-
Tulsi Highrise Private Limited	-	-	-	52.01	52.01	-	-
Sri Gopal Investments Ventures Ltd.	-	-	-	18.00	18.00	-	-
Global Exports Ltd.	-	-	-	15.00	15.00	-	-
Smt. Uma Kejriwal	-	-	4.39	-	4.39	-	-
Umang Kejriwal HUF	-	-	8.78	-	8.78	-	-
Sree Khemisati Constructions Private Limited	-	-	-	7.20	7.20	-	-
Badrinath Industries Ltd.	-	-	-	30.00	30.00	-	-
Total	-	-	13.17	1,74.40	1,87.57	-	-
Previous Year							
Wilcox Merchants Pvt. Ltd.	-	-	-	44.66	44.66	-	-
Tulsi Highrise Private Limited	-	-	-	44.51	44.51	-	-
Sri Gopal Investments Ventures Ltd.	-	-	-	31.50	31.50	-	-
Global Exports Ltd.	-	-	-	15.00	15.00	-	-



Notes on Consolidated Financial Statements for the year ended March 31, 2016

B) Related Party Transaction

Amount Rs. in lakhs

	Associate	Joint Venture	KMP & their Relatives	KMP/relatives of KMP have control	Total	Outstanding as at March 31, 2016	Outstanding as at March 31, 2015
Smt. Uma Kejriwal	-	-	8.78	-	8.78	-	-
Umang Kejriwal HUF	-	-	8.78	-	8.78	-	-
Sree Khemisati Constructions Private Limited	-	-	-	6.50	6.50	-	-
North Dhadhu Mining Company Pvt Ltd.	-	0.60	-	-	0.60	-	-
Badrinath Industries Ltd.	-	-	-	18.75	18.75	-	-
Service Charges Paid							
Ultimo Logistics Pvt. Ltd.	-	-	-	12,01.68	12,01.68	12.03	-
Sree Khemisati Constructions Private Limited	-	-	-	2,69.97	2,69.97	4.14	-
Krsna Logistics Private Limited	-	-	-	6,39.15	6,39.15	1,83.98	-
Global Exports Ltd.	-	-	-	78.46	78.46	-	-
Anirudh Jalan	-	-	1.80	-	1.80	0.30	-
Sri Gopal Investments Ventures Ltd.	-	-	-	2.32	2.32	-	-
Total	-	-	1.80	21,91.58	21,93.38	2,00.45	-
Previous Year							
Ultimo Logistics Pvt. Ltd.	-	-	-	11,06.59	11,06.59	11,06.59	-
Sree Khemisati Constructions Private Limited	-	-	-	2,41.37	2,41.37	-	3.06
Krsna Logistics Private Limited	-	-	-	4,59.49	4,59.49	-	60.95
Radhya Infraservices Private Limited	-	-	-	1,14.39	1,14.39	-	-
Global Exports Ltd.	-	-	-	77.05	77.05	-	1.88
Anirudh Jalan	-	-	1.80	-	1.80	-	-
Sri Gopal Investments Ventures Ltd.	-	-	-	1.06	1.06	-	-
Service Charges Received							
Electrosteel Steels Limited	2,25.27	-	-	-	2,25.27	2,35.40	-
Total	2,25.27	-	-	-	2,25.27	2,35.40	-
Previous Year							
Loan Taken							
G. K. & Sons Private Limited	-	-	-	10,00.00	10,00.00	10,00.00	-
Electrocast Sales India Limited	-	-	-	5,00.00	5,00.00	5,00.00	-
Uttam Commercial Co. Ltd	-	-	-	5,00.00	5,00.00	5,00.00	-
Total	-	-	-	20,00.00	20,00.00	20,00.00	-
Previous Year							
Reimbursements of expenses paid							
Previous Year							
Electrosteel Steels Limited	0.12	-	-	-	0.12	-	0.12
Reimbursements of expenses received							
Srikalahasthi Pipes Limited	12.03	-	-	-	12.03	11.94	-
Total	12.03	-	-	-	12.03	11.94	-
Previous Year							
Electrosteel Steels Limited	11,26.50	-	-	-	11,26.50	-	39.99
Srikalahasthi Pipes Limited	52.47	-	-	-	52.47	-	-
Investment							
Previous Year							
Electrosteel Steels Limited	2,22,50.00	-	-	-	2,22,50.00	-	-
Security Deposits							
Sri Gopal Investments Ventures Ltd.	-	-	-	-	-	9.00	-
Electrosteel Thermal Coal Limited	-	-	-	-	-	1,85.00	-
Total	-	-	-	-	-	1,94.00	-
Previous Year							
Sri Gopal Investments Ventures Ltd.	-	-	-	-	-	-	18.00
Electrosteel Thermal Coal Limited	-	-	-	-	-	-	1,85.00
Dividend Received							
Srikalahasthi Pipes Limited	5,79.04	-	-	-	5,79.04	-	-
Total	5,79.04	-	-	-	5,79.04	-	-
Previous Year							
Srikalahasthi Pipes Limited	2,89.52	-	-	-	2,89.52	-	-

Notes on Consolidated Financial Statements for the year ended March 31, 2016

B) Related Party Transaction

Amount Rs. in lakhs

	Associate	Joint Venture	KMP & their Relatives	KMP/relatives of KMP have control	Total	Outstanding as at March 31, 2016	Outstanding as at March 31, 2015
Rent Receipts							
G. K. & Sons Private Limited	-	-	-	1.50	1.50	-	-
Srikalahasthi Pipes Limited	0.36	-	-	-	0.36	-	-
Electrosteel Steels Limited	0.60	-	-	-	0.60	0.11	-
Electrocast Sales India Limited	-	-	-	1.50	1.50	-	-
Total	0.96	-	-	3.00	3.96	0.11	-
Previous Year							
G. K. & Sons Private Limited	-	-	-	3.60	3.60	-	1.01
Srikalahasthi Pipes Limited	0.36	-	-	-	0.36	-	-
Electrosteel Steels Limited	0.60	-	-	-	0.60	-	0.05
Electrocast Sales India Limited	-	-	-	3.60	3.60	-	1.35
Sale of Fixed Asset							
Srikalahasthi Pipes Limited	2.73	-	-	-	2.73	-	-
Total	2.73	-	-	-	2.73	-	-
Previous Year							
Advances Given							
Ultimo Logistics Pvt. Ltd.	-	-	-	-	-	23.40	-
Electrosteel Steels Limited	-	-	-	-	-	2,18,69.21	-
Electrosteel Thermal Power Limited	-	-	-	-	-	5.27	-
Electrosteel Thermal Coal Limited	-	-	-	-	-	1.00	-
Total	-	-	-	-	-	2,18,98.88	-
Previous Year							
Ultimo Logistics Pvt. Ltd.	-	-	-	-	-	-	23.96
Electrosteel Steels Limited	-	-	-	-	-	-	2,63,73.82
Electrosteel Thermal Power Limited	-	-	-	-	-	-	5.27
Electrosteel Thermal Coal Limited	-	-	-	-	-	-	1.00
Krsna Logistics Private Limited	-	-	-	55.00	55.00	-	-
Advances Taken							
Srikalahasthi Pipes Limited	55,00.00	-	-	-	55,00.00	-	-
Total	55,00.00	-	-	-	55,00.00	-	-
Previous Year							
Interest Received							
Electrosteel Steels Limited	1,01.43	-	-	-	101.43	-	-
Total	1,01.43	-	-	-	1,01.43	-	-
Previous Year							
Interest Paid							
Srikalahasthi Pipes Limited	3,02.37	-	-	-	3,02.37	2,72.14	-
G. K. & Sons Private Limited	-	-	-	28.77	28.77	25.89	-
Electrocast Sales India Limited	-	-	-	14.38	14.38	12.95	-
Uttam Commercial Co. Ltd	-	-	-	14.38	14.38	12.95	-
Total	3,02.37	-	-	57.53	3,59.90	3,23.93	-
Previous Year							
Employee Welfare Expenses							
Gaushree Enterprises	-	-	-	4.69	4.69	0.51	-
Total	-	-	-	4.69	4.69	0.51	-
Previous Year							
Gaushree Enterprises	-	-	-	8.05	8.05	-	2.62
Equity Share contribution							
Previous Year							
G. K. & Sons Private Limited	-	-	-	12,50.08	12,50.08	-	-
Electrocast Sales India Limited	-	-	-	12,50.08	12,50.08	-	-

* Ceased to be associate during previous year

2.42.1 In respect of the above parties, there is no provision for doubtful debts as on March 31, 2016 and no amount has been written off or written back during the year in respect of debts due from/to them.

2.42.2 The above related party information is as identified by the management and relied upon by the auditors.

**Notes on Consolidated Financial Statements** for the year ended March 31, 2016

2.42.3 Details of Loans, Investments and Guarantees covered U/S 186 (4) of the Companies Act, 2013 :

1. Details of Loans and Investments are given under the respective heads. (Refer Note no. 2.12.6, 2.13.3 & 2.19.1)
2. Details of Coporate Guarantees / Stand by Letter of Credit given by the Company are as follows :

Name of the Company	Date of Undertaking	Purpose	As at	
			March 31, 2016	March 31, 2015
Electrosteel Europe SA	11-Sep-12	Working capital facility	-	13,41.15
	7-Jun-13	Working capital facility	-	6,70.57
	28-Feb-14	Short Term Loan Facility	-	20,11.71
	12-Aug-15	Short Term Loan Facility	23,51.83	-
	12-Aug-15	Short Term Loan Facility	27,36.27	-
	21-Nov-15	Bank Gurantee Facility	11,30.69	-
Electrosteel Algerie SPA	2-Sep-13	Factoring Facility	-	46,94.00
	26-May-10	Working capital facility	26,50.00	43,74.65
	30-Mar-16	Working capital facility	23,18.75	-
Electrosteel Castings (UK) Ltd.	31-Mar-15	Short Term Loan Facility	33,29.26	32,40.74
	27-Feb-13	Factoring Facility	28,53.65	27,77.78
Singardo International Pte Ltd.*	26-Mar-07	Working capital facility	-	9,11.27
	12-Dec-13	Working capital facility	-	12,49.90

* Ceased to be associate during previous year

2.43 The financial statements of North Dhadhu Mining Company Private Limited and Electrosteel Brasil Ltda. Tubos e Conexoes Duteis for the year ended 31st March, 2016 has not been subjected to audit by their auditor.

2.44 The Board of Directors of the Company in its meeting held on August 11, 2014 has approved the Scheme of Amalgamation ("the Scheme") of its wholly owned subsidiary, Mahadev Vyapaar Private Limited with the Company with effect from April 1, 2014 ("Appointed Date"). The Company has filed an application before Hon'ble High Court of Orissa at Cuttack which is pending for hearing. In respect of the application filed by Mahadev Vyapaar Private Limited before the Hon'ble High Court at Calcutta, the Hon'ble High Court has sanctioned the said Scheme. No effect of the Scheme has been given in the above financial statement of the Company, pending sanction by the Hon'ble High Court of Orissa.

Notes on Consolidated Financial Statements for the year ended March 31, 2016

2.45 Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary / Associates / Joint Ventures.

Name of the Enterprises	Net Assets, i.e., total assets minus total liabilities March 31, 2016		Share in profit or loss March 31, 2016		Net Assets, i.e., total assets minus total liabilities March 31, 2015		Share in profit or loss March 31, 2015	
	As % of Consolidated net assets	Amount (Rs. in lakhs)	As % of Consolidated profit & loss	Amount (Rs. in lakhs)	As % of Consolidated net assets	Amount (Rs. in lakhs)	As % of Consolidated profit & loss	Amount (Rs. in lakhs)
	Parent							
Electrosteel Castings Limited	1,25.86	25,63,74.12	(1,77.49)	58,95.51	1,20.99	25,04,78.64	(62.60)	72,67.16
Subsidiaries								
Indian								
Mahadev Vyapaar Private Limited	-	(5.13)	(0.22)	7.37	(0.01)	(12.49)	(0.06)	6.67
Foreign								
Electrosteel Castings (UK) Limited	0.52	10,52.87	(2.13)	70.74	0.47	9,82.12	(11.59)	13,45.85
Electrosteel Europe S.A.	2.06	41,86.12	61.25	(20,34.59)	3.00	62,20.71	(22.83)	26,50.66
Electrosteel Algeria SPA	0.16	3,35.66	9.67	(3,21.13)	0.32	6,56.79	(3.25)	3,77.00
Electrosteel USA, LLC	0.24	4,97.15	7.42	(2,46.61)	0.36	7,43.76	(0.49)	57.02
Electrosteel Trading S.A. Spain	0.04	74.13	(0.24)	7.91	0.03	66.22	(0.10)	11.76
Electrosteel Doha For Trading LLC	0.13	2,57.05	(0.13)	4.18	0.12	2,52.87	(1.21)	1,40.25
Electrosteel Castings Gulf FZE	0.52	10,52.56	(22.28)	7,39.92	0.15	3,12.63	(0.56)	65.12
Electrosteel Brasil Ltda. Tubos e Conexoes Duteis	(0.03)	(60.39)	0.99	(32.78)	(0.01)	(27.61)	0.55	(63.45)
Electrosteel Bahrain Holding Company S.P.C	0.19	3,89.61	0.75	(24.80)	0.20	4,14.41	-	(0.41)
Minority Interests in all subsidiaries	(0.01)	(22.25)	-	(0.13)	(0.01)	(22.12)	0.11	(13.09)
Associates (Investment as per the equity method)								
Indian								
Srikalahasti Pipes Limited	12.96	2,64,04.69	(2,28.28)	75,82.55	9.37	1,94,01.18	(33.78)	39,20.95
Electrosteel Steels Limited	20.47	4,16,92.57	4,44.70	(1,47,71.10)	27.27	5,64,63.68	2,34.09	(2,71,75.63)
Electrosteel Thermal Power Limited	-	1.02	-	(0.09)	-	1.11	-	(0.09)
Joint Ventures (as per proportionate consolidation / investment as per the equity method)								
Indian								
North Dhadhu Mining Company Private Limited	0.41	8,34.35	(0.23)	7.72	0.40	8,26.63	(0.01)	1.69

2.45.1 The financial statement of Domco Private Limited has not been consolidated for reasons referred to in note no 2.12.3

2.45.2 Figures given herein above are as per standalone financial statements of the respective companies and hence effect of inter company and other adjustment carried out on consolidation has not been considered for the purpose of above disclosure.

2.46 Figures pertaining to the subsidiary companies have been reclassified, wherever necessary to bring them in line with the parents company's financial statements.

2.47 Previous year figures have been regrouped / reclassified wherever necessary.

As per our report of even date.

For Lodha & Co.
Chartered Accountants

R. P. Singh
Partner

Kolkata
May 14, 2016

For and on behalf of the Board

Mahendra Kumar Jalan
Director
(DIN: 00311883)

Brij Mohan Soni
Chief Financial Officer

Umang Kejriwal
Managing Director
(DIN: 00065173)

Subhra Giri Patnaik
Company Secretary



**Statement on Impact of Audit Qualifications (for audit report with modified opinion)
submitted along-with Annual Consolidated Audited Financial Results**

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2016

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(Rs in Lakhs)

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	218041.76	Not Ascertainable
	2.	Total Expenditure	211936.58	
	3.	Net Profit/(Loss)	(3321.59)	
	4.	Earnings Per Share	(0.93)	
	5.	Total Assets	498107.64	
	6.	Total Liabilities	296557.64	
	7.	Net Worth	144012.39	
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-

II. Audit Qualification (each audit qualification separately) :

a. Details of Audit Qualification :

Attention has been drawn by the Auditors' under Para 3 of the Auditors' Report to the following notes of the financial results for the quarter and year ended 31st March 2016 –

Para 3(a): Note No. 4(a) dealing with cancellation of coal blocks allotted to the company and the resultant amount of the claim for compensation along with interest thereon currently being outstanding pending decision of the court.

Para 3(b): Note No. 4(b) regarding non-provision of diminution in the value of investments in a joint venture company, pending determination of the claim for compensation against North Dhadu Coal Block.

Impact with respect to Para 3(a) and Para 3(b) are presently not ascertainable and as such cannot be commented upon by us.

b. **Type of Audit Qualification :** Qualified Opinion / ~~Disclaimer of Opinion~~ / Adverse Opinion

c. **Frequency of qualification :** ~~Whether appeared first time / repetitive~~ / since how long continuing - since financial year 2014-15.

d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** N.A

e. **For Audit Qualification(s) where the impact is not quantified by the auditor:**

(i) **Management's estimation on the impact of audit qualification :** N.A

(ii) **If management is unable to estimate the impact, reasons for the same :**

Para 3(a) - In pursuance of the Order dated September 24, 2014 issued by the Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated October 21, 2014 (Ordinance) for implementing the Order, allotment of Parbatpur coal block (coal block/mines) to the Company which was under advanced stage of implementation, has been cancelled w.e.f.

April 01, 2015. In terms of the Ordinance, the Company was allowed to continue the operations in the said block till March 31, 2015. Accordingly, the same has been handed over to Bharat Coking Coal Limited (BCCL) as per the direction from Coal India Ltd. (CIL) with effect from April 01, 2015. The Company pending acceptance and recovery of the amount of compensation, has filed a petition before the Hon'ble High Court at Delhi, hearing whereof has been concluded and judgement is awaited.

As stated in Note 4(a) of the financial results, pending decision of the Court,

- (i) Rs.128884.11 lakhs incurred pertaining to the coal block till March 31, 2015 after setting off income, stocks etc. there against as per the accounting policy then followed by the company has been continued to be shown as freehold land, capital work in progress, other fixed assets and other respective head of accounts;
- (ii) Interest and other finance cost for the period from April 01, 2015 onwards against the fund borrowed and other expenses directly attributable in this respect amounting to Rs. 9414.78 lakhs have been considered as other recoverable under current assets;
- (iii) Realisation against sale of assets, advances etc. amounting to Rs. 633.83 lakhs have been adjusted there against.

The matter being subjudice the amount of compensation and consequential adjustments to be given effect to on ascertainment of the amounts thereof are presently not ascertainable.

Para 3(b) - In terms of the Supreme Court Order as referred above, North Dhadhu Coal Block, allotted in joint venture with other companies, has also been cancelled w.e.f. September 24, 2014. The Company barring initial contribution of Rs. 822.81 lakhs has not made any further investments in the said the joint venture company. In respect of Company's investment of Rs.822.81 lakhs in North Dhadhu Coal Block, allotted in joint venture with other companies, in view of the management as stated in Note 4(b), the compensation to be received in terms of the ordinance is expected to cover the cost incurred by the Joint Venture Companies and thereby no diminution in value of such investment is expected to arise and accordingly no provision has been considered necessary by the management.

(iii) Auditors' Comments on (i) or (ii) above :

As stated herein above, the impact with respect to above and consequential adjustments cannot be ascertained by the management and as such cannot be commented upon by us.

III. Signatories :

CEO/Managing Director

Umang Kejriwal,
Managing Director

CFO

Brij Mohan Soni
Chief Financial Officer

Audit Committee Chairman

Binod Kumar Khaitan
Audit Committee Chairman

Statutory Auditor

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

R.P. Singh
(Partner)
Membership No.: 52438

Place : Kolkata
Date : July 26, 2016

