THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all your Shares in Vedanta Resources plc, please send this document, together with the accompanying Form of Proxy, as soon as possible, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee, except that such documents should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations. If you have sold or otherwise transferred only part of your holding, you should retain these documents.

The distribution of this document and any accompanying documents in or into jurisdictions other than the United Kingdom may be restricted by local law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of such jurisdictions.

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VEDANTA RESOURCES PLC

(*Incorporated and registered in England and Wales No. 04740415*)

Proposed acquisition of a majority interest in Electrosteel Steels Limited
and
Notice of General Meeting

Your attention is drawn to the letter from the Chairman which is set out on pages 2 to 6 of this document and recommends you to vote in favour of the resolution to be proposed at the General Meeting referred to below. You should read the whole of this document and in particular the risk factors set out on pages 7 to 11 of this document when considering what action you should take in connection with the General Meeting.

Notice of a General Meeting of the Company, to be held at 10.00 a.m. on 18 May 2018 at the offices of Ashurst LLP, Broadwalk House, 5 Appold Street, London, EC2A 2HA, is set out at the end of this document. The Form of Proxy for use at the meeting accompanies this document and, to be valid, should be completed and returned to the Company's registrars, Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible and, in any event, so as to arrive by no later than 10.00 a.m. on 16 May 2018. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting, should they so wish. Voting directions and proxy appointments may be completed electronically and details are given in the Notice of General Meeting set out at the end of this document.

Lazard & Co., Limited, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is solely providing sponsor services (as such term is defined in the FCA Glossary) to Vedanta Resources plc in connection with the Acquisition and, apart from any responsibilities and liabilities (if any) which may be imposed on Lazard & Co., Limited by the FSMA or the regulatory regime established thereunder or any other applicable regulatory regime, will not be responsible to anyone other than Vedanta Resources plc for providing the protections afforded to its clients or for providing advice in connection with the Acquisition. To the fullest extent permitted by applicable law or regulation (including under FSMA or the regulatory regime established thereunder), neither Lazard & Co., Limited nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Lazard & Co., Limited in connection with this document, any statement contained herein, the Acquisition or otherwise.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Event [1]	Expected time/date
Vedanta	
Latest time for receipt of Forms of Proxy or CREST proxy instructions for the General Meeting	10.00 a.m. (London) on 16 May 2018
Voting record time for the General Meeting	10.00 a.m. (London) on 16 May 2018
General Meeting to approve the Acquisition	10.00 a.m. (London) on 18 May 2018
Vedanta Limited	
Application for approval of Competition Commission of India	10 April 2018
Application for approval of Securities Exchange Board of India	Q2 2018
Approval of Securities Exchange Board of India	Q2 2018
Approval of Competition Commission of India	Q2 2018
Expected completion date	Q2 2018

1. The dates included in this timetable are indicative only and may be subject to change

PART I - LETTER FROM THE CHAIRMAN OF VEDANTA RESOURCES PLC

(*Incorporated and registered in England and Wales Registration No. 04740415*)

Directors:	*Registered Office:*
Anil Agarwal: Executive Chairman	5th Floor
Navin Agarwal: Executive Vice Chairman	6 St. Andrew Street
Geoffrey Green: Non-Executive Director	London
Edward Story: Non-Executive Director	EC4A 3AE
Deepak Parekh: Non-Executive Director	
Ravi Rajagopal: Non-Executive Director	
Katya Zotova: Non-Executive Director	

1 May 2018

To Shareholders and, for information only, to holders of options under the Vedanta share option schemes

Dear Shareholder,

Proposed acquisition of a majority interest in Electrosteel Steels Limited
and
Notice of General Meeting

Introduction

On 17 April 2018, Vedanta Resources plc ("**Vedanta**" or the "**Company**") announced that the National Company Law Tribunal, Kolkata Bench ("**NCLT**") had accepted the terms of the resolution plan submitted by Vedanta Limited, in which the Company indirectly holds a 50.1 per cent. stake, to acquire Electrosteel Steels Limited ("**Electrosteel**") pursuant to a corporate insolvency resolution process (the "**Corporate Insolvency Resolution Process**") implemented by way of the Indian Insolvency and Bankruptcy Code 2016 ("**IBC**") (the "**Resolution Plan**"), and the terms of the Resolution Plan are now binding.

Pursuant to the Resolution Plan, Vedanta Star Limited, a wholly-owned subsidiary of Vedanta Limited, ("**Vedanta Star**") will subscribe for shares of Electrosteel, comprising approximately 90 per cent. of its issued share capital, for an aggregate amount of INR 1,805 Crores (US$269.9 million) and provide additional funds of INR 3,515 Crores (US$525.7 million) to Electrosteel by way of debt.

In view of its respective size in relation to the Group, the Acquisition is classified under the Listing Rules as a Class 1 transaction and therefore is conditional, amongst other things, on the approval of Shareholders. Accordingly, a General Meeting is to be held at the offices of Ashurst LLP, Broadwalk House, 5 Appold Street, London EC2A 2HA at 10.00 a.m. on 18 May 2018 for the purposes of seeking such approval, and a notice convening the General Meeting, at which the Resolution will be proposed, is set out at the end of this document.

The purpose of this document is to: (i) explain the background to and reasons for the Acquisition, (ii) explain why the Board considers the Acquisition to be in the interests of Shareholders as a whole, and (iii) convene the General Meeting to obtain Shareholder approval for the Acquisition.

Background to and reasons for the Acquisition

The Group has spent time evaluating the steel industry, both globally and in India, and considers now to be an optimal time to expand the Group's capabilities through the entry into this attractive market.

The Directors believe that the Acquisition:

(a) will enable the Group to take advantage of favourable market dynamics within the steel industry in India. As a result of the size of India's economy and population, forecast growth in per capita consumption and historically limited investment in steel capacity, there is the potential for significant growth in the sector in the near term. This is in contrast to the global steel industry which is likely to stagnate due to excess capacity resulting from two decades of significant expansion in China;

(b) will complement the Group's existing iron ore business, which comprises mining operations in the state of Karnataka and Goa and a pig iron plant in Goa. Vertical integration through acquiring steel manufacturing capabilities has the potential to generate significant efficiencies;

(c) will provide the Group with a stronger bidding position for future acquisitions. Many bidding processes in India are conditional on the bidder's existing capabilities complementing the asset that is the subject of the bid. The Plant (as defined below) will complement other assets in the steel manufacturing industry that the Group may wish to acquire in the future; and

(d) is in-line with the Group's focus on investing in local communities and providing organised employment in India. Steel manufacturing is highly labour intensive resulting in local employment and increased training opportunities.

Information on Electrosteel

Vedanta and its advisers have had limited access to Electrosteel's non-public information and have been unable to perform any significant due diligence on such information. All information in this document relating to Electrosteel has been sourced from publicly available information and the Disclosed Information, as detailed in paragraph 2 of Part III (*Presentation of Information*). This information has not been subject to comment or verification by Electrosteel or their respective directors.

Electrosteel was incorporated in Ranchi, Jharkhand, India as a public company on 20 December 2006 and has been listed on the Bombay Stock Exchange and National Stock Exchange of India since October 2010. Electrosteel is involved in the manufacture of pig iron, billets, thermo mechanically treated bars, wire rods and ductile iron pipes.

Electrosteel commenced business on 5 January 2007 and operates one greenfield integrated steel manufacturing facility near Bokaro, Jharkhand, India (the "**Plant**"). Electrosteel has partnered with a Chinese consultancy agency for use of their technology at the Plant. With a current capacity of 1.5 MTPA and the potential to increase to 2.5 MTPA, the Plant comprises a sinter plant, coke oven plant, blast furnace and basic oxygen furnace, billet caster, bar mill, wire rod mill, ductile iron plant, oxygen plant, calcined lime plant, dolomite plant, power plant and utilities / auxiliaries.

Electrosteel has faced a number of challenges since its formation, including the downturn in the global steel industry, negative movement in raw material prices, increase in capital expenditure and debt due to the proposed increase of the Plant's capacity to 2.5 MTPA, delays and revisions to the construction of the facility and low capacity utilisation as a result of problems obtaining additional financing to fund working capital. All of this resulted in lower cash flow generation and Electrosteel were unable to meet its debt obligations.

The State Bank of India filed an application to the NCLT to initiate the Corporate Insolvency Resolution Process in accordance with the IBC. On 21 July 2017, the NCLT accepted this application. Mr Dhaivat Anjaria was appointed by the NCLT as the interim resolution professional (the "**Resolution Professional**") and this appointment was confirmed by the Committee of Creditors in their first meeting held on 21 August 2017.

The Acquisition and Corporate Insolvency Resolution Process

The Acquisition will be effected by way of the Resolution Plan submitted by Vedanta Limited to, and approved by, the NCLT in accordance with the Corporate Insolvency Resolution Process.

As part of the Corporate Insolvency Resolution Process, the Resolution Professional initially provided the Information Memorandum to all parties interested in acquiring Electrosteel, known as resolution applicants in India, with additional detail provided by the Resolution Professional through written communication and the Data Room. The Resolution Professional also provided the Process Memorandum to all the resolution applicants. The Process Memorandum sets out (among other things) the process for submitting a Resolution Plan for Electrosteel in accordance with the Corporate Insolvency Resolution Process under the IBC.

Based on the information available to it, Vedanta Limited submitted the Resolution Plan, together with the required initial fee of INR 20 Crores. Following submission of the Resolution Plan, Vedanta Limited has also submitted addenda to the Resolution Plan based on the discussions with the Resolution Professional and the Committee of Creditors.

The Committee of Creditors has approved the Resolution Plan by issuing Vedanta Limited, the successful resolution applicant, with a letter of intent dated 31 March 2018 (the "**Letter of Intent**"), which Vedanta Limited accepted. Vedanta Limited was required to furnish an unconditional and irrevocable performance guarantee of INR 100 Crores (US$15 million) (the "**Performance Guarantee**") within 7 days of accepting the Letter of Intent to replace the initial fee, which will be returned. The Performance Guarantee shall be released upon expiry of 6 months from the date of the NCLT's approval of the plan.

The NCLT approved the Resolution Plan on 17 April 2018. The Resolution Professional assessed the validity of the amounts claimed by the creditors of Electrosteel and accepted INR. 14,177.43 Crores (US$2,120.2 million) as the total amount owed to creditors (the "**Admitted Debt**") under the Corporate Insolvency Resolution Process. Pursuant to the Resolution Plan, a portion of the amount owed to the existing Financial Creditors of Electrosteel, amounting to INR 7,619.24 Crores (US$1,139.5 million) of the Admitted Debt, (the "**Unsustainable Debt**") will be converted to equity shares of Electrosteel and then Electrosteel's share capital will undergo a share capital reduction. Following the capital reduction, Vedanta Star will then subscribe for new shares of Electrosteel for INR 1,805 Crores (US$269.9 million), which will rank *pari passu* with the existing shares of Electrosteel. Vedanta Star will also lend INR 3,515 Crores (US$525.7 million) to Electrosteel by way of debt. Upon implementation of the Resolution Plan, Vedanta Star will hold approximately 90 per cent. of the paid up share capital of Electrosteel. The remaining 10 per cent. of Electrosteel's share capital will be held by Electrosteel's existing shareholders and the Financial Creditors who receive shares in exchange for the debt owed to them. The funds received by Electrosteel as debt and equity will be used to fully settle the debts owed to the existing Financial Creditors, by payment of INR 5,320 Crores (US$795.6 million) (the "**Sustainable Debt**"). Further details of the Acquisition and implementation of the Resolution Plan are outlined in Part V (*Description of the Acquisition*) of this document.

The approval of the Competition Commission of India (the "**CCI**"), the Securities and Exchange Board of India (the "**SEBI**") and, in respect of the Resolution, the Shareholders will also be required to implement the Acquisition. The Directors anticipate that the outstanding consents will be obtained so as to enable the Acquisition to close in the second quarter of 2018.

Financing of the Acquisition

The consideration payable under the Resolution Plan and the Group's transaction fees and expenses will be paid using the Group's existing cash resources.

Financial effects of the Acquisition

The Acquisition will provide the foundations for the Group to vertically integrate steel manufacturing capabilities which has the potential to generate significant efficiencies and improve the margins of the Group's iron ore business.

The Directors do not expect the Acquisition will have any material impact on the Group's earnings for the financial year ending 31 March 2019 and anticipate returns to be received in the following years.

Current trading and prospects for the Group

Since 30 September 2017, being the most recently published financial information for the Group, the Group has traded in line with expectations. On 13 March 2018, Vedanta Limited announced a record total interim dividend payment of INR 7,881 Crores (US$1,178.6 million), of which the Company received approximately US$600 million.

On 11 April 2018, the Company announced its production results for the fourth quarter of the year ended 31 March 2018 and full year ended 31 March 2018. Operational highlights included a record annual production of refined zinc-lead at 960 KT, record annual production of refined silver at 17.9 million ounces and record annual production of aluminium at 1.7 MT. The oil and gas growth projects announced in November 2017 are progressing on plan with key drilling contracts already in place and the Group is also on track to increase mined metal production to 1.2 MT by the financial year ending 2020.

The Supreme Court of India held on 7 February 2018 that, from 16 March 2018, all mining operations in the State of Goa would be stopped. On 29 March 2018, the Company announced that this is expected to lead to an impairment of US$500 million to US$600 million net of taxes (US$700 million to US$ 800 million gross of taxes) on this account. This is mainly related to the mining reserve and will be reflected in the results for the financial year ended 31 March 2018. The closure of the Group's iron ore business in Goa will not have any material impact on the Group's profitability.

On 10 April 2018, the Company announced that Vedanta Limited's application for the renewal of the consent to operate its smelter plant at Thoothukudi (Tuticorin) has been rejected. The Company is currently evaluating its next course of action.

On 16 April 2018, the Company also appointed Srinivasan Venkatakhrisnan as its chief executive officer and a member of the Board. Mr Venkatakhrisnan will take office on 31 August 2018.

Current trading and prospects for Electrosteel

Vedanta and its advisers have had limited access to Electrosteel's non-public information. All information in this document has been sourced from publicly available information and the Disclosed Information. This information has not been subject to comment or verification by Electrosteel or their respective directors.

Electrosteel is in financial distress and, since 21 July 2017, been involved in the Corporate Insolvency Resolution Process. Electrosteel's unaudited statement of assets and liabilities as at 30 September 2017 reports the total assets of Electrosteel as INR 13,051.56 Crores (US$1,951.9 million). According to Electrosteel's statement of audited financial results for the year ended 31 March 2017, Electrosteel's total income was INR 2,867.83 Crores[(1)] (US$428.9 million) and loss for that period was INR 1,463.48 Crores (US$218.9 million). Its latest unaudited quarterly update for the nine months ended 31 December 2017 reported a total income of INR 2,440.35 Crores (US$365 million) with a loss of INR 866.50 Crores (US$129.6 million). Total income for the years ended 31 March 2015 and 31 March 2016 was INR 1,846.85 Crores (US$276.2 million) and INR 2,904.47 Crores[(2)] (US$434.4 million), respectively.

Subject to completion of the Acquisition, Vedanta Limited may contribute towards the working capital and capital expenditure requirements of Electrosteel. Development plans are also being considered to increase the capacity of the Plant up to 2.5 MTPA, establish a railway siding for the transportation of materials and invest in information technology automation, environmental compliance, administration and other related infrastructure developments.

General Meeting

A notice convening the General Meeting, to be held at 10.00 a.m. on 18 May 2018 at the offices of Ashurst LLP, Broadwalk House, 5 Appold Street, London, EC2A 2HA, is set out at the end of this document. A Form of Proxy to be used in connection with the General Meeting is enclosed. The purpose of the General Meeting is to seek Shareholders' approval for the Acquisition.

Notice of 14 clear days has been given in accordance with the provisions of the Companies Act 2006

1 This figure has been extracted from the Electrosteel 2017 Annual Report. Electrosteel's unaudited financial results for the quarter ended 30 September 2017 reported a total income of INR 2,844.11 Crores (US$425.3 million) for the financial year ended 31 March 2017 but the Company has not been able to confirm this figure, nor the reason for the inconsistency with the Electrosteel 2017 Annual Report, for reasons identified under paragraph 2 of Part III (*Presentation of Information*) of this document.

2 This figure has been extracted from the Electrosteel 2017 Annual Report compiled under Ind AS. The Electrosteel 2016 Annual Report, compiled under Indian GAAP, reported a total income figure of INR 2,903.92 Crores (US$434,3 million) based on the addition of reported gross revenue and other income as discosed.

and the resolution approved by shareholders at the Company's 2017 Annual General Meeting permitting the calling of general meetings by the Company on short notice. The Directors have used this short notice period to ensure that there are no delays to the Corporate Insolvency Resolution Process that could threaten completion of the Acquisition, particularly as Vedanta Limited's application has already been challenged by a competing bidder, Renaissance Steel India Pvt. Ltd. The Directors believe it is necessary to hold the General Meeting as soon as possible to ensure timely completion of the Acquisition.

Action to be taken

You will find enclosed a Form of Proxy for use at the General Meeting or at any adjournment thereof. Whether or not you intend to be present at that meeting, you are requested to complete the Form of Proxy (in accordance with the instructions printed thereon) and return it to the Company's registrars, Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible and, in any event, so as to arrive by 10.00 a.m. on 16 May 2018. Completion and return of a Form of Proxy will not preclude you from attending the meeting and voting in person if you so wish.

Online voting is open to all shareholders and you can register your vote electronically by accessing the registrar's website www.investorcentre.co.uk/eproxy. To vote electronically you will need to use the specific meeting Control Number, SRN and PIN that has been provided to you. CREST members who wish to appoint a proxy or proxies for the General Meeting through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.

Further information

Shareholders should consider fully the risk factors set out in Part II (*Risk Factors*) of this document. Your attention is also drawn to the further information contained in Parts III (*Presentation of Information*) to IX (*Documentation Incorporated by Reference*) of this document. You are advised to read the whole of this document and not to rely solely on the information contained in this letter.

The results of the votes cast at the General Meeting will be announced as soon as possible once known through a Regulatory Information Service and on the Company's website.

Recommendation

The Board considers the Acquisition to be in the best interests of Shareholders as a whole.

Accordingly, the Board recommends that Shareholders vote in favour of the Resolution, as the Directors intend to do in respect of their own beneficial holdings amounting (as at 27 April 2018, being the latest practicable date prior to the publication of this document) to 188,396,768 voting Shares in aggregate, representing approximately 61.96 per cent. of the Company's current issued ordinary share capital (69.02 per cent. of the voting rights in issue).

Yours faithfully

Anil Agarwal
Chairman

PART II – RISK FACTORS

Prior to making any decision to vote in favour of the Resolution at the General Meeting, Shareholders should carefully consider, together with all other information included or incorporated by reference into this document, the specific factors and risks described below. The Company considers these to be the known material risk factors relating to the Acquisition. The risks described below relate only to the Acquisition and are not set out in any particular order of priority. However, these should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. Vedanta and its advisers have had limited access to Electrosteel's non-public information and have been unable to perform any significant due diligence on such information. All information in this document relating to Electrosteel has been sourced from publicly available information and the Disclosed Information. This information has not been subject to comment or verification by Electrosteel or their respective directors.

There may be other risks of which the Board is not aware or which it believes to be immaterial which may, in the future, be connected to the Acquisition and have a material and adverse effect on the business, financial condition, results of operations or future prospects of the Group. There are also additional risks and uncertainties which the Board is aware and which are material, but which will not result from or be impacted by the Acquisition, which may also have a material and adverse effect on the business, financial condition or future prospects of the Group. In such cases, the market price of the Shares could decline and you may lose all or part of your investment.

Any forward-looking statements contained herein are made subject to the reservations specified under "Forward-Looking Statements" on page 13 of this document.

The Group may fail to realise the profitability anticipated from, or may incur unanticipated costs associated with, the Acquisition due to the lack of available information and due diligence undertaken by Vedanta

There is no assurance that the Acquisition will achieve the profitability the Group anticipates. Vedanta and its advisers have had limited access to Electrosteel's non-public information and accordingly have been unable to perform any significant due diligence on such information. All information in this document relating to Electrosteel has been sourced from publicly available information and the Disclosed Information. This information has not been subject to comment or verification by Electrosteel or their respective directors. The Resolution Professional and Committee of Creditors will not be providing any representations, warranties, indemnities or other customary deal protection regarding the status of the business, business prospects or assets of Electrosteel, which creates uncertainty as to the commercial benefits of the Acquisition.

Accordingly, there can be no assurance that the assessments or due diligence conducted regarding Electrosteel and its business will prove to be correct or reveal or highlight all relevant facts that may be necessary or helpful in evaluating the Acquisition, and actual developments may differ significantly from Vedanta's expectations. Any unexpected risks could have a material adverse impact on the Group's business, financial condition, prospects and/or results.

The Acquisition is subject to the Corporate Insolvency Resolution Process set out by the IBC

The IBC came into force with effect from 28 May 2016, introducing the Corporate Insolvency Resolution Process which came into effect from 1 December 2016. It is a significant legislative reform beset with regulatory overlap. The Government of India ("**GoI**") has since made several amendments to the IBC and the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations 2016 and has issued circulars to resolve drafting ambiguities. Accordingly, the time taken to complete the Acquisition may be adversely affected by the interpretation of the NCLT and the Committee of Creditors of the evolving IBC regime.

The evolving regime could also lead to the Corporate Insolvency Resolution Process being challenged by former shareholders, unsuccessful bidders, creditors and other interested parties. In March 2018, Renaissance Steel India Pvt. Ltd ("**Renaissance Steel**"), one of the bidders for Electrosteel, filed a petition at the NCLT to question, among others, Vedanta Limited's eligibility in the bidding process under section 29A of the IBC. It claims that Vedanta Limited should not be eligible to bid under the Corporate Insolvency Resolution Process on the basis that the Group has recently been subjected to various criminal proceedings. The NCLT held that Vedanta Limited is an eligible resolution applicant in its final order dated 17 April 2018. On 24 April 2018, Renaissance Steel submitted an appeal to the National Company Law Appellate Tribunal ("**NCLAT**") seeking the setting aside of the NCLT's order approving the Resolution Plan and a declaration of Vedanta Limited's ineligibility under section 29A of the IBC. On 1 May 2018, the NCLAT considered Renaissance Steel's appeal and ordered a status quo to be maintained in the Corporate Insolvency Resolution Process until the date of the next hearing, which is scheduled for 17 May 2018, and directed that, in the meantime, the IMA and Steering Committee (each as defined below) shall continue to run the operations of Electrosteel, however, they should not spend any amount other than required for day to day operations of the business. The outcome of the NCLAT proceedings is uncertain and the NCLAT may decide to set aside the NCLT's order and prevent or delay completion of the Acquisition with a stay in proceedings. If Vedanta Limited successfully defends the NCLAT appeal, Renaissance Steel may challenge the NCLAT's decision in the Supreme Court of India, or other competing bidders may launch appeals. Any challenges to the insolvency process could result in delays to completion of the Acquisition and increased costs incurred by the Group to respond to these claims.

Vedanta Star is acquiring Electrosteel from the Committee of Creditors and is subject to the terms of the Resolution Plan

Vedanta Limited has agreed a Resolution Plan with the Resolution Professional and the Committee of Creditors and the Resolution Plan was approved by NCLT on 17 April 2018. The Resolution Plan sets out the terms upon which Vedanta Star is to acquire Electrosteel without liabilities and incorporates concessions granted by the NCLT, namely: (i) that the SEBI, the Bombay Stock Exchange and National Stock Exchange of India will delist Electrosteel on the Effective Date; (ii) the Central Board of Direct Taxes will exempt the applicability of and payment of any taxes under Section 115JB of the Income-tax Act, 1961 (**"IT Act"**) and any taxes under any other provision of the IT Act which may arise as a result of the implementation of the Resolution Plan; and (iii) the Jharkhand State Pollution Control Board will allow Electrosteel to operate the Plant until the renewal of the consent to operate or for a period of three months from the Effective Date (whichever is earlier), without any levies, penalties or punishment (as described in further detail on page 10 of this Part II (*Risk Factors*) of this document). There can be no assurance that these concessions will not be disputed by other regulatory authorities in India. Any dispute means that the Group would be unable to realise some or all of the anticipated benefits of the Acquisition and could result in increased costs incurred by the Group.

The Acquisition is conditional upon the receipt (or waiver, where applicable) of various third party approvals which may not be forthcoming

The Acquisition is conditional upon obtaining approval from the SEBI, the CCI and the Shareholders' approval for the Resolution. The Resolution Plan will become effective on receipt of the relevant approvals. The authorities from which these clearances are being sought, namely the SEBI and the CCI, have discretion in administering the governing legislation. There can be no assurance that all such consents and approvals will be obtained (or waived, if applicable) or that, if obtained, they will be obtained so as to enable the Acquisition to be completed in the second financial quarter of 2018. Failure to complete means the Group would be unable to realise the anticipated benefits of the Acquisition and a delay could result in increased costs incurred by the Group.

The Acquisition would result in a minority interest of Electrosteel being held by the public

The Acquisition envisages the subscription for an aggregate of approximately 90 per cent. of the issued share capital of Electrosteel by Vedanta Star, resulting in a public shareholding of 10 per cent. While other governmental and regulatory bodies in India have been notifying new regulations and/or policies to resolve instances of regulatory overlap and specifically provide for exemptions to acquisitions under the Corporate Insolvency Resolution Process, the SEBI has not provided an exemption to companies acquired under the Corporate Insolvency Resolution Process from complying with the minimum public shareholding requirement of 25 per cent. set out in regulation 38 of the LODR.

The Delisting Regulations do allow for listed companies to delist once the majority shareholder crosses the threshold of a 90 per cent. shareholding. A prescribed open offer process would need to commence to provide an exit opportunity for public shareholders. Although Vedanta Star will reach the threshold pursuant to the Acquisition, and, as mentioned above, the NCLT's approval of the Resolution Plan contains an order that the SEBI will delist Electrosteel on the Effective Date, there can be no assurance that SEBI will follow the order by the NCLT and grant permission to Electrosteel to delist its shares without following the mandatory prescribed open offer process. Accordingly, shares of Electrosteel may continue to be listed and Vedanta Star will potentially have to divest its stake in Electrosteel, within the prescribed period of one year, to maintain the minimum public shareholding requirement of 25 per cent. This could lead to the dilution of Vedanta Star's shareholding and potential disruption of Vedanta Star's plan for Electrosteel if commercial strategies and decisions diverge between Vedanta Star and the minority shareholders.

Electrosteel has been managed by the Resolution Professional and controlled by the Committee of Creditors since the Corporate Insolvency Resolution Process was initiated

From 21 July 2017, which is the date the NCLT accepted the application to initiate the Corporate Insolvency Resolution Process, until the approval of the Resolution Plan by the NCLT, Electrosteel was managed by Mr Dhaivat Anjaria, the Resolution Professional, who had been appointed by the NCLT as the interim Resolution Professional and confirmed by the Committee of Creditors in their first meeting held on 21 August 2017. The Resolution Professional is responsible for carrying on the business of Electrosteel as a going concern during the Corporate Insolvency Resolution Process. Vedanta do not have visibility over the conduct of the Electrosteel business throughout the Corporate Insolvency Resolution Process. This creates uncertainty as to the developments of the business during this period, particularly if the Resolution Professional is being supervised by the Committee of Creditors, whose primary focus would be the repayment of debts. This could result in increased costs incurred by the Group to realise the benefits of the Acquisition.

As the Resolution Plan has now been approved by the NCLT, an independent monitoring agency appointed by Vedanta Limited in consultation with the Committee of Creditors (the "**IMA**") became responsible for the day-to-day functions of Electrosteel under the instructions, control and management of a steering committee comprising two nominees of Vedanta Limited and three authorised nominees of the Committee of Creditors (the "**Steering Committee**"). The Committee of Creditors is still in control of Electrosteel and Vedanta Limited will only gain additional access to information once the Acquisition has completed and it has gained a controlling stake in Electrosteel. This risk is highlighted in further detail on page 7 of this Part II (*Risk Factors*) of this document.

Third parties may terminate or alter existing contracts with Electrosteel as a result of the Acquisition

Uncertainty about the effect of the Acquisition and the Corporate Insolvency Resolution Process on respective customers, suppliers and partners of Electrosteel may have an adverse effect on the Group. Due to the limited due diligence on Electrosteel, it is unclear to the Company whether Electrosteel has a significant number of contracts or other arrangements with suppliers, customers and other partners that contain "change of control" or similar clauses that may allow the counterparty to terminate or change the terms of their contract upon completion of the Acquisition. In addition, the Corporate Insolvency Resolution Process creates uncertainty as to Electrosteel's future relationship with third parties once the Corporate Insolvency Resolution Process concludes and the Acquisition completes. If third parties were to terminate or require alterations to their existing contracts with Electrosteel as a result of the Acquisition, it may have a material adverse effect on the Group's business, prospects, results of operations and financial condition.

Vedanta understands that Electrosteel is subject to various litigation proceedings

Vedanta understands that Electrosteel is subject to various litigation proceedings, as referred to in paragraph 9.1 of Part VI (*Additional Information*). Litigation proceedings can be protracted and costly. With respect to such claims, the full nature and extent of these claims are uncertain due to the limited information available from the Disclosed Information and publicly available information. The level of detail provided is, in many cases, not sufficient to clearly understand the basis, timing or status of the proceedings. In any case, and pursuant to the Resolution Plan, all Claims in relation to any period prior to the Effective Date or on account of the Acquisition, shall be settled at nil value pursuant to the order of the NCLT approving the Resolution Plan. However, there can be no assurance that the NCLT order will not be disputed by other authorities in India as well as by existing claimants and future claimants. As a result, the Group could incur significant unforeseen expenses to defend litigation proceedings and any related damages, all of which may have a material adverse effect on its business, results of operations and/or financial condition.

Vedanta understands that Electrosteel does not own all of the land on which the Plant is situated and profitability may be impacted if approvals to transfer the remaining land to Electrosteel are not granted and existing litigation relating to the land is not resolved

Vedanta understands that Electrosteel owns 2,264.81 acres of the total 2,667.52 acres of the land on which the Plant is situated (the "**Site**"). Electrosteel is awaiting approvals from the local government authority to transfer the remaining 402.7 acres of land to Electrosteel for industrial purposes but there is no guarantee such authority will be granted. The delay has prevented the completion of the first phase of the private railway siding from Shebabudih and Bandidh stations commissioned by Electrosteel with the Indian Railway Board. The absence of a railway sideway results in increased costs as materials need to be transported by road instead. The operation of the Plant has not been affected by the reduced ownership of land as the Plant occupies approximately 800 acres of the site which is sufficient to utilise the Plant's capacity of up to 2.5 MTPA.

The land owned by Electrosteel is subject to litigation. A dispute with the State of Jharkhand is currently pending. The State of Jharkhand has contended that Electrosteel has encroached upon and started non-forestry work over land in Bhagabandh Village, Chas Division, which was notified and demarcated as 'protected forest land' under section 29 (3) of the Indian Forest Act, 1927 in a notification dated 24 May 1958. Electrosteel is also party to several claims where its title over the Site has been challenged. The value of the Site would be significantly impacted if it is found that Electrosteel does not have valid title to the Site and Electrosteel's production capacity may be reduced if it cannot utilise the Site, resulting in lower profitability than anticipated for the Enlarged Group.

Vedanta understands that Electrosteel does not have a permanent licence permitting it to operate the Plant and there is no guarantee that the necessary licence can be procured

Vedanta understands that Electrosteel is reliant on various licences for the operation of its business. Some of these have expired, including an agreement for water supply between Electrosteel and the Government of Jharkhand and a licence issued to Electrosteel under the Indian Explosives Act 1884 for storage of liquid argon. Electrosteel does not have a regular consent to operate (**"CTO"**) the Plant under the Air Act, the Water Act and the HWM Rules due to the alleged encroachment of forest land by the State of Jharkhand (as referred to above). The Jharkhand State Pollution Control Board permitted the Plant to be operational until 31 December 2017 subject to certain conditions being fulfilled under a deemed CTO. Electrosteel filed an application with the Jharkhand State Pollution Control Board on 28 August 2017 for the renewal of the consent and approval to continue to operate the Plant. Under the relevant Indian legislation, if a company in India operates without a valid CTO, every person who, at the time the offence was committed, was directly in charge of, and was responsible for, the conduct of the business of the company, shall be deemed guilty of the offence and subject to criminal penalties, including imprisonment for a term of up to six years (and a minimum of one year and six months).

Pursuant to the Resolution Plan, the NCLT has granted a dispensation to Vedanta Limited in relation to the CTO, following which the Jharkhand State Pollution Control Board will allow Vedanta Limited to operate the Plant until the renewal of the CTO or for a period of three months from the Effective Date (whichever is earlier), without any levies, penalties or punishment. If the CTO is not granted before the expiry of three months from the Effective Date, the Enlarged Group may incur delays and additional costs seeking such consent. There is no guarantee that the necessary licence, CTO or approval will be procured which could have a material adverse impact on the Enlarged Group's prospects, operations and financial condition.

The proposed developments of the Site may not be successful or may be delayed and may require significant additional investment by the Group

Subject to completion of the Acquisition, development plans are being considered to increase the capacity of the Plant up to 2.5 MTPA, establish a railway siding for the transportation of materials and invest in information technology, automation, environmental compliance, administration and other related infrastructure developments. There is no guarantee that the development of the Site will be completed and that it will realise its maximum potential. In particular, the Site has the potential to increase its current capacity of 1.5 MTPA up to 2.5 MTPA. Visibility of the proposed development is uncertain and could require significant additional investment by the Company. A substantial investment in Electrosteel by the Group could offset the anticipated financial benefits of the

Acquisition. The target completion date of the Site has also been extended on multiple occasions. The significant reason for the delay has been the sudden decrease in availability of Chinese manpower, due to guidelines issued by the Central GoI restricting the number of work visas granted to Chinese workers.

Electrosteel is reliant on raw materials for the production of steel

Electrosteel relies on iron ore and coal for the production of steel. Electrosteel's supply chain network is exposed to potentially adverse events such as physical disruptions, environmental and industrial accidents, scarcity of supply and the insolvency of a key supplier. The occurrence of any such events could impact Electrosteel's ability to deliver orders to its customers. In addition, commodity prices have historically shown significant volatility that reflects temporary shortage or surplus conditions in the markets. Electrosteel currently imports 85 per cent. of the coal it requires for steel production which means production costs are particularly vulnerable to disruptions in global supply chains. The Company is looking to obtain mining licences in Jharkhand, in which case it could become a potential source of raw materials for the Plant. If the Company is unsuccessful in obtaining these mining licences, an escalation in the price of raw materials which cannot be passed onto customers could have a material adverse effect on Electrosteel's profitability and may result in increased costs for the Group.

Electrosteel is reliant on demand for steel in certain sectors and appetite for certain products. Any decline in those sectors or reduced demand for particular products could negatively impact Electrosteel's profits

Global overcapacity and a decrease in demand for steel has resulted in historically low international steel prices and Electrosteel is dependent on domestic consumption of steel. During the financial year ended 31 March 2017, approximately 92 per cent. of Electrosteel's sales were to domestic customers. Demand for steel in India has been driven by the increase in infrastructure projects such as power, bridges, dams and roads. While it is anticipated that the growing requirement for adequate iron ore among the end-user industries will continue to necessitate steel production, there can be no guarantee that demand for steel in India will continue at historic rates. The National Steel Policy 2017 predicted that steel demand in India will grow threefold in the next 15 years but there is no guarantee and demand may deteriorate in line with global trends. A downturn in the Indian economy or reduction in India's gross domestic product could reduce the amount of construction and dampen the appetite for steel, negatively impacting Electrosteel's profits.

Electrosteel's profitability could also be affected by a decline in demand for specific products. Electrosteel's margins increased from the financial year ended 31 March 2016 to the financial year ended 31 March 2017 due to increased sales of high value and high margin products such as wire rods and ductile iron pipes. Vedanta understands that Electrosteel does not generally have long-term revenue contracts, which could impact the financial benefits of the Acquisition as Electrosteel does not have guaranteed contractual revenues and makes sales based on customer orders, which could reduce. It is worth appreciating that long-term customer contracts are not generally a feature of the steel industry. Consistent with that, a material part of the Group's and Electrosteel's revenues, whilst generated from long-term customer relationships, are not subject to long-term contractual commitments.

The Group has no history of commercially producing steel

The Group has no history of commercially producing steel and has invested a significant amount to expand into this market. The Acquisition would complement the Group's existing iron ore business however its limited experience may affect the anticipated benefits of the Acquisition to the Group. This could involve additional investments by the Group to build its platform in the steel market, which may include development of facilities and attracting highly-skilled personnel for the conduct of its operations. The Group may fail to realise the perceived benefits of the Acquisition if its inexperience in the steel industry negatively impacts Electrosteel's operations or profitability.

PART III – PRESENTATION OF INFORMATION

1. Introduction

The contents of this document should not be construed as legal, financial or tax advice. Shareholders should consult their own solicitor, financial adviser or tax adviser for legal, financial or tax advice.

Certain information in relation to the Company is incorporated by reference into this document. You should refer to Part IX (*Documentation Incorporated by Reference*) of this document for further details. Where the documents incorporated by reference themselves make reference to other documents, such other documents are not incorporated and do not form part of this document.

2. Electrosteel Information

Vedanta and its advisers have had limited access to Electrosteel's non-public information and accordingly have been unable to perform any significant due diligence on such information. All information in this document relating to Electrosteel has been sourced from publicly available information, and information made available by the Resolution Professional, comprising the information memorandum dated 27 October 2017 (the "**Information Memorandum**"), the process memorandum dated 15 November 2017 (as amended from time to time) (the "**Process Memorandum**"), the Data Room which closed on 4 January 2018, a meeting with Grant Thornton who prepared a vendor due diligence report, the vendor due diligence report, a conference call with the key managerial personnel of Electrosteel and a site visit (together, the "**Disclosed Information**"). This information has not been subject to comment or verification by Electrosteel or its directors.

3. Financial Information of Electrosteel

The historical financial information relating to Electrosteel for the financial years ended 31 March 2015, 31 March 2016 and 31 March 2017 has been extracted from the Electrosteel 2015 Annual Report, the Electrosteel 2016 Annual Report and the Electrosteel 2017 Annual Report, together with the auditors' reports thereon and the notes thereto. The audited financial results for the years ended 31 March 2015 and 31 March 2016 were prepared in accordance with Indian GAAP and the audited financial results for the year ended 31 March 2017 under Ind AS. The Electrosteel 2017 Annual Report also includes the unaudited financial results for the year ended 31 March 2016 as restated in compliance with Ind AS. Indian GAAP and Ind AS differ in certain respects from IFRS. Such differences include methods for recognising, measuring and recording the amounts shown in financial statements as well as different disclosure requirements. As a result, the financial information of Electrosteel may not be comparable with the same financial information had it been prepared in accordance with IFRS.

The audit reports contained in all three annual reports were not qualified but all included an emphasis of matter in respect of going concern and other matters highlighted in the auditors' report.

The unaudited interim financial information for Electrosteel for the 9 months ended 31 December 2017 and the unaudited statement of assets and liabilities as at 30 September 2017 were prepared under Ind AS.

The historical financial information has been extracted from the sources above without any adjustment. Given the limited access to the Electrosteel business, the Company is unable to confirm whether any adjustments need to be made to the historical financial information of Electrosteel to achieve consistency with the accounting policies of the Company as the financial results are prepared in accordance with Indian GAAP or Ind AS. The Directors have reviewed the accounting policies of Electrosteel and the Company and, on the basis of the publicly available information, have identified differences that would be likely to give rise to material adjustments needing to be made to the financial statements of Electrosteel to achieve consistency with the accounting policies of the Company. Such differences cannot be quantified by the Directors due to the lack of access to the underlying accounting records of Electrosteel.

4. No Profit Forecast

No statement in this document or incorporated by reference into this document is intended to constitute a profit forecast or profit estimate for any period, nor should any statement be interpreted to mean that earnings or earnings per share will necessarily be greater or lesser than those for the relevant preceding financial periods for any member of the Group or Electrosteel as appropriate.

5. **Forward-Looking Statements**

Certain statements contained in this document, including those in Part II (*Risk Factors*) constitute "forward-looking statements". In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "prepares", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. Shareholders should specifically consider the factors identified in this document, which could cause actual results to differ, before making any decision whether to vote in favour of the Resolution. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. Such risks, uncertainties and other factors include those set out more fully in Part II (*Risk Factors*) and include, among others: general economic and business conditions, industry trends, competition, changes in government regulation, economic downturn and the Group's ability to implement expansion plans. These forward-looking statements speak only as at the date of this document. Except as required by the FCA, the Listing Rules, the Prospectus Rules, the Disclosure Guidance and Transparency Rules sourcebook, MAR, the London Stock Exchange, applicable law or relevant regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. This statement does not seek to qualify the working capital statements given at paragraph 6 of Part VI (*Additional Information*) of this document.

6. **Rounding**

Certain figures included in this document and in the information incorporated by reference into this document have been subject to rounding adjustments. Accordingly, discrepancies in tables between the totals and the sums of the relevant amounts is due to rounding.

7. **Time**

All references in this document to time are to London time unless stated.

8. **Exchange Rates**

Save as otherwise indicated, references in this document to US$ amount(s) have been converted from INR to US$ by reference to the prevailing spot rate of exchange of INR 66.87 per US$1 as at 25 April 2018.

9. **Definitions**

Capitalised terms used in this document have the meanings ascribed to them in Part VII (*Definitions*) of this document.

10. **Publication on Website**

A copy of this document, together with all the information incorporated into this document by reference to another source, is available on the Company's website at www.vedantaresources.com.

For the avoidance of doubt, the contents of any websites referred to in this document (including the Company's website) are not incorporated into and do not form part of this document.

PART IV – HISTORICAL FINANCIAL INFORMATION ON ELECTROSTEEL

The historical financial information of Electrosteel for the financial years ended 31 March 2015, 2016 and 2017 is set out in Parts A, B and C of Appendix I (*Electrosteel Financial Information).*

Such information has been extracted from the Electrosteel 2015 Annual Report, the Electrosteel 2016 Annual Report and the Electrosteel 2017 Annual Report, together with the auditors' reports thereon and the notes thereto. The audited financial results for the years ended 31 March 2015 and 31 March 2016 were prepared in accordance with Indian GAAP and the audited financial results for the year ended 31 March 2017 under the Ind AS. The Electrosteel 2017 Annual Report also includes the unaudited financial results for the year ended 31 March 2016 as restated in compliance with Ind AS. Indian GAAP and Ind AS differ in certain respects from IFRS. Such differences include methods for recognising, measuring and recording the amounts shown in financial statements as well as different disclosure requirements. As a result, the financial information of Electrosteel may not be comparable with the same financial information had it been prepared in accordance with IFRS.

The audit reports contained in all three annual reports were not qualified but all included an emphasis of matter in respect of going concern and other matters highlighted in the auditors' report.

The unaudited interim financial information for Electrosteel for the 9 months ended 31 December 2017 and the unaudited statement of assets and liabilities as at 30 September 2017 is also set out below in Parts D and E of Appendix I (*Electrosteel Financial Information*). Such results were prepared under Ind AS.

The historical financial information has been extracted from the sources above without material adjustment. Given the limited access to the Electrosteel business, the Company is unable to confirm whether any adjustments need to be made to the historical financial information of Electrosteel to achieve consistency with the accounting policies of the Company as the financial results are prepared in accordance with Indian GAAP or Ind AS. The Directors have reviewed the accounting policies of Electrosteel and the Company and, on the basis of the publicly available information, have identified differences that would be likely to give rise to material adjustments needing to be made to the financial statements of Electrosteel to achieve consistency with the accounting policies of the Company. Such differences cannot be quantified by the Directors due to the lack of access to the underlying accounting records of Electrosteel.

The following table provides a general summary of the significant differences between Ind AS and IFRS. The differences identified are not an exhaustive list and are limited to those significant differences which impact the measurement of profit or equity of the relevant financial statements. They do not cover all differences related to the presentation and disclosure of the financial statements. They also do not include differences that may arise due to the application of changes in the standards, which did not apply when the historical financial information of Electrosteel was compiled.

	Ind AS	**IFRS**
First time adoption	Ind AS 101 gives detailed guidance on the preparation of the first Ind AS financial statements. To help overcome a number of practical challenges for a first-time adopter, there are certain mandatory and voluntary exemptions from the full retrospective application. Ind AS 101 provides for a few additional voluntary exemptions as compared to IFRS. For example, it gives an exemption whereby an entity can continue using its Indian GAAP carrying value of all its property, plant and equipment, intangible assets and investment properties as deemed cost at transition date, provided that there is no change in functional currency. It also gives an exemption whereby a company can continue using its	IFRS 1 gives detailed guidance on the preparation of the first IFRS financial statements. To help overcome a number of practical challenges for a first-time adopter, there are certain mandatory and voluntary exemptions from the full retrospective application.

	Ind AS	IFRS
	accounting policy under previous Indian GAAP for capitalisation/ deferral of exchange differences arising on long term foreign currency monetary items recognised in financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period.	
Presentation of financial statements	A complete set of financial statements under Ind AS comprises: 1. Balance sheet as at the end of the period; 2. Statement of profit and loss for the period – a single statement of profit and loss, with profit or loss and other comprehensive income presented in two sections; 3. Statement of changes in equity for the period; 4. Statement of cash flows for the period; and 5. Notes comprising significant accounting policies and other explanatory information.	A complete set of financial statements under IFRS comprises: 1. Statement of financial position as at the end of the financial year; 2. Statement of profit or loss and other comprehensive income for the financial year – either as single statement or two separate statements; 3. Statement of changes in equity; 4. Statement of cash flows for the financial year; and 5. Notes comprising significant accounting policies and other explanatory information.
Formats for presentation of financial statement	Ind AS 1 does not prescribe any rigid format for presentation of financial statements. However, it specifies the line items to be presented in the balance sheet, statement of profit and loss and statement of changes in equity. Ind AS 7 provides guidance on the line items to be presented in cash flow statement. In addition to the above, Ind AS compliant Schedule III of the ICA 2013 prescribes the format for presentation of the balance sheet and statement of profit and loss which companies need to follow.	IAS 1 does not prescribe any rigid format for presentation of financial statements. However, it specifies the line items to be presented in the statement of financial position, statement of profit or loss and other comprehensive income and statement of changes in equity. IAS 7 provides guidance on the line items to be presented in the cash flow statement.
Presentation of income statement	Entities should present an analysis of expenses recognized in profit or loss using a classification based only on the nature of expenses. Ind AS compliant Schedule III of the ICA 2013 also requires an analysis of expenses by nature.	An analysis of expenses is presented using a classification based either on the nature of expenses or their function whichever provides information that is reliable and more relevant. If presented by function, specific disclosure by nature are provided in the notes. When items of income or expense are material, their nature and amount are separately disclosed.
Measurement of investments	Under Ind AS 109, the investments are categorized as financial assets and can be classified in the following three categories	Under IAS 39, the investments are categorised as financial assets and can be classified in following four categories

	Ind AS	IFRS
	based on the conditions mentioned therein: 1. Amortised cost; 2. Fair value through profit or loss; 3. Fair value through other comprehensive income	based on the conditions mentioned therein: 1. Fair value through profit or loss; 2. Held to maturity; 3. Loans and receivables; 4. Available for sale
Bargain purchase gain	Ind AS 103 requires bargain purchase gain arising on business combination to be recognised in other comprehensive income and accumulated in equity as capital reserve, unless there is no clear evidence for the underlying reason for classification of the business combination as a bargain purchase, in which case, it shall be recognised directly in equity as capital reserve.	IFRS 3 requires bargain purchase gain arising on business combination to be recognised in profit or loss.
Common control business combinations	Ind AS 103 mandates the recording of common control transactions using the pooling of interest method.	IFRS 3 does not prescribe any specific method for accounting of common control business combinations. Hence, either the pooling or acquisition method may be possible.
Non-monetary Government Grants	Ind AS 20 requires measurement of non-monetary government grants only at their fair value.	IAS 20 gives an option to measure non-monetary government grants either at their fair value or at nominal value.
Presentation of grants related to assets	Ind AS 20 requires presentation of grants related to assets including non-monetary grants at fair value in the balance sheet only by setting up the grant as deferred income.	IAS 20 gives an option to present the grants related to assets, including non-monetary grants at fair value in the balance sheet either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

PART V – DESCRIPTION OF THE ACQUISITION

The Corporate Insolvency Resolution Process with respect to Electrosteel was initiated by the NCLT on 21 July 2017 on the request of the State Bank of India. Vedanta Limited was chosen as the successful bidder. The Acquisition will be effected pursuant to the Resolution Plan, which has been proposed on the basis of the publicly available information on Electrosteel and the Disclosed Information. The NCLT approved the Resolution Plan on 17 April 2018 after satisfying itself that the plan submitted by Vedanta Limited complies with all the provisions of the Corporate Insolvency Resolution Process. The Resolution Professional has since resigned and the Steering Committee has been appointed to manage Electrosteel, with day-to-day functions to be conducted by the IMA on and from the NCLT approval date.

On approval of the Resolution Plan, all liabilities of Electrosteel in relation to the period prior to the Effective Date shall be written off in full and shall be deemed to be permanently extinguished by virtue of the NCLT's order approving the Resolution Plan and neither Electrosteel, Vedanta Limited or Vedanta Star shall not be, directly or indirectly, held responsible or liable in relation thereto. The Resolution Plan also does not contain any representations, warranties, indemnities or other customary deal protection regarding the status of the business, business prospects or assets of Electrosteel in favour of Vedanta Star or Vedanta Limited.

This section sets out the steps of the Resolution Plan to occur on or prior to the Effective Date. The NCLT's order will constitute adequate approval required by the Indian regulatory authorities to complete the steps below. The approval of the CCI, the SEBI and, in respect of the Resolution, the Shareholders will also be required to complete the Acquisition.

Step 1: Conversion of Unsustainable Debt into Electrosteel's equity share capital

For the purposes of the Corporate Insolvency Resolution Process, the Resolution Professional assessed the validity of the amounts claimed by the creditors of Electrosteel and accepted the Admitted Debt.

The Resolution Plan carves out the Sustainable Debt, which will be paid upfront by Vedanta Star to Electrosteel. This is discussed in further detail in step 4 below. The Admitted Debt also includes an amount of INR 456.01 Crores (US$68.2 million) consisting of bank guarantees and letters of credit issued by the Financial Creditors for the benefit of Electrosteel. The bank guarantees will be replaced with bank guarantees and cross-guarantees arranged by Vedanta Limited. Vedanta Limited also proposes to roll over and/or replace the letters of credit.

The Unsustainable Debt will be converted into equity shares in Electrosteel at a face value of INR 10 per share (the "**New Equity Shares**"). These New Equity Shares shall be issued to the Financial Creditors in proportion to and in consideration for their respective portions of the Unsustainable Debt. The New Equity Shares will be recorded in the books of accounts at an amount equal to the carrying value of the Unsustainable Debt and the transaction will be recorded only in the balance sheet of Electrosteel.

After the issue and allotment of the New Equity Shares, the total equity share capital of Electrosteel is proposed to be INR 10,028.44 Crores (US$1,499.7 million), as detailed in the following table:

	Number of shares in Crores	**Value of the issued share capital in INR Crores**
Existing issued share capital	240.92	2,409.24
New Equity Shares	761.92	7,619.24
Total issued share capital	**1,002.84**	**10,028.44**

Step 2: Capital reduction

The nominal value of the issued share capital of Electrosteel will be reduced from INR 10 per share to INR 0.20 per share. This will change the total issued capital from INR 10,028.44 Crores (US$1,499.7 million) to INR 200.57 Crores (US$30 million). Simultaneously, every 50 equity shares of INR 0.20 each as reduced will be consolidated into 1 fully paid-up equity share of INR 10 each.

Pursuant to the capital reduction of Electrosteel and the consolidation, if a shareholder becomes entitled to a fraction of an equity share, Electrosteel will not issue fractional shares to such shareholder but will consolidate fractional shares and round up the aggregate of such fractions to the next whole number and issue consolidated equity shares to the Independent Monitoring Agency ("**IMA**") (on behalf of such shareholders). The IMA will sell the consolidated equity shares to Vedanta Limited and distribute the net sale proceeds to the shareholders in proportion to their holdings.

Description	Number of shares in Crores	Value of the issued share capital in INR Crores
1. Reduction of nominal value from INR 10 to INR 0.2 per share	1,002.84	200.57
2. Consolidation of share with nominal value of INR 0.2 to INR 10 per share	20.06	200.57
Total issued share capital	**20.06**	**200.57**

The reduction in the equity share capital of Electrosteel will be credited to the capital reserve of Electrosteel.

Step 3: Capitalisation of Electrosteel

Vedanta Star will subscribe for shares of Electrosteel for an aggregate amount of INR 1,805 Crores (US$269.9 million) and provide additional funds of INR 3,515 Crores (US$525.7 million) by way of debt (the "**Consideration**"). The funds received by Electrosteel as debt and equity will be used to fully settle the Sustainable Debt. Vedanta Limited may further provide capital (by way of equity or subordinated debt) to meet the working capital and capital expenditure requirements of Electrosteel. Electrosteel will issue new shares to Vedanta Star, which will rank *pari passu* with the existing equity shares of Electrosteel.

The capital structure of Electrosteel following investment by Vedanta Star will be as follows:

Description	Number of shares in Crores	Value of the issued share capital in INR Crores
Existing issued share capital	20.06	200.57
Electrosteel to issue equity shares to Vedanta Star	180.50	1,805.00
Total issued share capital	**200.56**	**2,005.57**

Vedanta Star will hold approximately 90 per cent. of the total equity share capital of Electrosteel, with the remaining 10 per cent. to be held by Electrosteel's existing shareholders, including Electrosteels Castings Limited and certain Financial Creditors. The shareholding of Electrosteel Castings Limited will be reclassified as a public shareholder and the shareholding of Vedanta Star is to be classified as a promoter for Indian regulatory purposes.

Category of Shareholder	Share capital in INR Crores	Percentage of issued share capital
Vedanta Star	1,805.00	90.00
Financial Creditors	152.38	7.60
Original Shareholders	48.18	2.40
Total	**2,005.57**	**100.00**

Step 4: Disbursement of Sustainable Debt

Vedanta Star will pay the Consideration upfront to Electrosteel which will distribute the funds to the Financial Creditors in proportion to their respective portions of the Sustainable Debt. The Consideration will be funded by the available cash and cash equivalents of Vedanta Limited.

Step 5: Delisting

An integral part of the Resolution is to delist Electrosteel from the Bombay Stock Exchange and the National Stock Exchange of India. Financial Creditors and existing shareholders, as detailed above in step 3, will be offered an exit at a price which will be calculated as per the share price calculations prescribed under the Resolution Plan evaluation matrix.

Vedanta Limited will implement and effect the aforesaid steps 1 to 5 simultaneously. The NCLT has granted a concession that the SEBI, the Bombay Stock Exchange and National Stock Exchange of India will delist Electrosteel on the Effective Date.

Step 6: Post-implementation merger

After successful implementation of the Resolution Plan, Vedanta Limited may at its sole discretion elect to amalgamate Vedanta Star with Electrosteel, although the merger is not an integral part of the Resolution Plan.

PART VI – ADDITIONAL INFORMATION

1. **Responsibility**

The Company and the Directors, whose names are set out below in this paragraph 1, accept responsibility for the information contained in this document, except that the only responsibility accepted by the Company and the Directors in relation to Electrosteel information, which has been compiled from published sources and the Disclosed Information, is to ensure that such information is correctly and fairly produced and presented. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document (other than the information contained in this document relating to Electrosteel) is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Directors and their principal functions are as follows:

Anil Agarwal	*Executive Chairman*
Navin Agarwal	*Executive Vice Chairman*
Geoffrey Green	*Non-Executive Director*
Edward Story	*Non-Executive Director*
Deepak Parekh	*Non-Executive Director*
Ravi Rajagopal	*Non-Executive Director*
Katya Zotova	*Non-Executive Director*

2. **Company address**

The registered office of the Company is located at 5th Floor, 6 St. Andrew Street, London, EC4A 3AE. The head office of the Company is 16 Berkeley Street, London W1J 8DZ (telephone number +44 (0)20 7499 5900).

3. **Directors' and Senior Managers' interests**

3.1 As at 27 April 2018 (being the latest practicable date prior to the publication of this document), the aggregate interests (all of which are beneficial) of each of the Directors and the Senior Managers in the share capital of the Company which have been notified by each Director and Senior Manager to the Company pursuant to Article 19 of MAR and its predecessor legislation or the interests of persons closely associated with them which have been disclosed under Article 19 of MAR and its predecessor legislation (and the existence of which is known to, or could with reasonable diligence be ascertained by, that Director or Senior Manager) were as follows:

Director/ Senior Manager	Number of Shares	Percentage of issued voting share capital
Directors		
Anil Agarwal(1)	187,488,102	68.69
Anil Agarwal(2)	441,050	0.16
Navin Agarwal(2)(3)	467,616	0.17
Geoffrey Green	–	–
Edward Story	–	–
Deepak Parekh	–	–
Ravi Rajagopal	–	–
Katya Zotova	–	–
Senior Managers		
Kuldip Kaura	67,125	0.02
Arun Kumar GR	11,050	0.004
Tarun Jain	208,863	0.08
Samir Cairae	801	0.0003
Sunil Duggal	26,212	0.01
Kishore Kumar	23,922	0.009
Steven Din	10,176	0.001
Deshnee Naidoo	–	–

Suresh Bose	3,879	0.001
Naveen Singhal	15,078	0.006
Sudhir Mathur	–	–
M Siddiqi	52,710	0.02
Dilip Golani	31,811	0.01
Phillip Turner	–	–
Scott Caithness	–	–
Arun Arora	–	–

Note:

1. Mr Anil Agarwal's holding of 187,488,102 Vedanta Shares are registered in the name of Volcan, which is a company owned by a family trust. Further details can be found in paragraph 5.1 of this Part VI (*Additional Information*).

2. Mr Anil Agarwal and Mr Navin Agarwal's shareholdings include 177,909 and 100,209 unvested forfeitable share awards respectively which were granted to them under the Vedanta's DSBP and which are beneficially owned by them.

3. 51,660 Shares are held by Navin Agarwal's son and wife, which were purchased from the market in February 2015.

3.2 Certain of the Directors and Senior Managers are also interested in unissued Shares under share options and awards held by them pursuant to Vedanta share schemes. Those options and awards are not included in the interests of the Directors and Senior Managers shown in the table at 3.1 of this Part VI (*Additional Information*). The options and awards over Shares held by the Directors and Senior Managers as at 27 April 2018 (being the latest practicable date prior to the posting of this document) are as follows:

PSP awards granted during the year

The following award was granted to the certain Directors and Senior Managers in 2017 under the PSP scheme:

	Type of award	Basis of award granted (percentage of base compensation)	Share price at date of grant	Number of Shares over which award was at granted	Face value of award (£'000)	Percentage of face value that would vest at threshold value
Directors						
Anil Agarwal	Nominal-cost option	90	£8.12	178,230	1,447.23	30
Navin Agarwal	Nominal-cost option	85	£8.12	122,440	994.22	30
Senior Managers						
Kuldip Kaura	LTCP	–	£8.12	34,580	280.79	30
Deshnee Naidoo	LTCP	–	£8.12	23,600	191.63	30
Steven Din	LTCP	–	£8.12	20,090	163.13	30
M Siddiqi	LTCP	–	£8.12	19,190	155.82	30
Scott Caithness	LTCP	–	£8.12	12,920	104.91	30
Phillip Turner	LTCP	–	£8.12	11,640	94.52	30

The performance conditions attached to the above award are based on Vedanta' relative TSR against the comparator group of industry peers. 30 per cent. of the awards will vest at median performance, with full vesting for upper quintile performance.

There are 2 comparator groups – Global Comparator Group and Indian Comparator Group (since majority of our operations are in India). The percentage of the Shares comprised in the award that vest depends on the Company's TSR relative to the companies in the Comparator Group on the basis of a ratio of 75:25 weightage as indicated below:

Global Comparator Group (75 per cent. weightage) – The companies comprising the TSR comparator group are Anglo American, BHP Billiton, Rio Tinto, Glencore, Xstrata, Vale, Antofagasta, Rusal, South 32, Santos, Korean Zinc Inc, Fortescue, Alcoa, Boliden, First Quantum, and CNOOC Limited.

Indian Comparator Group (25 per cent. weightage) – The companies comprising the TSR comparator group are Reliance Industries Ltd., ONGC, Tata Steel, JSW Steel, Hindalco Industries and Adani Power.

Share plan awards

The table below shows the Directors' and Senior Managers' interests in the Company's share plans:

		31 March 2017 Number of Shares	Granted in 2017/18 Number of Shares	Vested in 2017/18 Number of Shares	Lapsed in 2017/18 Number of Shares	31 March 2018 Number of Shares	Exercise price US cents	Award price £	Earliest /latest exercise date
Directors									
Anil Agarwal									
17-Nov-14	PSP	135,000	–	135,000	–	0	0.1	8.09	17 Nov 17 – 17 May 18
30-Dec-15	PSP	275,000	–		–	275,000	0.1	2.717	30 Dec 18 -30 Jun 19
04-Jan-16	DSBP	41,197	–	20,599	–	20,598	0	6.534	22 May 16 – 22 May 18
08-Sep-16	DSBP	119,084	–	47,634	–	71,450	0	3.753	19 May 17 – 19 May 19
11-Nov-16	PSP	210,000	–	–	–	210,000	0.1	8.215	10 Nov 19 – 19 May 20
25-Aug-17	DSBP	–	85,861	–	–	85,861	0	5.995	19 Jun 18-19 Jun 20
14-Nov-17	PSP	–	178,230	–	–	178,230	0.1	8.12	14 Nov 17-14 May 21
Navin Agarwal									
17-Nov-14	PSP	84,000	–	84,000	–	0	0.1	8.09	17 Nov 17 – 17 May 18
30-Dec-15	PSP	130,000	–	–	–	130,000	0.1	2.717	30 Dec 18 -30 Jun 19
04-Jan-16	DSBP	36,217	–	18,109	–	18,108	0	4.435	12 Aug 16 – 12 Aug 18
08-Sep-16	DSBP	57,697	–	23,079	–	34,618	0	5.177	1 Sep 17 – 1 Sep 19
11-Nov-16	PSP	125,000	–	–	–	125,000	0.1	8.215	10 Nov 19 – 10 May 20
25-Aug-17	DSBP	–	47,563	–	–	47,563	0	7.585	25 Aug 18 - 25 Aug 20
14-Nov-17	PSP	–	122,440	–	–	122,440	0.1	8.12	14 Nov 17 -14 May 21
Senior Managers									
Kuldip Kaura									
02-Mar-17	LTCP	25,900	–	–	–	25,900	0.1	6.89	2 Mar 20 - 2 Sep 20
14-Nov-17	LTCP	–	34,580	–	–	34,580	0.1	8.12	14 Nov 20-14 May 21
Tarun Jain									
17-Nov-14	PSP	57,000	–	57,000	–	0	0.1	8.09	17 Nov 17 – 17 May 18
30-Dec-15	PSP	85,000	–	–	–	85,000	0.1	2.717	30 Dec 18 -30 Jun 19
12-Aug-15	DSBP	8,629	–	8,629	–	0	0	4.435	12 Aug 16 – 12 Aug 18
01-Sep-16	DSBP	11,653	–	5,826	–	5,827	0	5.177	1 Sep 17 – 1 Sep 19
05-Aug-17	DSBP	–	12,160	–	–	12,160	0	7.585	25 Aug 18 - 25 Aug 20
Arun Kumar G.R.									
17-Nov-14	PSP	11,220	–	11,220	–	0	0.1	8.09	17 Nov 17 – 17 May 18
30-Dec-15	PSP	30,000	–	–	–	30,000	0.1	2.717	30 Dec 18 -30 Jun 19
05-Aug-17	DSBP	–	1,707	–	–	1,707	0	7.585	25 Aug 18 - 25 Aug 20
Deshnee Naidoo									
01-Jan-15	PSP	14,000	–	7,840	6,160	0	0.1	8.09	01 Jan 18 -01 Jul 18
30-Dec-15	PSP	25,000	–	–	–	25,000	0.1	2.717	30 Dec 18 -30 Jun 19
02-Mar-17	LTCP	19,490	–	–	–	19,490	0.1	6.89	2 Mar 20 - 2 Sep 20
14-Nov-17	LTCP	–	23,600	–	–	23,600	0.1	8.12	14 Nov 20-14 May 21
Steven Din									
17-Nov-14	PSP	13200	–	13200	–	0	0.1	8.09	17 Nov 17 – 17 May 18
30-Dec-15	PSP	40,000	–	–	–	40,000	0.1	2.717	30 Dec 18 -30 Jun 19
02-Mar-17	LTCP	–	24960	–	–	24,960	0.1	6.89	2 Mar 20 - 2 Sep 20
14-Nov-17	LTCP	–	20090	–	–	20,090	0.1	8.12	14 Nov 20-14 May 21
12-Aug-15	DSBP	–	–	–	–	0	0	4.435	12 Aug 16 – 12 Aug 18
01-Sep-16	DSBP	6228	–	3114	–	3,114	0	5.177	1 Sep 17 – 1 Sep 19
05-Aug-17	DSBP	–	3701	–	–	3,701	0	7.585	25 Aug 18 - 25 Aug 20
M Siddiqi									
17-Nov-14	PSP	9900	–	9900	–	0	0.1	8.09	17 Nov 17 – 17 May 18
02-Mar-17	LTCP	22,290	–	–	–	22,290	0.1	6.89	2 Mar 20 - 2 Sep 20
14-Nov-17	LTCP	–	19190	–	–	19,190	0.1	8.12	14 Nov 20-14 May 21
Phillip Turner									
17-Nov-14	PSP	6800	–	6800	–	0	0.1	8.09	17 Nov 17 – 17 May 18
30-Dec-15	PSP	12,000	–	–	–	12,000	0.1	2.717	30 Dec 18 -30 Jun 19
02-Mar-17	LTCP	13,370	–	–	–	13,370	0.1	6.89	2 Mar 20 - 2 Sep 20
14-Nov-17	LTCP	–	11640	–	–	11,640	0.1	8.12	14 Nov 20-14 May 21
Naveen Singhal									
17-Nov-14	PSP	11220	–	11220	–	0	0.1	8.09	17 Nov 17 – 17 May 18
30-Dec-15	PSP	25,000	–	–	–	25,000	0.1	2.717	30 Dec 18 -30 Jun 19
Samir Cairae									
30-Dec-15	PSP	32,000	–	–	–	32,000	0.1	2.717	30 Dec 18 -30 Jun 19
01-Sep-16	DSBP	2,629	–	1315	–	1,314	0	5.177	1 Sep 17 – 1 Sep 19
05-Aug-17	DSBP	–	4704	–	–	4,704	0	7.585	25 Aug 18 - 25 Aug 20
Sunil Duggal									
17-Nov-14	PSP	13200	–	13200	–	0	0.1	8.09	17 Nov 17 – 17 May 18
30-Dec-15	PSP	40,000	–	–	–	40,000	0.1	2.717	30 Dec 18 -30 Jun 19
01-Sep-16	DSBP	3,523	–	1762	–	1,761	0	5.177	1 Sep 17 – 1 Sep 19
05-Aug-17	DSBP	–	4665	–	–	4,665	0	7.585	25 Aug 18 - 25 Aug 20
Scott Caithness									
14-Nov-17	LTCP	–	12920	–	–	12,920	0.1	8.12	14 Nov 20-14 May 21

Suresh Bose		–							
17-Nov-14	PSP	5200	–	5200	–	0	0.1	8.09	17 Nov 17 – 17 May 18
30-Dec-15	PSP	15,000	–		–	15,000	0.1	2.717	30 Dec 18 -30 Jun 19
Dilip Golani									
17-Nov-14	PSP	16500	–	16500	–	0	0.1	8.09	17 Nov 17 – 17 May 18
30-Dec-15	PSP	30,000	–	–	–	30,000	0.1	2.717	30 Dec 18 -30 Jun 19
12-Aug-15	DSBP	3,975	–	3,975	–	0	0	4.435	12 Aug 16 – 12 Aug 18
01-Sep-16	DSBP	5,680	–	2840	–	2,840	0	5.177	1 Sep 17 – 1 Sep 19
05-Aug-17	DSBP	–	3773	–	–	3,773	0	7.585	25 Aug 18 - 25 Aug 20
Rajagopal Kishore Kumar									
17-Nov-14	PSP	18000	–	18000	–	0	0.1	8.09	17 Nov 17 – 17 May 18
30-Dec-15	PSP	40,000	–	–	–	40,000	0.1	2.717	30 Dec 18 -30 Jun 19
12-Aug-15	DSBP	3,567	–	3,567	–	0	0	4.435	12 Aug 16 – 12 Aug 18
01-Sep-16	DSBP	5,672	–	2836	–	2,836	0	5.177	1 Sep 17 – 1 Sep 19
05-Aug-17	DSBP	–	4688	–	–	4,688	0	7.585	25 Aug 18 - 25 Aug 20
P Ramnath									
17-Nov-14	PSP	13200	–	13200	–	0	0.1	8.09	17 Nov 17 – 17 May 18
30-Dec-15	PSP	30,000	–	–	–	30,000	0.1	2.717	30 Dec 18 -30 Jun 19
01-Sep-16	DSBP	2,225	–	1112		1,113	0	5.177	1 Sep 17 – 1 Sep 19
02-Mar-17	LTCP	22290	–	–	–	22,290	0.1	6.89	2 Mar 20 - 2 Sep 20
Total		**1,963,756**	**616,472**	**546,677**	**6,160**	**2,027,391**			

3.3 Save as disclosed in paragraphs 3.1 and 3.2 above, the Directors and Senior Managers do not have any interest in the share capital of the Company.

3.4 So far as the Company is aware, as at 27 April 2018 (being the latest practicable date prior to the publication of this document), the following persons (other than Directors) had notifiable interests in three per cent. or more of the entire issued share capital of the Company:

Shareholder	Nature of holding	Number of Shares	Percentage of total voting rights
Volcan Investments Limited	Indirect	187,488,102	68.69
Standard Life Investment (Holdings Limited)	Indirect	16,159,239	5.92
Viktor Falk	Direct	8,340,408	3.06

4. Directors' service agreements

The Directors have each entered into a service contract or, as appropriate, a letter of appointment, with the Company relating to their appointment to the Board.

4.1 Service Agreements of the Executive Directors

Details of the Executive Directors' service contracts can be found on pages 139 and 140 of the Company's 2017 Annual Report and Accounts and are incorporated herein by reference. There have been no changes to the terms of these contracts since the publication of the 2017 Annual Report and Accounts.

The Executive Directors have entered into service agreements or, as appropriate, letters of appointment with the Company. Details of these service agreements are set out below. Mr Navin Agarwal has entered into both a letter of appointment with Vedanta and a service agreement with Vedanta Limited.

Director	Date of service agreement	Commencement date of office	Term	Notice / payment in lieu of notice ("PILON") provisions	Base compensation for the year ended 31 March 2017	Annual bonus payment for the year ended 31 March 2017
					(£000)	(£000)
A.K. Agarwal[1]	27 November 2003	16 May 2003	Rolling contract	Six months[2]	1,608	1,029
N. Agarwal (Vedanta)	4 May 2005	24 November 2004	Rolling contract	Six months	85	–
N Agarwal (Vedanta Limited)	1 August 2003	1 August 2003	31 July 2018	Three months[3]	996	692[3]

Note:

1. Mr Anil Agarwal's taxable benefits in kind include provision of medical benefits, car and fuel in the UK for business purposes.

2. PILON equivalent to six months' base compensation.

3. PILON equivalent to three months' base compensation.

4.2 **Letters of Appointment of the Non-Executive Directors**

A summary of the Non-Executive Directors' letters of appointment and remuneration can be found on pages 139 and 140 of the Company's 2017 Annual Report and Accounts and are incorporated herein by reference. The annual fees paid to the Non-Executive Directors for the year ended 31 March 2017 are set out below. Save as disclosed in this paragraph 4 of this Part VI (*Additional Information*), there have been no changes to the terms of the letters of appointment of the Non-Executive Directors since the publication of the 2017 Annual Report and Accounts.

The Non-Executive Directors have entered into letters of appointment with the Company. Details of these letters of appointment are also set out below.

Director	Date of agreement	Commencement date of office	Expiry / Notice terms	Annual Fee
				(£000)
G. Green	31 July 2012	1 August 2012	Three months	115,000
E. Story	23 May 2017	1 June 2017	Three months	95,000
D. Parekh	31 May 2013	1 June 2013	Three months	132,500
R. Rajagopal	1 July 2016	1 July 2016	Three months	115,000
K. Zotova	1 August 2014	2 August 2014	Three months	122,500

Note:

1. Mr Parekh entered into a letter of extension with the Company on 11 May 2016.
2. Mr Green entered into a letter of extension with the Company on 11 May 2016.
3. The annual fees paid to Mr Green and Ms Zotova changed on 5 August 2016 following changes made to the composition of the board committees. The fees paid to Mr Parekh and Mr Rajagopal changed on 15 August 2017 following changes made to the composition of the board committees on Mr Aman Mehta's retirement.

Save as mentioned above in this paragraph 4 of this Part VI (*Additional Information*), there are no existing or proposed service agreements between any Director and the Company or any of its subsidiaries providing for benefits upon termination of employment.

5. Material Contracts of the Group

5.1 The material contracts (not being contracts entered into in the ordinary course of business) entered into by the Group (a) in the two years immediately preceding the date of this document and which are, or may be, material to the Group or (b) contain provisions under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document comprise:

(a) ***Resolution Plan***

Details of the Resolution Plan are set out in Part V (*Description of the Acquisition*) to this document.

(b) ***Volcan Relationship Agreement between Vedanta, Volcan, Conclave and Anil Agarwal***

Volcan owns 68.69 per cent. of the total voting rights in Vedanta. Volcan is 100 per cent. owned and controlled by the Anil Agarwal Discretionary Trust (the **"Trust"**). Conclave PTC Limited (**"Conclave"**) is the trustee of the Trust and controls all voting and investment decisions of the Trust. As a result, securities beneficially owned by Volcan may be regarded as being beneficially owned by the Trust and, in turn, by Conclave. Mr Anil Agarwal, the Executive Chairman of the Company and the Non-Executive Chairman of Vedanta Limited, may be deemed to have beneficial ownership of Shares that may be owned or deemed to be beneficially owned by Conclave.

The Company, Volcan, Conclave and Mr Anil Agarwal are parties to a relationship agreement (the **"Volcan Relationship Agreement"**) which regulates the ongoing relationship between them to ensure that the Company carries on its business independently of Volcan and its direct and indirect shareholders, and their respective associates (the **"Volcan Parties"**) as required by the Listing Rules and to ensure that transactions and relationships, including all matters that are the subject of the Shared Services Agreement (as described below), among the Volcan Parties are at arm's length and on a normal commercial basis.

The Volcan Relationship Agreement will terminate in respect of Volcan at such time as each of the Volcan Parties, acting individually or jointly by agreement, ceases to be a controlling shareholder of Vedanta for the purposes of the Listing Rules or if the Company is de-listed from the London Stock Exchange. The Volcan Relationship Agreement will terminate in respect of Conclave and Mr. Anil Agarwal if any of them individually or acting jointly ceases to be a controlling shareholder of the Company or Volcan.

(c) ***Shared Services Agreement***

The Company entered into a shared services agreement dated 5 December 2003 with Sterlite Technology Limited (the **"Shared Services Agreement**"), under which Sterlite (now Vedanta Limited) and the Company agreed to continue to provide Sterlite Technology Limited with certain advisory services on an ongoing basis consisting primarily of access to certain of the directors, officers and employees of the Group. The services are provided on an arm's length basis and at normal commercial terms.

(d) ***HZL call options***

On 11 April 2002, Vedanta Limited acquired a 26.0 per cent. interest in HZL from the GoI through its subsidiary, Sterlite Opportunities and Ventures Limited (which has since merged into Vedanta Limited). The GoI and Vedanta Limited subsequently entered into a shareholders' agreement to regulate, among other things, the management of HZL and dealings in HZL's shares (the **"HZL SHA"**).

Under the HZL SHA, the GoI granted Vedanta Limited two call options to acquire all the shares in HZL held by the GoI at the time of exercise. Vedanta Limited exercised the first call option on 29 August 2003 and acquired an additional 18.9 per cent. on 12 November 2003, taking Vedanta Limited's interest in HZL to 64.9 per cent.

Prior to selling shares in HZL to a third party, either party must first issue a sale notice offering those shares to the other party at the price it intends to sell them to the third party. However, a transfer of shares, representing not more than 5.0 per cent. of the equity share capital of HZL, by the GoI to the employees of HZL is not subject to such right of first refusal by Vedanta Limited. The GoI has transferred shares representing 1.5 per cent. of HZL's share capital to the employees of HZL. The HZL SHA also provides that if the GoI proposes to make a sale of its shares in HZL by a public offer prior to the exercise of Vedanta Limited's second call option, then Vedanta Limited shall have no right of first refusal.

The second call option provides Vedanta Limited a right to acquire the GoI's remaining 29.5 per cent. shareholding in HZL, subject to the right of the GoI to transfer up to 3.5 per cent. of the issued share capital of HZL to employees of HZL, in which case the number of shares that Vedanta may purchase under the second call option will be reduced accordingly. The exercise price for the second call option will be equal to the fair market value of the shares as determined by an independent appraiser. By a letter dated 21 July 2009, Vedanta Limited exercised the second call option. This is currently subject to litigation, as detailed in paragraph 8.1 of this Part VI (*Additional Information*).

(e) ***BALCO call option***

On 2 March 2001, Vedanta Limited acquired a 51.0 per cent. interest in BALCO from the GoI. On the same day, Vedanta Limited entered into a shareholders' agreement with the GoI and BALCO to regulate, among other things, the management of BALCO and dealings in BALCO's shares (the **"BALCO SHA"**). The BALCO SHA provides that as long as Vedanta Limited holds at least 51.0 per cent. of the share capital of BALCO, it is entitled to appoint one more director to the board of BALCO than the GoI and is also entitled to appoint the managing director.

Under the BALCO SHA, if either the GoI or Vedanta Limited wishes to sell its shares in BALCO to a third party, the selling party must first offer the shares to the other party at the same price at which it is proposing to sell the shares to the third party. The other party shall then have the right to purchase all, but not less than all, of the shares so offered. If a shareholder does not exercise its right of first refusal, it shall have a tag along right to participate in the sale pro rata and on the same terms as the selling party, except that if the sale is by the GoI by way of a public offer, the tag along right will not apply. However, a transfer of shares representing not more than 5.0 per cent. of the equity share capital of BALCO by the GoI to the employees of BALCO is not subject to such right of first refusal by Vedanta Limited. The GoI also granted to Vedanta Limited an option to acquire the remaining shares in BALCO held by the GoI at the time of exercise.

The Group exercised this option on 19 March 2004. This is currently subject to litigation, as detailed in paragraph 8.1 of this Part VI (*Additional Information*).

(f) ***Rajasthan Block PSC***

Cairn India is working in partnership with its joint operation partner, ONGC, in the Rajasthan Block. The Rajasthan Block production sharing contract (the **"Rajasthan Block PSC"**) was signed on 15 May 1995 between the GoI and a consortium consisting of ONGC and Shell India Production Development BV.

Cairn India acquired its interest in the Rajasthan Block PSC in three stages, eventually acquiring a 100 per cent. beneficial interest in the assets and liabilities as of May 2002 and acquiring legal title to this interest on 20 June 2003. Under the Rajasthan Block PSC, the GoI has an option to acquire a participating interest of 30 per cent. in any development area containing a commercial discovery. The GoI exercised its right in all three development areas, specifically DA 1 in 2005, DA 2 in 2007 and DA 3 in 2009, acting through its nominee, ONGC, and acquired a 30 per cent. participating interest.

Under the Rajasthan Block PSC, until such time as India attains self-sufficiency in its crude oil supply, Cairn India is required to sell to the GoI, or its nominee, all of Cairn India's entitlement to crude oil and condensate extracted from the Rajasthan Block to assist in satisfying domestic Indian crude oil demand. The GoI has the option but not an obligation to purchase the entire or part of the crude oil produced from the Rajasthan Block. However, the GoI has granted permission to Cairn India to sell the remaining quantities of crude oil, over and above those allocated to government nominees, to other domestic private refineries. Cairn India now sells the crude oil to both private refineries and, the public sector undertakings refineries. As of 31 March 2017, commercial sales arrangements were in place for over 200,000 barrels of oil per day with public sector undertakings and private refineries. Any additional sales to the public sector undertakings refineries, special economic zone refineries and overseas are subject to approval from the GoI.

The Rajasthan Block PSC established a management committee for the Rajasthan Block, which consists of four members, two of whom are nominated by and represent the GoI and the licensee, ONGC, together, and two of whom are nominated by and represent Cairn India. The management committee must unanimously approve annual work programmes, budgets, proposals for the declaration of a discovery as commercial, field development plans, and the delineation of or additions to a development area, whereas all other matters only require a majority vote.

The Rajasthan Block PSC is currently due to expire in May 2020, but it may be extended by mutual agreement among the parties for up to an additional ten years in the case of commercial production of natural gas or, in other cases, up to five years. There is also a provision to further extend the production sharing contract by agreement of the parties if production of crude oil or natural gas is expected to continue after the relevant period.

The Rajasthan Block benefitted from a tax holiday of seven years from 2009 (being the year of commencement of commercial production in the Rajasthan Block) to 31 March 2016. However, during this seven year period, minimum alternate tax rules applied resulting in a taxation of book profits calculated in accordance with the generally accepted accounting principles used in India. Any minimum alternate tax paid can be carried forward for a total period of ten years from the year of credit and used to reduce corporate tax due in future years in excess of minimum alternate tax payable in those years.

(g) ***Ravva Block PSC for the exploration, development and production of the Ravva field***

The production sharing contract for the exploration, development and production of the Ravva field (the **"Ravva PSC"**) was signed on 28 October 1994 between the GoI and a consortium consisting of ONGC, Videocon Petroleum Limited, Ravva Oil and Cairn Energy India Pty Limited (formerly known as Command Petroleum (India) Pty Limited) (**"Command Petroleum"**) with Command Petroleum being designated as the operator. In 1996, Cairn Energy acquired Command Petroleum, including its interest in the Ravva field, and Cairn India became the operator.

Cairn India holds a 22.5 per cent. working interest in the Ravva field, with the remaining interests currently held by ONGC (40 per cent.), Videocon Petroleum Limited (25 per cent.) and Ravva Oil (12.5 per cent.) (together, the "**Ravva Joint Operation**"). The Ravva PSC is valid until 27 October 2019, but may be extended by the GoI for up to an additional ten years in the case of commercial production of non-associated natural gas or, in other cases, up to five years.

Under the Ravva PSC, Cairn India is entitled to recover 100 per cent. of exploration, development and costs of production from crude oil and natural gas sales before any profit is allocated among the parties.

Under the Ravva PSC, until such time as India attains self-sufficiency in its crude oil supply, Cairn India is required to sell in the domestic Indian market all of its entitlement to crude oil extracted from the Ravva field to assist in satisfying domestic Indian crude oil demand.

(h) ***Cambay basin production sharing contract***

Exploration, development and production of the Cambay basin block is governed by a production sharing contract between the GoI and a consortium consisting of ONGC, Tata Petrodyne Limited and Cairn India, which was signed on 30 June 1998 and expires in 2023. The production sharing contract can be extended for a period of 35 years in case of commercial production of non-associated natural gas or for a period not exceeding five years. Cairn India's participating interest in the Cambay basin joint operation consists of a 40 per cent. interest in the Lakshmi, Gauri and CB-X development areas. The remaining interests in these development areas are held by ONGC (50 per cent.) and Tata Petrodyne Limited (10 per cent.)**.**

6. Material Contracts of Electrosteel

6.1 So far as Vedanta is aware having regard to publicly available information and the Disclosed Information, it is not aware of any material contracts which may have been entered into (not being contracts entered into in the ordinary course of business) by Electrosteel (a) in the two years immediately preceding the date of this document and which are, or may be, material to Electrosteel, or (b) contain provisions under which Electrosteel has any obligation or entitlement which is material to Electrosteel as at the date of this document.

7. Working Capital

The Company is of the opinion that the Enlarged Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this document.

8. Litigation affecting the Group

8.1 Save for the litigation described below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the last 12 months which may have or have had in recent past a significant effect on the Company or the Group and/or the Company's or the Group's financial position or profitability.

Vedanta Limited has commenced proceedings against the GoI, which has disputed Vedanta Limited's exercise of the call option to purchase its remaining 29.5 per cent. ownership interest in HZL

Under the terms of the HZL SHA, Vedanta Limited was granted two call options to acquire all the shares in HZL held by the GoI at the time of exercise. Vedanta Limited exercised the second call option on 29 July 2009. The exercise price for the second call option will be equal to the fair market value of the shares as determined by an independent appraiser. The price is yet to be determined on the basis that GoI has challenged the second call option. The GoI has refused to act, stating that Vedanta Limited's second call option violates the provisions of the Indian Companies Act, 1956, by restricting the right of the GoI to transfer its shares. Consequently, Vedanta Limited invoked arbitration, which is in the early stages. The next date of hearing by the arbitral tribunal is on 24 November 2018.

Meanwhile, the GoI, without prejudice to the position on the put/call option issue, has received approval from the Cabinet for divestment of its interest and the GoI is looking to divest through an auction route. On 9 January 2012, the Group offered to acquire the GoI's interests in HZL for INR 15,493 Crores (US$2,317 million). This offer is separate from the contested exercise of the call options, and the Group proposed to withdraw from ongoing litigations should their offer be accepted. To date, the offer has not been accepted by the GoI.

Vedanta Limited has commenced proceedings against the GoI which has disputed Vedanta Limited's exercise of the call option to purchase its remaining 49.0 per cent. ownership interest in BALCO

Vedanta Limited exercised the call option under the BALCO SHA on 19 March 2004, which was contested by the GoI on grounds of valuation and invalidity. The GoI claimed that the clauses of the BALCO SHA violate the Indian Companies Act, 1956 by restricting the rights of the GoI to transfer its shares and that as a result such provisions of the BALCO SHA were null and void. On 25 January 2011, the arbitration tribunal rejected Vedanta Limited's claims on the grounds that the clauses relating to the call option, the right of first refusal, the "tag-along" rights and the restriction on the transfer of shares violate the provisions of the Indian Companies Act, 1956.

In April 2011, Vedanta Limited filed an application under section 34 of the Arbitration and Conciliation Act, 1996 in the High Court of Delhi to set aside the award dated 25 January 2011 to the extent that it holds these clauses ineffective and inoperative. The GoI also filed an application before the High Court of Delhi to partially set aside the arbitral award dated 25 January 2011 in respect of certain matters involving valuation. The High Court of Delhi passed an order dated 10 August 2011 directing Vedanta's application and the application by the GoI to be heard together as they arise from a common arbitral award. The matter is currently pending before the High Court of Delhi and the next date of hearing is on 3 July 2018.

Similar to the HZL position above, the GoI is looking to divest its interest in BALCO through an auction route. The Group offered to acquire the GoI's interest in BALCO for INR 1,782 Crores (US$266.5 million)and proposed to withdraw from ongoing litigations should the offer be accepted. To date, the offer has not been accepted.

The SEBI launched an appeal to overrule a decision made by the Securities Appellate Tribunal of India where it was held that Vedanta Limited has not violated regulations prohibiting fraudulent and unfair trading practices

In April 2001, the SEBI ordered prosecution proceedings to be brought against Sterlite (now Vedanta Limited), alleging that it violated regulations prohibiting fraudulent and unfair trading practices. The SEBI also passed an order prohibiting Sterlite from accessing the capital markets for a period of two years. These orders were based on its finding that Sterlite had manipulated its share prices in connection with the proposed acquisition of shares in Indian Aluminium Company Limited (**"INDAL"**) and its proposed open offer to the shareholders of INDAL in 1998. The SEBI also alleged that MEL provided funds to an entity Vedanta

Limited allegedly controlled to enable its associate to purchase Sterlite's shares, as part of a connected price manipulation exercise.

The orders of SEBI were overruled by the Securities Appellate Tribunal of India in 22 October 2001 on the basis that there was a lack of sufficient material evidence to establish that Sterlite had, directly or indirectly, engaged in market manipulation and that the SEBI had exercised its jurisdiction incorrectly in prohibiting Sterlite from accessing the capital markets. In November 2001, the SEBI appealed to the High Court of Bombay. No further action or procedures have taken place since 2001.

In addition to the civil proceedings, the SEBI also initiated criminal proceedings in 2001 before the Court of the Metropolitan Magistrate, Mumbai, against Sterlite, Vedanta's Executive Chairman, Mr Anil Agarwal, Sterlite's Director of Finance, Mr Tarun Jain, and the chief financial officer of MEL at the time of the alleged price manipulation. When the orders of SEBI were overturned in October 2001, Sterlite filed a petition before the High Court of Bombay to defend those criminal proceedings on the grounds that the Securities Appellate Tribunal of India had overruled the orders on price manipulation. An order has been passed by the High Court of Bombay in Sterlite's favour, granting an interim stay of the criminal proceedings. There has been no development since the stay was granted.

The claim amount is not currently quantifiable.

Criminal proceedings against former directors of SIL

Ms Krishna Bajaj filed a complaint against the former directors of Sesa Industries Limited (**"SIL"**) (which has since been amalgamated with Sesa Goa) before the Magistrate at Mumbai in 2000, in relation to shares issued on a preferential basis by SIL in 1993 to Sesa Goa's shareholders. It was alleged that the shares of SIL were not listed within 12 to 18 months of the offer as stated in the offering document. The four directors appeared before the court on 16 June 2009 and pleaded not guilty to the charges. The four directors filed a criminal application in the High Court of Bombay challenging the Magistrate's order of framing. The High Court of Bombay admitted the criminal application and stayed the proceedings pending before Magistrate in Mumbai. There has been no development since the stay was granted. The claim amount is not quantifiable.

Criminal proceedings against certain directors and employees of BALCO

Criminal proceedings were initiated by Mr Ajay Padia before the Court of the Judicial Magistrate First Class, Pune against Mr Anil Agarwal, Mr Navin Agarwal, Mr Tarun Jain and other former directors and employees in 2002. It was claimed that an assurance that was given by these directors regarding payment of all amounts owed to him for the damaged material supplied by BALCO was not honoured. An application was filed at the High Court of Bombay to quash the proceedings in the Judicial Magistrate First Class and to dispose of the matter as alternative remedies were available before the Sessions Court, Pune, which was the appropriate Court. The High Court of Bombay stayed the criminal proceedings and the application was listed for disposal. The next date of hearing has not been fixed. The claim amount is not quantifiable.

BALCO is involved in litigation in relation to the illegal felling of trees situated on forest land

Petitions have been filed before the Supreme Court of India by various individuals and Sarthak, a non-governmental organisation. The claims against BALCO concerned illegal possession and use of forest land, which has been proposed to be leased by the Chhattisgarh Government, for the non-forest activities of BALCO. The Supreme Court of India referred the matter to the Central Empowered Committee, which recommended an ex post-facto diversion of forest land and payment amounting to the net present value of the land for the forest compensation not paid prior to the year of 1980. Subsequently, it was alleged that BALCO had cut trees in violation of the Supreme Court of India's order and one of the petitioners filed a contempt petition. The matter was again referred to the Central Empowered Committee, who submitted its report on 30 June 2012 to the Supreme Court of India. The Central Empowered

Committee recommended that a detailed survey should be conducted through Forest Survey of India using high quality remote sensing technique to find out whether any tree felling and/or non-forest use has taken place after 29 February 2008 in the revenue forest land and/or deemed forest in possession by BALCO. In order to expedite the proceedings, BALCO filed an application in the Supreme Court of India seeking direction to pay the net present value on forest land as per the recommendation of the Central Empowered Committee providing an ex-post facto diversion of the 1,751 acres forest land held by BALCO. The matter is likely to be listed for hearing at the end of July for further arguments. In the event that the Supreme Court of India rules against BALCO, BALCO may be required to pay the net present value of the land in question to convert the forest land to non-forest use. The maximum amount payable, based on the highest prescribed rate, is approximately INR 156 Crores (US$23.3 million).

Writ petitions filed against Vedanta Limited alleging violation of certain air, water and hazardous waste management regulations at the Tuticorin plant

In March 2013, the Tamil Nadu Pollution Control Board (the "**TNPCB**") ordered the closure of the copper smelter at Tuticorin due to complaints regarding a noxious gas leak by local residents. On 1 April 2013, Vedanta Limited filed an appeal before the National Green Tribunal ("**NGT**"), Chennai against the order of closure by the TNPCB. The NGT passed an interim order in 31 May 2013 allowing the smelter to recommence operations subject to certain conditions, and consequently Vedanta Limited resumed operations on 16 June 2013. The expert committee constituted by the NGT submitted a report on the operation of the plant on 10 July 2013 stating that the plant's emissions were within the prescribed standards. Based on this report, the NGT on 15 July 2013 ordered that the interim order dated 31 May 2013 shall continue to operate. On 8 August 2013, the NGT confirmed its 31 May 2013 order with directions to comply with the recommendations made by the committee to further improve the working of the plant within a time bound schedule.

Vedanta Limited implemented all the recommendations during the fiscal year ended 31 March 2013. However, the TNPCB filed a civil appeal in 2013 against the NGT's interim order dated 31 May 2013 and final order dated 8 August 2013. V Gopalaswamy, General Secretary of a Political Party, MDMK, also filed civil appeals in 2013. The appeals are pending before the Green bench of the Supreme Court of India and the next hearing date is awaited. The claim amount is not currently quantifiable.

The Enforcement Directorate has levied penalty of approximately INR 34.7 Crores (US$5.2 million) on Vedanta Limited

The Enforcement Directorate issued an order in August 2004, which alleged that Sterlite (now Vedanta Limited) and MEL had remitted approximately US$49 million to TSEHL without prior permission from the Reserve Bank of India (**"RBI"**). By this order, the Enforcement Directorate levied penalties on Vedanta Limited and certain directors of Vedanta Limited of approximately INR 34.7 Crores (US$5.2 million).

Vedanta Limited filed an appeal against the order of the Enforcement Directorate before the Appellate Tribunal of Foreign Exchange, seeking a waiver of the pre-deposit, which was allowed by the Appellate Tribunal of Foreign Exchange. The Enforcement Directorate challenged this order before the High Court of Delhi. The High Court of Delhi remanded the matter back to the Appellate Tribunal of Foreign Exchange to decide on the issue of a waiver. The next hearing date is scheduled for 6 July 2018.

Proceedings against Vedanta Limited relating to Niyamgiri mining project and expansion plans of refinery in Lanjigarh

In 2004, a writ petition was filed by a private individual against Vedanta Limited, the Government of Odisha, the Orissa Mining Corporation (the **"OMC"**) and others before the High Court of Odisha. It was alleged that the grant of a mining lease by the OMC to Vedanta Limited to mine bauxite in the Niyamgiri Hills at Lanjigarh, in the State of Odisha, would violate the provisions of the Forest (Conservation) Act, 1980 of India. The petition also claimed that the felling of trees, construction of the alumina refinery by Vedanta Limited and the development of the mine was in violation of the Forest (Conservation) Act, 1980 and would have an adverse impact on the environment. The petition sought, among other things, (i) to restrain the grant of the mining lease to mine bauxite, (ii) to declare that the joint operating agreement entered into between Vedanta and the OMC (the **"OMC JOA"**) was void, and (iii) to request a court direction for the immediate cessation of construction of the Lanjigarh alumina refinery and an unspecified amount of compensation from Vedanta for damage caused to the environment. This petition was also filed before the Supreme Court of India by certain non-governmental organisations and individuals. The Supreme Court of India granted Vedanta Limited the clearance to mine in and around the Niyamgiri Mines on the terms and conditions as specified in the court order. Consequent to the order of the Supreme Court of India, the proceedings before the High Court of Odisha became redundant as the issues were already determined.

On 24 August 2010, the Ministry of Environment and Forest of the GoI ("**MoEF**") declined to grant the forest clearance for the Niyamgiri mines to the OMC, and rendered the environmental clearance non-operational. On 8 March 2011, the OMC challenged the order of the MoEF by a special leave petition in the Supreme Court of India. On 18 April 2013, the Supreme Court of India ordered the Government of Odisha to direct any unresolved issues and claims of the local communities under the Forest Rights Act, 2006 and applicable rules to the Gram Sabha, the council representing the local community. The Gram Sabha was ordered to consider these claims and communicate its decision to the MoEF through the Government of Odisha within three months of the order. The Government of Odisha completed the process of conducting the Gram Sabha meetings and submitted its report on the proceedings to the MoEF. The Gram Sabah, without considering the issues framed by the Supreme Court of India, decided against the mining project in Niyamgiri.

On 8 January 2014, the MoEF rejected the grant of stage II forest clearance for the Niyamgiri project of the OMC, which is one of the sources of supply of bauxite to the alumina refinery at Lanjigarh under the OMC JOA. The OMC has issued a show cause notice dated 20 February 2015 on Vedanta Limited to explain why the OMC JOA will not be cancelled in view of the failure to achieve certain milestones set out in the OMC JOA. Vedanta Limited replied to the notice, substantiating all facts on the project followed by an in-person meeting. Vedanta noted that the OMC JOA was contingent on the OMC obtaining the necessary mining licenses. It stated that it did not have any objection to the OMC JOA being terminated as the mining leases could not be secured on the basis that Vedanta Limited should not be held responsible for not fulfilling its obligations under the agreement. Vedanta Limited requested assurance that the memorandum of understanding, which was signed prior to the OMC JOA, for the supply of 150 million tons of bauxite should remain in force.

On 15 April 2015, the OMC informed the MoEF that it intends to undertake bauxite mining independently at Niyamgiri mines and make available bauxite to the open market in view of receiving approval from the Department of Steel and Mines, Government of Odisha for the cancellation of the OMC JOA. Subsequently, the OMC terminated the OMC JOA. Vedanta has since sought a request for a standalone long-term linkage agreement for the supply of 150 million tonnes of bauxite. This agreement is with the OMC for execution.

Separately, on 20 October 2010, the MoEF ordered Vedanta Limited to maintain the status quo on the expansion of the refinery at Lanjigarh. Against this order, Vedanta Limited filed a writ petition in the High Court of Odisha, which dismissed the petition. Vedanta Limited made an application to the MoEF to reconsider the grant of the environmental clearance for the expansion of the alumina refinery. In a letter dated 2 February 2012, the MoEF issued fresh terms of reference to Vedanta Limited for preparation of the environment impact assessment report. Vedanta Limited submitted this report to the Odisha Pollution Control Board and simultaneously submitted various representations to the MoEF as well as the Project Monitoring Group established under the Cabinet Committee on Investments. The Expert Appraisal Committee of the MoEF reconsidered the project and revalidated the terms of reference for 22 months effective January 2014. Thereafter the suspension imposed on the expansion of Vedanta's alumina refinery was lifted.

The public hearing was held on 30 July 2014 and the expansion of the Lanjigarh refinery was considered by the Expert Appraisal Committee in its meeting dated 9 January 2015 for the grant of environmental clearance. In line with the Expert Appraisal Committee's recommendation, the MoEF on 20 November 2015 granted environmental clearance for the alumina refinery expansion from 1 to 6 MTPA in a phased manner and subject to certain conditions being met. For the expansion to 6 MTPA, the company is required to obtain an amendment of environmental clearance after the completion of land acquisition of the balance area of 666.03 HA. Subsequent to the grant of environmental clearance for expansion, the Odisha State Pollution Control Board has revalidated the consent to establish the alumina refinery expansion on 2 January 2016, and granted the consent to operate for the 2 MTPA on 31 December 2015.

On 18 February 2016 an individual challenged the environmental clearance granted for the alumina refinery expansion at Lanjigarh before the NGT, Kolkata wherein MoEF, Odisha State Pollution Control Board and Vedanta Limited have been made parties. Further, another individual has filed an interlocutory application for being impleaded in the matter before NGT Kolkata. The next hearing dates are awaited. The claim amount is not currently quantifiable.

Demands against HZL by the Department of Mines and Geology and Ministry of Mines

The Department of Mining and Geology, Rajsamvad of the State of Rajasthan issued several show cause notices in August, September and October 2006, claiming unlawful occupation and unauthorised mining of associated minerals other than zinc and lead at the HZL's Rampura Agucha, Rajpura Dariba and Zawar mines in Rajasthan during the period from July 1968 to March 2006. The value of the claim aggregates to INR 333.9 Crores (US$49.9 million). In response, HZL filed a writ petition against these show cause notices. In October 2006, the High Court of Rajasthan issued an order granting a stay and restrained the Department of Mines and Geology from undertaking any coercive measures to recover the penalty. In January 2007, the High Court of Rajasthan issued another order granting the Department of Mines and Geology additional time to file their reply. It also ordered the Department of Mines and Geology not to issue any orders cancelling the lease. The next date of hearing has not yet been fixed. The state government has rescinded the prospective liability towards environment and health cess by the notification dated 6 January 2017.

Vedanta Limited is involved in proceedings related to mining operations in the State of Goa

Pursuant to findings in the Justice M.B. Shah Commission Report dated 15 March 2012 on the allegations of illegal mining in the State of Goa, the state government had banned iron ore mining operations in Goa on 10 September 2012 and the MoEF suspended environmental clearances of all mining leases within the State of Goa. A writ petition was filed before the Supreme Court of India to initiate action based on the Justice M.B. Shah Commission Report and an interim order was passed by the Supreme Court of India on 5 October 2012 suspending mining operations within Goa.

The Supreme Court of India passed an interim order on 11 November 2013 directing that the inventory of the excavated mineral ores be verified by the Directorate of Mines and Geology and the Monitoring Committee was constituted to sell the materials through an e-auction. The Monitoring Committee is e-auctioning the ore and the proceeds from the auction will go to the state government.

On 21 April 2014, the Supreme Court of India passed judgment to lift the ban subject to certain stipulations, including: directions on mining by the lessees after 22 November 2007 being illegal; dumping outside the leased area being impermissible; an interim buffer zone fixed at one kilometre from the boundaries of National Parks and Sanctuaries; ad-hoc cap on annual excavation at 20 million tonnes other than from dumps until the final report of Expert Committee is submitted; appropriation of the sale value of e-auctioned inventoried ores by the state government as per stipulated conditions; and payment of 10 per cent. of the sale proceeds to the Goa Iron Ore Permanent Fund. The Supreme Court of India has also held that all mining leases in the State of Goa, including those of the Company, had expired in 2007 and consequently, no mining operations can be carried out until renewal/execution of mining lease deeds by the state government. The petition filed by Vedanta Limited in May 2014 for the review of the aforesaid judgment in the Supreme Court of India on certain limited issues was subsequently withdrawn by Vedanta Limited in September 2014.

On 13 August 2014, the High Court of Bombay, Goa Bench passed a common order directing the State of Goa to renew the mining leases for which stamp duty was collected in accordance with the Goa Mineral Policy (2013) and to decide the other applications for which no stamp duty was collected within three months thereof. As a result, the Government of Goa in January 2015 revoked the order that suspended mining operations in the State of Goa and the MoEF revoked suspension of environmental clearances in March 2015. Subsequently, the lease deeds for all working leases were executed and registered as of August 2015. Vedanta obtained consent to operate under the Air Act and Water Act from the Goa State Pollution Control Board ("**GSPCB**") and mining plan approval from the Indian Bureau of Mines for these leases, and the Company resumed operations of its mines on 10 August 2015.

The order issued by the High Court of Bombay was challenged by the Goa Foundation on 10 September 2014 by way of a special leave petition before the Supreme Court of India. No stay has yet been granted by the Supreme Court of India. Another set of special leave petitions on identical issues were also filed by Rama Velip. The Goa Foundation and Sudip Tamankar further sought to set out aside the second renewal of iron ore mining leases in Goa made under section 8 (3) of MMDR Act at the Supreme Court of India. They challenged the revocation of suspension on mining the State of Goa, which was upheld by the Supreme Court of India in its final order on 7 February 2018. The court directed all lease holders operating under a second renewal mining leases granted by the State of Goa to stop all mining operations with effect from 16 March 2018 until fresh mining leases (not fresh renewals or other renewals) and fresh environmental clearances are granted in accordance with the provisions of the MMDR Act. Accordingly, mining operations under these mining leases have been stopped with effect from 16 March 2018.

Separately, the Expert Committee has filed its reports on dump handling and ceiling on annual extraction before the Supreme Court of India recommending enhancement of annual extraction ceiling immediately to 30 MT and subsequently to 37 MT after infrastructure development. Vedanta Limited filed an application before the Supreme Court of India, requesting clarification on whether any contributions to the Goa Permanent Iron Ore Fund should be made as per the Supreme Court of India’s orders, as the central government has introduced a provision to set up a social fund known as the District Mineral Foundation in states for similar objectives. The Supreme Court of India has disposed of Vedanta Limited's application. Consequently, it was held that the Expert Committee report will be taken up once mining operations recommence in Goa.

Proceedings against Vedanta Limited challenging environmental consents received for expansion project of pig iron, metallurgical coke, sinter plants and power plant in Goa

On 6 March 2012, the High Court of Bombay dismissed a public interest litigation filed by Mr Ramachandra Vaman Naik and others for quashing an approval issued by the MoEF and the GSPCB for the expansion project of a pig iron plant, sinter plant, metallurgical coke plant and power plant in Goa. On 26 July 2012, Mr Naik challenged this dismissal by filing a special leave petition before the Supreme Court of India for an interim stay of the order and for a stay on the construction and operation of the plants in Goa. No stay has been granted in these matters and all respondents have filed their pleadings. The Supreme Court of India, on 7 November 2016, transferred the matter to the NGT, New Delhi for a de novo hearing and disposal in accordance with the law. The Supreme Court of India also set aside the order passed by the High Court of Bombay without expressing any opinion on the merits of the contention open to the parties. The matter was heard before the NGT on 4 December 2017, who disposed the matter and ordered the MoEF to examine if any additional conditions are to be added to the environmental clearances. Applicants were given liberty to submit suggestions within 2 weeks and MoEF was directed to pass orders expeditiously thereafter. No orders have been passed since.

Separately, an application was filed by the village panchayat head of Navelim, Goa before the NGT against the GSPCB, MoEF, State of Goa, Vedanta Limited and others. It was alleged that (i) GSPCB had issued its approval in a piecemeal manner to Vedanta, even though the environmental clearance order issued by the MoEF and the approval are for all four plants thereby violating the MoEF order, (ii) the no-objection certificate issued in relation to this project in 2007 was forged and fabricated, and (iii) the CN5 bridge at Maina-Navelim junction falls outside the notified industrial area. The application sought cancellation of the approval and the order of the MoEF. On 1 March 2013, the NGT gave directions to issue notices to all the parties. Vedanta Limited responded on 11 April 2013, denying all contentions and submissions made by the village head and requested that the application be dismissed. Pleadings in the matter have been completed. Subsequently on 10 February 2014 the matter was transferred from the Principal Bench of the NGT, New Delhi to the Western Bench of the NGT, Pune where it is currently pending. The next hearing date has not been fixed. These claims are currently not quantifiable.

Vedanta Limited has challenged the imposition of forest development tax by Government of Karnataka

In October 2008, Vedanta Limited filed a writ petition in the High Court of Karnataka against the Government of Karnataka and others, challenging the imposition of a forest development tax ("**FDT**") at a rate of 8.0 per cent. (a subsequent demand was made for the payment of tax at the rate of 12.0 per cent.) on the value of iron ore sold by Vedanta from the mining leases in the forest area, pursuant to the notification by the Government of Karnataka and the memorandum/common order issued by the Deputy Conservator of Forests. In August 2009, the High Court of Karnataka permitted the Government of Karnataka to levy the FDT and ordered that the demand be restricted to 50.0 per cent. of the FDT as an interim arrangement pending disposal of the writ petition.

Vedanta Limited filed an application before the High Court of Karnataka, seeking modification of the order in August 2009. However, the application was not taken up for hearing. Subsequently, Vedanta filed a special leave petition before the Supreme Court of India against the High Court of Karnataka's order. In November 2009, the Supreme Court of India ordered the High Court of Karnataka to dispose the application for modification of the order given in August 2009 and ordered Vedanta Limited to furnish a bank guarantee towards payment of the FDT. In April 2010, the High Court of Karnataka ordered Vedanta Limited to pay 25.0 per cent. of the demand in cash and furnish a bank guarantee for the remaining 25.0 per cent.

On 3 January 2016, the High Court of Karnataka passed its final order quashing the a FDT notification, holding that the rate of forest development tax levied to be 8 per cent. and directing a refund of the amount collected from mining leases other than state government owned companies. The state government of Karnataka appealed against the order before the Supreme Court of India, and another mining lessee also filed a counter appeal in the matter. The matter is pending before the Supreme Court of India. In the interim, the Supreme Court of India has stayed the refund of the FDT amount as ordered by the High Court of Karnataka.

In the meantime, the Government of Karnataka enacted the FDT Amendment Act, 2016 which empowers the State to collect FDT at 12 per cent, with retrospective effect from 2008, on the sale price of iron ore sold by Vedanta Limited. Vedanta Limited filed a writ petition in the High Court of Karnataka challenging constitutional validity of the FDT Amendment Act, 2016. The High Court of Karnataka has now struck down the FDT Amendment Act on 4 October 2017, directing refund of the amounts collected. The State of Karnataka appealed the decision, and the Supreme Court of India halted the collection on 31 March 2018. The court subsequently ruled on 21 March 2018 to hear the two matters mentioned above together. The next hearing date is awaited. The claim is currently not quantifiable.

Vedanta is involved in a tax dispute with the Indian Tax Department

The Group through its subsidiaries Richter Holdings Limited ("**Richter**") and Westglobe Limited ("**Westglobe**") in 2007 acquired the entire stake of Finsider International Company Limited based in the United Kingdom which was holding 51 per cent. shares of Sesa Goa. In October 2013, the Indian Tax Authorities ("**Tax Authorities**") served an order on Richter and Westglobe for alleged failure to deduct withholding tax on capital gain on the indirect acquisition of shares in April 2007.

The Tax Authorities determined the liability for such non-deduction of tax as INR 875.18 Crores (US$130.9 million) in the case of Richter and INR 583.45 Crores (US$87.3 million) in the case of Westglobe, comprising tax and interest. Being aggrieved, Richter and Westglobe filed appeals before the first appellate authority. Writ petitions were filed in the High Court of Karnataka challenging the constitutional validity of retrospective amendments made by the Finance Act 2012 and in particular the imposition of obligations to deduct tax on payments made against an already concluded transaction. The High Court of Karnataka passed interim orders and directed that the adjudication of liability (TDS quantum and interest) shall not remain in force because the tax department passed the orders on merits travelling beyond the limited issue of jurisdiction. The high court will hear on the jurisdiction issue. The next hearing date is awaited.

Cairn Energy West is involved in a special leave petition relating to income tax

Cairn India Energy West BV (**"Cairn Energy West"**) filed a writ petition with the High Court of Gujarat in December 2008 challenging the restriction of section 80-IB (9) of the IT Act (**"Section 80-IB (9)"**) on the production of oil. Section 80-IB (9) allows the deduction of 100 per cent. of profits from the commercial production or refining of mineral oil. The term "mineral oil" is not defined but has always been understood to refer to both oil and gas, either separately or collectively. The 2008 Indian Finance Bill appeared to remove this deduction by stating (without amending Section 80-IB (9)) that "for the purpose of Section 80-IB (9), the term "mineral oil" does not include petroleum and natural gas, unlike in other sections of the Act". Subsequent announcements by the Indian Finance Minister and the Ministry of Petroleum and Natural Gas ("**MoPNG**") have confirmed that a tax holiday would be available on production of crude oil but have continued to exclude gas. The High Court of Gujarat, by its order dated 29 July 2009 did not admit the writ petition on the ground that the matter needs to be first decided by the lower tax authorities. A special leave petition has been filed before the Supreme Court of India against the decision of the High Court of Gujarat. In the event that this challenge is unsuccessful, the potential liability for tax and related interest on the tax holiday claimed on gas production for all periods to 31 March 2017 is approximately INR 320 Crores (US$47.9 million). The special leave petition has not been heard. No date has been fixed for the hearing before the Supreme Court of India.

Separately, the Commissioner of Income Tax (Appeals) by an order dated 17 June 2010 has understood natural gas as falling within the ambit of the term "mineral oil" in relation to an assessment of Cairn Energy for the assessment year 2005-2006.

Vedanta Limited has filed certain writ petitions relating to sales tax

Vedanta Limited has filed two writ petitions before the High Court of Rajasthan seeking to set aside the letters and show cause notice issued by the Rajasthan Sales Tax Department and others demanding 4 per cent. value added tax ("**VAT**") on sales of crude oil on the basis of an intra-state sale (as opposed to an inter-state sale). A 2 per cent. Central States Tax is currently being paid. A stay against the show cause notices has been issued. The potential liability for tax and related interest for all periods until 31 Dec 2016 is approximately INR 4,158.1 Crores (US$621.8 million) (tax of INR 2,959.1 Crores (US$442.5 million) and interest of INR 1,199.0 Crores (US$179.3 million)). The matter was last heard on 17 May 2016 and the judgment dated 13 July 2016 allowed the petition and held that sale of crude oil should be regarded as interstate sale subject to central states tax and that Rajasthan VAT should not be applicable. The Rajasthan Sales Tax Department has filed a petition before the Division Bench of the High Court of Rajasthan against the order dated 13 July 2016 of the High Court of Rajasthan. The Rajasthan Sales Tax Department has filed a writ petition before the Division Bench of the High Court of Rajasthan against the order dated 13 July 2016 of the High Court of Rajasthan. The hearing concluded on 4 April 2018 before the Division Bench of the High Court of Rajasthan in favour of Vedanta Limited.

Claim against BALCO for energy development cess

In December 2006, the High Court of Chhattisgarh on a writ filed by BALCO and others, declared the provisions relating to imposition of energy development cess of INR 610.2 Crores (US$91.3 million) on the captive power plants to be unconstitutional and ordered refund of the cess already collected by the state government. The State of Chhattisgarh filed a special leave petition in the Supreme Court of India against the order of the High Court of

Chhattisgarh. The Supreme Court of India has issued a notice and stayed the refund of the cess already collected, pending the disposal of the special leave petition and restrained the tax department from taking any corrective step for the collection of the cess. The matter is listed before the Supreme Court of India for continuous hearings where the arguments are being presented.

The Amalgamation and Re-organisation Scheme has been challenged by the Tax Authorities and others

Subsequent to the effectiveness of the Amalgamation and Re-organisation Scheme, special leave petitions challenging the orders of the High Court of Bombay at Goa were filed before the Supreme Court of India by the Commissioner of Income Tax, Goa and the Ministry of Corporate Affairs in July 2013 and in April 2014, respectively. Further, a creditor and a shareholder have challenged the Amalgamation and Re-organisation Scheme in the High Court of Madras in September 2013. Further, the Ministry of Mines, GoI have challenged the Amalgamation and Reorganisation Scheme before the High Court of Madras and the High Court of Bombay, Goa Bench, respectively. Pursuant to the scheme of the merger, the Company filed revised tax returns and claimed a tax refund of INR 1,417 Crores (US$21.2 million). The Supreme Court of India has now admitted the special leave petitions. The next hearing date is awaited.

Arbitration proceedings on issues related to the cost recovery of the Ravva block

Cairn India along with other joint operation partners (the **"Contractor Parties"**) are involved in a dispute against the GoI relating to the recovery of contractual costs in terms of calculation of payments that the Contractor Parties were required to make in connection with the Ravva field.

The Ravva PSC obliges the Contractor Parties to pay a proportionate share of ONGC's exploration, development, production and contract costs in consideration for ONGC's payment of costs related to construction and other activities it conducted in Ravva prior to the effective date of the Ravva PSC (the **"ONGC Carry"**). The question as to how the ONGC Carry was to be recovered and calculated, along with other issues, was submitted to an international arbitration tribunal in August 2002 which rendered a decision on the ONGC Carry in favour of the Contractor Parties whereas four other issues were decided in favour of GoI in October 2004 (the **"Partial Award"**).

The GoI then proceeded to challenge the ONGC Carry decision before the Malaysian courts, as Kuala Lumpur was the seat of the arbitration. On October 11, 2011, the Federal Court of Malaysia adjudicated the matter and upheld the Partial Award and retained the jurisdiction for determination of any remaining issues relating to this matter. Accordingly, the Contractor Parties and the GoI were required to agree on a quantification of the sums relating to each of the issues under the Partial Award. The Contractor Parties also approached the MoPNG to implement the Partial Award while reconciling the statement of accounts as outlined in the Partial Award. GoI failed to implement the Partial Award by way of reconciling accounts as provided in the Partial Award.

However, on 10 July 2014, the MoPNG issued a show cause notice alleging that since the Partial Award had not been enforced, the profit petroleum share of the GoI had been short-paid. The MoPNG threatened to recover that amount from the sale proceeds payable by the oil marketing companies to the Contractor Parties. The Contractor Parties replied to the show cause notice taking various legal contentions. On 9 March 2015, a personal hearing took place between the MoPNG and the Contractor Parties whereby the Contractor Parties expressed their concerns against such alleged unilateral recoveries and filed further written submissions on 12 March 2015.

As the Partial Award did not quantify the sums, the Contractor Parties approached the same arbitral tribunal to pass a final award in the subject matter since the arbitral tribunal had retained the jurisdiction to do so. The arbitral tribunal commenced hearings at the Hague on 23 February 2015 and passed the final award on 26 October 2016, upholding that no further amounts are due from the claimants. The award specifies that each party should bear costs equally. GoI's challenge against the final award was dismissed by the High Court of Malaysia, Kuala Lumpur. GoI has subsequently filed an appeal against the High Court's decision before the Court of Appeal. If GoI is finally successful in its challenge, Cairn India could be liable for approximately INR 425.96 Crores (US$63.7 million) and interest. Meanwhile, Vedanta Limited has filed a petition before the High Court of Delhi for the enforcement of the Partial Award and final award, which is scheduled for a hearing on 4 September 2018.

Proceedings related to the imposition of entry tax

Vedanta Limited and other group companies challenged the constitutional validity of the local statutes levying entry tax on the entry of goods brought into the states from outside and other notifications, as being in violation of certain provisions of the Indian Constitution. Following some contradictory orders from the High Courts across India adjudicating on similar challenges, the Supreme Court of India referred the matters to its nine judge bench. The Supreme Court of India rejected the compensatory nature of tax as a ground for challenge and left all other issues open for adjudication by the regular bench hearing the matter.

Following the order of the nine judge bench, the regular bench of the Supreme Court of India proceeded with hearing the matters. The regular bench remanded the entry tax matters relating to the issue of discrimination against domestic goods from other States to the respective High Courts for final determination but retained the issue of jurisdiction on levy on imported goods, for determination by regular bench of the Supreme Court. Following the order of the Supreme Court of India, Vedanta Limited filed a writ petition in the High Courts of Rajasthan and Odisha. HZL and BALCO have also filed writ petitions in the High Court of Rajasthan and High Court of Chhattisgarh, respectively.

On 9 October 2017, the Supreme Court of India held that states have the jurisdiction to levy entry tax on imported goods. With this judgment from the Supreme Court of India, imported goods will rank *pari passu* with domestic goods for the purpose of levy of entry tax. The company and its subsidiaries are in the process of amending their appeals (writ petitions) in Orissa and Chhattisgarh to include imported goods as well. With respect to Rajasthan, the state government has filed a counter petition in the High Court of Rajasthan, whereby it has admitted that it does not intend to levy the entry tax on imported goods. The issue of discrimination has been remanded back to the High Courts for final adjudication. There has been no material development since.

In a related matter, the issue pertaining to levy of entry tax on movement of goods into a Special Economic Zone ("**SEZ**") remains pending before the High Court of Odisha. Meanwhile, the Government of Odisha further exempted entry tax levy on SEZ operations through its SEZ Policy 2015 and the operational guidelines for administration of this policy dated 22 August 2016.

The claim is currently not quantifiable.

Ravva joint venture arbitration proceedings: Base Development Cost

The Ravva Joint Operation had received a notice from the MoPNG claiming a total of US$129 million for an alleged underpayment of profit petroleum to the GoI for the period of 2000-2005, out of which Cairn India's share is US$29 million plus potential interest at applicable rate (LIBOR plus 2 per cent. as per the Ravva PSC). The GoI alleged that the Ravva Joint Operation partners had recovered costs in excess of the base development costs cap imposed in the Ravva PSC and that it had also allowed these excess costs in the calculation of the post-tax rate of return ("**PTRR**").

The Ravva Joint Operation partners (excluding ONGC) initiated arbitration proceedings and the arbitral tribunal announced its award on 18 January 2011, broadly allowing companies including Cairn India to recover the base development cost spent, amounting to US$278 million, and disallowed an over-run of US$22.3 million spent in respect of the base development cost and directed 50.0 per cent. legal cost on the GoI. The High Court of Kuala Lumpur, on 30 August 2012, dismissed the GoI's application for setting aside the award with costs.

The GoI further filed an appeal before the Court of Appeal, Kuala Lumpur, which was dismissed on 27 June 2014. The GoI thereafter filed an application for a leave to appeal against the Court of Appeal's order before the Federal Court, which was dismissed by the Federal Court of Malaysia on 17 May 2016 exhausting GoI's legal remedies to challenge the Award which is now final and binding. Meanwhile, GoI issued a show-cause notice in this matter which Cairn India replied to and subsequently also filed an application for enforcement of the award before the High Court of Delhi as an additional measure of caution. The next hearing in the matter is scheduled for 22 May 2018.

Separately, a suit has been filed by the GoI challenging the quantification of the legal costs under the arbitral award before the Single Bench of the High Court of Delhi, who granted a stay against the arbitral proceedings for determining the 'quantum of costs'. This stay was vacated by the Division Bench of the High Court of Delhi. The next hearing date is scheduled on 10 August 2018. By way of a separate challenge, the GoI has challenged the order of the Division Bench of the High Court of Delhi by way of special leave petition in the Supreme Court of India. There have been no developments since.

Proceedings, notices and enquires initiated by the Central Excise

The Central Excise department of the GoI had issued in June 2010 an ex-parte notice for reversal of Cenvat Credit of INR 315 Crores (US$47.1 million) along with interest of INR 8.8 Crores (US$1.3 million) for the non-compliance of Rules 4(5a) and 4(6) of the Cenvat Credit Rules 2004. This related to the non-return of official work forms for the period 1 March 2009 to 30 September 2009. In addition, it also alleged that Vedanta Limited violated the advance license conditions from 2005 to 2009. In 2010, Vedanta Limited filed four writ petitions No. 8123, 8135, 9744 and 9755 in the High Court of Madras against the Central Excise department along with an associated contempt petition. All the above petitions were heard on 29 July 2010 and pursuant to the order dated 8 June 2010, the High Court of Madras in relation to writ petition no. 8123, remanded the matter to be heard and determined afresh by a new set of officers of the Central Excise department. The court further granted a stay in relation to WP No. 8135 and, under an order dated 29 April 2011, dismissed the writ petitions No. 9744 and 9755.

The Central Excise department instructed the Assistant Commissioner of Central Excise to conduct an enquiry on the alleged non-compliance, who issued a show cause notice on 9 September 2011. Vedanta Limited responded to the notice and after conducting a personal hearing, the Assistant Commissioner passed a favourable order on 1 January 2012 and dropped the entire demand for duty and interest. As a result, the stay relating to writ petition No. 8135 became final. The Central Excise department appealed before the Commissioner (Appeals) against this order, but the appeal was restricted only to the demand of interest. The Commissioner (Appeals) allowed the appeal on 25 February 2013, on the condition that the interest would become applicable only in those where goods have not been sent back or cleared from the premises within 180 days from the date of dispatch from the Tuticorin unit. The verification of whether any interest is payable has been completed and the Central Excise department demanded an interest liability of INR 0.24 Crores (US$35,891.88). Vedanta Limited has challenged this demand before the tribunal on 7 April 2015. The case is yet to be listed for hearing.

Vedanta Limited also filed two writ appeals no. 704 and 705 of 2011 in the High Court of Madras, Division Bench challenging the orders passed with respect to the writ petitions no. 8135 and 9744 of 2010. The writ petitions were admitted on 1 August 2011 and the court ordered the other parties to maintain the status quo. In the meantime, the Commissioner of Customs Tuticorin issued a show cause notice in January 2015 based on alleged violation of advance license conditions from 2005 to 2009 expressly mentioning that this show cause notice shall be kept pending and not be adjudicated unless and until directions are obtained from the High Court of Madras enabling such adjudication. The show cause notice also sought explanation as to why (i) a sum of INR 3,99.6.018 million Crores (US$ 59.8 million) along with interest for alleged violation of condition of export obligation should not be demanded as duties of customs; and (ii) the quantity of 77,241.0 metric tonnes of copper should not be held liable for confiscation for violation of export obligation. Vedanta Limited filed writ petition no. 626 of 2015 against this show cause notice, which was tied up with writ appeals no. 704

and 705 of 2011 and heard together. Thereafter, regular hearings took place in the High Court of Madras, and on 12 March 2015 the High Court gave an interim order, allowing one of the prayers in writ in form of injunction to the Directorate General of Foreign Trade actions in pursuit of the show cause notice received from customs department. During the course of the hearings, writ appeal no. 704 was withdrawn as it has become infructuous as it relates to the job work challan matter which has already been concluded.

Writ appeal no. 705 of 2011 and writ petition no. 626 of 2015 were heard on 11 March 2016, and were both dismissed in terms of the final judgment of the High Court of Madras dated 1 August 2016. The court held that it did not find any impediment to custom authorities issuing show cause notice on basis of material gathered / input received from excise authorities. The court also held that company shall respond to the show cause notice dated 13 January 2015 within two weeks from receipt of the order and directed the Commissioner of Customs to conduct proceedings as expeditiously as possible. Vedanta Limited has filed a special leave petition against the High Court of Madras's order before the Supreme Court of India. The stay hearing before the Supreme Court of India on the special leave petition, took place on 21 April 2017 wherein the Supreme Court of India held that the commissioner of customs, Tuticorin may pass a final order against the notice but that it had to be kept in sealed cover. To date the matter has yet to be listed for final hearing and no order has been passed by the Commissioner of Customs, Tuticorin.

The Commissioner of Customs has allowed a personal hearing to adjudicate upon the show cause notice wherein Vedanta asked for cross examination of the concerned persons who have given and recorded the statements in the show cause notice. Further, Vedanta Limited requested for certain documents, which the Commissioner of Customs refused to provide. Vedanta Limited filed an appeal against the refusal order before the Customs, Excise and Service Tax Appellate Tribunal at Chennai where the tribunal allowed the request for cross examination but the dismissed the appeal relating to the request for documents. To date, there has been no cross examination relating to this matter.

Writ petition filed in the High Court of Delhi by Cairn India relating to extension of tenure of the Rajasthan Block PSC

The Rajasthan Block PSC is valid until 14 May 2020. Pursuant to the terms of the Rajasthan PSC, as the Rajasthan Block is producing natural gas, Cairn India has requested an extension of tenure of the Rajasthan Block for a period of up to 10 years, that is until 14 May 2030. ONGC and Cairn India's joint venture in the Rajasthan Block is technically aligned on the recoverable resources potential of the Rajasthan Block beyond the period set out in the Rajasthan PSC. Cairn India made several requests to the MoPNG for extension of the tenure of the Rajasthan Block PSC in the past few years. However, apart from seeking further technical and financial details, the MoPNG has not made a final decision in the matter. The decision is awaited. The claim amount is not currently quantifiable.

As a result of the delay, a writ petition was filed by Cairn India on 11 December 2015, seeking relief from the High Court of Delhi. During the court hearing held on 14 December 2015, the MoPNG and the Directorate General of Hydrocarbons ("**DGH**") contended that no decision had been taken in the matter as the requisite data had not been provided by Cairn India and ONGC. ONGC further contended that it had sought certain commercial particulars from Cairn India which had not been furnished by Cairn India. Through its order dated 14 December 2015, the High Court of Delhi ordered all parties to exchange the requisite information and documents to enable the GoI to make a decision in the matter. The High Court of Delhi imposed timelines on the parties for the exchange of information, namely the GoI, DGH and ONGC to seek data and information within four weeks, Cairn India to provide the requisite information within two weeks thereafter, ONGC to review and revert with commercial alignment on the projects within six weeks thereon and the GoI to take a decision within three months from the date of consensus between Cairn India and ONGC. Following the 14 December 2015 court order, information has been exchanged between Cairn India and ONCG for obtaining ONGC's commercial alignment.

Notwithstanding the above, MoPNG's and ONGC's stance so far has been that due to insufficient data provided by Cairn India, ONGC has not been able to conclude its commercial assessment. In view of this, the High Court of Delhi through its order dated 5 April 2016, ordered ONGC to give a final opportunity to Cairn India to furnish the requisite documents within 2 weeks from the date of the aforesaid order and thereafter to make a final decision on commercial alignment within an additional 2 weeks, in order to enable the GoI to take its decision in the matter as per the timeline stated in the High Court of Delhi's order dated 14 December 2015. Pursuant to the High Court of Delhi order, Cairn India and ONGC have continued the information exchange for the purposes of ONGC's review.

On 22 March 2017, the Cabinet Committee on Economic Affairs of the GoI approved a new policy for the grant of extension to production sharing contracts, such as the Rajasthan Block PSC, under the New Exploration Licensing Policy. DGH stated in a letter dated 12 April 2017 to Cairn India to apply for the extension under this policy. The GoI has also filed an affidavit communicating this extension policy and the High Court of Delhi has granted time to Cairn India to file its affidavit before the High Court of Delhi. The matter is now been reserved for judgment.

The claim is currently not quantifiable.

Writ petition filed in the High Court of Delhi by Cairn India relating to export of crude oil from Rajasthan Block

Cairn India has filed a writ petition before the High Court of Delhi against the Directorate General of Foreign Trade (**"DGFT"**), the MoPNG, and Indian Oil Corporation Limited (**"IOCL"**) for the export of crude oil from the Rajasthan Block.

Due to its nature and composition, the Rajasthan Block crude has the potential to be valued higher by refineries in other markets, beyond the prices being received from the GoI nominated buyers, namely IOCL, and private refiners, Reliance Industries Limited and Essar Oil Limited. Since 2009, Cairn India has been receiving bids from international buyers and refiners offering prices that are an additional US$3-4 per barrel more than the domestic sale prices for Rajasthan Block crude oil.

In accordance with the provisions of the Rajasthan Block PSC and the applicable GoI policies for crude oil export, Cairn India has repeatedly requested the IOCL and MoPNG to allow it to export Rajasthan Block crude oil, to which there has been no firm response. Cairn India also made written requests to the DGFT to intervene in the matter, which again proved unsuccessful.

As a result, Cairn India filed a writ petition in the High Court of Delhi on 11 December 2015 to obtain relief in the form of orders to the DGFT, MoPNG and IOCL for approvals and authorisations to permit and facilitate the export of Rajasthan Block crude oil, to the extent the GoI nominated buyers are unable to cover the entire production. Through its order dated 14 December 2015, the high court ordered the MoPNG, DGFT and IOCL to obtain necessary instructions on whether the GoI was willing to pick up the entire crude oil production from the Rajasthan Block, or in the alternative was ready to grant permission to Cairn India to directly export the crude oil not covered by the GoI nominees.

The GoI's stance thus far has been to deny Cairn India's request for export, although it has yet to present its complete arguments to the High Court of Delhi justifying its stance. Relying on the lack of consent from the GoI, the DGFT also rejected Cairn India's request for export permission on 16 February 2016. During the course of arguments, the High Court of Delhi disagreed with the GoI's observations on the construct of Article 18 of the production sharing contract and observed that there was no embargo on export neither in the production sharing contract nor in the policy. On 18 October 2016, the writ petition was dismissed with liberty to refer the matter to dispute resolution as per the Rajasthan Block PSC. Cairn India's appeal against the order is pending before the Division Bench of the High Court of Delhi and is listed to be heard on 3 May 2018. The claim amount is currently not quantifiable.

Shenzhen Shandong Nuclear Power Construction Co. Limited has commenced arbitration proceedings against Vedanta Limited

On 19 February 2012, Shenzhen Shandong Nuclear Power Construction Co. Limited ("**SSNP**") filed a petition before the High Court of Bombay under section 9 of the Arbitration and Conciliation Act, 1996. SSNP claimed that Vedanta Limited had suppressed the fact that it had failed to obtain environmental clearances in relation to a 210 MW co-generation power plant for a refinery expansion project at Lanjigarh. It also claimed the non-payment of debt owed for the construction and other services. This followed from SSNP's notice to terminate the contract dated 25 February 2011 and legal notice dated 23 February 2012 to recover the sum. SSNP also made a request for interim relief. Under the petition, SSNP sought for a restraining order on encashment of the advance bank guarantee, injunction from disposing or creating third party right over plant and machinery at the project site and security for the amount due under the contract. During the pendency of the petition, SSNP invoked arbitration by way of a notice dated 18 April 2012. SSNP sought an award for the sums of INR 4,472.11 million, US$ 2,380 million and EURO €121 million. On 25 April 2012, the High Court of Bombay dismissed SSNP's petition. SSNP appealed against this order before a Division Bench of the High Court of Bombay, which, by its order of 12 December 2012, ordered Vedanta Limited to deposit a bank guarantee for an amount of INR 187 Crores (US$28.0 million) until completion of all related legal proceedings.

In April 2013, Vedanta Limited also filed a counterclaim for delays in operations caused arguing that SSNP was responsible. As a result, SSNP filed an application for an interim award of INR 202 Crores (US$30.2 million) before the arbitral tribunal, which was not allowed. The tribunal awarded an aggregate amount of INR 220.7 Crores (US$33.0 million) to SSNP along with interest at the rate of 9 per cent. from the date of filing of the claim before the arbitral tribunal. Vedanta's challenge to the award under section 34 of the Arbitration and Conciliation Act, 1996 was dismissed by the court following which the Company filed an appeal before the High Court of Delhi under section 37 of the Arbitration and Conciliation Act, 1996. The High Court has granted a stay subject to the deposit of the award amount, which has now been partially paid. The rest of the amount will be paid upon return of the bank guarantee mentioned above. There has been no material developments or updates.

Proceedings against TSPL relating to its delay in commissioning various units of the power plant

TSPL entered into a long term power purchase agreement with Punjab State Power Corporation Limited ("**PSPCL**") for the supply of power. TSPL has a contractual obligation to commence commercial operation of various units of the power plant according to the scheduled timelines agreed in terms of the agreement. However, there were delays in implementing the project as compared to the scheduled timelines under the agreement. TSPL received letter from PSPCL, seeking payment of liquidated damages of INR 317.64 Crores (US$47.5 million) for each delay in commissioning of Units I, II and III totalling INR 952.93 Crores (US$142.5 million).

Subsequently, PSPCL invoked the bank guarantee of INR 150 Crores (US$22.4 million) towards payment of the liquidated damages on account of delay in completion of the commissioning of Unit I. TSPL filed a petition with the Punjab State Electricity Regulatory Commission ("**PSERC**") for quashing of the claim of liquidated damages and grant of extension of time to complete the commissioning of various units of the power plant. It claimed that the highlighted delays arose due to PSPCL's delay in the fulfilment of certain obligations under the power purchase agreement, such as those in relation to procuring interconnection and transmission facilities and arranging supply of adequate quantity of fuel for the project, as well as other force majeure reasons. On 22 October 2014, the PSERC ordered the matter to be settled through arbitration and the High Court of Punjab & Haryan allowed the stay on encashment of bank guarantee allowed the stay on encashment of the bank guarantee until further orders. PSPCL submitted an appeal in Appellate Tribunal for Electricity ("**APTEL**") against the PSERC order and on 12 May 2015, APTEL disposed the appeal by directing that the matter will be adjudicated by an arbitral tribunal. The arbitral proceedings have been concluded and the award has been passed in TSPL's favour. Meanwhile, PSPCL has filed an application challenging the award under section 34 of the Arbitration and Conciliation Act, 1996. The hearing is scheduled on 11 May 2018.

Proceedings against TSPL relating to mega power project benefits

Sterlite Energy Limited (now Vedanta Limited) ("**SEL**") submitted its bid for setting up a 1980 MW thermal power plant in the state of Punjab under a tariff based international competitive bidding process under a Case-II competitive bidding mechanism on June 2008, which was ultimately awarded to SEL. A power purchase agreement was entered between TSPL and PSPCL on September 2008. According to the power purchase agreement, any increase or decrease in the capital cost of the project on the occurrence of any “Change in Law” (as defined therein) after the cut-off date of 16 June 2008, had to be passed on to PSPCL, if it resulted in change in economic position of TSPL.

As TSPL intended to sell all of the generated electricity to the State of Punjab, it did not meet one of the requirements for the mega power project at the time of bidding, namely that the project had to sell electricity to more than one state. However, this requirement was amended in October 2009, making TSPL eligible for the mega power project status. Accordingly, TSPL was given the mega power project status in 2010 and thereafter has been receiving the customs and excise exemption.

In July 2013, PSPCL filed a petition before the PSERC, alleging that TSPL had become entitled to the mega power project status after the cut-off date and as a result, the mega power project benefits received by TSPL had to be passed on to PSPCL pursuant to the power purchase agreement’s “Change in Law” clause. TSPL responded that as of the cut-off date, similar benefits were available to it under India’s foreign trade policy as a non-mega power project and accordingly, that its economic position had not been altered pursuant to the grant of mega power project status to warrant the passing on of such benefits to PSPCL. TSPL has also produced a number of approval letters issued by various DGFT offices across India, which extended such benefits to non-mega power projects including government power projects or other public sector undertakings.

PSERC passed an order dated 2 December 2014 against TSPL. TSPL thereafter filed an appeal on January 2015 along with a stay application before the APTEL, challenging the order of PSERC. The stay application was rejected by APTEL without considering the submissions of TSPL. TSPL then filed a stay application before the Supreme Court of India, appealing against APTEL’s order on the stay application. The Supreme Court of India granted a stay on 24 April 2015 and subsequently on 28 July 2015, the Supreme Court of India ordered the stay to continue until given any further orders. The stay granted by the Supreme Court of India was later vacated on 6 February 2017, which led to a deduction of INR 214 Crores (US$32.0 million) whereas basis a subsequent Supreme Court order INR 50 Crores (US$7.5 million) was later refunded. Post this order APTEL granted a stay for further deductions from the monthly billing cycle against a bank guarantee furnished by the Company. APTEL disallowed TSPL’s contentions as per its order dated 4 July 2017 TSPL filed an appeal before the Supreme Court of India against the adverse APTEL order and a stay order against the deduction of INR 90 Crores (US$13.5 million) and against encashment of bank guarantee amounting to INR 38 Crores (US$5.7 million) was granted. TSPL filed a clarification application before the Supreme court of India, which was allowed, and PSPCL was directed to refund INR 50 Crores (US$7.5 million) deducted by them. The main appeal of the matter is pending for further hearing before the Supreme Court of India. The hearing date has not been fixed.

Proceedings related to costs of coal washing

On PSPCL’s refusal to pay energy charges to TSPL pursuant to the power purchase agreement between PSPCL and TSPL, TSPL filed a petition with the PSERC against PSPCL. TSPL claimed charges for (among other things) washing, unloading, surface transportation, transit loss, finance charges, gross calorific value loss related to the procurement of coal. PSPCL’s contention was that fuel charges should only include charges billed by fuel supply company, in this case Mahanadi Coalfields Limited. TSPL, however, claims that all costs of fuel procurement are to be considered by PSPCL under power purchase agreement since the obligation to supply fuel for the project is that of PSPCL under Case II Scenario IV bidding procedure of Ministry of Power. PSPCL's obligation of signing the fuel supply agreement with Mahanadi Coalfields Limited and to supply fuel for the project was later upheld by APTEL in another case between TSPL and PSPCL. This judgment has not been disturbed in PSPCL’s appeal to Supreme Court of India.

The PSERC gave a final order on 23 November 2015, rejecting all the claims made by TSPL. TSPL later filed an appeal before APTEL challenging the order of PSERC. On 3 July 2017, the APTEL partially allowed the appeal, awarding unloading and shunting charges to TSPL, but ruled against TSPL on other claims. TSPL filed an appeal against the APTEL order before the Supreme of India. In a similar matter before the Supreme Court of India, it granted substantial relief. TSPL's appeal was tagged with this matter. A cross appeal has also been filed by PSPCL. The claim amount involved is US$96 million. On the last date of hearing, the Supreme Court of India allowed TSPL's appeal, dismissing PSPCL's cross appeal.

Claim for contributions towards the District Mineral Foundation

The District Mineral Foundation was introduced by MMDRA Amendment Act, whereby all the mining lease holder have been made liable to pay contribution towards District Mineral Foundation. This shall be such percentage of royalty as prescribed by the central government. The Section 9B of the MMDRA Amendment Act introduced this levy and made it effective from 12 January 2015. In September 2015, a notification was issued by the Ministry of Mines prescribing the rate for the District Mineral Foundation contribution. In October 2015, another notification was issued by the Ministry of Coal whereby rates were prescribed for minerals like coal and lignite. However, a separate provision was inserted applying such rates from the date of the said notification or the respective state rules, whichever comes earlier. Subsequently, state rules were formulated for Rajasthan with effect from May 2016 and demand notices were received by HZL for deposit of the District Mineral Foundation contribution from 12 January 2015. The High Court of Rajasthan in its order dated 8 August 2016 stayed the said demand retrospectively for the period under challenge. At the same time, Vedanta Limited and BALCO challenged the notifications for liability on account of fuel before the High Court of Delhi. BALCO has also challenged the liability on account of non-fuel before the High Court of Chhattisgarh. These challenges before the respective High Courts have now been disposed of in accordance with the final Supreme Court order mentioned below.

The Federation of Indian Mineral Industries had also filed a writ petition before the High Court of Delhi, obtaining an order for no coercive action, which petition was subsequently transferred to the Supreme Court of India. The Supreme Court of India passed the final order in this matter and directed the contribution to District Mineral Foundation, where in the case of minerals other than coal, shall come into effect from 17 September 2015 and in the case of coal with effect from 20 October 2015 or from the date on which the District Mineral Foundation was established by the state, whichever is later.

Pursuant to the order of the Supreme Court of India, HZL has challenged the demand, disputing the period when the State of Rajasthan established the District Mineral Foundation, at the High Court of Rajasthan, which has granted a stay. Following the Supreme Court order, BALCO has filed a writ petiton before the High Court of Delhi on the grounds of discrimination between the levy on coal and other non-coal minerals and argued that the right to levy taxes on minerals rights falls under the state list and the Central Government has no right to legislate on this aspect. The next hearing date is scheduled for 16 May 2018.

The claim is currently not quantifiable.

Cairn India received a show cause notice from the Indian tax authorities for not withholding tax on payments made while acquiring a subsidiary

In March 2015, Cairn India received a notice from the Tax Authorities alleging its failure to withhold tax on the consideration paid to Cairn UK Holdings Limited ("**CUHL**") on a transaction which took place in the year 2006-07. The transaction related to the acquisition of shares of Cairn India Holdings Limited ("**CIHL**"), a wholly-owned subsidiary of Vedanta Limited as of 31 March 2017, from CUHL as part of a group reorganisation during the financial year 2006-2007. Based on the retrospective amendments made in 2012 to the Income Tax Act 1961, that is the insertion of explanation 5 of section 9(1)(i), the Tax Authorities issued an order on 11 March 2015 demanding approximately INR 20,494.7 Crores (US$3,065 million) comprising tax of approximately INR 10,247.4 Crores (US$1,532.5 million) and interest of an equivalent amount) for not withholding tax on the consideration paid to CUHL.

The Tax Authorities also stated in the order that a short term capital gain of INR 24,503.50 Crores (US$3,664.5 million) accrued to CUHL on transfer of the shares of CIHL to Vedanta Limited in financial year 2006-2007, on which tax should have been withheld by Vedanta Limited. Vedanta Limited understands that a tax demand has also been raised by the Tax Authorities on CUHL with respect to taxability of alleged capital gain earned by CUHL.

As a result, Vedanta Limited filed a notice of claim against the GoI on 27 March 2015 under the UK-India bilateral investment treaty in order to protect its legal position and shareholder interests. Management was advised that Vedanta Limited has a good case to defend under the provisions of UK-India bilateral investment treaty, the benefit of which would ultimately accrue to Vedanta Limited. The International Arbitration Tribunal issued an order on 28 December 2017, where it held that Vedanta Limited is an investor eligible for arbitration and further held that the jurisdiction is in favour of Vedanta Limited. The merits of the matter are scheduled to be heard between 29 April – 10 May 2019. The GoI has challenged the jurisdiction order of Arbitration Tribunal before the High Court of Singapore. The next hearing date is awaited.

Further, Vedanta Limited has sought independent advice on this issue and has been advised that there could be no liability on Vedanta Limited for the failure to withhold the taxes in the year 2006-07 based on provisions of law prevailing at the time of transaction as the aforesaid retrospective amendment has cast an impossible obligation on Vedanta Limited to deduct tax by having to predict and anticipate that the retrospective amendment will be made by the legislature on a future date. Vedanta Limited has approached the High Court of Delhi against the said order. The next hearing date is scheduled for 6 July 2018 before the High Court of Delhi. Vedanta Limited also filed an appeal before the Commissioner of Income Tax (Appeals). The Commissioner of Income Tax (Appeals) confirmed the tax demand and interest against Cairn India, which was subsequently challenged before the Income Tax Appellate Tribunal. The next hearing date is awaited.

Class actions against KCM on behalf of Zambian nationals

Two separate proceedings were issued in England and Wales by two English law firms, Hausfeld and Leigh Day, on behalf of Zambian nationals. It is alleged that they have suffered loss and damages as a result of the operation of the Konkola copper mine of Konkola Cooper Mines plc ("**KCM**").

Leigh Day issued proceedings on 31 July 2015 on behalf of 1813 individual claimants from the Shimulala, Kakosa, Hellen and Hippo Pool communities in the Chingola district in Zambia. The allegations made against the Company and KCM pertain to alleged incidents occurring over an 11 year time period and include claims of personal injury, significant pollution, environmental damage and claims for aggravated and exemplary damages and for injunctive relief. These allegations are currently being investigated by KCM. There has been no hearing or proceeding in any court on the merits of any of these claims to date, none has been scheduled, and the amount of the claims has not been specified.

The Company and KCM have challenged the jurisdiction of the High Court of Justice of England and Wales, inter alia, on the basis that (a) there are already existing proceedings in Zambia which have been brought by multiple claimants against KCM in respect of the operation of the Konkola copper mine, (b) some of the claimants have already brought claims in Zambia, (c) the Konkola copper mine is situated, operated and regulated by Zambian regulators pursuant to Zambian law, (d) it is where KCM, the operator of the mine, is domiciled, (e) it is where the minority shareholder of KCM (controlled by the Government of the Republic of Zambia) is domiciled, (f) it is where the claimants are situated; (g) it is where the damage is alleged to have occurred, (h) it is the where the relevant witnesses are based, the relevant evidence is based, and (i) it is Zambian law which applies to these claims and Zambia has a fully functional legal system which can also accommodate group actions (or class actions) claims.

On 28 May 2016, the English High Court of Justice, Queen’s Bench Division, Technology and Construction Court released a judgment disallowing the applications from the Company and KCM, respectively, ruling that the English courts have jurisdiction to hear and adjudicate the claims. The Company and KCM were granted permission to appeal the order before the Court of Appeal, which has been allowed.

Separately, Hausfeld issued a claim form on 16 July 2015 in the Queen's Bench Division on behalf of 347 claimants in relation to alleged pollution from the Konkola copper mine. This was alleged to have led to, amongst other things, personal injury. Whilst no particulars of claim were produced, the claims by Hausfeld appeared to cover materially the same facts and matters as those which form the substance of the claim being brought against the Company and KCM by Leigh Day (referred to above). It subsequently became clear that Leigh Day and Hausfeld were claiming to act for some of the same claimants and, following a case management conference in the English High Court on 24 November 2015, it appears to have been established between Leigh Day and Hausfeld that those "overlapping" claimants wished to instruct Leigh Day rather than Hausfeld, increasing the number of claimants represented by Leigh Day to 1826. The Hausfeld claim form was therefore allowed to lapse without service. That claim on behalf of 347 claimants is therefore at an end.

On 25 January 2016, Hausfeld informed the High Court that they are assessing the viability of potential new claims relating to alleged environmental pollution against KCM and Vedanta, involving 1,099 individuals in the Copperbelt region in Zambia. Hausfeld told the court that the alleged pollution appeared to emanate from a different source than that which is the subject of the Leigh Day claim, though Hausfeld have indicated that they are awaiting the outcome of Vedanta and KCM's jurisdiction challenges in the Leigh Day claim (referred to below) before deciding whether to pursue those claims. Hausfeld have not yet commenced pre-action correspondence, or taken any other steps, in respect of those potential new claims. The hearing on the appeals of Vedanta and KCM on the jurisdiction of the UK courts to adjudicate the Leigh Day claims was concluded on 6 July 2017. The Court of Appeal upheld the order of the lower court. Vedanta and KCM have appealed before the UK Supreme Court. There have been no developments since.

The claim amount is not currently quantifiable.

Proceedings against KCM by Zambia Consolidated Copper Mines Investment Holdings

KCM and its shareholder, majority state-owned Zambia Consolidated Copper Mines Investment Holdings ("**ZCCM-IH**"), have been engaged in discussions regarding the price participation settlement agreement entered into in December 2012. In June 2016, ZCCM-IH filed a claim before the English High Court of Justice, Queen's Bench Division, Commercial Court. It was alleged that outstanding payments were owed under the price participation settlement agreement. On 16 December 2016, the court ruled that US$103.3 million, including contractual interests, is payable to ZCCM-IH. ZCCM-IH's application for alleged additional sums owed under the settlement agreement will be subject to a hearing from March 2017, KCM and ZCCM-IH have already engaged in settlement discussions about the additional interests and a consent order was filed before the court on 13 January 2016. The court also determined the issue of additional interest sought by ZCCM-IH and, as per the ruling on 14 December 2017, the court ruled that ZCCM-IH is entitled to payment of US$35.99 million (including default interest) and directed payments to be made in instalments.

9. **Litigation affecting Electrosteel**

9.1 Pursuant to the Resolution Plan, all Claims in relation to any period prior to the Effective Date or on account of the Acquisition, shall be settled at nil value by order of the NCLT approving the Resolution Plan. None of Electrosteel, Vedanta Limited nor Vedanta Star will be liable, directly or indirectly, for any Claims with respect to any transactions entered into, or decisions or actions taken by the Existing Promoters and existing shareholders, managers, directors, officers, employees, contractors and other personnel of Electrosteel. However, the Company is required by the Listing Rules to disclose details of any material governmental, legal or arbitration proceedings (or any such proceedings which are pending or threatened) during the last 12 months which may have, or have had in the recent past, a significant effect on Electrosteel, its financial position or profitability.

Vedanta and its advisers have had limited access to Electrosteel's non-public information. All information in this document has been sourced from publicly available information and the Disclosed Information, as detailed in paragraph 2 of Part III (*Presentation of Information*). This information has not been subject to comment or verification by Electrosteel or their respective directors.

The level of detail in respect of legal proceedings affecting Electrosteel in the publicly available information and the Disclosed Information is, in many cases, not sufficient to clearly understand the basis, timing or status of such proceedings and Electrosteel has not identified to the Company, Vedanta or any of its advisers which of these they deem material. In some (but not all) cases, an indication of the quantum of damages has been provided but the Company is not able to determine to what extent Electrosteel (as opposed to the Existing Promoters) would be liable to pay such damage in the event that a finding or judgment was finally made against Electrosteel. As such, the Company has used its own judgment to assess the materiality of such proceedings, by reference to the information available, to determine which proceedings should be disclosed.

On the basis of the above and save as set out below and in the Corporate Insolvency Resolution Process, the Company is not aware of any material governmental, legal or arbitration proceedings (or any such proceedings which are pending or threatened) during the last 12 months which may have, or have had in the recent past, a significant effect on Electrosteel, its financial position or profitability.

Electrosteel is involved in arbitration proceedings with China First Metallurgical Group Co Limited

China First Metallurgical Group Co Limited and its Indian subsidiary, China First Metallurgical Construction India Private Limited, have filed claims before the Resolution Professional in the aggregate amount of approximately INR 490 Crores (US$73.3 million). Both companies have filed arbitration petitions, which are pending before the Supreme Court of India. The Resolution Professional did not provide Vedanta and its advisers with copies of the arbitration petitions setting out the details of the action and the orders of the Supreme Court of India in this matter do not address the facts of the dispute or specify any disputed amounts. The Company understands that the claimants supplied Electrosteel with three blast furnaces. The proceedings have been adjourned by an order dated 22 August 2017 due to the moratorium passed by the NCLT under the Corporate Insolvency Resolution Process. The moratorium was lifted on approval of the Resolution Plan on 17 April 2018 and the next hearing date is awaited.

Electrosteel is involved in a dispute with the State of Jharkhand in relation to the alleged encroachment upon land designated for forestry

The State of Jharkhand has contended that Electrosteel has encroached upon and started non-forestry work over land in Bhagabandh Village, Chas Division, which was notified and demarcated as 'protected forest land' under section 28 (3) of the Indian Forest Act, 1927 in a notification dated 24 May 1958. This notification declared 12,500 acres of land as 'forest land' in various parts of Bihar, of which Electrosteel holds approximately 256.92 acres. Several connected litigation cases are pending at various lower and regional courts. If the courts rule against Electrosteel, Electrosteel would not have valid title of the relevant piece of land and the value of the Site would be significantly impacted. A moratorium has been ordered under the Corporate Insolvency Resolution Process in respect of all legal proceedings. The moratorium was lifted on approval of the Resolution Plan on 17 April 2018 and the next hearing date is awaited.

Electrosteel is involved in several title disputes

Electrosteel is a party to several suits where the title of Electrosteel and its predecessor in title has been disputed and challenged. This includes Title Suite No. 38 of 2009 filed at the Court of the Sub-Judge, Bokaro with respect to a disputed area of approximately 305.73 acres and a case No. 26 of 2013 filed before the Office of the Circle Officer, Bokaro with respect to a disputed area of approximately 63.29 acres. The current status of the suit is unclear as the suit is not listed on the official website of the civil court of Bokaro.

Electrosteel has also filed a declaratory suit for title before the City Civil Court in Bokaro, being Title Suit No. 14 of 2010 to, among other things, declare permanent occupancy 'raiyati' rights over 267.58 acres of land and for costs of the suit valued at INR 9 Crores (US$1.3 million). The cause of action under this suit arose when proceedings under the Bihar Public Land Encroachment Act, 1956 were initiated against Electrosteel for having encroached upon notified forest land. In an order dated 13 April 2015 and passed by the civil judge, a reference has been made to the letter sent by the Assistant Inspector General, MoEF to the Principal Secretary Forests, Government of Jharkhand to stop the functioning of the part of the Plant which is allegedly built on forest land without authorisation and in violation of the Forest Act, 1927. The District Forest Officer, Bokaro, issued a letter conveying the issue to Electrosteel on 18 February 2018. The judge has not ruled on the declaration of permanent occupancy however the judge has stated that the court would not interfere with the administration of the state. The judge also rejected the plea by Electrosteel for stay on the operation of these letters.

In addition, Vedanta notes that under Title Damages Suit No. 91 of 2013, Electrosteel has filed a suit against certain persons, including a member of the Legislative Assembly and two members of the Marxist Coordination Committee. Electrosteel claimed that they had laid a siege on the gates of the steel plant situated in Siyaljori, leading to loss in production by Electrosteel and hindrance to the movement of manpower, raw materials and finished products. Electrosteel has claimed damages of INR 34 Crores (US$5.1 million). The defendants have contended that they have peacefully protested against Electrosteel to redress grievances caused to the villagers who list the land their forefathers had held legally and have counter-claimed an amount of INR 40 lakhs (US$0.1 million). As a result, Electrosteel has approximately claimed 140 Crores (US$20.9 million). The cases are pending adjudication. The moratorium imposed on all legal proceedings under the Corporate Insolvency Resolution Process has now been lifted on approval of the Resolution Plan on 17 April 2018 and the next hearing date is awaited.

Electrosteel is involved in arbitration proceedings with UB Engineering Limited over engineering procurement and construction contracts

Electrosteel and UB Engineering Limited entered into an agreement on 27 December 2010 for the erection and commission of an oxygen plant. The contract provided a period of 12 months for Electrosteel to identify defects and for UB Engineering Limited to make good such defects at its own cost. The contract also provided for a bank guarantee, retention money and liquidated damages that may be provided to Electrosteel. Several work orders were issued by Electrosteel accordingly. The work orders provided for 40 per cent. of the amount due to be paid upon completion of alignment and erection of the equipment; 40 per cent. of the amount to be paid after testing and cold trial; 15 per cent. of the amount due will be paid after the hot trial; and the remaining 5 per cent. shall be paid after 12 months from the submission of a performance bank guarantee. Any defects were to be addressed by UB Engineering Limited, who shall bear the costs for remedying the defects.

UB Engineering Limited claimed payments for the work orders in respect of the Bokaro 544 oxygen plant for the period from July to August 2013 and extended work performed in November 2013, amounting to INR 47.66 Crores (US$7.1 million) (including interest). The Information Memorandum states that the total claim amounts to INR 51.75 Crores (US$7.7 million). UB Engineering alleged that Electrosteel has accepted the amount due to be paid but have yet to advance the payment.

On 9 December 2014, Electrosteel filed a counter claim for INR 11.06 Crores (US$1.7 million) on the grounds of excessive billing pursuant to their audit of 80 per cent. of the work orders. UB Engineering Limited sent a letter to Electrosteel on 17 June 2015 and requested the initiation of arbitration. Electrosteel has filed the matter for the appointment of the arbitrator before the High Court of Jharkhand. The arbitration was adjourned due to the moratorium passed by the NCLT under the Corporate Insolvency Resolution Process. The moratorium has now been lifted on approval of the Resolution Plan on 17 April 2018 and the next hearing date is awaited.

A summary suit was filed by Polycab Wires Private Limited

Based on the publicly available orders of the High Court of Bombay, a summary suit was filed by Polycab Wires Private Limited ("**Polycab**") against Electrosteel pursuant to a sale of electrical components for an amount of INR 10.95 Crores (US$1.6 million), with an interest of INR 3.92 Crores (US$0.6 million). The summary suit was admitted and entered into the register without obtaining the leave from the High Court under the applicable rules of civil procedure. Subsequently, Polycab obtained a decree against Electrosteel. Electrosteel challenged the decree before the High Court of Bombay, Division Bench. The Division Bench allowed the appeal and set aside the decree. The summary suit was remanded back to a single judge of the High Court of Bombay to deal with the summary suit in accordance with the findings of the Division Bench. So far as the Company is aware, based on publicly available information and the Disclosed Information, Polycab has not taken further steps in the summary suit nor has the case been heard on its merits.

Electrosteel is procuring a CTO for the Plant

Electrosteel does not have a CTO for the Plant under the Air Act, the Water Act and the HWM Rules due to the alleged encroachment of forest land by the State of Jharkhand (as referred to above). The High Court of Jharkhand held that the order passed by the Jharkhand State Pollution Control Board on 18 April 2015, which ordered the closure of the Plant, had been passed without giving Electrosteel the opportunity of being heard and was therefore against the principal of natural justice. The court also held that Electrosteel's ownership claims on the basis of the decree of the Civil Court in favour of Electrosteel's predecessor-in-title was not considered by the Jharkhand State Pollution Control Board while passing the order.

Consequently, the Jharkhand State Pollution Control Board permitted the Plant to be operational on non-forest land until 31 December 2017 subject to: (i) the outcome of the show cause notice dated 6 June 2012 issued by the MoEF to Electrosteel, in which the MoEF had alleged that Electrosteel has been carrying out construction activities on notified forest lands; (ii) compliance with conditions of the environmental clearance issued to Electrosteel by MoEF on 21 February 2008; and (iii) compliance with the Chottanagpur Tenancy Act 1908, Forest Act 1927, Water Act, Air Act and all other applicable environmental rules.

Electrosteel filed an application with the Jharkhand State Pollution Control Board on 28 August 2017 for the renewal of the consent and approval to continue to operate the Plant. Pursuant to the Resolution Plan, the NCLT has granted a dispensation to Vedanta Limited in relation to the CTO, following which the Jharkhand State Pollution Control Board will allow Vedanta Limited to operate the Plant until the renewal of the CTO or for a period of three months from the Effective Date (whichever is earlier), without any levies, penalties or punishment. If the CTO is not granted before the expiry of three months from the Effective Date, the Enlarged Group may incur delays and additional costs seeking such consent.

Electrosteel is involved in several tax proceedings

Electrosteel is involved in several tax proceedings. This includes show cause notices issued to Electrosteel (i) by tax authorities for a shortfall in the payment of service amounts (amounting to INR 51.33 Crores (US$7.7 million)); (ii) by Central Excise authorities for wrongly availing cenvat credits of INR 37 Crores (US$5.5 million); and (iii) by the custom authorities for recovery of custom duty tax worth approximately INR 1,326 Crores (US$198.3 million). Separately, Electrosteel filed a refund claim before the Assistant Commissioner, Central Excise and Service Tax (the **"Commissioner"**) on the grounds that the product "ready concrete mix" was exempted from payment of central excise duty . The Customs, Excise and Service Tax Appellate Tribunal remanded the matter back to the original adjudicating authority to investigate. Electrosteel also filed a claim for a refund of VAT and submitted documents evidencing its eligibility for a refund. The Commissioner demanded the submission of the declaration forms "C" form and "F" form from Electrosteel for the period April 2012 to March 2014 for a total demand of INR 1.09 Crores (US$0.2 million). A moratorium has been ordered under the Corporate Insolvency Resolution Process in respect of all legal proceedings, including the tax proceedings above. Pursuant to the Resolution Plan, all tax proceedings will be written off in full and deemed permanently extinguished by virtue of the order of the NCLT approving the Resolution Plan.

10. **Significant change**

10.1 There has been no significant change in the financial or trading position of the Group since 30 September 2017, being the date of the last unaudited financial statements of the Company.

10.2 So far as Vedanta is aware having regard to publicly available information and the Disclosed Information, there has been no significant change in the financial or trading position of Electrosteel since 31 December 2017, being the date to which the last unaudited financial information in Part D of Appendix I (*Electrosteel Financial Information*) of this document is presented.

11. **Related Party Transactions**

Related Parties

In respect of the periods for which historical financial information appears or is incorporated by reference in this document and in respect of the periods from the end of such financial periods to 27 April 2018 being the latest practicable date prior to the publication of this document neither the Company nor any other member of the Group, has entered into any transactions with related parties other than as set out below:

(a) ***Sterlite Technologies Limited***

	Year ended 31 March		
	2015	**2016**	**2017**
	(US$million)	**(US$million)**	**(US$million)**
Sales to Sterlite Technologies Limited	–	140.4	127.8
Recovery of expenses	–	0.2	0.0
Purchases	–	1.1	2.6
Net interest received	–	0.2	1.3
Net amounts receivable at period/year end	–	0.2	4.0
Net amounts payable at period/year end	–	1.4	0.2
Dividend income	–	0.0	0.1

Sterlite Technologies Limited is a related party by virtue of having the same controlling party as the Company, namely Volcan. Pursuant to the terms of the Shared Services Agreement, as described in more detail at paragraph 5.1 of this Part VI (*Additional Information*), Sterlite Technologies Limited provide various commercial services in relation to Sterlite's businesses on an arm's length basis and at normal commercial terms. For the year ended 31 March 2017, the commercial services provided to Sterlite Technologies Limited were performed by certain senior employees of the Vedanta Group on terms set out in the Shared Services Agreement. The services provided to Sterlite Technologies Limited in this year amounted to US$0.03 million.

(b) ***Sterlite Power Transmission Limited***

Sterlite Power Transmission Limited ("**SPTL**") is related by virtue of having the same controlling party as the Company, namely Volcan.

	Year ended 31 March		
	2015	**2016**	**2017**
	(US$million)	**(US$million)**	**(US$million)**
Sales to SPTL	–	–	2.6
Purchases	–	–	0.4
Investment in Equity Share	–	–	1.5

(c) ***Vedanta Foundation (formerly Sterlite Foundation)***

The Company made the following donation to Vedanta Foundation:

	Year ended 31 March		
	2015	**2016**	**2017**
	(US$million)	**(US$million)**	**(US$million)**
Donation	0.7	0.5	10.2

The Vedanta Foundation is a registered not-for-profit entity engaged in computer education and other related social and charitable activities. The major activity of the Vedanta Foundation is providing computer education for disadvantaged students. The Vedanta Foundation is a related party as it is controlled by members of the Agarwal family who control Volcan, being the majority shareholder of the Company.

(d) ***Sesa Goa Community Foundation Limited***

The Company made the following donation to Sesa Goa Communication Foundation Limited:

	Year ended 31 March		
	2015	**2016**	**2017**
	(US$million)	**(US$million)**	**(US$million)**
Donation	0.4	0.4	0.3

The Sesa Goa Communication Foundation Limited is controlled by the directors of a member of the Vedanta Group.

(e) ***Sterlite Iron and Steel Limited***

The Company made the following payments to Sterlite Iron and Steel Limited:

	Year ended 31 March		
	2015	**2016**	**2017**
	(US$million)	**(US$million)**	**(US$million)**
Loan balance receivable	1.1	0.7	0.7
Net amount receivable at year end (including interest)	1.8	1.8	1.9
Net Interest Income	0.2	0.1	0.1

Sterlite Iron and Steel Limited is a related party by virtue of having the same controlling party as the Company, namely Volcan.

(f) ***Vedanta Medical Research Foundation***

The Company made the following donation to Vedanta Medical Research Foundation:

	Year ended 31 March		
	2015	**2016**	**2017**
	(US$million)	**(US$million)**	**(US$million)**
Donation	0.7	2.7	5.2

The Vedanta Medical Research Foundation (formerly Vedanta Medical Research Association) is a related party of the Vedanta Group on the basis that key management personnel of the Vedanta Group exercise significant influence.

(g) ***Volcan***

The Company made the following payments to Volcan:

Year ended 31 March

	2015	2016	2017
	(US$million)	**(US$million)**	**(US$million)**
Net amount receivable at the year end	0.4	0.2	0.4
Recovery of expenses	0.3	0.3	0.2
Dividend paid	115.6	75.0	93.7

The Group has also provided a bank guarantee on behalf of Volcan in favour of the Income Tax Department, India, as collateral in respect of certain tax disputes of Volcan. The guarantee amount is US$17.2 million.

12. **Consents**

12.1 Lazard & Co., Limited has given and not withdrawn its written consent to the inclusion of the references to its name in this document in the form and context in which such references are made.

13. **Documents available for inspection and available information**

Copies of the following documents will be available for inspection at the offices of Ashurst LLP, Broadwalk House, 5 Appold Street, London EC2A 2HA and at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) until the conclusion of the General Meeting:

(a) the Resolution Plan;

(b) the articles of association of the Company;

(c) 2017 Annual Report and Accounts;

(d) the consent of each of Lazard & Co., Limited referred to in paragraph 10 above; and

(e) this document.

Date: 1 May 2018

PART VII – DEFINITIONS

The following definitions apply throughout this document and the accompanying Form of Proxy, unless the context otherwise requires:

"2017 Annual Report and Accounts"	the annual report and accounts of the Company for the financial year ended 31 March 2017;
"Acquisition"	the proposed acquisition of a majority interest in Electrosteel;
"Admitted Debt"	INR 14,177.43 Crores (US$2,120.2 million), comprising the amount accepted by the Resolution Professional in respect of total amounts claimed by the creditors of Electrosteel;
"Air Act"	Air (Prevention and Control of Pollution) Act, 1981, as amended;
"APTEL"	Appellate Tribunal for Electricity;
"BALCO"	Bharat Aluminium Company Ltd;
"BALCO SHA"	the shareholders' agreement entered into between Vedanta Limited and the GoI on 2 March 2001;
"BFL"	Bloom Fountain Limited;
"Cairn Energy"	Cairn Energy plc, a company incorporated in England & Wales, registered with the company number SC226712;
"Cairn Energy Group"	Cairn Energy and its subsidiaries;
"Cairn Energy West"	Cairn India Energy West BV
"Cairn India"	Cairn India Limited, a company incorporated in India, which merged with Vedanta Limited pursuant to a scheme of arrangement;
"Cairn India Group"	Cairn India and its erstwhile subsidiaries, which are now subsidiaries of Vedanta Limited pursuant to a scheme of arrangement;
"Cairn India Shares"	ordinary shares of INR 10 each in the share capital of Cairn India;
"CCI"	Competition Commission of India;
"Cenvat Credit"	Cenvat credit as defined in Rule 3 of the Cenvat Credit Rules 2004;
"CIHL"	Cairn India Holdings Limited;
"Claim"	any right to payment or right to remedy arising pursuant to a contract for the time being in force, if such breach gives rise to a right to payment, whether or not such right is adjudged, fixed, disputed, undisputed, legal, equitable;
"Corporate Insolvency Resolution Process"	Corporate Insolvency Resolution Process under the IBC;
"Command Petroleum"	Cairn Energy India Pty Limited (formerly known as Command Petroleum (India) Pty Limited);
"Committee of Creditors"	a committee of the Financial Creditors;
"Contractor Parties"	Cairn India and other joint operation partners in connection with a dispute of over the Ravva field;
"Conclave"	Conclave PTC Limited;

"CREST"	the electronic transfer and settlement system for the paperless settlement of trades in listed securities operated by Euroclear UK & Ireland Limited;
"Crore" or "Cr"	10 million;
"CTO"	consent to operate;
"CUHL"	Cairn UK Holdings Limited, a company incorporated in England & Wales, registered with the company number SC304517;
"Data Room"	a virtual data room containing Electrosteel information provided by the Resolution Professional as part of the Corporate Insolvency Resolution Process and which included restrictions on downloading and printing the vast majority of the documents and was closed on 4 January 2018;
"Deferred Shares"	deferred shares of £1.00 each in the Company;
"Delisting Regulations"	Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
"DGFT"	Directorate General of Foreign Trade;
"DGH"	Directorate General of Hydrocarbons;
"Directors" or "Board"	the directors of the Company as at the date of this document whose names are set out on page 18 of this document;
"Disclosed Information"	information and documents made available to Vedanta Limited and its advisers by the Resolution Professional in connection with the Corporate Insolvency Resolution Process, details of which are set out in paragraph 2 of Part III (*Presentation of Information*) of this document;
"Disclosure Guidance and Transparency Rules"	the disclosure guidance and transparency rules made by the FCA under Part VI of FSMA;
"DSBP"	Deferred share bonus plan;
"EBITDA"	earnings before special items, depreciation, amortisation, other gains and losses, interest and tax;
"Effective Date"	the date in which all approvals are received and Acquisition is completed;
"Electrosteel"	Electrosteel Steels Limited;
"Electrosteel 2015 Annual Report"	the annual report and accounts of Electrosteel for the financial year ended 31 March 2015;
"Electrosteel 2016 Annual Report"	the annual report and accounts of Electrosteel for the financial year ended 31 March 2016;
"Electrosteel 2017 Annual Report"	the annual report and accounts of Electrosteel for the financial year ended 31 March 2017;
"Elenilto"	Elenilto Minerals & Mining LLC;
"Enlarged Group"	the enlarged Vedanta Group, following completion of the Acquisition;
"Executive Directors"	Mr Anil Agarwal and Mr Navin Agarwal;
"Existing Promoters"	the existing promoters and promoter group of Electrosteel and its parent company as per their respective Indian regulatory or stock exchange filings at any point in time, prior to the Effective Date;

"FDT"	forest development tax;
"Financial Conduct Authority" or "FCA"	the Financial Conduct Authority of the UK in its capacity as the competent authority for the purposes of Part VI of FSMA and in the exercise of its functions in respect of admission to the Official List of the FCA otherwise than in accordance with Part VI of FSMA;
"Financial Creditors"	the financial creditors, the term as defined in the IBC, relating to Electrosteel and confirmed by the Resolution Professional (as amended from time to time);
"Form of Proxy"	the form of proxy relating to the General Meeting being sent to Shareholders with this document;
"FSMA"	the Financial Services and Markets Act 2000 of England and Wales, as amended;
"General Meeting"	the general meeting of the Company convened for 10:00 a.m. on 18 May 2018 (or any adjournment of it), notice of which is set out at the end of this document;
"GoI"	the Government of India;
"Group" or "Vedanta Group"	the Company and its subsidiary undertakings from time to time;
"GSPCB"	Goa State Pollution Control Board;
"HWM Rules"	Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008;
"HZL"	Hindustan Zinc Limited;
"HZL SHA"	the shareholders' agreement as described in paragraph 5.1 of Part VII (*Additional Information*) of this document
"IBC"	Indian Insolvency and Bankruptcy Code;
"ICA 2013"	Indian Companies Act, 2013;
"ICDR"	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009;
"IFRS"	International Financial Reporting Standards;
"IMA"	Independent Monitoring Agency appointed by Vedanta Limited in consultation with the Committee of Creditors;
"INDAL"	Indian Aluminium Company Limited;
"Ind AS"	the Indian Accounting Standards;
"Indian GAAP"	the Indian generally accepted accounting principles;
"IOCL"	Indian Oil Corporation Limited;
"Information Memorandum"	information memorandum dated 27 October 2017 provided by the Resolution Professional;
"INR"	the lawful currency of India;
"IT Act"	Income-tax Act, 1961;
"Kapasan Project"	a 1 MTPA greenfield zinc smelter plant at Kapasan in the State of Rajasthan;
"KCM"	Konkola Cooper Mines plc, a company incorporated in Zambia;
"KT"	kilotonnes;
"Lakhs"	one hundred thousand;
"Lazard"	Lazard & Co., Limited;

"Letter of Intent"	letter of intent issued by the Committee of Creditors to Vedanta Limited on 31 March 2018;
"LIBOR"	London Interbank Offered Rate;
"Listing Rules"	the listing rules made by the FCA under Part VI of FSMA (as amended from time to time);
"LODR"	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015;
"London Stock Exchange" or "LSE"	London Stock Exchange plc;
"LTCP"	the Company's long term cash plan;
"MAR"	the Market Abuse Regulation (2014/596/EU);
"MDA"	the mineral development agreement between Sesa Goa, BFL, Elenilto, WCL and the Government of Liberia;
"MEL"	MALCO Energy Limited;
"MMDRA Amendment Act"	Mines and Minerals (Development and Regulation) Act Amendment Act, 1957;
"MoEF"	the Ministry of Environment and Forest of the GoI;
"MoPNG"	Ministry of Petroleum and Natural Gas;
"MT"	million tonnes;
"MTPA"	million tonnes per annum;
"MW"	megawatt;
"New Equity Shares"	a certain amount of Unsustainable Debt of Electrosteel to be converted to equity shares;
"NCLAT"	National Company Law Appellate Tribunal;
"NCLT"	National Company Law Tribunal;
"NGT"	National Green Tribunal;
"NSE"	National Stock Exchange of India Limited;
"Non-Executive Directors"	Mr Edward Story, Mr Geoffrey Green, Mr Deepak Parekh, Mr Ravi Rajagopal and Ms Katya Zotova;
"Notice of General Meeting" or "Notice"	the notice of the General Meeting set out at the end of this document;
"OMC"	Orissa Mining Corporation;
"OMC JOA"	the joint operating agreement entered into by Vedanta Limited and the OMC;
"ONGC"	Oil and Natural Gas Corporation Limited;
"ONGC Carry"	payment of a proportionate share of ONGC's exploration, development, production and contract costs in consideration for ONGC's payment of costs related to construction and other activities it conducted in Ravva prior to the effective date of the Ravva PSC;
"Open Offer"	the purchase of Cairn India Shares pursuant to an open offer made to Cairn India shareholders (other than members of the Cairn Energy Group);
"Partial Award"	the partial awarded in favour of the Contractor Parties in connection with the Ravva field dispute;
"PD Regulation"	the Prospectus Directive Regulation (2004/809/EC);
"Performance Guarantee"	performance guarantee of INR 100 Crores to be provided by Vedanta Limited in connection with the Acquisition;

"Plant"	Electrosteel's greenfield integrated steel manufacturing facility near Bokaro, Jharkhand, India
"PILON"	payment in lieu of notice;
"Prospectus"	the prospectus dated 6 December 2011 with respect to the Company's application to the FCA and the LSE for the Shares to be readmitted to the premium segment of the Official List of the FCA and trading on the London Stock Exchange's main market for listed securities, respectively, required as a result of the acquisition of an interest in Cairn India constituting a reverse takeover of the Company under the Listing Rules;
"Prospectus Rules"	the rules for the purpose of Part VI of FSMA in relation to offers of transferable securities to the public and the admission of transferable securities to trading on a regulated market (as amended from time to time);
"Process Memorandum"	the process memorandum dated 15 November 2017 (as amended from time to time) provided by the Resolution Professional;
"PSERC"	Punjab State Electricity Regulatory Commission;
"PSP"	the Vedanta Resources Performance Share Plan 2014;
"PSPCL"	Punjab State Power Corporation Limited;
"PTRR"	post-tax rate of return;
"Shareholders"	holders of Shares from time to time;
"Rajasthan Block"	Block RJ-ON-90/1 in Rajasthan;
"Rajasthan Block PSC"	the production sharing contract dated 15 May 1995 between the GoI and a consortium consisting of ONGC and Shell India Production Development BV;
"Ravva Joint Operation"	the joint operation between Cairn India, ONGC, Videocon Petroleum Limited and Ravva Oil in connection with the Ravva field;
"Ravva PSC"	the production sharing contract dated 28 October 1994 between the GoI and a consortium consisting of ONGC, Videocon Petroleum Limited, Ravva Oil and Command Petroleum;
"RBI"	Reserve Bank of India;
"Renaissance Steel"	Renaissance Steel India Pvt. Ltd;
"Resolution"	the resolution, relating to the approval of the Acquisition, set out in the Notice of General Meeting;
"Resolution Plan"	the resolution plan detailing the terms of the Acquisition between the Vedanta Limited, the Resolution Professional and Committee of Creditors and approved by the NCLT on 17 April 2018;
"Resolution Professional"	Mr Dhaivat Anjaria, the resolution professional appointed under the IBC to manage Electrosteel during the Corporate Insolvency Resolution Process;
"Richter"	Richter Holdings Limited;
"SAT"	Securities Appellate Tribunal of India;
"SEBI"	Securities and Exchange Board of India;
"Section 80-IB (9)"	Section 80-IB (9) of the Indian Income Tax Act, 1961;
"Senior Managers"	members of the senior management team of Vedanta;
"SEL"	Sterlite Energy Limited (now Vedanta Limited)

"Sesa Goa"	Sesa Goa Limited (now Vedanta Limited);
"SEZ"	Special Economic Zone;
"Shared Services Agreement"	the shared services agreement as described in paragraph 5.1 of Part VII (*Additional Information*) of this document;
"Shareholder(s)"	holder(s) of Shares;
"Shares"	ordinary shares of US$0.10 each in the capital of the Company;
"SIL"	Sesa Industries Limited;
"Site"	2,667.52 acres of land relating to the Plant;
"Special Economic Zone"	has the meaning given to such term in the Special Economic Zones Act, 2005 of India;
"SSNP"	Shenzhen Shandong Nuclear Power Construction Co. Limited;
"Steering Committee"	the steering committee is made up of 5 members, comprising 3 nominees of the Committee of Creditors and 2 nominees of Vedanta Limited;
"Sterlite"	Sterlite Industrial (India) Limited, now merged with and into Vedanta Limited
"Sustainable Debt"	INR 5,320 Crore, comprising a portion of the Admitted Debt owed to Financial Creditors;
"Tax Authorities"	Indian Tax Authorities;
"TDS"	tax deducted at source;
"TNPCB"	Tamil Nadu Pollution Control Board;
"TSPL"	Talwandi Sabo Power Limited;
"TSEHL"	Twin Star Energy Holdings Limited, a company incorporated in Mauritius;
"Trust"	Anil Agarwal Discretionary Trust;
"TSR"	total shareholder return, being the movement in the Company's share price plus reinvested dividends;
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland;
"Unsustainable Debt"	INR 7,619.24 Crores (US$1,139.5 million), comprising the Admitted Debt less the Sustainable Debt and of bank guarantees and letters of credit worth INR 456.01 Crores (US$68.2 million);
"US dollar" or "US$"	the lawful currency of the United States of America;
"VAT"	value added tax;
"Vedanta" or the "Company"	Vedanta Resources plc;
"Vedanta Aluminium"	Vedanta Aluminium Limited, a company incorporated in India;
"Vedanta Limited"	Vedanta Limited, a company incorporated in India;
"Vedanta Star"	Vedanta Star Limited, a wholly-owned subsidiary of Vedanta Limited;
"Volcan"	Volcan Investments Limited;
"Volcan Parties"	the Company, Volcan, Conclave and Mr Anil Agarwal, and their direct and indirect shareholders and respective associates (where applicable);
"Volcan Relationship Agreement"	the agreement between the Company, Volcan, Conclave and Mr Anil Agarwal;

"Water Act"	the Water (Prevention and Control of Pollution) Act 1981;
"WCL"	Western Cluster Limited;
"Westglobe"	Westglobe Limited; and
"ZCCM-IH"	Zambia Consolidated Copper Mines Investment Holdings.

PART VIII - DOCUMENTATION INCORPORATED BY REFERENCE

The table below sets out the documentation incorporated by reference into this document. For the avoidance of any doubt, no information incorporated by reference in such documentation shall be incorporated by reference into this document.

This document should be read and construed in conjunction with these documents, each of which has been previously published and is available for viewing on the Company's website at www.vedantaresources.com and has been filed with the National Storage Mechanism.

Reference Document	Information incorporated by reference	Reference Document Page Reference	Page Reference in this Document
Company's 2017 Annual Report and Accounts	Sections entitled "Service contracts for Executive Directors", "Payments for Loss of Office" and "Letters of Appointment for Non-Executive Directors"	139-140	23, 24

APPENDIX I - ELECTROSTEEL FINANCIAL INFORMATION

Part A

Set out below is the audited financial results for Electrosteel for 12 months ended 31 March 2015, as extracted from the Electrosteel 2015 Annual Report:

INDEPENDENT AUDITOR'S REPORT

To the Members of
ELECTROSTEEL STEELS LIMITED

Report on the Financial Statements

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

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

8. Opinion

In our opinion and to the best of our information and according to the explanations given to us the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015, and its loss and its cash flows for the year ended on that date.

Emphasis of Matters

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

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2015 (“the Order”) issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. As required by Section143(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 purpose of our audit;

    b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.;

    c. the financial statements dealt with by this report are in agreement with the books of account;

    d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

    e. the matter described in paragraph 9 under the Emphasis of Matters, may not have an adverse effect on the functioning of the Company.

    f. on the basis of the written representations received from the directors as on 31 March 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section164(2) of the Act;

    g. 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. the Company does not have any pending litigations which would impact its financial position;

        ii. the Company, as detailed in Note 39 to the financial statements, has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

        iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

-
S K Chhawchharia
Partner
Membership No.:008482

Place : Kolkata
Date : May 11, 2015

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

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

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As planned, a part of the fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a) and 3(iii)(b) of the Order are not applicable.

(iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.As informed, the cost audit for the year is under progress.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) The dues outstanding in respect of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:

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

(c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder

(viii) In our opinion, the Company's accumulated losses at the end of the financial year are not less than fifty percent of its net worth. The Company has incurred cash losses in the current and the immediately preceding financial year.

(ix) The Company has defaulted in payment of interest dues to the following banks and Financial Institutions:

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

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

(x) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 3(x) of the Order are not applicable.

(xi) In our opinion, the term loans were applied for the purpose for which the loans were obtained, though surplus funds which were not required for immediate utilization were temporarily used for the purpose other than for which the loan was sanctioned.

(xii) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

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

S K Chhawchharia
Partner
Membership No.:008482

Place : Kolkata
Date : May 11, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

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

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

As per our Report of even date

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

S.K. Chhawchharia
Partner
M. No. 008482

Kolkata
May 11, 2015

For and on behalf of the Board

Lalit Kumar Singhi *Director*

R S Singh *Wholetime Director*

Ashutosh Agarwal *Chief Financial Officer*

Anubhav Maheshwari *Company Secretary*

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

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

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

As per our Report of even date

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

S.K. Chhawchharia
Partner
M. No. 008482

Kolkata
May 11, 2015

For and on behalf of the Board

Lalit Kumar Singhi *Director*

R S Singh *Wholetime Director*

Ashutosh Agarwal *Chief Financial Officer*

Anubhav Maheshwari *Company Secretary*

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

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

As per our Report of even date

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

S.K. Chhawchharia
Partner
M. No. 008482

Kolkata
May 11, 2015

For and on behalf of the Board

Lalit Kumar Singhi *Director*

R S Singh *Wholetime Director*

Ashutosh Agarwal *Chief Financial Officer*

Anubhav Maheshwari *Company Secretary*

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

1. Significant Accounting Policies

1.1 Basis of Preparation of Financial Statements

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

1.2 Use of Estimates

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

1.3 Tangible and Intangible Fixed Assets

(i) Tangible fixed assets are stated at cost of acquisition and subsequent improvements thereto; net of CENVAT / Value Added Tax, rebates, less accumulated depreciation, and impairment loss, if any.

(ii) All costs, including financing costs and net charge on foreign exchange contracts till commencement of commercial production, are capitalised. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of fixed asset.

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

(iv) Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment loss, if any.

1.4 Depreciation/ Amortisation

(i) Depreciation on tangible assets is provided on the basis of useful life of the assets and in the manner prescribed in Schedule II to the Companies Act, 2013.

(ii) Assets costing Rs. 5,000 or less are being fully depreciated in the year of acquisition.

(iii) Cost of leasehold land is amortized over the period of lease.

(iv) The intangible assets are amortized over the useful economic life of the respective assets.

1.5 Impairment of Assets

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

1.6 Government Grants

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

1.7 Foreign Currency Transactions

(i) Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing on the date of the transaction. All transactions of integral foreign operations are recorded by applying to the foreign currency amounts on an average exchange rate between the reporting currency and the foreign currency.

(ii) Monetary items denominated in foreign currencies at the year end are restated at the year end rates. In case of monetary items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid/received on forward contracts is recognised over the life of the contract.

(iii) Non-monetary foreign currency items are carried at cost.

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

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

1.8 Investments

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

1.9 Inventories

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

1.10 Borrowing Costs

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

1.11 Employee Benefits

(i) Short term employee benefits are charged off at the undiscounted amount in the period in which the related service is rendered.

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

1.12 Taxes on Income

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

1.13 Provisions, Contingent Liabilities and Contingent Assets

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

1.14 Revenue Recognition

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

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

1.15 Insurance Claims

Insurance claims are accounted as and when admitted / settled.

1.16 Derivative Instruments

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

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

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

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

b) Share Capital Reconciliation

Equity Shares	**31 March, 2015**		31 March, 2014	
	Nos.	**Rs. in Lakhs**	Nos.	Rs. in Lakhs
Opening balance	**2,186,735,023**	**218,673.50**	2,186,735,023	218,673.50
Issued during the period	**222,500,000**	**22,250.00**	–	–
Closing Balance	**2,409,235,023**	**240,923.50**	2,186,735,023	218,673.50

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

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

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

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

3. Reserves & Surplus

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

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

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

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

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

A. Security

1) The entire facilities from CDR lenders and a non-CDR lender (HUDCO) are secured by:

   (a) first ranking pari passu charge by way of mortgage/hypothecation of all immovable and movable properties (including fixed assets, plant & machinery, tools & accessories etc.), current assets (including book debts), present and future and assignment over all of Company's bank accounts;

   (b) pledge of 866,750,000 equity shares of the Company held by Electrosteel Castings Ltd. ('ECL') being the Promoter Company;

   (c) pledge of 517,000 equity shares of the Company held by Mr. Umang Kejriwal (Director);

   (d) pledge of 32,675,270 equity shares of ECL held by 2 of its promoter group companies;

   (e) personal guarantee of Mr. Umang Kejriwal and Ms. Radha Kinkari Kejriwal (Sr. Executive).

2) The facility from a non-CDR lender (SREI) is secured by:

   (a) second ranking pari passu charge by way of hypothecation of all movable assets (including receivables and intangibles), present and future;

   (b) second charge on all rights, titles and interest in all assets of the Project, letter of credit/guarantee/performance bond provided in respect of the Project and all Project documents, Contracts, Insurance Policies etc.

   (c) first charge by way of mortgage of a piece of land with factory building owned by ECL.

3) The facility from another non-CDR lender (IL & FS) is secured by

   (a) second ranking pari passu charge by way of mortgage/hypothecation of all assets mentioned in 1(a) above;

   (b) pledge of shares as mentioned in 1(b) to 1(d) above ranking subservient to the pledge already created in favour of lenders;

   (c) personal guarantees as mentioned in 1(e) above.

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

B. Repayment terms

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

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

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

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

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

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

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

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

a) Restructured Term Loan and FITL from all lenders carries interest @ 10.75% p.a.

b) Additional Term Loan from all lenders carries interest @ 11.00% p.a.

c) Buyers' Credit carries interest rate at LIBOR plus spread being 0.50% to 1.50%.

	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
5. Other Long-term Liabilities		
Security Deposit/ EMD from Vendors	**69.47**	69.47
	69.47	69.47

6. Provisions	Long-term		Short-term	
	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
Provision for employee benefits	**433.76**	278.88	**171.66**	81.71
Provision for Wealth Tax	–	–	**1.10**	1.17
	433.76	278.88	**172.76**	82.88

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

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

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

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

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

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

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

10. FIXED ASSETS

Rs. in lacs

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

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

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

11. Loans & Advances

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

12. Current Investments

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

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

	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
13. Inventories (valued at lower of cost or net realizable value)		
Finished Goods	**11,590.92**	1,578.18
Semi Finised Goods/Work In Progress	**9,775.86**	6,930.81
Stock of Traded Goods	**47.16**	–
Raw Materials*	**45,338.57**	21,750.76
Stores and Spares **	**4,799.61**	1,988.11
Scrap and by products	**10,350.21**	4,369.63
	81,902.32	36,617.49

* Includes materials in transit Rs. 3,291.33 Lakhs (P.Y. Rs. 11,112.66 Lakhs)
** Includes materials in transit Rs. 212.63 Lakhs (P.Y. Nil)

	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
14. Trade Receivables		
Unsecured, considered good		
Due for less than 6 months	**14,083.24**	2,202.20
Due for more than 6 months	**406.45**	–
	14,489.69	2,202.20

	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
15. Cash and Cash Equivalents		
Cash and Cash equivalents		
Balances with Banks		
In Current Accounts	**16,990.57**	20.55
Cash on hand	**6.30**	5.17
Stamp papers on hand	**15.17**	27.78
Balance with Banks in Deposit Accounts (Rs. 4314.85 lakhs held as margin money)*	**8,314.84**	6,864.07
	25,326.88	6,917.57

** Includes deposits maturing after 12 months Rs. 4303.56 lakhs (P.Y. Rs. 2776.40 lakhs)*

	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
16. Other Current Assets		
Interest accrued on fixed deposits	**160.99**	213.26
Unamortized expenditure		
Unamortized premium on forward contract	**840.83**	–
Gain receivable on forward exchange contract	**36,814.10**	–
	37,815.92	213.26

17. Revenue from Operations	**31 March, 2015**		31 March, 2014	
	Rs. in Lakhs	**Rs. in Lakhs**	Rs. in Lakhs	Rs. in Lakhs
Sale of Products:				
Export Sales				
Semi-Finished & Finised Goods	**13,664.45**		1,129.16	
Less: Transferred to Trial Run	**–**	**13,664.45**	1,107.37	21.79
Domestic Sales				
Semi-Finished & Finised Goods	**184,967.03**		69,654.25	
Less: Transferred to Trial Run	**–**	**184,967.03**	16,911.47	52,742.78
Other Operating Revenue				
Scrap / By-products & Others	**4,656.10**		4,852.35	
Less: Transferred to Trial Run	**–**	**4,656.10**	–	4,852.35
Revenue from operations (Gross)		**203,287.58**		57,616.92
Less: Excise Duty		**20,163.51**		6,294.73
Revenue from operations (Net)		**183,124.07**		51,322.19

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

	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
18. Other Income		
Job Work Charges	**816.39**	438.56
Miscellaneous Income	**744.10**	254.01
	1,560.49	692.57

	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
19. Cost of Raw Materials Consumed		
Inventory at the beginning of the year	**10,638.10**	12,012.76
Add: Purchases	**179,411.87**	55,557.33
Add: Transfer from Project Inventory	**–**	(0.06)
Less: Inventory Issued to Project	**–**	696.05
Less: Inventory Issued for Trial Run	**–**	44,028.47
Less: Inventory sold during the year	**18.16**	1,004.00
Less: Inventory at the end of the year	**41,974.43**	10,638.10
	148,057.38	11,203.41
Add: Consumption of Semi-Finished Goods Produced during Trial Run	**–**	53,120.44
Less: Consumption of Semi-Finised Goods in Trial Run	**–**	17,455.08
	148,057.38	46,868.77
Details of Materials Consumed		
Iron Ore	**54,113.45**	5,019.66
Coal	**65,380.87**	5,596.77
Coke and Coke Fines	**10,173.41**	26,587.18
Sinter	**–**	24,181.79
Lime Stone and Dolomite	**9,387.26**	378.23
Others	**9,002.39**	(14,894.86)
	148,057.38	46,868.77
Details of Inventory		
Iron Ore	**9,315.89**	4,413.67
Coal	**26,700.27**	4,964.15
Coke and Coke Fines	**1,393.60**	–
Lime Stone and Dolomite	**1,542.99**	1,006.88
Others	**3,021.68**	253.40
	41,974.43	10,638.10
Purchase of Traded Goods		
Coal	**5,249.29**	–
TMT	**612.51**	–
	5,861.80	–

	31 March 2015 Rs. in Lakhs	31 March 2014 Rs. in Lakhs
20. Changes in Inventories of Finished Goods, Work-in-Progress & Stock-in-Trade		
Inventories at the end of the year		
Semi-Finished & Finished Goods	**23,068.23**	6,746.53
Scrap / By-products	**8,681.69**	1,185.74
Stock-in-Trade	**47.16**	–
	31,797.08	7,932.27
Inventories at the beginning of the year		
Semi-Finished & Finished Goods	**6,746.53**	1,992.38
Scrap / By-products	**1,185.74**	545.97
Stock-in-Trade	**–**	–
	7,932.27	2,538.35
Inventories transferred from Project	**(3,146.57)**	-
	(20,718.24)	(5,393.92)

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

	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
21. Employee Benefits Expense		
Salaries, wages and bonus	**4,157.23**	1,268.84
Contribution to Provident and Other Funds	**178.16**	62.01
Staff welfare expenses	**137.83**	63.88
	4,473.22	1,394.73

	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
22. Finance Costs		
Interest Expense	**43,769.57**	16,349.59
Other Borrowing Cost	**1,175.16**	369.43
Net (Gain) / Loss on foreign currency transactions and translation	**228.40**	1,012.39
	45,173.13	17,731.41

	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
23. Depreciation and Amortisation Expenses		
Depreciation on Tangible Assets	**20,722.04**	7,190.18
Amortisation of Intangible Assets	**12.57**	156.73
Less: Transferred to Pre-operative expense	**(649.52)**	(582.60)
	20,085.09	6,764.31

	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
24. Other Expenses		
Consumption of Stores & Spares	**8,081.82**	2,258.49
Power and Fuel	**9,232.82**	2,821.57
Freight and Forwarding Charges	**7,686.12**	975.96
Rent	**243.78**	58.66
Rates and taxes	**57.90**	37.01
Insurance	**538.90**	181.06
Repairs to Machinery	**285.31**	60.75
Operation & Maintenance expenses	**7,262.97**	1,391.17
Machine Hire Charges	**835.00**	566.95
Material Handling Expenses	**1,009.24**	44.25
Listing & Registrar Expenses	**50.17**	34.82
Security Expenses	**264.13**	121.49
Advertisement and Business Promotion Expenses	**146.76**	104.53
Travelling & Conveyance	**667.93**	303.26
Legal & Professional Fees	**372.01**	639.47
Payment to Auditors	**74.15**	56.76
Prior Period Items	**652.81**	272.46
Excise Duty on Closing Stock	**2,464.13**	595.79
Exchange differences (net)	**81.79**	2,558.41
Loss on Sale of Fixed Assets	**(5.62)**	0.37
Selling & Distribution Expenses	**1,677.03**	165.26
Premium on forward contract amortised	**475.60**	–
CSR Expenditure	**1.61**	5.95
Other Miscellaneous Expenses	**1,998.95**	507.02
	44,155.31	13,761.46

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

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

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

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

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

26. Employee Benefits

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

Defined Contribution Plans

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

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

Defined Benefit Plan

The present value of obligation for Employee’s Gratuity Scheme is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for Leave Encashment is recognized in the same manner as Gratuity.

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

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

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

b. Reconciliation of opening and closing balances of fair value of plan assets:

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

c. Reconciliation of fair value of assets and obligations

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

d. Net employee benefit expense recognized during the year

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

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

e. Investment Details

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

f. Actuarial Assumptions

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

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

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

27. Project Development Expenditure

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

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

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

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

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

28. Segment information

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

29. Related Party Disclosures

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

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

List of related parties where control exists:

Electrosteel Castings Limited - Promoter Company

Key Management Personnel (KMP) and their relatives

Mr. Rama Shankar Singh - Whole Time Director

Mrs Puspha Singh - Wife

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

Rama Mining Consultants Private Limited

North Dhadhu Mining Company Private Limited

Asian Informatics Private Limited

Jhilmil Traders Private Limited

MDA Projects India Private Limited

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

Sl. No.	Name of the related party	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
1	**Electrosteel Castings Limited**		
	Transactions:		
	Proceeds from issue of equity shares/Premium	**22,250.00**	–
	Purchase of Materials & Services	**45,011.58**	13,739.77
	Sale of Materials, Services and others	**6,317.74**	2,455.75
	Reimbursement of expenses paid	**139.86**	0.10
	Reimbursement of expenses received	**0.12**	0.22
	Payment of rent	**0.60**	0.39
	Closing Balance:		
	Trade Payables	**4,870.85**	3,418.50
	Advance against supplies/services	**26,373.83**	31,123.82
	Trade receivables	**521.82**	1,890.97
2	**Nigam Chander Bahl**		
	Transactions:		
	Payment of remuneration	**–**	226.35
3	**Rama Shankar Singh**		
	Transactions:		
	Payment of remuneration	**145.42**	22.04
	Closing Balance:		
	Year End Payables	**7.24**	7.54

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

30. Earning per share (EPS)

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

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

31. Accounting for Taxes on Income

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

32. Capital and other commitments

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

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

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

33. Contingent liabilities

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

34. Value of import calculated on CIF basis

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

35. Earnings in foreign exchange

	31 March, 2015 Rs. in Lakhs	31 March, 2014 Rs. in Lakhs
FOB value of exports	**13,664.46**	1,757.58
	13,664.46	1,757.58

36. Expenditure in foreign currency

Consultancy and professional fees	**142.40**	84.81
Travelling and Conveyance	**100.21**	67.05
Salaries , Wages & Bonus	**–**	126.62
Rent	**3.85**	37.04
Interest paid	**192.59**	184.61
Others	**9.35**	39.06
	448.40	539.19

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

37. Valuation of Current Assets, Loan & Advances

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

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

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

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

39. Derivative instruments and unhedged foreign currency exposure

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

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

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

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

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

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

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

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

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

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

41. Previous year figures have been reclassified wherever appropriate to confirm to current year's presentation.

42. All the figures in these notes are in 'Rs. in lakhs' except otherwise stated.

As per our Report of even date

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

S.K. Chhawchharia
Partner
M. No. 008482

Kolkata
May 11, 2015

For and on behalf of the Board

Lalit Kumar Singhi *Director*

R S Singh *Wholetime Director*

Ashutosh Agarwal *Chief Financial Officer*

Anubhav Maheshwari *Company Secretary*

Part B

Set out below is the audited financial results for Electrosteel for 12 months ended 31 March 2016, as extracted from the Electrosteel 2016 Annual Report:

INDEPENDENT AUDITOR'S REPORT

To the Members of
ELECTROSTEEL STEELS LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of ELECTROSTEEL STEELS LIMITED ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

8. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its loss and its cash flows for the year ended on that date.

Emphasis of Matters

9. Without qualifying our opinion, we draw attention to the following Notes to the financial statements:

9.1. Note No. 27, regarding the revenue recognized as "Exceptional Item". The company, consequent to the delayed execution of contracts by certain vendors/suppliers/service providers of plant, equipments, civil and erection commissioning etc. has incurred "Loss of Profit" in past. The part of such claim of "Loss of Profit" as assessed by the Company has been recovered from the available balance in the respective Supplier's Accounts and recognized as income in the Statement of Profit and Loss for the year. The unrecovered such "Loss of Profit" will be accounted for in the year significant certainty of recovery is established.

9.2 Note No. 41, regarding the preparation of these financial statements on a "going concern basis". The Company incurred a net loss of Rs. 32,654.67 lacs during the year ended March 31, 2016 and, as of that date, the Company's current liabilities exceeded its current assets by Rs 320,780.13 lacs, further the Company's net worth has also been substantially eroded as at the balance sheet date. Since the full compliance of the sanctioned CDR package could not be made with, the lenders have invoked Strategic Debt Restructuring (SDR) pursuant to RBI circulars dated 08.06.2015 & 24.09.2015, the implementation is under progress. However, in view of the increase in the operations of the production facilities and the Company's EBIDTA being positive also in this year, these financial statements have been prepared on a "going concern basis" and no adjustment has been made to the carrying value of the assets and liabilities.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

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

11. 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 purpose of our audit;

    b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c. The financial statements dealt with by this report are in agreement with the books of account;

    d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

    e. The two matters described in paragraph 9 under the emphasis of matters paragraph, in our opinion may have adverse effect on the functioning of the company;

    f. On the basis of the written representations received from the directors as on 31 March 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 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 (IFCoFR) of the Company and the operating effectiveness of such controls refer to our separate report in Annexure 'B'.

    h. 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. the Company does not have any pending litigations which would impact its financial position;

        ii. the Company, as detailed in Note 40 to the financial statements, has made provision, as required under the applicable laws or accounting for material foreseeable losses, if any, on long-term contracts including derivative contracts;

        iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

S K Chhawchharia
Partner
Membership No.:008482

Place : Kolkata
Date : May 13, 2016

Annexure A to the Independent Auditor's Report of even date to the members of Electrosteel Steels Limited, on the financial statements for the year ended 31st March, 2016

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

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As planned, a part of the fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(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 for 61 no's of cases of Freehold land comprising of 222.29 acres aggregating to amount of Rs. 1,550.26 lacs- registration pending for approval of Government of Jharkhand, Department of revenue.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, LLP or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a),3(iii)(b) and 3(iii)(c)of the Order are not applicable.

(iv) The Company does not have any loan, investment, guarantees and securities. Accordingly the provisions clause 3(iv) of the Order is not applicable.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, *prima facie,* the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete. As informed, the cost audit for the year is under progress.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities. *Further,* no undisputed amounts payable in respect thereof were outstanding on the year-end for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, the following dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.Lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	75.97	2009-10	CESTAT
Service Tax under Finance Act,1994	Service Tax	2,215.62	2007-08 & 2008-09	CESTAT
Service Tax under Finance Act,1994	Service Tax	317.72	2009-10	CESTAT
Service Tax under Finance Act,1994	Service Tax	1,071.40	2007-08 to 2011-12	CESTAT
Service Tax under Finance Act,1994	Service Tax	13.34	2014-15	The Joint Commissioner of Service Tax, Kolkata

Name of the statute	Nature of dues	Amount (Rs.Lacs)	Period to whichthe amount relates	Forum where dispute is pending
Custom Act, 1962	Custom duty	5,974.73	2008-09 to 2011-12	Additional Director General, Directorate of Revenue Intelligence, New Delhi
Custom Act, 1962	Custom duty	19,569.38	2009-10 & 2010-11	Principal, Additional Director General, Directorate of Revenue Intelligence, Kolkata Zonal Unit
Custom Act, 1962	Custom duty	10,267.82	2008-09 & 2009-10	Principal, Additional Director General, Directorate of Revenue Intelligence, Kolkata Zonal Unit
Jharkhand VAT Act, 2015	Value Added Tax	101.61	2010-11	Commissioner Commercial taxes, Jharkhand
Jharkhand VAT Act, 2015	Value Added Tax	273.16	2012-13	Deputy Commissioner of Commercial Taxes, Jharkhand
Jharkhand VAT Act, 2015	Value Added Tax	8,196.22	2011-12	Commissioner Commercial Taxes, Jharkhand
Jharkhand VAT Act, 2015	Value Added Tax	3,936.83	2012-13	Commissioner Commercial Taxes, Jharkhand
Jharkhand VAT Act, 2015	Value Added Tax	138.94	2013-14	Commissioner Commercial taxes, Jharkhand
Jharkhand VAT Act, 2015	Value Added Tax	9.11	2008-09 to 2010-11	Commissioner Commercial taxes, Jharkhand
Central Sales Tax, 1956	Central Sales Tax	115.08	2011-12	Commissioner Commercial taxes, Jharkhand
Central Sales Tax, 1956	Central Sales Tax	392.78	2012-13	Commissioner Commercial taxes, Jharkhand

(viii) The Company has defaulted in the payment of principal as well as interest dues to the following banks and Financial Institutions:

Amount (in Lakhs)

Name of the Bank	Principal	Period	Interest	Period
Allahabad Bank	1,650.28	December 2015 to March 2016	3,151.46	April 2015 to March 2016
Andhra Bank	6,44.37	December 2015 to March 2016	1,230.11	April 2015 to March 2016
Bank of Baroda	966.01	December 2015 to March 2016	1,833.72	April 2015 to March 2016
Bank of India	1,137.69	December 2015 to March 2016	2,172.90	April 2015 to March 2016
Bank of Maharashtra	724.99	December 2015 to March 2016	1,385.00	April 2015 to March 2016
Canara Bank	2,864.80	December 2015 to March 2016	5,538.51	April 2015 to March 2016
Central Bank of India	766.71	December 2015 to March 2016	1,476.56	April 2015 to March 2016
Corporation Bank	1,036.39	December 2015 to March 2016	1,994.64	April 2015 to March 2016
Dena Bank	662.40	December 2015 to March 2016	1,258.32	April 2015 to March 2016

Name of the Bank	Principal	Period	Interest	Period
ICICI	239.25	December 2015 to March 2016	406.48	June 2015 to March 2016
Indian Bank	951.57	December 2015 to March 2016	1,818.98	April 2015 to March 2016
Indian Overseas Bank	2,397.05	December 2015 to March 2016	4,600.58	April 2015 to March 2016
J&K Bank	342.76	December 2015 to March 2016	654.28	April 2015 to March 2016
Oriental Bank of Commerce	2,490.71	December 2015 to March 2016	4,735.19	April 2015 to March 2016
Punjab & Sind Bank	684.32	December 2015 to March 2016	1,306.29	April 2015 to March 2016
Punjab National Bank	3,299.91	December 2015 to March 2016	6,271.20	April 2015 to March 2016
State Bank of Hyderabad	2,734.55	December 2015 to March 2016	5,215.50	April 2015 to March 2016
State Bank of India	11,375.76	December 2015 to March 2016	21,708.37	April 2015 to March 2016
State Bank of Mysore	1,338.54	December 2015 to March 2016	2,562.45	April 2015 to March 2016
State Bank of Patiala	2,212.53	December 2015 to March 2016	4,267.25	April 2015 to March 2016
State Bank of Travancore	1,788.39	December 2015 to March 2016	3,444.39	April 2015 to March 2016
Syndicate Bank	905.86	December 2015 to March 2016	2,012.35	April 2015 to March 2016
UCO Bank	2,797.77	December 2015 to March 2016	5,355.63	April 2015 to March 2016
Union Bank of India	1,610.23	December 2015 to March 2016	3,096.74	April 2015 to March 2016
United Bank of India	1,875.48	December 2015 to March 2016	3,580.38	April 2015 to March 2016
Vijaya Bank	1,152.22	December 2015 to March 2016	2,213.88	April 2015 to March 2016

Name of the Financial Institution	Principal Default	Period	Interest Default	Period
HUDCO	1,651.99	December 2015 to March 2016	3,224.90	April 2015 to March 2016
IL&FS	105.31	December 2015 to March 2016	187.04	April 2015 to March 2016
LIC of India	951.24	December 2015 to March 2016	1,856.94	April 2015 to March 2016
SREI	2,986.00	March 2016	3,932.32	April 2015 to March 2016
SREI	1,137.45	July 2015 to March 2016	7.33	April 2015 to March 2016

(ix) Company did not raise any money by way of initial public offer or further public offer (including debt instrument) during the year. Further disbursement of Term loan received during the year, term loans were applied for the purpose they were raised.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid /provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Act.

(xii) 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 section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us 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.

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

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

S K Chhawchharia
Partner
Membership No.:008482

Place : Kolkata
Date : May 13, 2016

Annexure B to the Auditor's Report

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

1. In conjunction with our audit of the financial statements of Electrosteel Steels Limited ("the Company") as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the company of as of that date.

Management's Responsibility for Internal Financial Controls

2. 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 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 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 Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI. 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, 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.

5. 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 IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR 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 IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 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 ICAI.

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

S K Chhawchharia
Partner
Membership No.:008482

Place : Kolkata
Date : May 13, 2016

BALANCE SHEET AS AT 31ST MARCH, 2016

	Note	As at 31st March, 2016 Rs. in Lakhs	Rs. in Lakhs	As at 31st March, 2015 Rs. in Lakhs	Rs. in Lakhs
EQUITY & LIABILITIES					
Shareholders' Funds					
(a) Share Capital	2	**240,923.50**		240,923.50	
(b) Reserves and Surplus	3	**(164,294.24)**	**76,629.26**	(131,639.57)	109,283.93
Non-Current Liabilities					
(a) Long-Term Borrowings	4	**816,406.74**		889,724.10	
(b) Other Long-Term Liabilities	5	**35.40**		69.47	
(c) Long-Term Provisions	6	**596.20**	**817,038.34**	433.76	890,227.33
Current Liabilities					
(a) Short-Term Borrowings	7	**64,378.70**		58,019.78	
(b) Trade Payables	8	**36,571.64**		24,706.60	
(c) Other Current Liabilities	9	**367,397.69**		253,689.93	
(d) Short-Term Provisions	6	**209.81**	**468,557.84**	172.76	336,589.07
TOTAL			**1,362,225.44**		1,336,100.33
ASSETS					
Non-Current Assets					
(a) Fixed Assets					
(i) Tangible Assets	10	**1,019,934.43**		464,790.20	
(ii) Intangible Assets	10	**242.44**		130.25	
(iii) Capital Work-In-Progress		**183,280.11**		681,903.70	
(b) Long-Term Loans and Advances	11	**10,990.75**	**1,214,447.73**	16,356.60	1,163,180.75
Current Assets					
(a) Current Investments	12	**-**		4,007.77	
(b) Inventories	13	**73,576.24**		81,902.32	
(c) Trade Receivables	14	**25,074.83**		11,435.49	
(d) Cash and Cash Equivalents	15	**5,245.90**		25,980.98	
(e) Short-Term Loans and Advances	11	**15,754.91**		11,777.10	
(f) Other Current Assets	16	**28,125.83**	**147,777.71**	37,815.92	172,919.58
TOTAL			**1,362,225.44**		1,336,100.33
Significant Accounting Policies	1				

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

As per our Report of even date

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

S.K. Chhawchharia
Partner
M. No. 008482

Kolkata
May 13, 2016

For and on behalf of the Board

Lalit Kumar Singhi *Director*

R S Singh *Wholetime Director*

Ashutosh Agarwal *Chief Financial Officer*

Anubhav Maheshwari *Company Secretary*

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

		Note	Year ended 31st March, 2016 Rs. in Lakhs	Year ended 31st March, 2015 Rs. in Lakhs
I.	**Revenue from operations**			
	Sale of Products		**279,520.94**	198,631.48
	Other operating revenue		**9,354.95**	4,656.10
	Revenue from operations (Gross)	17	**288,875.89**	203,287.58
	Less: Excise duty		**29,106.42**	20,163.51
	Revenue from operations (Net)		**259,769.47**	183,124.07
II.	Other Income	18	**1,516.41**	1,560.49
III.	**Total Revenue (I + II)**		**261,285.88**	184,684.56
IV.	**Expenses:**			
	(a) Cost of Raw Materials Consumed	19	**182,744.94**	148,057.38
	(b) Purchase of Traded Goods (Stock in Trade)		**494.77**	5,861.80
	(c) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	20	**(7,185.93)**	(20,718.24)
	(d) Employee Benefits Expense	21	**8,342.71**	4,473.22
	(e) Finance costs	22	**52,531.47**	45,173.13
	(f) Depreciation and amortization expense	23	**20,257.93**	20,085.09
	(g) Other expenses	24	**64,406.58**	44,155.31
	Total expenses		**321,592.47**	247,087.69
V.	**Profit before Exceptional Items and Tax (III - IV)**		**(60,306.59)**	(62,403.13)
VI.	**Exceptional Items**	27	**27,651.92**	-
VII.	**Profit before Tax (V - VI)**		**(32,654.67)**	(62,403.13)
VIII.	**Extra Ordinary Items**		**-**	-
IX.	**Tax Expenses**			
	Current Tax		**0.00**	1.10
X.	**Profit/(Loss) for the Period (VII + VIII - IX)**		**(32,654.67)**	(62,404.23)
XI.	**Earning per Equity Share (nominal value of share Rs.10)**			
	(a) Basic		**(1.36)**	(2.68)
	(b) Diluted		**(1.36)**	(2.68)

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

As per our Report of even date

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

S.K. Chhawchharia
Partner
M. No. 008482

Kolkata
May 13, 2016

For and on behalf of the Board

Lalit Kumar Singhi *Director*

R S Singh *Wholetime Director*

Ashutosh Agarwal *Chief Financial Officer*

Anubhav Maheshwari *Company Secretary*

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

	31st March, 2016 Rs. in lacs	31st March, 2015 Rs. in lacs
Cash flow from operating activities		
Profit before tax	**(32,654.67)**	(62,403.13)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization on continuing operation	**20,257.93**	20,085.09
Exceptional Items	**27,651.92**	-
Loss/(profit) on sale of fixed assets	**5.10**	(5.62)
Interest expense	**52,531.47**	45,173.13
Operating profit before working capital changes	**67,791.75**	2,849.47
Movements in working capital :		
Increase/(decrease) in trade payables	**11,865.04**	9,779.84
Increase/(decrease) in long-term provisions	**162.44**	154.89
Increase/(decrease) in short-term provisions	**38.15**	89.95
Increase/(decrease) in other current liabilities	**(62,996.52)**	35,879.99
Increase/(decrease) in other long-term liabilities	**(34.07)**	-
Decrease/(increase) in trade receivables	**(13,639.34)**	(9,233.29)
Decrease/(increase) in inventories	**8,326.08**	(45,284.82)
Decrease/(increase) in short-term loans and advances	**(3,963.70)**	5,064.44
Decrease/(increase) in other current assets	**9,690.09**	(37,602.66)
Cash generated from / (used in) operations	**17,239.92**	(38,302.19)
Direct taxes paid (net of refunds)	**(15.22)**	(57.05)
Net Cash flow from / (used in) operating activities (A)	**17,224.70**	(38,359.24)
Cash flow from investing activities		
Purchase of fixed assets, including intangible assets, CWIP	**(47,454.67)**	(66,700.63)
Proceeds from sale of fixed assets	**16.75**	37.75
Proceeds from sale/ purchase of current investments (Net)	**4,007.77**	13,613.92
Decrease/(increase) in long-term loans and capital advances	**5,365.85**	(5,979.23)
Net Cash flow from / (used in) investing activities (B)	**(38,064.30)**	(59,028.19)
Cash flow from financing activities		
Proceeds from issuance of share capital	**-**	22,250.00
Proceeds from long-term borrowings	**(106.42)**	125,602.64
(net of repayment, including interest funded into Term Loans)		
Proceeds from short-term borrowings (net of repayment)	**6,358.92**	56,561.21
Interest paid (including funded interest on Term Loans)	**(6,147.98)**	(87,963.01)
Net Cash flow from / (used in) financing activities (C)	**104.52**	116,450.84
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(20,735.08)**	19,063.41
Cash and cash equivalents at the beginning of the year	**25,980.98**	6,917.57
Cash and cash equivalents at the end of the year	**5,245.90**	25,980.98
Components of cash and cash equivalents		
Balances with Banks		
In Current Accounts	**1,070.77**	17,644.67
Stamp papers on hand	**12.03**	15.17
Cash on hand	**13.25**	6.30
Balance with Bank in Deposit Accounts (held as margin money)	**4,149.85**	8,314.84
Total cash and cash equivalents	**5,245.90**	25,980.98

As per our Report of even date

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

S.K. Chhawchharia
Partner
M. No. 008482

Kolkata
May 13, 2016

For and on behalf of the Board

Lalit Kumar Singhi *Director*

R S Singh *Wholetime Director*

Ashutosh Agarwal *Chief Financial Officer*

Anubhav Maheshwari *Company Secretary*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

1. Significant Accounting Policies

1.1 Basis of Preparation of Financial Statements

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

1.2 Use of Estimates

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

1.3 Tangible and Intangible Fixed Assets

(i) Tangible fixed assets are stated at cost of acquisition and subsequent improvements thereto; net of CENVAT / Value Added Tax, rebates, less accumulated depreciation and impairment loss, if any.

(ii) All costs, including financing costs and net charge on foreign exchange contracts till commencement of commercial production, are capitalised. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of fixed asset.

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

(iv) Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment loss, if any.

1.4 Depreciation/ Amortisation

(i) Depreciation on tangible assets is provided on straight line method on the basis of useful life of the assets and in the manner prescribed in Schedule II to the Companies Act, 2013.

(ii) Assets costing Rs. 5,000 or less are being fully depreciated in the year of acquisition.

(iii) Cost of leasehold land is amortized over the period of lease.

(iv) The intangible assets are amortized on straight line method over the useful economic life of the respective assets.

1.5 Impairment of Assets

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

1.6 Government Grants

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

1.7 Foreign Currency Transactions

(i) Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing on the date of the transaction. All transactions of integral foreign operations are recorded by applying to the foreign currency amounts on an average exchange rate between the reporting currency and the foreign currency.

(ii) Monetary items denominated in foreign currencies at the year end are restated at the year end rates. In case of monetary items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid/received on forward contracts is recognised over the life of the contract.

(iii) Non-monetary foreign currency items are carried at cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

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

1.8 Investments

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

1.9 Inventories

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

1.10 Borrowing Costs

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

1.11 Employee Benefits

(i) Short term employee benefits are charged off at the undiscounted amount in the period in which the related service is rendered.

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

1.12 Taxes on Income

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

1.13 Provisions, Contingent Liabilities and Contingent Assets

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

1.14 Revenue Recognition

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

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

1.15 Insurance Claims

Insurance claims are accounted as and when admitted / settled.

1.16 Derivative Instruments

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

The premium arising at the inception of forward exchange contract is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts at the reporting date are recognized in the Statement of Profit and Loss. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs
2. Share Capital		
a) Capital Structure		
Authorised		
500,00,00,000 Equity Shares of Rs. 10/- each (Previous year - 450,00,00,000 Equity Shares of Rs. 10/- each)	**500,000.00**	450,000.00
	500,000.00	450,000.00
Issued, Subscribed and Fully Paid Up		
240,92,35,023 Equity Shares of Rs. 10/- each (Previous year - 240,92,35,023 Equity Shares of Rs. 10/- each)	**240,923.50**	240,923.50
	240,923.50	240,923.50

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

b) Share Capital Reconciliation

Equity Shares	**31st March, 2016**		31st March, 2015	
	Nos.	**Rs. in Lakhs**	Nos.	Rs. in Lakhs
Opening balance	**2,409,235,023**	**240,923.50**	2,186,735,023	218,673.50
Issued during the period	**-**	**-**	222,500,000	22,250.00
Closing Balance	**2,409,235,023**	**240,923.50**	2,409,235,023	240,923.50

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

	31st March, 2016		31st March, 2015	
	Nos.	**% holding**	Nos.	% holding
Electrosteel Castings Limited	**1,089,800,000**	**45.23%**	1,089,800,000	45.23%
Stemcor Cast Iron Investments Limited	**400,909,646**	**16.64%**	400,909,646	16.64%

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

e) 250,75,71,148 (Two Hundred Fifty crore seventy five lac seventy one thousand and one hundred and forty eight) number of Equity Shares ("These Shares") of Rs. 10/- each are reserved for issue and allotment on preferential basis to the lenders as per the Strategic Debt Restructuring (SDR) terms under loans contract with the lenders by conversion of loan for a sum of Rs. 2507.57 crore. These Shares will rank pari-passu with the existing Equity Shares with the right of pro-rata dividend from the date of allotment and that these Shares will be listed on the stock exchanges where the existing Equity Shares are listed.

3. Reserves & Surplus

	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs
Securities Premium Reserve	**3,993.17**	3,993.17
Surplus/(Deficit) in the statement of profit or loss		
Opening balance	**(135,632.74)**	(72,709.47)
Loss for the year	**(32,654.67)**	(62,404.23)
Adjustment of Assets Cost as per Schedule II (*)	**-**	(519.04)
Net Surplus/(Deficit)	**(168,287.41)**	(135,632.74)
Total	**(164,294.24)**	(131,639.57)

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

4. Long-term Borrowings	**Non-current portion**		**Current maturities**	
Term Loans (Secured)	**31st March, 2016 Rs. in Lakhs**	31st March, 2015 Rs. in Lakhs	**31st March, 2016 Rs. in Lakhs**	31st March, 2015 Rs. in Lakhs
From Banks				
Restructured Term Loan	**528,857.87**	**576,780.71**	79,024.74	31,101.90
Additional Term Loan	**100,108.72**	**97,737.43**	22,724.06	6,238.56
Funded Interest Term Loan (FITL)	**109,462.85**	**126,909.87**	28,576.94	11,129.93
Buyers Credit	**-**	**-**	48.35	14,811.57
From Others				
Restructured Term Loan	**66,601.95**	**74,037.48**	11,731.12	8,495.58
Funded Interest Term Loan (FITL)	**11,375.35**	**14,258.61**	4,468.44	1,585.17
	816,406.74	**889,724.10**	146,573.65	73,362.71
Amount disclosed under the head Other current liabilities (Note 9)	**-**	**-**	146,573.65	73,362.71
	816,406.74	**889,724.10**	-	-

In the financial year 2013-14, the Company was referred by the lenders to the Corporate Debt Restructuring (CDR) Cell. The CDR Empowered Group (CDR EG) Cell vide its Letter of Approval dated 28 September 2013, has approved a package to restructure/reschedule the Company's Debt and provide additional facilities. The Master Restructuring Agreement has been executed between the Company and the concerned lenders on 20 January 2014. The borrowings from non-CDR lenders (viz. HUDCO, IL & FS and SREI, appearing under the head 'From Others') have also been restructured bilaterally in line with CDR guidelines subject to certain modifications. Due Compliance of the sanctioned CDR packages could not be met with. The lenders have since invoked the "Strategic Debt Restructuring (SDR) pursuant to RBI Circulars dated June 08, 2015 and Sept 24, 2015 and the implementation thereof is under process.

A. Security

1) The entire facilities from CDR lenders and a non-CDR lender (HUDCO) are secured by:

(a) first ranking pari passu charge by way of mortgage/hypothecation of all immovable and movable properties (including fixed assets, plant & machinery, tools & accessories etc.), current assets (including book debts), present and future and assignment over all of Company's bank accounts;

(b) pledge of 866,750,000 Equity Shares of the Company held by Electrosteel Castings Ltd. ('ECL') being the Promoter Company;

(c) pledge of 517,000 Equity Shares of the Company held by Mr. Umang Kejriwal (Director);

(d) pledge of 32,675,270 Equity Shares of ECL held by 2 of its promoter group companies;

(e) personal guarantee of Mr. Umang Kejriwal and Ms. Radha Kinkari Kejriwal (COO - MSD)

2) The facility from a non-CDR lender (SREI) is secured by:

(a) second ranking pari passu charge by way of hypothecation of all movable assets (including receivables and intangibles), present and future;

(b) second charge on all rights, titles and interest in all assets of the Project, letter of credit/guarantee/performance bond provided in respect of the Project and all Project documents, Contracts, Insurance Policies etc.

(c) first charge by way of mortgage of a piece of land with factory building owned by ECL.

3) The facility from another non-CDR lender (IL & FS) is secured by

(a) second ranking pari passu charge by way of mortgage/hypothecation of all assets mentioned in 1(a) above;

(b) pledge of Shares as mentioned in 1(b) to 1(d) above ranking subservient to the pledge already created in favour of lenders;

(c) personal guarantees as mentioned in 1(e) above.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

B. Repayment terms

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

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

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

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

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

ii) The Restructured Term Loan (Rs. 2,986.00 lacs) was repayable on or before 15th March, 2016.

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

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

a) FITL from all lenders carries interest @ 10.75% p.a.

b) Additional Term Loan from all lenders carries interest @ 11.00% p.a.

c) Buyers' Credit carries interest rate at LIBOR plus spread being 0.24% to 0.75%.

d) Restructured term loan carries interest @ 10.75% p.a. upto 29th February, 2016 and @ 11% p.a. effective from 1st March, 2016.

D. The company has been in default for the repayment of principal and interest to the lenders (banks & others). The period and amount of such default as on balance sheet date are as follows:

	Principal		Interest	
Term Loans (Secured)	**31st March, 2016(*) Rs. in Lakhs**	31st March, 2015 Rs. in Lakhs	**31st March, 2016(**) Rs. in Lakhs**	31st March, 2015(***) Rs. in Lakhs
From Banks				
Restructured Term Loan	**30,394.13**	-	**65,554.91**	5,550.05
Additional Term Loan	**7,369.97**	-	**12,879.84**	962.71
Funded Interest Term Loan (FITL)	**10,886.45**	-	**14,856.41**	1,260.32
	48,650.55	-	**93,291.16**	7,773.08
From Others				
Restructured Term Loan	**5,003.35**	-	**8,273.28**	380.13
Funded Interest Term Loan (FITL)	**1,828.64**	-	**1,661.13**	81.16
	6,831.99	-	**9,934.41**	461.29
Total	**55,482.54**	-	**103,225.57**	8,234.37

(*) Relates to quarters ending December 2015 and March 2016
(**) Relates to period from 1-4-2015 to 31-3-2016
(***) Relates to period for March, 2015 which was paid in the month of June 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs
5. Other Long-term Liabilities		
Security Deposit/ EMD from Vendors	**35.40**	69.47
	35.40	69.47

6. Provisions	Long-term		Short-term	
	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs
Provision for employee benefits	**596.20**	433.76	**209.81**	171.66
Provision for Wealth Tax	**-**	-	**-**	1.10
	596.20	433.76	**209.81**	172.76

	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs
7. Short-term Borrowings (Secured)		
Loan Repayable on Demand		
From Banks		
Working Capital Facility	**39,459.99**	34,385.70
Buyers Credit	**24,918.71**	23,634.08
	64,378.70	58,019.78

Working Capital facility from Banks & Buyers' Credit is secured as in Note 4(A)(1) above. The working capital facility carries interest rate of 11.00% p.a. and the Buyers' Credit carries interest rate at LIBOR plus spread being 0.24% to 0.75%.

	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs
8. Trade Payables		
Trade Payables (including acceptance)	**36,571.64**	24,706.60
	36,571.64	24,706.60

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

	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs
9. Other Current Liabilities		
Current maturities of long-term debts (refer note 4 above)	**146,573.65**	73,362.71
Interest accrued but not due on borrowings	**456.32**	469.07
Interest accrued and due on borrowings	**103,037.02**	8,218.59
Advance / Security Deposits / EMD from Customers	**26,089.50**	28,088.23
Others		
Statutory Dues Payables	**3,510.81**	3,149.81
Creditors for Capital Supplies / Services	**49,258.58**	94,619.36
Forward contract Premium Payable	**28,527.87**	37,950.66
Others Payables (Including year end Liability for expenses)	**9,943.94**	7,831.50
	367,397.69	253,689.93

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

10. FIXED ASSETS

Rs. in lacs

Description	Gross Block					Accumulated depreciation/ amortisation				Net book value	
	As on 1st April, 2015	Additions	Borrowing Cost	Disposal / Adjustments	As on 31st March, 2016	As on 1st April, 2015	For the Period	Disposal / Adjustments	Upto 31st March, 2016	As ont 31st March, 2016	As on 1st April, 2015
Tangible Assets											
Freehold Land & Land Development (*)	24,037.69	953.24	-	-	24,990.93	-	-	-	-	24,990.93	24,037.69
Leasehold Land	100.02	-	-	-	100.02	14.60	3.15	-	17.75	82.27	85.42
Buildings	81,943.83	78,580.22	42,792.97	-	203,317.02	4,800.33	2,626.92	-	7,427.25	195,889.77	77,143.50
Plant & Equipment	393,528.41	282,589.20	153,276.70	34.53	829,359.78	32,020.80	17,856.14	21.88	49,855.06	779,504.72	361,507.61
Furniture & Fixtures	844.22	540.25	119.81	-	1,504.28	373.97	156.46	-	530.43	973.85	470.25
Vehicles	233.30	33.89	-	24.23	242.96	101.39	32.77	15.04	119.12	123.84	131.91
Office Equipment	260.13	325.30	99.12	-	684.55	152.91	69.76	-	222.67	461.88	107.22
Railway Sidings	1,658.61	10,821.60	5,893.95	-	18,374.16	352.01	114.98	-	466.99	17,907.17	1,306.60
Total (A)	502,606.21	373,843.70	202,182.55	58.76	1,078,573.70	37,816.01	20,860.18	36.92	58,639.27	1,019,934.43	464,790.20
Intangible Assets											
Computer Software	1,077.39	139.41	17.24	-	1,234.04	947.14	44.46	-	991.60	242.44	130.25
Total (B)	1,077.39	139.41	17.24	-	1,234.04	947.14	44.46	-	991.60	242.44	130.25
Total (A+B)	503,683.60	373,983.11	202,199.79	58.76	1,079,807.74	38,763.15	20,904.64	36.92	59,630.87	1,020,176.87	464,920.45
Previous Year's figures	390,842.88	81,392.84	311,501.85	53.97	503,683.60	17,531.34	20,734.61	(497.20)	38,763.15	464,920.45	

* Includes 222.17 acres (P.Y. 181.92 acres) of land pending registration in the name of the Company.

11. Loans & Advances

(Unsecured, Considered good)	Long-term 31st March, 2016 Rs. in Lakhs	Long-term 31st March, 2015 Rs. in Lakhs	Short-term 31st March, 2016 Rs. in Lakhs	Short-term 31st March, 2015 Rs. in Lakhs
Capital Advances	**10,074.03**	**15,484.86**	-	-
Security Deposit	**916.72**	**871.74**	-	-
Other loans and advances				
Income Tax Advances (Net of provisions)	-	-	311.91	297.79
Balance with statutory / government authorities	-	-	1,573.17	3,547.58
Advances recoverable in cash or kind or for value to be received	-	-	13,869.83	7,919.51
Export Incentive Receivables	-	-	-	12.22
	10,990.75	**16,356.60**	15,754.91	11,777.10

12. Current Investments

	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs
Investment in Mutual funds (Unquoted)		
SBI Premier Liquid Fund - Regular Plan (Growth) Nil (P.Y. 117,330.753) units of Nil (P.Y. Rs.2,137.35/)- each	-	2,507.77
SBI Ultra Short Term Debt Fund - Regular Plan (Growth) Nil (P.Y. 85,841.346) units of Nil (P.Y. Rs.1,747.91/)- each	-	1,500.00
	-	4,007.77

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs
13. Inventories (valued at lower of cost or net realizable value)		
Finished Goods	**15,561.48**	11,590.92
Semi Finised Goods/Work In Progress	**12,194.19**	9,804.43
Stock of Traded Goods	**0.24**	47.16
Raw Materials(*)	**19,375.93**	45,265.75
Stores and Spares (**)	**16,325.86**	4,839.50
Scrap and by products	**10,118.54**	10,354.56
(*) Includes materials in transit Rs. 2,426.44 Lakhs (P.Y. Rs.3,291.33 Lakhs)	**73,576.24**	81,902.32
(**) Includes materials in transit Rs. 286.76 Lakhs (P.Y. Rs. 212.63 Lakhs)		

	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs
14. Trade Receivables		
Unsecured, considered good		
Due for less than 6 months	**24,790.76**	11,029.04
Due for more than 6 months	**284.07**	406.45
	25,074.83	11,435.49

	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs
15. Cash and Cash Equivalents		
Cash and Cash equivalents		
Balances with Banks		
In Current Accounts	**1,070.77**	17,644.67
Cash on hand	**13.25**	6.30
Stamp papers on hand	**12.03**	15.17
Balance with Banks in Deposit Accounts Rs. 4,120.64 (P.Y. Rs. 4,314.85 lakhs) held as margin money(*)	**4,149.85**	8,314.84
** Includes deposits maturing after 12 months Rs. 1.56 lakhs (P.Y. Rs. 4,303.56 lakhs)*	**5,245.90**	25,980.98

	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs
16. Other Current Assets		
Interest accrued on fixed deposits	**75.73**	160.99
Unamortized expenditure		
Unamortized premium on forward contract	**771.51**	840.83
Gain receivable on forward exchange contract	**27,278.59**	36,814.10
	28,125.83	37,815.92

17. Revenue from Operations	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs
Sale of Products:		
Export Sales		
Semi-Finished & Finised Goods	**5,233.38**	13,664.45
Domestic Sales		
Semi-Finished & Finised Goods	**274,287.56**	184,967.03
Other Operating Revenue		
Scrap / By-products & Others	**9,354.95**	4,656.10
Revenue from operations (Gross)	**288,875.89**	203,287.58
Less: Excise Duty	**29,106.42**	20,163.51
Revenue from operations (Net)	**259,769.47**	183,124.07

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs
18. Other Income		
Job Work Charges	**-**	816.39
Interest income	**448.66**	526.87
Sundry credit balances written back(*)	**773.50**	-
Miscellaneous Income	**294.25**	217.23
	1,516.41	1,560.49

(*) Relates to old credit balances of certain suppliers/service providers for equipment supplies, civil and commissioning jobs. The excess liabilities of these parties as determined by the Company have been taken into Statement of Profit and Loss since asset-wise identification of the job values is not practical for their being various contracts and at various times in earlier years.

	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs
19. Cost of Raw Materials Consumed		
Inventory at the beginning of the year	**41,974.43**	10,638.10
Add: Purchases	**157,719.99**	179,411.87
Less: Inventory sold during the year	**-**	18.16
Less: Inventory at the end of the year	**16,949.48**	41,974.43
	182,744.94	148,057.38

	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs
Details of Materials Consumed		
Iron Ore	**54,903.28**	54,113.45
Coal	**98,036.91**	65,380.87
Coke and Coke Fines	**1,269.49**	10,173.41
Lime Stone and Dolomite	**11,140.27**	9,387.26
Others	**17,394.97**	9,002.39
	182,744.92	148,057.38

	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs
Details of Inventory		
Iron Ore	**3,585.08**	9,315.89
Coal	**9,979.76**	26,700.27
Coke and Coke Fines	**142.80**	1,393.60
Lime Stone and Dolomite	**1,015.54**	1,542.99
Others	**2,226.30**	3,021.68
	16,949.48	41,974.43

	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs
Purchase of Traded Goods		
Coal	-	5,249.29
TMT	**-**	612.51
	-	5,861.80

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs
20. Changes in Inventories of Finished Goods, Work-in-Progress & Stock-in-Trade		
Inventories at the end of the year		
Semi-Finished & Finished Goods	**27,755.67**	23,068.23
Scrap / By-products	**10,118.54**	8,681.69
Stock-in-Trade	**0.24**	47.16
	37,874.45	31,797.08
Inventories at the beginning of the year		
Semi-Finished & Finished Goods	**23,068.23**	6,746.53
Scrap / By-products	**8,681.69**	1,185.74
Stock-in-Trade	**47.16**	-
	31,797.08	7,932.27
Adjustment for Excise Duty	**-**	
Inventories transferred to Project	**958.51**	(3,146.57)
Inventories transferred from Project	**150.05**	-
	(7,185.93)	(20,718.24)

	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs
21. Employee Benefits Expense		
Salaries, wages and bonus	**7,766.63**	4,157.23
Contribution to Provident and Other Funds	**341.47**	178.16
Staff welfare expenses	**234.61**	137.83
	8,342.71	4,473.22

	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs
22. Finance Costs		
Interest Expense	**51,585.59**	43,769.57
Other Borrowing Cost	**706.97**	1,175.16
Net (Gain) / Loss on foreign currency transactions and translation	**238.91**	228.40
	52,531.47	45,173.13

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs
23. Depreciation and Amortisation Expenses		
Depreciation on Tangible Assets	**20,860.18**	20,722.04
Amortisation of Intangible Assets	**44.46**	12.57
Less: Transferred to Pre-operative expense	**(646.71)**	(649.52)
	20,257.93	20,085.09

	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs
24. Other Expenses		
Consumption of Stores & Spares	**9,917.91**	8,081.82
Power and Fuel	**10,795.45**	9,232.82
Freight and Forwarding Charges	**13,259.16**	7,686.12
Rent	**319.09**	243.78
Rates and taxes	**152.11**	57.90
Insurance	**429.54**	538.90
Repairs to Machinery	**510.89**	285.31
Operation & Maintenance expenses	**13,189.09**	7,262.97
Machine Hire Charges	**1,094.79**	835.00
Material Handling Expenses	**2,365.94**	1,009.24
Listing & Registrar Expenses	**47.35**	50.17
Security Expenses	**344.77**	264.13
Advertisement and Business Promotion Expenses	**163.07**	146.76
Travelling & Conveyance	**763.21**	667.93
Legal & Professional Fees	**1,522.83**	372.01
Payment to Auditors	**74.09**	74.15
Prior Period Items	**18.57**	652.81
Excise Duty on Closing Stock	**925.48**	2,464.13
Exchange differences (net)	**297.91**	81.79
Loss on Sale of Fixed Assets	**5.10**	(5.62)
Selling & Distribution Expenses	**4,301.48**	1,677.03
Premium on forward contract amortised	**1,627.10**	475.60
CSR Expenditure	**8.66**	1.61
Other Miscellaneous Expenses	**2,272.99**	1,998.95
	64,406.58	44,155.31

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs
Payment to Auditors		
Statutory Audit Fee	**20.10**	20.00
Internal Audit Fee	**45.06**	45.00
Tax Audit Fee	**3.51**	3.00
Other Services	**3.41**	4.86
Out of Pocket Expenses	**1.51**	0.83
Cost Audit Fee	**0.50**	0.46
	74.09	74.15

	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs
Prior Period Items		
Consultancy & Services charges	**-**	565.11
Freight & Demurrage charges	**-**	50.94
Insurance premium	**-**	14.62
Others	**18.57**	22.14
	18.57	652.81

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

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

26. Employee Benefits

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

Defined Contribution Plans

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

Particulars	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs
Employer's Contribution to Provident Fund	**255.12**	236.54
Employer's Contribution to Pension Scheme	**188.51**	127.71

Defined Benefit Plan

The present value of obligation for Employee's Gratuity Scheme is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for Leave Encashment is recognized in the same manner as Gratuity.

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

	Gratuity (partially funded)		Leave encashment (unfunded)	
	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs
Defined Benefit obligation at beginning of the year	**418.17**	269.41	**397.90**	269.36
Current Service Cost	**133.67**	96.57	**113.49**	81.16
Interest Cost on benefit obligation	**40.97**	27.50	**41.80**	26.69
Net Actuarial (gain)/loss recognized in the year	**49.71**	65.81	**130.27**	63.99
Benefits paid	**(39.25)**	(41.12)	**(39.34)**	(43.30)
Net benefit expense	**603.27**	418.17	**644.12**	397.90

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

b. Reconciliation of opening and closing balances of fair value of plan assets:

	Gratuity (partially funded)	
	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs
Opening fair value of plan assets	**281.83**	202.41
Expected return	**29.27**	19.32
Actuarial gains/(losses)	**4.19**	17.68
Employer contribution	**173.91**	83.54
Benefits paid	**(39.25)**	(41.12)
Closing fair value of plan assets	**449.95**	281.83

c. Reconciliation of fair value of assets and obligations

	Gratuity (partially funded)		Leave encashment (unfunded)	
	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs	**31st March, 2016 Rs. in Lakhs**	31st March, 2015 Rs. in Lakhs
Fair value of plan assets	**449.95**	281.83	**-**	-
Present value of obligations	**603.27**	418.17	**644.12**	397.90
(Assets)/Liability recognized in the Balance Sheet	**153.32**	136.34	**644.12**	397.90

d. Net employee benefit expense recognized during the year

	Gratuity (partially funded)		Leave encashment (unfunded)	
	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs	**31st March, 2016 Rs. in Lakhs**	31st March, 2015 Rs. in Lakhs
Current Service Cost	**133.67**	96.57	**113.49**	81.16
Interest Cost on benefit obligation	**40.97**	27.50	**41.80**	26.69
Expected return on plan assets	**(29.27)**	(19.32)	**-**	-
Net Actuarial (gain)/loss recognized in the year	**45.52**	48.12	**130.27**	63.99
Net benefit expense	**190.89**	152.87	**285.56**	171.84

	Gratuity (partially funded)				
	2015-16	2014-15	2013-14	2012-13	2011-12
Defined Benefit Obligation at the end of the year	**603.27**	418.17	269.41	263.58	252.26
Fair value of planned assets at the end of the year	**449.95**	281.83	202.41	227.03	132.81
Surplus/(Deficit)	**(153.32)**	(136.34)	(67.00)	(36.55)	(119.45)

e. Investment Details

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

f. Actuarial Assumptions

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

	Gratuity (partially funded)		Leave encashment (unfunded)	
	31st March, 2016	31st March, 2015	**31st March, 2016**	31st March, 2015
Mortality Table (Indian Assured Lives Mortality)	**2006-08 (Ultimate)**	2006-08 (Ultimate)	**2006-08 (Ultimate)**	2006-08 (Ultimate)
Discount rate (per annum)	**8.00%**	8.00%	**8.00%**	8.00%
Expected rate of return on plan assets (per annum)	**8.00%**	8.00%	**NA**	NA
Rate of escalation in salary (per annum)	**6.00%**	5.00%	**6.00%**	5.00%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

27. Exceptional Items

	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs
Claim for Loss of Profit from Contractors / Suppliers	27,651.92	-
	27,651.92	-

For its Integrated Steel Manufacturing facilities, the Company had entered into contracts with several parties for supply of equipment, structures, civil and erection commissioning etc. Given the fact that the time was an essence, the contracts had clauses relating to recovery of liquidated damages and penalties from the vendors. Essentially, the objective of these clauses was to compensate the Company for the loss of opportunity/profit.

There was significant delay in delivery and commissioning of the plant modules by some of these vendors thereby delaying the commissioning of the integrated plant and having a cascading impact on the profitability of the Company.

The Company, on account of such loss of profit due to the delays in past, has assessed and recovered a part of the amount from the available old balance in the Supplier's Payable accounts. Since the said recovery is towards the compensation for loss of profit, the amount has been recognised as income in the "Statement of Profit and Loss" as "Exceptional Item" during the current year.

For the unrecovered such loss of profit, requisite action has to be taken and the same will be accounted for in the year significant certainty is established.

28. Project Development Expenditure

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

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

	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs
Opening Balance	271,456.00	237,709.52
Add:		
(i) Payments to and Provisions for Employees (including personnel on deputation)		
– Salaries, Wages and Bonus	2,846.66	5,021.99
– Contribution to Provident Fund, Gratuity Fund, Pension Scheme, etc.	254.38	305.56
– Employee welfare and other amenities	298.10	317.90
(ii) Consultancy, Professional and Legal Fees	623.86	938.73
(iii) Power & Fuel	126.71	1,732.98
(iv) Labour and Machinery Hire Charges	11.50	512.55
(v) Security expenses	436.67	336.16
(vi) Insurance	3.69	685.87
(vii) Rent	29.43	105.19
(viii) Rates & Taxes	-	36.42
(ix) Stores & Spares consumption	(216.91)	5,539.16
(x) Travelling and Conveyance Expenses	911.95	850.10
(xi) Exchange Fluctuation (Considered as Borrowing Cost)	302.59	290.69
(xii) General and Administrative Expenses (net)	697.99	1,804.71
(xiii) Depreciation	646.71	649.52
(xiv) Other Borrowing Cost	835.47	840.26
(xv) Interest and Finance Charges	58,055.74	52,881.09
(xvi) Premium on forward contract	599.84	24.37
	337,920.38	310,582.77
Less:		
(i) Credit for Project Scrap	–	–
(ii) Foreign Currency Exchange Fluctuation	(2,061.12)	(1,038.79)
	339,981.50	311,621.56
Add: Provision for tax		
- Income Tax	–	–
	339,981.50	311,621.56
Less: Allocated/Transferred during the year to completed assets	259,230.49	40,165.56
Closing Balance	80,751.01	271,456.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

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

29. Segment information

The Company's activities during the period were relating to setting up of its Integrated Steel & D I Pipe Plant. A part of the plant facility has commenced production (refer Note 28 above). Considering the nature of the Company's business and operations, there are no separate reportable segments (business and/ or geographical) in accordance with the requirements of Accounting Standard 17 'Segment Reporting', issued by ICAI.

30. Related Party Disclosures

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

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

List of related parties where control exists:

Electrosteel Castings Limited - Promoter Company

Key Management Personnel (KMP) and their relatives

Mr. Rama Shankar Singh - Whole Time Director

Mrs Puspha Singh - Wife

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

Rama Mining Consultants Private Limited

North Dhadhu Mining Company Private Limited

Asian Informatics Private Limited

Jhilmil Traders Private Limited

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

Sl. No.	Name of the related party	**31st March, 2016 Rs. in Lakhs**	31st March, 2015 Rs. in Lakhs
1	**Electrosteel Castings Limited**		
	Transactions:		
	Proceeds from issue of Equity Shares/Premium	**-**	22,250.00
	Purchase of Materials & Services	**3,838.41**	45,011.58
	Sale of Materials, Services and others	**781.26**	6,317.74
	Reimbursement of expenses paid	**-**	139.86
	Reimbursement of expenses received	**-**	0.12
	Payment of rent	**0.60**	0.60
	Payment of Interest	**101.43**	-
	Closing Balance:		
	Trade Payables	**1,565.35**	4,870.85
	Advance against supplies/services	**21,869.21**	26,373.83
	Trade receivables	**-**	521.82
2	**Rama Shankar Singh**		
	Transactions:		
	Payment of remuneration	**151.99**	145.42
	Sale of Asset	**9.53**	-
	Closing Balance:		
	Year End Payables	**7.30**	7.24
3	**Pushpa Singh**		
	Transactions:		
	Payment of rent	**7.80**	-
	Closing Balance:		
	Year End Payables	**0.65**	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

31. Earning per share (EPS)

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

	31st March, 2016	31st March, 2015
Net Profit / (Loss) attributable to Equity Shareholders (Rs. in Lakhs)	**(32,654.67)**	(62,404.23)
Weighted average number of Equity Shares in calculating EPS	**2,409,235,023**	2,327,550,091
Nominal value of Equity Shares (Rs.)	**10.00**	10.00
Basic & Diluted EPS (Rs.)	**(1.36)**	(2.68)

32. Accounting for Taxes on Income

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

33. Capital and other commitments	**31st March, 2016 Rs. in Lakhs**	31st March, 2015 Rs. in Lakhs
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	**2,199.77**	7,006.90
Export Obligation Commitments under EPCG Scheme (*)	**734,299.02**	489,957.35

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

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

34. Contingent liabilities not provided for in respect of:	**31st March, 2016 Rs. in Lakhs**	31st March, 2015 Rs. in Lakhs
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) Central Excise & Service Tax	**3,694.05**	5,191.05
ii) Customs Duty	**35,811.93**	5,974.73
iii) Sales Tax	**13,163.73**	522.82
b) Guarantees given by banks on behalf of the Company	**3,093.68**	-
c) Bills Discounted with Banks & NBFC	**4,767.28**	8,837.49
d) Right of Recompense of Lenders as per CDR Guidelines	**61,475.56**	38,020.55
e) Other pending claims & disputes	**881.88**	100.00

f) There are several Civil and Criminal proceedings pending against the Company, the financial liability thereof, if any, is unascertainable.

35. Value of import calculated on CIF basis

	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs
Raw Materials	**42,228.92**	47,245.77
Stores & Spare Parts	**10,423.58**	7,261.56
Capital Goods	**4,365.64**	20,264.84
	57,018.14	74,772.17

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

36. Earnings in foreign exchange

	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs
FOB value of exports	**5,108.03**	13,664.46
	5,108.03	13,664.46

37. Expenditure in foreign currency

	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs
Consultancy and professional fees	**223.05**	142.40
Travelling and Conveyance	**84.68**	100.21
Rent	**-**	3.85
Interest paid	**382.81**	192.59
Others	**14.98**	9.35
	705.52	448.40

38. Valuation of Current Assets, Loan & Advances

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

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

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

	for the year 2015-16		for the year 2014-15	
	Value Rs. in Lakhs	% of total consumption	Value Rs. in Lakhs	% of total consumption
Raw Materials				
Imported	**87,336.29**	47.79%	**52,251.88**	35.29%
Indigenous	**95,408.65**	52.21%	**95,805.51**	64.71%
Stores & Spares Parts				
Imported	**1,822.82**	18.38%	**486.05**	3.87%
Indigenous	**8,095.09**	81.62%	**12,087.74**	96.13%

40. Derivative instruments and unhedged foreign currency exposure

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

Particulars	Purpose
Forward contract to buy US $	Hedge of buyers creditors
US$ 41,120,584 (31st March 2015 : US$ 59,110,635) (Rs 28,527.71 lacs (31st March 2015 : Rs 37,950.66 lacs)	

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

Particulars	Amount
Buyer's Creditors	Euro 24,158 (31st March 2015 : Euro 34,750) [Rs 18.21 lacs (31st March 2015 : Rs 23.22 lacs)]
	GBP Nil (31st March 2015 : GBP 117,080) [Rs Nil (31st March 2015 : Rs 108.03 lacs)]
Trade payables (including acceptances)	USD$ 48,721,138 (31st March 2015 : USD$ 52,193,859) [Rs 32,277.91 lacs (31st March 2015 : Rs 32,506 lacs)]
	Euro 4,006,642 (31st March 2015 : Euro 3,774,400) [Rs 3,020.21 lacs (31st March 2015 : Rs 2,522.05 lacs)]
	AUD 6,000 (31st March 2015 : AUD Nil) [Rs 3.04 lacs (31st March 2015 : Rs Nil)]
	GBP -12,300 (31st March 2015 : GBP 505) [Rs -11.70 lacs (31st March 2015 : Rs 0.47 lacs)]

41. The Company has incurred a net loss of Rs. 32654.67 lac (Previous Year Rs. 62,404,23 lac) during the year ended 31st March 2015. The Current liabilities exceeds the current assets by Rs. 320,780.13 lac (Previous year Rs. 163,669.49 lac).Further there has been an erosion of net worth by more than fifty percent because of accumulated losses.

The lenders have since invoked the 'Strategic Debt Restructuring' (SDR) pursuant to RBI Circulars dated June 08, 2015 and Sept 24, 2015, and the implementation thereof is under progress. The Company was EBIDTA positive in the financial year 2015-16. The Company is seeking potential investment of necessary funds. Considering the above developments and favourable impact thereof on the financials of the Company and its operations, the Company has prepared these financial statements on going concern basis.

42. Previous year figures have been reclassified wherever appropriate to confirm to current year's presentation.

43. All the figures in these notes are in 'Rs. in lakhs' except otherwise stated.

As per our Report of even date

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

S.K. Chhawchharia
Partner
M. No. 008482

Kolkata
May 13, 2016

For and on behalf of the Board

Lalit Kumar Singhi *Director*

R S Singh *Wholetime Director*

Ashutosh Agarwal *Chief Financial Officer*

Anubhav Maheshwari *Company Secretary*

Part C

Set out below is the audited financial results for Electrosteel for 12 months ended 31 March 2017, as extracted from the Electrosteel 2017 Annual Report:

INDEPENDENT AUDITOR'S REPORT

To the Members of
ELECTROSTEEL STEELS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of ELECTROSTEEL STEELS LIMITED ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibility

1. Our responsibility is to express an opinion on these financial statements based on our audit.
2. 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.
3. 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.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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.
5. We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matters

Without qualifying our opinion, we draw attention to the following Notes to the financial statements:

Note no. 18(A)(4), regarding carrying value of securities against the secured loans due being short, consequently the loans being marginally not being fully secured.

Note No. 39, regarding the preparation of these financial statements on a "going concern basis". The Company incurred an accumulated net loss of Rs. 3,18,925 lakhs up to the year ended March 31, 2017 and, as of that date, the company's current liabilities exceeded its current assets by Rs. 5,55,233 lakhs. Further the company's net worth has been eroded as at the balance sheet date. Since the full compliance of the sanctioned CDR package could not be met with, the lenders have since invoked Strategic Debt Restructuring (SDR) pursuant to RBI circulars dated 08.06.2015 & 24.09.2015, the implementation whereof is under progress. Company has positive EBIDTA in F.Ys. 2015-16 & 2016-17. Further, the company as well as the lenders are looking out for potential investors, and the restructuring proposal is under active consideration of the lenders. In view thereof, and expecting favorable market conditions in future, these financial statements have been prepared on a "going concern basis" and no adjustment has been made to the carrying value of the assets and liabilities.

Our opinion is not modified in respect of the matter.

Report on Other Legal and Regulatory Requirements

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

2. 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 purpose of our audit;

   b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c. the financial statements dealt with by this report are in agreement with the books of account;

   d. in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;

   e. two matters described under the Emphasis of Matters paragraph, in our opinion may have adverse effect on the functioning of the company;

   f. on the basis of the written representations received from the directors as on 31 March 2017 and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2017 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 (IFCoFR) of the Company and the operating effectiveness of such controls refer to our separate report in Annexure 'B'.

   h. 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. the Company does not have any pending litigations, other than those disclosed in the financial statements; which would materially impact its financial position;

      ii. the Company, as detailed in Note 40 to the financial statements, has made provision, as required under the applicable laws or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

      iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

      iv. the Company, as detailed in Note No. 43 to the financial statement, has made requisite disclosures in these standalone financial statement as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on the audit procedure performed and taking into consideration the information and explanation given to us, in our opinion, these are in accordance with the books of accounts maintained by the company.

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

S K Chhawchharia
Partner
Membership No.:008482

Place : Kolkata
Date : May 15, 2017

Annexure A to the Auditor's Report

The Annexure referred to in Independent Auditor's Report of even date to the members of Electrosteel Steels Limited, on the financial statements for the year ended 31st March, 2017

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

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As planned, a part of the fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the planned frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(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 all immovable properties are held in the name of the Company except for 226 no's of cases of Freehold Land comprising of 229.43 acres aggregating to amount of Rs. 1615.99 lakhs- registration pending for requisite approvals.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, LLP or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a),3(iii)(b) and 3(iii)(c)of the Order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company does not have any loan, investment, guarantees and securities. Accordingly, the provisions of clause 3(iv) of the Order is not applicable.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete. As informed, the cost audit for the year is under progress.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding on the year-end for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, the following dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.Lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	74.69	2009-10	CESTAT
Central Excise Act, 1944	Excise Duty	36.57		CESTAT
Service Tax under Finance Act,1994	Service Tax	2,214.87	2007-08 & 2008-09	CESTAT
Service Tax under Finance Act,1994	Service Tax	317.72	2009-10	CESTAT
Service Tax under Finance Act,1994	Service Tax	1,071.40	2007-08 to 2011-12	CESTAT

Name of the statute	Nature of dues	Amount (Rs.Lacs)	Period to whichthe amount relates	Forum where dispute is pending
Service Tax under Finance Act,1994	Service Tax	13.34	2014-15	The Joint Commissioner of Service Tax, Kolkata
Service Tax under Finance Act,1994	Service Tax	5.50	2015-16	Commissioner (Appeals)
Custom Act, 1962	Custom duty	5,974.73	2008-09 to 2011-12	Additional Director General, Directorate of Revenue Intelligence, New Delhi
Custom Act, 1962	Custom duty	19,569.38	2009-10 & 2010-11	Principal, Additional Director General, Directorate of Revenue Intelligence, Kolkata Zonal Unit
Custom Act,1962	Custom Duty	10,267.82	2008-09 & 2009-10	Principal, Additional Director General, Directorate of Revenue Intelligence, Kolkata Zonal Unit
Jharkhand VAT Act, 2015	Value Added Tax	24.40	2009-10	Commercial Tax Tribunal Ranchi
Jharkhand VAT Act, 2015	Value Added Tax	137.88	2010-11	Commissioner Commercial taxes, Jharkhand
Jharkhand VAT Act, 2015	Value Added Tax	273.16	2010-11 to 2012-13	Deputy Commissioner of Commercial Taxes, Jharkhand
Jharkhand VAT Act, 2015	Value Added Tax	8,194.13	2011-12	Deputy Commissioner of Commercial Taxes, Jharkhand
Jharkhand VAT Act, 2015	Value Added Tax	3,936.83	2012-13	Deputy Commissioner of Commercial Taxes, Jharkhand
Jharkhand VAT Act, 2015	Value Added Tax	138.94	2013-14	Commissioner Commercial taxes, Jharkhand
Jharkhand VAT Act, 2015	Value Added Tax	194.07	2013-14	Deputy Commissioner of Commercial Taxes, Jharkhand
Jharkhand VAT Act, 2015	Value Added Tax	9.11	2008-09 to 2010-11	Deputy Commissioner of Commercial Taxes, Jharkhand
Jharkhand VAT Act, 2015	Value Added Tax	673.47	2015-16	Commissioner Commercial taxes, Jharkhand
Central Sales Tax, 1956	Central Sales Tax	392.78	2012-13	Commissioner Commercial taxes, Jharkhand
Central Sales Tax, 1956	Central Sales Tax	1,507.64	2014-15	Commissioner Commercial taxes, Jharkhand
Central Sales Tax, 1956	Central Sales Tax	322.58	2015-16	Commissioner Commercial taxes, Jharkhand

(viii) The Company has defaulted in the payment of principal as well as interest dues to the following banks and Financial Institutions:

Amount (in Lakhs)

Name of the Bank	Principal	Period	Interest	Period
Allahabad Bank	4,427.20	December 2015 to March 2017	6,373.54	April 2015 to March 2017
Andhra Bank	1,730.79	December 2015 to March 2017	2,481.13	April 2015 to March 2017
Bank of Baroda	2,594.75	December 2015 to March 2017	3,709.51	April 2015 to March 2017
Bank of India	3,056.03	December 2015 to March 2017	4,382.78	April 2015 to March 2017
Bank of Maharashtra	1,946.89	December 2015 to March 2017	2,789.03	April 2015 to March 2017

Canara Bank	622.92	December 2015 to March 2017	948.78	April 2015 to March 2017
Central Bank of India	7,680.76	December 2015 to March 2017	11,132.02	April 2015 to March 2017
Corporation Bank	2,059.68	December 2015 to March 2017	2,967.80	April 2015 to March 2017
Dena Bank	2,783.95	December 2015 to March 2017	4,008.43	April 2015 to March 2017
ICICI Bank	1,779.25	December 2015 to March 2017	2,544.61	April 2015 to March 2017
Indian Bank	2,553.64	December 2015 to March 2017	3,668.31	April 2015 to March 2017
Indian Overseas Bank	6,430.71	December 2015 to March 2017	9,305.58	April 2015 to March 2017
J&K Bank	920.67	December 2015 to March 2017	1,319.66	April 2015 to March 2017
Oriental Bank of Commerce	6,696.08	December 2015 to March 2017	9,569.29	April 2015 to March 2017
Punjab & Sind Bank	1,838.19	December 2015 to March 2017	2,635.31	April 2015 to March 2017
Punjab National Bank	8,864.24	December 2015 to March 2017	12,594.34	April 2015 to March 2017
State Bank of Hyderabad	7,312.36	December 2015 to March 2017	10,542.74	April 2015 to March 2017
State Bank of India	30,537.94	December 2015 to March 2017	43,796.27	April 2015 to March 2017
State Bank of Mysore	3,562.97	December 2015 to March 2017	5,177.73	April 2015 to March 2017
State Bank of Patiala	5,910.68	December 2015 to March 2017	8,575.04	April 2015 to March 2017
State Bank of Travancore	4,774.30	December 2015 to March 2017	6,942.52	April 2015 to March 2017
Syndicate Bank	2,358.56	December 2015 to March 2017	4,050.19	April 2015 to March 2017
UCO Bank	7,456.94	December 2015 to March 2017	10,810.64	April 2015 to March 2017
Union Bank of India	4,320.63	December 2015 to March 2017	6,247.55	April 2015 to March 2017
United Bank of India	5,038.07	December 2015 to March 2017	7,226.01	April 2015 to March 2017
Vijaya Bank	3,067.54	December 2015 to March 2017	4,462.55	April 2015 to March 2017

Name of the Financial Institution	**Principal Default**	**Period**	**Interest Default**	**Period**
HUDCO	4,305.75	December 2015 to March 2017	6490.24	April 2015 to March 2017
IL&FS	274.44	December 2015 to March 2017	375.97	April 2015 to March 2017
LIC of India	2,479.32	December 2015 to March 2017	3737.17	April 2015 to March 2017
SREI	9,211.32	March 2016 to March 2017	9621.91	April 2015 to March 2017

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instrument) during the year. According to the information and explanations given to us, further disbursement of Term loan received during the year were applied for the purpose they were raised.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid /provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Act.

(xii) 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 section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Indian accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us 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 them.

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

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

S K Chhawchharia
Partner
Membership No.:008482

Place : Kolkata
Date : May 15, 2017

Annexure B to the Auditor's Report

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

In conjunction with our audit of the financial statements of Electrosteel Steels Limited ("the Company") as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting (IFCoFR) of the company of as of 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 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 the its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's IFCoFR 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") and Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI. 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 IFCoFR 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 IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, 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 evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

A company's IFCoFR 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 IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 IFCoFR, 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 IFCoFR to future periods are subject to the risk that IFCoFR 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 Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based 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 ICAI.

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

S K Chhawchharia
Partner
Membership No.:008482

Place : Kolkata
Date : May 15, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

(₹ in lakhs)

Particulars	Note No.	As at Mar 31, 2017	As at Mar 31, 2016	As at Apr 1, 2015
ASSETS				
Non-current assets				
(a) Property, Plant and Equipment	5(a)	991,007.52	1,037,207.67	482,060.31
(b) Capital work-in-progress		179,907.04	175,054.14	681,173.00
(c) Other Intangible Assets	5(b)	177.87	242.43	130.24
(d) Financial Assets- Other Financial Assets	6	815.82	788.08	4,992.37
(e) Other Non-Current Assets	7	8,288.03	10,153.16	15,567.15
Current assets				
(a) Inventories	8	79,176.19	73,576.25	81,902.32
(b) Financial Assets:				
(i) Investments	9	-	-	4,117.05
(ii) Trade Receivables	10	12,720.47	25,074.83	11,435.48
(iii) Cash and Cash Equivalents	11	9,513.91	1,145.60	17,666.14
(iv) Bank Balances other than (iii) above	12	3,904.82	4,148.29	4,011.28
(v) Other Financial Assets	13	152.57	126.70	203.47
(c) Current Tax Assets (net)	14	377.22	311.91	297.79
(d) Other Current Assets	15	15,611.14	15,395.18	11,439.99
TOTAL ASSETS		**1,301,652.60**	**1,343,224.24**	**1,314,996.59**
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	16	240,923.50	240,923.50	240,923.50
(b) Other Equity	17	(297,708.11)	(151,385.02)	(114,539.31)
Liabilities				
Non-current liabilities				
(a) Financial Liabilities:				
(i) Borrowings	18	691,979.13	815,914.81	889,102.68
(ii) Other Financial Liabilities	19	35.40	35.41	69.47
(b) Provisions	20	833.90	596.20	433.76
Current liabilities				
(a) Financial Liabilities:				
(i) Borrowings	21	69,629.27	64,378.70	58,019.78
(ii) Trade Payables	22	40,937.51	36,571.64	24,706.59
(iii) Other Financial Liabiities	23	525,575.00	306,379.14	184,869.56
(b) Other Current Liabilities	24	29,184.79	29,600.05	31,237.80
(c) Provisions	25	262.21	209.81	172.76
TOTAL EQUITY AND LIABILITIES		**1,301,652.60**	**1,343,224.24**	**1,314,996.59**

Significant accounting policies and other accompanying notes (1 to 44) form an integral part of the financial statements.

As per our Report of even date

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

S.K. Chhawchharia
Partner
M. No. 008482

Kolkata
May 15, 2017

For and on behalf of the Board

Lalit Kumar Singhi *Director*
DIN No. 00893144

R S Singh *Wholetime Director*
DIN No. 02093276

Ashutosh Agarwal *Chief Financial Officer*

Binaya Kumar Dash *Company Secretary*
M. No. A17982

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

(₹ in lakhs)

Particulars	Note No.	Year ended March 31, 2017	Year ended March 31, 2016
I. Revenue from Operations	26	277,429.58	288,875.89
II. Other Income	27	9,353.12	1,571.44
III. Total Income (I+II)		**286,782.70**	**290,447.33**
IV. Expenses			
Cost of Materials Consumed	28	153,425.33	184,222.66
Purchases of Stock-in-Trade		-	494.77
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	29	11,709.47	(7,185.95)
Excise Duty on Sale of Goods		23,304.94	29,106.42
Employee Benefits Expense	30	13,117.63	8,403.97
Finance Costs	31	112,983.05	52,663.27
Depreciation and Amortisation Expense	32	47,882.30	20,257.93
Other Expenses	33	70,707.97	66,935.60
Total Expenses (IV)		**433,130.69**	**354,898.67**
V. Profit before exceptional items and tax (III-IV)		**(146,347.99)**	**(64,451.34)**
VI. Exceptional Items	34	-	(27,651.92)
VII. Profit/ (loss) before tax (V-VI)		**(146,347.99)**	**(36,799.42)**
VIII. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
IX. Profit/ (loss) for the year (VII-VIII)		**(146,347.99)**	**(36,799.42)**
X. Other Comprehensive Income:			
A (i) Items that will not be reclassified to profit or loss		24.91	(19.86)
(ii) Income tax relating to items that will not be reclassified to profit or loss			
B (i) Items that will be reclassified to profit or loss			
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
XI. Total Comprehensive Income for the year (IX+X) (Comprising Profit (Loss) and Other Comprehensive Income for the year)		**(146,323.08)**	**(36,819.28)**
XII. Earning per equity share of Par value of Rs. 10 each:	38		
Basic and Diluted		(6.07)	(1.53)

Significant accounting policies and other accompanying notes (1 to 44) form an integral part of the financial statements.

As per our Report of even date

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

S.K. Chhawchharia
Partner
M. No. 008482

Kolkata
May 15, 2017

For and on behalf of the Board

Lalit Kumar Singhi *Director*
DIN No. 00893144

R S Singh *Wholetime Director*
DIN No. 02093276

Ashutosh Agarwal *Chief Financial Officer*

Binaya Kumar Dash *Company Secretary*
M. No. A17982

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH, 31, 2017

A. Equity Share Capital

Balance as at April 1, 2015	240,923.50
Changes during the year	-
Balance as at March 31, 2016	240,923.50
Changes during the year	-
Balance as at March 31, 2017	240,923.50

B. Other Equity

As at March 31,2017

Particulars	Reserves and Surplus		Items of Other Comprehensive Income	Total
	Securities premium reserve	Retained earnings	Re-mesurement of defined benefit plans	
Balance as at April 01, 2016	3,993.17	(155,222.18)	(156.01)	(151,385.02)
Total comprehensive income for the year	-	(146,347.99)	24.90	(146,323.09)
Re-mesurement of defined benefit plans transferred	-	-	-	-
Balance at March 31, 2017	**3,993.17**	**(301,570.17)**	**(131.11)**	**(297,708.11)**

Particulars	Reserves and Surplus		Items of Other Comprehensive Income	Total
	Securities premium reserve	Retained earnings	Re-mesurement of defined benefit plans	
Balance as at April 01, 2015	3,993.17	(118,422.76)	(109.73)	(114,539.32)
Total comprehensive income for the year	-	(36,799.42)	(19.86)	(36,819.28)
Re-mesurement of defined benefit plans transferred	-	-	(26.42)	(26.42)
Balance at March 31, 2016	**3,993.17**	**(155,222.18)**	**(156.01)**	**(151,385.02)**

Refer Note no. 17 for nature and purpose of reserves

Significant accounting policies and other accompanying notes (1 to 44) form an integral part of the financial statements.

As per our Report of even date

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

S.K. Chhawchharia
Partner
M. No. 008482

Kolkata
May 15, 2017

For and on behalf of the Board

Lalit Kumar Singhi *Director*
DIN No. 00893144

R S Singh *Wholetime Director*
DIN No. 02093276

Ashutosh Agarwal *Chief Financial Officer*

Binaya Kumar Dash *Company Secretary*
M. No. A17982

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2017

	Year Ended March 31, 2017 ₹ in lakhs	Year Ended March 31, 2016 ₹ in lakhs
Cash flow from operating activities		
Profit before tax and after exceptional item	**(146,347.99)**	**(36,799.42)**
Adjustment for non-cash/non-operating item to reconcile profit before tax to net cash flows		
Depreciation and amortization expenses	47,882.30	20,257.93
Exceptional Items	-	(27,651.92)
Loss/(profit) on sale of fixed assets	(0.95)	5.10
Sundry credit balances written back	(5,207.99)	(773.50)
Effect of unrealised foreign exchange (gain)/loss	3,519.85	2,512.51
Interest Income	(745.33)	(448.66)
Interest expense	112,983.05	52,663.27
Operating profit before working capital changes	**12,082.94**	**9,765.31**
Movements in working capital :		
Decrease/(increase) in inventories	(5,599.94)	8,326.07
Increase/(decrease) in trade and other payables	5,928.35	71,655.05
Decrease/(increase) in trade receivables	12,354.36	(13,639.35)
Decrease/(increase) in loans and advances and other assets	(234.28)	(3,963.67)
Cash generated from / (used in) operations	24,531.43	72,143.41
Direct taxes paid (net of refunds)	(65.31)	(14.11)
Net Cash flow from / (used in) operating activities (A)	**24,466.12**	**72,129.30**
Cash flow from investing activities		
Purchase of fixed assets, including intangible assets, CWIP	(9,716.64)	(90,645.71)
Proceeds from sale of fixed assets	2.06	16.75
Proceeds from sale/ purchase of current investments (Net)	-	4,117.05
Decrease/(increase) in long-term loans and capital advances	1,837.41	9,618.29
Decrease/(increase) in Deposits	243.47	(137.01)
Interest received	737.76	533.92
Net Cash flow from / (used in) investing activities (B)	**(6,895.94)**	**(76,496.71)**
Cash flow from financing activities		
Proceeds from long-term borrowings (net of repayment, including interest funded into Term Loans)	(3,298.29)	23.07
Proceeds from short-term borrowings (net of repayment)	1,730.72	3,846.41
Interest paid	(7,634.30)	(16,022.61)
Net Cash flow from / (used in) financing activities (C)	**(9,201.87)**	**(12,153.13)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	8,368.31	(16,520.54)
Cash and cash equivalents at the beginning of the year	1,145.60	17,666.14
Cash and cash equivalents at the end of the year	**9,513.91**	**1,145.60**
Cash and cash equivalents consists of the following for the purpose of the Cash Flow Statement:		
Balances with Banks		
In Current Accounts	9,499.67	1,120.29
Stamp papers on hand	11.88	12.06
Cash on hand	2.36	13.25
Total cash and cash equivalents (Refer Note No. 11)	**9,513.91**	**1,145.60**

Note: The Cash flow statement has been prepared under Indirect Method as per IND AS 7 "Statement of Cash Flows"

Significant accounting policies and other accompanying notes (1 to 44) form an integral part of the financial statements.

As per our Report of even date

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

S.K. Chhawchharia
Partner
M. No. 008482

Kolkata
May 15, 2017

For and on behalf of the Board

Lalit Kumar Singhi *Director*
DIN No. 00893144

R S Singh *Wholetime Director*
DIN No. 02093276

Ashutosh Agarwal *Chief Financial Officer*

Binaya Kumar Dash *Company Secretary*
M. No. A17982

NOTES ON ACCOUNTS

1 CORPORATE INFORMATION

Electrosteel Steels Limited ("ESL" or "the Company"), promoted by Electrosteel Castings Limited is a public limited company, incorporated and domiciled in India having its registered office at, 801, Uma Shanti Apartments, Kanke Road, Ranchi - 834008. ESL has an envisaged capacity of 2.51 Million Ton Per Annum (MTPA) Greenfield Integrated Steel Plant in Bokaro District Jharkhand. ESL makes products like Pig Iron, Billets, TMT Bars, Wire Rods and Ductile Iron(DI) Pipes. It consists of a Sinter Plant, Pellet Plant, Coke Oven, Blast Furnace, Basic Oxygen Furnace, Billet Caster, Wire Rod Mill, Ductile Iron Pipe Plant, Bar Mill and Power Plant. It also manufactures DI Pipe used for Water supply and Pressure sewerage application. The Company's shares are listed and publically traded on the National Stock Exchange of India and Bombay Stock Exchange.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

i. Statement of Compliance

The Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013 ("the Act") with effect from April 1, 2016 and therefore IND Ass issued, notified and made effective till the financial statements are authorized have been considered for the purpose of preparation of these financial statements.

These are the Company's first Ind AS Standalone Financial Statements and the date of transition to Ind AS as required has been considered to be April 1, 2015.

The financial statement up to the year ended March 31, 2016, were prepared under the historical cost convention on accrual basis in accordance with the Generally Accepted Accounting Principles and Accounting Standards as prescribed under the provisions of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 then applicable (Previous GAAP) to the Company. Previous period figures in the Financial Statements have now been restated in compliance to Ind AS.

In accordance with Ind AS 101-"First Time adoption of Indian Accounting Standards" (Ind AS 101), the Company has presented [Note No. 42(a)], a reconciliation of Shareholders' equity as given earlier under Previous GAAP and those considered in these accounts as per Ind AS as at March 31, 2016, and April 1, 2015 and also the Net Profit as per Previous GAAP and that arrived including Other Comprehensive Income under Ind AS for the year ended March 31, 2016.The mandatory exceptions and optional exemptions availed by the Company on First-time adoption have been detailed in Note No. 42(b) of the financial statement.

ii. Recent Pronouncements

In March 2017, Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to the Ind AS 7 'Statement of Cash flows' and Ind AS 102, 'Share - Based Payment' which are applicable w.e.f. 1st April, 2017.

The amendment to Ind AS 7 "Statement of Cash Flows" requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The effect of this amendment on the financial statements of the Company is being evaluated.

The amendment to Ind AS 102 "Share Based Payment" provides specific guidance to measurement of cash-settled share based payment transaction and share based payment transaction with a net settlement feature for withholding tax obligations. As the Company has not issued any stock options plans this amendment does not have any impact on the financial statements of the Company.

3 SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Preparation

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

NOTES ON ACCOUNTS

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

As the operating cycle cannot be identified in normal course due to the special nature of industry, the same has been assumed to have duration of 12 months. Accordingly, all assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in IND AS-1 'Presentation of Financial Statements' and Schedule III to the Companies Act, 2013.

The Financial Statements are presented in Indian Rupees which is the Company's functional currency and all values are rounded off to the nearest two decimal lakhs except otherwise stated.

Fair value measurement

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

The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement which are described as follows:

a) Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

b) Level 2: Inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability.

c) Level 3: Inputs for the asset or liability which are not based on observable market data.

B. PROPERTY, PLANT AND EQUIPMENT (PPE)

Property, plant and equipment are stated at cost of acquisition or deemed cost on the date of transition or construction and subsequent improvements thereto less accumulated depreciation and impairment losses, if any. Cost of acquisition includes inward freight, duties and taxes (net of cenvat availed), dismantling cost and installation expenses etc incurred up to the installation of the assets.

Direct Expenditure on implementation of the project prior to commencement of production and stabilization of commercial production of the respective plant facility, are classified as Project Development Expenditure and disclosed under Capital Work-in-Progress (net of income earned during the project development stage). A part of plant facility has commenced production and accordingly the balance proportionate expenditure related to the plant under construction & erection continues to be accounted as 'Project Development Expenditure' pending capitalization under 'Capital Work-in-Progress'.

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

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

Depreciation and Amortisation

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

NOTES ON ACCOUNTS

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

Category	Useful life
Buildings	
- Non-Factory Building (RCC Frame Structure)	30 Years
- Factory Building	30 Years
Roads	
- Carpeted Roads-RCC	10 Years
- Non-Carpeted Roads	3 Years
Plant and machinery	
- Sinter Plant, Blast Furnace, Coke Oven, Rolling Mill	20 Years
- Basic Oxygen Furnace Convertor	25 Years
- Power Plant	40 Years
- Water System	30 Years
- Continuous Process Plant	15 Years
- Others	25 Years
Computer equipment	
- Servers and networks	6 Years
- Others	3 Years
Furniture and fixtures, Electrical Installation and Laboratory Equipments	10 Years
Railway Sidings	15 Years
Office equipment	5 Years
Vehicles	
- Motor cycles, scooters and other mopeds	10 Years
- Others	8 Years

Pipe Moulds of specified sizes consumed within a year are charged to consumption in the year of issue. Others are depreciated over a period of three years.

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.

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

C. INTANGIBLE ASSETS

Intangible assets are stated at cost of acquisition/deemed cost on transition date, comprising of purchase price inclusive of import duties (net of cenvat), if any, and other taxes less accumulated amortization and impairment losses. Depreciable amount of such assets, are allocated on systematic basis on the best estimates on straight line basis.

Cost of software including directly attributable cost, if any, acquired for internal use, is allocated / amortized over a period of 3-5 years (being estimated useful life thereof) on straight line basis.

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

D. DERECOGNITION OF TANGIBLE AND INTANGIBLE ASSETS

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

NOTES ON ACCOUNTS

LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of an asset to the Company. All other leases are classified as operating leases.

Finance leases are capitalized at the inception of the lease at lower of its fair value and the present value of the minimum lease payments and a liability is recognised for an equivalent amount. Any initial direct costs of the lessee are added to the amount recognised as an asset. Each lease payments are apportioned between finance charge and reduction of the lease liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the outstanding amount of the liabilities.

Payments made under operating leases are recognised as expenses on a straight-line basis over the term of the lease unless the lease arrangements are structured to increase in line with expected general inflation or another systematic basis which is more representative of the time pattern of the benefits availed Contingent rentals, if any, arising under operating leases are recognised as an expense in the period in which they are incurred.

F. IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

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

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

G. FINANCIAL INSTRUMENTS

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

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

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

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

i. **Cash and cash equivalents**

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

NOTES ON ACCOUNTS

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

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

The above Financial Assets and Financial Liabilities subsequent to initial recognition are measured at amortized cost using Effective Interest Rate (EIR) method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (including all fees and points paid or received, transaction costs and other premiums or discounts) through the expected life of the Financial Asset or Financial Liability to the gross carrying amount of the financial asset or to the amortised cost of financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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

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

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

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

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

vi. **Derivative and Hedge Accounting**

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

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

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

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

NOTES ON ACCOUNTS

vii. **Impairment of financial assets**

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

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

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

viii. **Derecognition of financial instruments**

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

On derecognition of a financial asset (except for equity instruments designated as FVTOCI), the difference between the asset's carrying amount and the sum of the consideration received and receivable are recognized in statement of profit and loss.

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

H. INVENTORIES

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

Cost in respect of raw materials and stores and spares includes expenses incidental to procurement of the same. Cost in respect of finished goods represents prime cost, and includes appropriate portion of overheads and excise duty.

Cost in respect of process stock represents, cost incurred upto the stage of completion.

I. FOREIGN CURRENCY TRANSACTIONS

Presentation currency

These financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the company.

Transactions and balances

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

NOTES ON ACCOUNTS

J. EQUITY SHARE CAPITAL

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

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

K. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized at discounted amount (other than current) when there is a legal or constructive 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 obligation. Provisions are not recognised for future operating losses. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements.

Contingent Assets are also not recognized in the financial statement and if material, are disclosed by way of notes.

L. EMPLOYEE BENEFITS

Short term Employee benefits are accrued in the year services are rendered by the employees.

Post Employment benefit includes:

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

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

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

Contribution to Superannuation fund, a defined contribution plan is made in accordance with the Company policy and is recognised in the Statement of Profit or Loss.

M. REVENUE RECOGNITION

i. **Sale of Goods**

Revenue is recognized at the fair value of consideration received or receivable when the significant risk and rewards of goods and/or ownership of goods have been transferred and the amount thereof can be measured reliably. This represents the net invoice value of goods supplied to third parties after deducting discounts, volume rebates and outgoing sales tax and is inclusive of excise duty there against.

INTEREST, DIVIDEND AND CLAIMS

Dividend income is recognized when the right to receive payment is established. Interest has been accounted using effective interest rate method. Insurance claims/ other claims are accounted as and when admitted / settled.

NOTES ON ACCOUNTS

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 accrued.

N. BORROWING COST

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

O. RESEARCH AND DEVELOPMENT

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

P. GOVERNMENT GRANTS

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

Q. TAXES ON INCOME

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

Current income tax is provided on the taxable income and recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Taxable Income differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

NOTES ON ACCOUNTS

R. EARNINGS PER SHARE

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

S. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief-operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Segment manager who allocates resources and assess the operating activities, financial results, forecasts, or plans for the segment.

The Company's Greenfield Integrated Steel Plant with 2.51 MTPA capacity consists of various products consisting of Wire Rod, TMT Bars, Ductile Iron Pipe, Billets, Pig Iron etc. used in various activities out of which certain facilities are still under construction and erection. Considering the nature of the Company's business operations and future prospects and possible capacity utilisation etc., there are no seperate reportable segment.

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

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

Application of accounting policies that require significant areas of estimation, uncertainty and critical judgments and the use of assumptions in the financial statements have been disclosed below. The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

a) **Determining whether an arrangement contain leases and classification of leases**

The Company enters into service / hiring arrangements for various assets / services. The determination of lease and classification of the service / hiring arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

b) **Fair value as Deemed cost for PPE**

The Company has used fair value of PPE as carried out by external valuer as on the date of transition i.e. 1st April 2015 as deemed costs. Such fair valuations involves higher degree of uncertainty and subjectivity.

NOTES ON ACCOUNTS

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

Property, plant and equipment are depreciated and intangible assets are amortized on straight-line basis over the estimated useful lives (or lease term if shorter) in accordance with Schedule II of the Companies Act, 2013, taking into account the estimated residual value, wherever applicable. The Company reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation / amortization expense to be recorded during any reporting period. This reassessment may result in change in depreciation expense in future periods.

The company reviews its carrying value of its Tangible and Intangible Assets whenever there is objective evidence that the assets are impaired. The required level of impairment losses to be made is estimated by reference to the estimated value in use or recoverable amount.

d) **Impairment loss on trade receivables**

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

e) **Income taxes**

Significant judgment is required in determination of taxability of certain income and deductibility of certain expenses during the estimation of the provision for income taxes. The deferred tax liability consequent to fair valuation of PPE and financial instruments involving estimation for timing differences has not been recognised in these financial statements.

The Company has significant amount of unused tax credits, since availability of future taxable income is not certain, no provision for deferred tax assets has been made under IND AS 12 ' Income Taxes'.

f) **Contingencies**

Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations/Right to recompense of lenders against the Company as it is not possible to predict the outcome of pending matters with accuracy. The right to recompense to be accounted for in accordance with IND AS-109 requires management to estimate the probability of conditions in accordance with the CDR guidelines. Based on management best estimates the same does not qualify for recognition in the financial statements.

g) **Insurance Claim and Liquidated damages**

Insurance claims are accounted as and when admitted/settled. Liquidated damages and penalties from the vendors are accounted for in accordance with the terms of agreement for loss of opportunity/profit of the company due to delay in completion, if balances are available in the Supplier's/Contractors Account, subsequent changes in value if any is provided .

h) **Defined benefit obligation (DBO)**

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

NOTES ON ACCOUNTS

5 (a) Property, Plant and Equipment: **(₹ in lakhs)**

As at March 31, 2017

Particulars	Freehold land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipments	Railway Siding	Total
Gross Block								
As at April 1, 2016	42,346.47	198,516.67	797,360.86	1,130.30	156.58	531.67	18,022.15	1,058,064.70
Additions	103.44	40.62	1,105.68	187.07	21.30	103.67	-	1,561.78
Disposal	-	-	-	-	(5.57)	-	-	(5.57)
Adjustments	-	-	-	-	-	-	-	-
As at March 31, 2017	42,449.91	198,557.29	798,466.54	1,317.37	172.31	635.34	18,022.15	1,059,620.91
Accumulated Depreciation								
As at April 1, 2016	-	2,626.92	17,856.14	156.46	32.77	69.76	114.98	20,857.03
Charge for the period	-	11,954.28	34,345.24	168.00	26.96	95.89	1,170.45	47,760.82
Disposal	-	-	-	-	(4.46)	-	-	(4.46)
Adjustments	-	-	-	-	-	-	-	-
As at March 31, 2017	-	14,581.20	52,201.38	324.46	55.27	165.65	1,285.43	68,613.39
Net carrying amount								
As at March 31, 2017	42,449.91	183,976.09	746,265.16	992.91	117.04	469.69	16,736.72	991,007.52

As at March 31, 2016

Particulars	Freehold land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipments	Railway Siding	Total
Gross Block								
As at April 1, 2015	41,393.23	77,143.48	361,507.61	470.24	131.89	107.26	1,306.60	482,060.31
Additions	953.24	121,373.19	435,865.90	660.06	33.89	424.41	16,715.55	576,026.24
Disposal	-	-	(12.65)	-	(9.20)	-	-	(21.85)
Adjustments	-	-	-	-	-	-	-	-
As at March 31, 2016	42,346.47	198,516.67	797,360.86	1,130.30	156.58	531.67	18,022.15	1,058,064.70
Accumulated Depreciation								
As at April 1, 2015	-	-	-	-	-	-	-	-
Charge for the period	-	2,626.92	17,856.14	156.46	32.77	69.76	114.98	20,857.03
Disposal	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-
As at March 31, 2016	-	2,626.92	17,856.14	156.46	32.77	69.76	114.98	20,857.03
Net carrying amount								
As at March 31, 2016	42,346.47	195,889.75	779,504.72	973.84	123.81	461.91	17,907.17	1,037,207.67
As at April 1, 2015	41,393.23	77,143.48	361,507.61	470.24	131.89	107.26	1,306.60	482,060.31

i. The Gross Block as on the transition date i.e. April 01, 2015 given herein above represents fair value of Property, Plant and Equipment as valued by an Independent valuer and considered as "deemed cost" as per the provision of IND AS 101 "First-time Adoption of Indian Accounting Standards"- Refer Note no. 42.

ii. Gross book value of Railway siding includes Rs. 120,70.19 lakhs as on March 31, 2017 (Rs 120,70.19 as on March 31, 2016 and Rs. NIL as on April 01, 2015), incurred for construction of Railway siding ownership of which does not vest with the company.

iii. Depreciation for the year includes Rs. Nil (Previous year Rs. 646.71 lakh) transferred to Pre-operative expenses.

iv. Freehold land and Land developments includes 229.43 acres amounting to Rs. 1,615.99 lakh (As at March 31, 2016 - 222.89 acres amounting to Rs1,567.53 lakhs and as on April 1, 2015 - 185.50 acres amounting to Rs1,277.19 lakhs) is pending execution registration thereof.

v. Also Refer note. No. 18 and 21

NOTES ON ACCOUNTS

Project Development Expenditure

The Company's Integrated Steel & DI Pipe Plant in the State of Jharkhand, India, is under construction & erection. A part of plant facility has commenced production and accordingly the balance proportionate expenditure related to the plant under construction & erection continues to be accounted as 'Project Development Expenditure' pending capitalization under 'Capital Work-in-Progress'as detailed below. Capital work in progress includes Rs. 1,073,82.04 lakhs, Rs. 1,025,29.14 lakhs and Rs. 4,104,47.69 lakh as on March 31, 2017, March 31,2016 and April 1, 2015 respectively, in respect of plant and equipment and other facilities to be installed and following project development expenditure.

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

		As at Mar 31, 2017	As at Mar 31, 2016
Opening Balance		**72,525.00**	**270,725.31**
Add:			
(a)	Payments to and Provisions for Employees (including personnel on deputation)		
	- Salaries, Wages and Bonus	-	2,846.66
	- Contribution to Provident Fund, Gratuity Fund, Pension Scheme, etc.	-	227.93
	- Employee welfare and other amenities	-	271.38
(b)	Consultancy, Professional and Legal Fees	-	623.86
(c)	Power & Fuel	-	126.71
(d)	Labour and Machinery Hire Charges	-	11.50
(e)	Security expenses	-	-
(f)	Insurance	-	3.69
(g)	Rent	-	29.43
(h)	Rates & Taxes	-	-
(i)	Stores & Spares consumption	-	(216.91)
(j)	Travelling and Conveyance Expenses	-	244.64
(k)	Exchange Fluctuation (Considered as Borrowing Cost)	-	302.59
(l)	Other directly attributable costs	-	455.13
(m)	Depreciation	-	646.71
(n)	Other Borrowing Cost	-	835.47
(o)	Interest and Finance Charges	-	58,165.02
(p)	Premium on forward contract	-	-
		72,525.00	**335,299.12**
	Less:		
	Foreign Currency Exchange Fluctuation	-	(3,543.63)
		72,525.00	**331,755.49**
	Allocated/Transferred during the year to completed assets	-	(259,230.49)
Closing Balance		**72,525.00**	**72,525.00**

NOTES ON ACCOUNTS

5 (b) Other Intangible Assets

As at March 31, 2017 (₹ in lakhs)

Particulars	Gross Block As at April 1, 2016	Additions	Gross Block As at March 31, 2017	Accumulated Depreciation As at April 1, 2016	Charge for the period	Cumulative Depreciation As at March 31, 2017	Net carrying amount As at March 31, 2017	Net carrying amount As at March 31, 2016
Computer Softwares	286.89	53.59	340.48	44.46	118.15	162.61	177.87	242.43

As at March 31, 2016 (₹ in lakhs)

Particulars	Gross Block As at April 1, 2015	Additions	Gross Block As at March 31, 2016	Accumulated Depreciation As at April 1, 2015	Charge for the period	Cumulative Depreciation As at March 31, 2016	Net carrying amount As at March 31, 2016	Net carrying amount As at March 31, 2015
Computer Softwares	130.24	156.65	286.89	-	44.46	44.46	242.43	130.24

i. The Gross Block as on the transition date i.e. April 01, 2015 given herein above represents written down value as per Previous GAAP considered as "deemed cost" as per the provision of IND AS 101 "First-time Adoption of Indian Accounting Standards"- Refer Note no. 42.

ii. Also Refer note. No. 18 and 21.

(₹ in lakhs)

6 Other Financial Assets	As at Mar 31, 2017	As at Mar 31, 2016	As at Apr 1, 2015
Unsecured, considered good			
(a) Security Deposit	812.50	786.52	688.81
(b) Balance with Banks in Deposit Accounts with more than 12 months maturity	3.32	1.56	4,303.56
	815.82	**788.08**	**4,992.37**

6.1 Fixed Deposits with Banks are in lien against Letter of Credit/Bank Guarantees issued by them

7 Other Non-Current Assets	As at Mar 31, 2017	As at Mar 31, 2016	As at Apr 1, 2015
(a) Capital advances	8,212.41	10,074.03	15,484.86
(b) Prepayments of leasehold land	75.62	79.13	82.29
	8,288.03	**10,153.16**	**15,567.15**

8 Inventories	As at Mar 31, 2017	As at Mar 31, 2016	As at Apr 1, 2015
(a) Raw Materials	27,727.77	17,149.02	41,993.05
(b) Raw Materials in transit	787.96	2,426.44	3,291.33
(c) Semi Finised Goods/ Work In Progress	7,082.70	12,228.81	9,830.05
(d) Finished Goods	9,001.72	15,561.48	11,590.92
(e) Stock of Traded Goods	-	0.24	47.16
(f) Stores and Spares	24,480.88	15,809.31	4,586.97
(g) Stores and Spare Parts in transit	79.79	286.76	212.63
(h) Scrap and By Products	10,015.37	10,114.19	10,350.21
	79,176.19	**73,576.25**	**81,902.32**

NOTES ON ACCOUNTS

8.1 The entire carrying value of Inventory as on 31st March 2017 and 31st March 2016 is secured against facilities granted by CDR and non-CDR lenders as stated in Note No. 18 and 21.

8.2 Stores and Spares stock includes stock of DI Pipe Mould of size 350 mm and above amounting to Rs. 1,616.02 lakhs (Rs.879.92 lakhs as on March 31, 2016 and Rs. 196.98 lakhs as on April 1, 2015) which will be amortised over a period of 3 years, upon its issue for consumption.

9 Investments	As at Mar 31, 2017	As at Mar 31, 2016	As at Apr 1, 2015
Investments measured at fair value through Profit and Loss			
Investment in Mutual Funds (quoted)			
(a) SBI Premier Liquid Fund - Regular Plan (Growth)	-	-	2,576.25
As at March 31, 2017 Nil Units, As at March 31, 2016, Nil Units and as at April 01,2015, 117,330.753 units having face value of Rs. 1000 each)			
(b) SBI Ultra Short Term Debt Fund Fund - Regular Plan (Growth)	-	-	1,540.80
As at March 31, 2017 Nil Units, As at March 31, 2016, Nil Units and as at April 01,2015, 85,841.346 units having face value of Rs. 1000 each)			
	-	**-**	**4,117.05**
Aggergate amount of quoted investments	-	-	4,117.05
Aggregate NAV of investment in mutual fund	-	-	4,117.05

9.1 Particulars of investments as required in terms of section 186(4) of the Companies Act,2013 have been disclosed under Note no. 9

10 Trade Receivables	As at Mar 31, 2017	As at Mar 31, 2016	As at Apr 1, 2015
Unsecured, considered good	12,720.47	25,074.83	11,435.48
	12,720.47	**25,074.83**	**11,435.48**

The Company's Integrated Steel & DI Pipe Plant had commenced production during the year ended March 31, 2015 and March 31, 2016 and a part is still under construction and erection, hence there does not exist any historical trend for the Company in respect of Impairment for allownaces for doubtful debt.

There is no material credit loss in earlier years. The Company however, has reviewedits account receivable based on the financial condition of the customer after considering the current economic environment on case to case basis. Based on such review, there does not exist any circumstances requiring any impairment in these financial statements.

The concentration of credit risks is limited due to customer base being backed by large number of unrelated parties

10.1 Ageing of Trade Receivables	As at Mar 31, 2017	As at Mar 31, 2016	As at Apr 1, 2015
Within the credit period	4,148.00	16,912.55	7,313.58
0 - 30 days	5,677.87	3,092.59	2,410.86
30 - 60 days	230.37	1,314.39	1,124.80
60 - 90 days	13.51	392.59	41.10
90 - 120 days	65.32	460.36	3.65
120 + days	2,585.40	2,902.35	541.49
	12,720.47	**25,074.83**	**11,435.48**

NOTES ON ACCOUNTS

11 Cash and Cash Equivalents	As at Mar 31, 2017	As at Mar 31, 2016	As at Apr 1, 2015
(a) **Balances with Banks:**			
- In Current Accounts	9,499.67	1,120.29	17,644.67
(b) Cash on hand	2.36	13.25	6.30
(c) Stamp papers on hand	11.88	12.06	15.17
	9,513.91	**1,145.60**	**17,666.14**

12 Bank Balances other than Cash and cash equivalents	As at Mar 31, 2017	As at Mar 31, 2016	As at Apr 1, 2015
(a) Balance with Banks in Deposit Accounts	3,904.82	4,148.29	4,011.28
	3,904.82	**4,148.29**	**4,011.28**

Fixed Deposits amounting to Rs. 3,670.35 lakhs (As at March 31, 2016, Rs. 4,120.64 lakhs and April 1, 2015, Rs. 4,314.85 lakhs) held as margin money against Letter of Credit/Bank Guarantees issued by the bank.

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage. Cash credit/working capital facility that are repayable on demand and that form an integral part of the Company's cash management is included as a component of cash and cash equivalents for the purpose of the cash flow statement.

13 Other Financial Assets	As at Mar 31, 2017	As at Mar 31, 2016	As at Apr 1, 2015
(a) Security Deposits to Vendors	40.93	15.50	5.00
(b) EMD to Customers & Vendors	17.45	18.74	14.75
(c) Interest accrued on fixed deposits	83.30	75.73	160.99
(d) Advances against salaries	10.89	16.73	10.50
(e) Export incentive receivables	-	-	12.23
	152.57	**126.70**	**203.47**

14 Current Tax Assets (net)	As at Mar 31, 2017	As at Mar 31, 2016	As at Apr 1, 2015
Advance Income Tax and Tax deducted at source	377.22	311.91	297.79
	377.22	**311.91**	**297.79**

15 Other current assets	As at Mar 31, 2017	As at Mar 31, 2016	As at Apr 1, 2015
(a) Balance with statutory/ government authorities	3,055.43	1,573.17	3,547.58
(b) Advances to Suppliers and Contractors	12,552.38	13,818.86	7,889.26
(c) Prepayments of leasehold land	3.33	3.15	3.15
	15,611.14	**15,395.18**	**11,439.99**

NOTES ON ACCOUNTS

	As at Mar 31, 2017	As at Mar 31, 2016	As at Apr 1, 2015
16 Equity Share Capital			
(a) **Authorised:**			
5,00,00,00,000 Equity Shares of Rs. 10/- each (March 31, 2016 5,00,00,00,000 Equity Shares and April 1, 2015 4,50,00,00,000 Equity Shares)	500,000.00	500,000.00	450,000.00
	500,000.00	**500,000.00**	**450,000.00**
(b) **Issued, Subscribed and Fully Paid Up:**	240,923.50	240,923.50	240,923.50
240,92,35,023 Equity Shares of Rs. 10/- each (March 31, 2016 2,40,92,35,023 Equity Shares and April 1, 2015 2,40,92,35,023 Equity Shares)			
	240,923.50	**240,923.50**	**240,923.50**

(c) **Reconciliation of the number of Equity Shares Outstanding:**

Equity Share Capital:	**As at 31st March 2017**		As at 31st March 2016		**As at 1st April 2015**	
	Nos.	**Amount**	**Nos.**	**Amount**	**Nos.**	**Amount**
No. of shares as at the beginning	240 92 35 023	240,923.50	240 92 35 023	240,923.50	240 92 35 023	240,923.50
Additions during the period	-	-	-	-	-	-
No. of shares as at the end	240 92 35 023	240,923.50	240 92 35 023	240,923.50	240 92 35 023	240,923.50

(d) **Shareholders holding more than 5% Shares Equity Shares:**

Name of Shareholder	**As at 31st March 2017**		As at 31st March 2016		**As at 1st April 2015**	
	Nos	**% holding**	**Nos**	**% holding**	**Nos**	**% holding**
Electrosteel Castings Limited	1,089,800,000	45.23%	1,089,800,000	45.23%	1,089,800,000	45.23%
Stemcor Cast Iron Investments Limited	400,909,646	16.64%	400,909,646	16.64%	400,909,646	16.64%

(e) **Rights, Preferences and Restrictions attached to shares**

The Company has one class of Equity Shares having a par value of Rs. 10/-. Each Holder of Equity Shares is entitled to one vote proportionate to paid up capital. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the Annual General Meeting. In the event of liquidation of the Company, the holders of Ordinary Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders and their paid up amounts.

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

(g) 250,75,71,148 (Two Hundred Fifty crore seventy five lac seventy one thousand and one hundred and forty eight) number of Equity Shares ("These Shares") of Rs. 10/- each are reserved for issue and allotment on preferential basis to the lenders as per the Strategic Debt Restructuring (SDR) terms under loans contract with the lenders by conversion of loan for a sum of Rs. 2507.57 crore. These Shares will rank pari-passu with the existing Equity Shares with the right of pro-rata dividend from the date of allotment and that these Shares will be listed on the stock exchanges where the existing Equity Shares are listed.

NOTES ON ACCOUNTS

17 Other Equity	As at Mar 31, 2017	As at Mar 31, 2016	As at Apr 1, 2015
(a) Securities Premium Reserve	3,993.17	3,993.17	3,993.17
(b) Retained Earnings	(301,570.17)	(155,222.17)	(118,422.77)
(c) Other Comprehensive Income			
Remeasurement of Defined Benefit Plans	(131.11)	(156.02)	(109.71)
	(297,708.11)	**(151,385.02)**	**(114,539.31)**

17.1 Refer Statement of changes in equity for movement in balances of reserves.

17.2 **Securities Premium Reserve**

Securities Premium Reserve represents the amount received in excess of par value of securities. Section 52 of Companies Act, 2013 specify restriction and utilisation of security premium.

17.3 **Retained Earnings**

Retained Earnings generally represent the undistributed profits /amount of accumulated earnings of the Company whether shown as a reserve or otherwise or any change in carrying amount of an assets or liability upon measurement at fair value recognised in Statement of Profit and Loss. It includes Rs. 1,73,55.54 lakhs which is not available for distribution as dividend represented by fair valuation of land.

17.4 **Other Comprehensive Income**

Other Comprehensive Income Reserve represent the balance in equity for items to be accounted in Other Comprehensive Income (OCI). The transaction under OCI are classified as follows:

Items that will not be reclassified to profit and loss.

The actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions have been recognised in OCI.

18 Borrowings	As at Mar 31, 2017	As at Mar 31, 2016	As at Apr 1, 2015
(a) **From Banks (Secured):**			
Restructured Term Loan	451,940.03	528,365.94	576,159.29
Additional Term Loan	84,609.28	100,108.72	97,737.43
Funded Interest Term Loan (FITL)	91,620.80	109,462.85	126,909.87
(b) **From Others (Secured):**			
Restructured Term Loan	55,073.46	66,601.95	74,037.48
Funded Interest Term Loan (FITL)	8,735.56	11,375.35	14,258.61
	691,979.13	**815,914.81**	**889,102.68**

In the financial year 2013-14, the Company was referred by the lenders to the Corporate Debt Restructuring (CDR) Cell. The CDR Empowered Group (CDR EG) Cell vide its Letter of Approval dated 28 September 2013 had approved a package to restructure/reschedule the Company's Debt and provide additional facilities. The Master Restructuring Agreement had been executed between the Company and the concerned lenders on 20 January 2014. The borrowings from non-CDR lenders (viz. HUDCO, IL & FS and SREI, appearing under the head 'From Others') had also been restructured bilaterally in line with CDR guidelines subject to certain modifications. Due Compliance of the sanctioned CDR packages could not be met with. The lenders have since invoked the "Strategic Debt Restructuring(SDR) pursuant to RBI Circulars dated June 08, 2015 and Sept 24, 2015 and the implementation thereof is under process.

NOTES ON ACCOUNTS

A Security

(1) The entire facilities from CDR lenders and a non-CDR lender (HUDCO) are secured by:

(a) first ranking pari passu charge by way of mortgage/hypothecation of all immovable and movable properties (including fixed assets, plant & machinery, tools & accessories etc.), current assets (including inventory and book debts), present and future and assignment over all of Company's bank accounts;

(b) pledge of 866,750,000 Equity Shares of the Company held by Electrosteel Castings Ltd. ('ECL') being the Promoter Company;

(c) pledge of 517,000 Equity Shares of the Company held by Mr. Umang Kejriwal (Director);

(d) pledge of 32,675,270 Equity Shares of ECL held by 2 of its promoter group companies;

(e) personal guarantee of Mr. Umang Kejriwal and Ms. Radha Kinkari Kejriwal (OSD)

(2) The facility from a non-CDR lender (SREI) is secured by:

(a) second ranking pari passu charge by way of hypothecation of all movable assets (including receivables and intangibles), present and future;

(b) second charge on all rights, titles and interest in all assets of the Project, letter of credit/ guarantee/ performance bond provided in respect of the Project and all Project documents, Contracts, Insurance Policies etc.

(c) first charge by way of mortgage of a piece of land with factory building owned by ECL.

(3) The facility from another non-CDR lender (IL & FS) is secured by

(a) second ranking pari passu charge by way of mortgage/hypothecation of all assets mentioned in A(1)(a) above;

(b) pledge of Shares as mentioned in A(1)(b) to A(1)(d) above ranking subservient to the pledge already created in favour of lenders;

(c) personal guarantees as mentioned in A(1)(e) above.

(4) As compared to the amount of secured loans due, there is a shortfall in the carrying value of securities. Consequently the secured loans are not fully secured to the extent of such shortfall in the securities.

B Repayment terms

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

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

NOTES ON ACCOUNTS

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

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

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

(ii) The Restructured Term Loan (Rs. 2,986.00 lacs) was repayable on or before 15th March 2016.

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

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

(a) FITL from all lenders carries interest @ 10.75% to 11.00% p.a.

(b) Additional Term Loan from all lenders carries interest @ 11.00% p.a.

(c) Buyers' Credit carries interest rate at LIBOR plus spread being 0.24% to 0.75%.

(d) Restructured term loan carries interest @ 10.75% p.a. upto 29th February 2016 and @ 11% p.a. effective from 1st March 2016.

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

D The company has been in default for the repayment of principal and interest to the lenders (banks & others). The period and amount of such default as on balance sheet date are as follows:

		Principal			Interest		
	Term Loans (Secured)	**Mar 31, 2017(*)**	**Mar 31, 2016(**)**	**April 1, 2015(***)**	**Mar 31, 2017(*)**	**Mar 31, 2016(**)**	**April 1, 2015(***)**
	From Banks	*Rs. in Lakhs*	*Rs. in Lakhs*	*Rs. in Lakhs*	*Rs. in Lakhs*	*Rs. in Lakhs*	*Rs. in Lakhs*
(a)	Restructured Term Loan	79,024.74	*30,394.13*	-	132,189.87	65,554.91	5,550.05
(b)	Additional Term Loan	22,724.06	*7,369.97*	-	26,378.28	12,879.84	962.71
(c)	Funded Interest Term Loan (FITL)	28,576.94	*10,886.45*	-	29,693.21	14,856.41	1,260.32
		130,325.74	48,650.55	-	188,261.36	93,291.16	7,773.08
	From Others						
(a)	Restructured Term Loan	11,802.39	*5,003.35*	-	16,928.86	8,273.28	380.13
(b)	Funded Interest Term Loan (FITL)	4,468.44	*1,828.64*	-	3,296.43	1,661.13	81.16
		16,270.83	6,831.99	-	20,225.29	9,934.41	461.29
	Total	146,596.57	55,482.54	-	208,486.65	103,225.57	8,234.37

(*) Default on account of Principal repayment relates to the period from Dec. 2015 till 31st March 2017. Default in payment of interest relates to the period from 1st April, 2015 to 31st March, 2017.

(**) Default on account of Principal repayment relates to the period from Dec. 2015 till 31st March 2016. Default in payment of interest relates to the period from 1st April, 2015 to 31st March, 2016.

(***) Relates to the month of March, 2015.

NOTES ON ACCOUNTS

(Rs. in Lakhs)

19 Other Financial Liabilities	As at Mar 31, 2017	As at Mar 31, 2016	As at Apr 1, 2015
Security Deposits/ EMD from Vendors	35.40	35.41	69.47
	35.40	**35.41**	**69.47**

20 Provisions	As at Mar 31, 2017	As at Mar 31, 2016	As at Apr 1, 2015
Provision for Employee Benefits	833.90	596.20	433.76
	833.90	**596.20**	**433.76**

21 Borrowings	As at Mar 31, 2017	As at Mar 31, 2016	As at Apr 1, 2015
Loans Repayable on Demand (Secured):			
Working Capital Facility	42,814.56	39,459.99	34,385.70
Buyers Credit	26,814.71	24,918.71	23,634.08
	69,629.27	**64,378.70**	**58,019.78**

Working Capital facility from Banks & Buyers' Credit is secured as in Note No.18(A)(1) above. The working capital facility carries interest rate of 11.00% p.a. and the Buyers' Credit carries interest rate at LIBOR plus spread being 0.24% to 0.75%.

22 Trade Payables	As at Mar 31, 2017	As at Mar 31, 2016	As at Apr 1, 2015
Trade Payables (including acceptance)	40,937.51	36,571.64	24,706.59
	40,937.51	**36,571.64**	**24,706.59**

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

23 Other Financial Liabilities	As at Mar 31, 2017	As at Mar 31, 2016	As at Apr 1, 2015
(a) Current maturities of long-term debts	267,211.05	146,573.65	73,362.71
(b) Interest accrued but not due on borrowings	107.03	456.32	469.07
(c) Interest accrued and due on borrowings	208,735.06	103,037.02	8,218.59
(d) Security Deposits from Customers	50.15	0.25	0.25
(e) Creditors for Capital Supplies/ Services	42,497.16	45,742.20	94,619.36
(f) Derviative Instrument Contract Payable (net)	1,192.87	576.23	349.51
(g) Temporary Overdraft in Current Account with Banks	452.35	49.53	-
(h) Others Payables (Year end liability for expenses)	5,329.33	9,943.94	7,850.07
	525,575.00	**306,379.14**	**184,869.56**

NOTES ON ACCOUNTS

(Rs. in Lakhs)

24	Other Current Liabilities	As at Mar 31, 2017	As at Mar 31, 2016	As at Apr 1, 2015
(a)	Advance from customers	26,684.93	26,089.24	28,087.99
(b)	Statutory Dues	2,499.86	3,510.81	3,149.81
	(includes Provident Fund, Excise Duty, Service Tax, Tax deducted at source etc.)	29,184.79	29,600.05	31,237.80

25	Provisions	As at Mar 31, 2017	As at Mar 31, 2016	As at Apr 1, 2015
(a)	Provision for Employee Benefits	262.21	209.81	171.66
(b)	Provision for Wealth Tax	-	-	1.10
		262.21	**209.81**	**172.76**

26	Revenue from Operations	As at	As at
(a)	**Sale of Products:**	Mar 31, 2017	Mar 31, 2016
	Semi-Finished & Finised Goods:		
	- Export Sales	20,578.96	5,233.38
	- Domestic Sales	247,995.01	274,287.56
(b)	**Other Operating Revenue:**		
	- Scrap/ By-products & Others	8,855.61	9,354.95
	Revenue from operations (Gross)	**277,429.58**	**288,875.89**

27	Other Income	As at Mar 31, 2017	As at Mar 31, 2016
(a)	Interest income on Fixed deposits, overdue debts etc.	758.26	448.66
(b)	Interest income on financial assets measured at amortised cost	61.60	55.03
(c)	Sundry credit balances written back(*)	5,207.99	773.50
(d)	Net gain/(loss) on foreign exchange fluctuation (**)	2,371.83	-
(e)	Miscellaneous Income	953.44	294.25
		9,353.12	**1,571.44**

(*) Relates to old credit balances of certain suppliers/service providers for equipment supplies, civil and commissioning jobs. This also includes excess liabilities in various intermediary accounts which were checked and identified as not payable due to excess mapping in the Purchase/Work orders. The excess liabilities of these parties/intermediary accounts, as determined by the Company, have been taken into Statement of Profit and Loss since asset-wise identification of the job values is not practical for their being various contracts and at various times in earlier years.

(**) Net of Rs. 721.97 lakhs on fair valuation of Derivative instrument designated at fair value through Profit and Loss.

NOTES ON ACCOUNTS

(Rs. in Lakhs)

		As at Mar 31, 2017	As at Mar 31, 2016
28	**Cost of Materials Consumed**		
(a)	**Raw material and other materials consumed**		
	Inventory at the beginning of the year	19,575.46	45,284.38
	Add: Purchases	164,938.26	158,513.74
	Less: Cost of goods sold	2,572.66	-
	Less: Inventory at the end of the year	28,515.73	19,575.46
		153,425.33	**184,222.66**

		As at Mar 31, 2017	As at Mar 31, 2016
29	**Changes in inventories of finished goods, stock-in-trade and work-in-progress**		
(i)	**Inventories at the end of the year**		
(a)	Finished Goods	9,001.72	15,561.48
(b)	Stock-in-Trade	-	0.24
(c)	Semi-Finished Goods	7,082.70	12,228.81
(d)	Scrap / By-products	10,015.37	10,114.19
		26,099.79	**37,904.72**
(ii)	**Inventories at the beginning of the year**		
(a)	Finished Goods	15,561.48	11,590.92
(b)	Stock-in-Trade	0.24	47.16
(c)	Semi-Finished Goods	12,228.81	9,830.05
(d)	Scrap / By-products	10,114.19	10,350.21
		37,904.72	**31,818.34**
	Inventories transferred to/from Project and other adjustments	(95.46)	1,099.57
		11,709.47	**(7,185.95)**

		As at Mar 31, 2017	As at Mar 31, 2016
30	**Employee Benefits Expense**		
(a)	Salaries, wages and bonus	11,957.73	7,691.84
(b)	Contribution to Provident and Other Funds	653.97	379.61
(c)	Staff welfare expenses	505.93	332.52
		13,117.63	**8,403.97**

NOTES ON ACCOUNTS

POST RETIREMENT EMPLOYEE BENEFITS

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

Defined Contribution Plans

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

(Rs. in Lakhs)

Particulars	**As at Mar 31, 2017**	**As at Mar 31, 2016**
Employer's Contribution to Provident Fund	270.60	255.12
Employer's Contribution to Pension Scheme	216.07	188.51

Post Retirement Benefit Plans

The Company provides for gratuity liability in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service of 5 years are eligible for gratuity. The amount of gratuity payable on termination/retirement is the employees last drwan basic salary per month computed proportionately for 15 days for number of completed year of service.

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

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

	Gratuity (partially funded)	
	Mar 31, 2017	**Mar 31, 2016**
	Rs. in Lakhs	Rs. in Lakhs
Liability at the beginning of the year	603.26	418.17
Interest Cost	45.86	33.45
Current Service Cost	150.38	133.67
Benefits paid	(60.02)	(39.25)
Remeasurements - Due to Financial Assumptions	33.39	61.12
Remeasurements - Due to Experience Adjustments	(33.10)	(3.90)
Liability at the end of the year	739.77	603.26

(b) Changes in the Fair Value of Plan Asset representing reconciliation of opening and closing balances thereof are as follows

	Mar 31, 2017	**Mar 31, 2016**
	Rs. in Lakhs	Rs. in Lakhs
Opening Fair value of Plan Assets at the beginning of the year	449.96	281.83
Interest Income	31.50	22.55
Contributions by the Company	59.89	173.91
Benefits paid	(60.02)	(39.25)
Remeasurements - Return on Assets (Excluding Interest Income)	23.46	10.92
Fair value of Plan Assets at the end of the year	504.79	449.96

NOTES ON ACCOUNTS

(c) **Amount Recognized in Balance Sheet**

	Mar 31, 2017 Rs. in Lakhs	Mar 31, 2016 Rs. in Lakhs
Liability at the end of the year	739.77	603.26
Fair value of Plan Assets at the end of the year	504.79	449.96
Amount Recognized in the Balance Sheet	234.98	153.30

(d) **Expenses Recognized in the Income Statement**

	Mar 31, 2017 Rs. in Lakhs	Mar 31, 2016 Rs. in Lakhs
Current Service Cost	150.38	133.67
Interest Cost	45.86	33.45
Expected return on plan assets	(31.50)	(22.55)
Expenses Recognized in Profit & Loss Account	164.74	144.57

(e) **Remeasurements Recognized in Other Comprehensive Income**

	Mar 31, 2017 Rs. in Lakhs	Mar 31, 2016 Rs. in Lakhs
Remeasurements - Due to Financial Assumptions	33.39	61.12
Remeasurements - Due to Experience Adjustments	(33.10)	(3.90)
Remeasurements- Return on Assets (Excluding Interest Income)	(23.46)	(10.92)
Remeasurements Recognized in Other Comprehensive Income	(23.17)	46.30

(f) **Balance Sheet Reconciliation**

	Mar 31, 2017 *Rs. in Lakhs*	Mar 31, 2016 *Rs. in Lakhs*
Opening Net Liability	153.31	136.35
Defined Benefit Cost included in Profit and Loss	164.74	144.57
Remeasurements recognised in OCI	(23.17)	46.30
Employers Contribution	(59.89)	(173.91)
Amount Recognized in Balance Sheet	234.99	153.31

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

	Mar 31, 2017	Mar 31, 2016
Summary of Financial Assumptions		
Discount Rate	7.50%	8.00%
Salary Escalation- First Five Years	6.00%	6.00%
Salary Escalation- After Five Years	6.00%	6.00%
Expected Return on Plan Assets	7.50%	8.00%
Summary of Demographic Assumptions		
Mortality Rate [as % of IALM (2006-08) (Mod.) Ult. Mortality Table]	100.00%	100.00%
Disability Table (a % of above mortality rate)	5%	5%
Withdrawal Rate	1% to 8%	1% to 8%
Retirement Age	60 Years	60 Years
Average Future Service	24.61	25.28

NOTES ON ACCOUNTS

(Rs. in Lakhs)

Sensitivity Analysis

Particulars	**Change in Assumption**	**Gratuity As at March 31, 2017**	**Gratuity As at March 31, 2016**
Changes in Defined Benefit Obligations			
Salary Escalation	1%	820.01	673.62
Salary Escalation	-1%	670.71	542.16
Withdrawal Rates	1%	742.25	609.92
Withdrawal Rates	-1%	736.17	597.85
Discount Rates	1%	675.61	543.73
Discount Rates	-1%	815.54	672.92

The Company's gratuity plan is managed by Life Insurance Corporation of India and the estimate maturity profile of the expected cash flow in respect of Defined Benefit Obligations are as follows:

Particulars	**Mar 31, 2017**	**Mar 31, 2016**
Year 1	29.25	82.94
Year 2	23.63	18.32
Year 3	27.81	2.33
Year 4	29.22	17.97
Year 5	30.26	11.12
Remaining Subsequent Years	143.04	470.60

The Company expects to contribute Rs 117.50 lakh to Gratuity Fund in the year 2017-2018

Other Long Term Employee benefits

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 31.03.2017 is given below:

	As at Mar 31, 2017	**As at Mar 31, 2016**
Privileged Leave	796.45	587.04
Sick Leave	60.29	57.08

	As at Mar 31, 2017	**As at Mar 31, 2016**
Number of people employed	2,136	2,084

31 Finance Costs	**As at Mar 31, 2017**	**As at Mar 31, 2016**
(a) Interest Expense	111,236.64	51,587.90
(b) Other Borrowing Cost	1,746.41	836.47
(c) Net (Gain) / Loss on foreign currency transactions and translation	-	238.90
	112,983.05	**52,663.27**

NOTES ON ACCOUNTS

(Rs. in Lakhs)

32	Depreciation and Amortisation Expense	As at Mar 31, 2017	As at Mar 31, 2016
(a)	Depreciation on Tangible Assets	47,760.82	20,857.03
(b)	Amortisation of Intangible Assets	118.15	44.46
(c)	Amortisation of Lease Rental	3.33	3.15
(d)	Less: Transferred to Pre-operative expense	-	(646.71)
		47,882.30	**20,257.93**

33	Other Expenses	As at Mar 31, 2017	As at Mar 31, 2016
(a)	Consumption of Stores & Spares	22,235.71	9,917.91
(b)	Power and Fuel	6,592.17	10,795.45
(c)	Freight and Forwarding Charges	6,130.28	11,770.08
(d)	Rent	382.68	319.09
(e)	Rates and taxes	111.33	152.11
(f)	Insurance	1,005.60	429.54
(g)	Repairs and replacement of Machinery	2,490.10	417.99
(h)	Operation & Maintenance expenses	15,682.61	13,189.09
(i)	Machine Hire Charges	1,096.00	1,094.79
(j)	Material Handling Expenses	1,141.31	2,365.94
(k)	Listing & Registrar Expenses	53.59	47.35
(l)	Security Expenses	753.26	781.44
(m)	Advertisement and Business Promotion Expenses	516.30	163.07
(n)	Travelling & Conveyance	1,595.69	1,430.51
(o)	Legal & Professional Fees	1,391.50	1,522.83
(p)	Payment to Auditors	30.63	28.54
(q)	Excise Duty on Closing Stock	(1,723.85)	925.48
(r)	Exchange differences (others) (*)	3,519.85	-
(s)	Net (gain)/loss on foreign exchange fluctuation (**)	-	4,657.90
(t)	Loss on Sale of Fixed Assets	-	5.10
(u)	Selling & Distribution Expenses	5,327.39	4,312.82
(v)	CSR Expenditure	31.00	21.08
(w)	Other Miscellaneous Expenses	2,344.82	2,587.49
		70,707.97	**66,935.60**

(*) Represents amount of foreign exchange fluctuation in respect of Capital vendors written back

(**) Net of Rs. 2232.31 lakhs (previous year NIL) in respect of fair value of derivative instruments designated as fair value through Profit and Loss

NOTES ON ACCOUNTS

(Rs. in Lakhs)

	As at Mar 31, 2017	As at Mar 31, 2016
Payment to Auditors		
(a) Statutory Audit Fee	20.00	20.00
(b) Tax Audit Fee	6.00	3.00
(c) Other Services	4.14	4.02
(d) Out of Pocket Expenses	0.49	1.52
	30.63	**28.54**

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

34 Exceptional Items	As at Mar 31, 2017	As at Mar 31, 2016
Claim for Loss of Profit from Contractors / Suppliers	-	(27,651.92)
	-	(27,651.92)

For its Integrated Steel Manufacturing facilities, the Company had entered into contracts with several parties for supply of equipment, structures, civil and erection commissioning etc. Given the fact that the time was an essence, the contracts had clauses relating to recovery of liquidated damages and penalties from the vendors. Essentially, the objective of these clauses was to compensate the Company for the loss of opportunity/profit.

There was significant delay in delivery and commissioning of the plant modules by some of these vendors thereby delaying the commissioning of the integrated plant and having a cascading impact on the profitability of the Company.

The Company, on account of such loss of profit due to the delays in past, has assessed and recovered a part of the amount from the available old balance in the Supplier's Payable accounts. Since the said recovery is towards the compensation for loss of profit, the amount has been recognised as income in the "Statement of Profit and Loss" as "Exceptional Item" during the current year.

For the unrecovered such loss of profit, requisite action has to be taken and the same will be accounted for in the year significant certainty is established.

35 RELATED PARTY TRANSACTIONS

Related party disclosure as identified by the management in accordance with the IND AS 24 on 'Related Party Disclosures' where control exits and with whom transactions have taken place during reported periods.:

Names of the related parties and description of relationships:

A **Company Relationship**

Electrosteel Castings Limited Promoter/Associate Company

B **Key Management personnel**	**Designation**
Rama Shankar Singh	Whole-Time Director
Umang Kejriwal	Non-Executive Director
Rajkumar Khanna	Non-Executive Director
Amrendra Prasad Verma	Non-Executive Director
Jinendra Kumar Jain	Non-Executive Director
Lalit Kumar Singhi	Non-Executive Director
Naresh Pachisia	Non-Executive Director
Sunil V Diwakar	Non-Executive Director
Rishu Kumari	Non-Executive Director
Pradeep Kumar Misra	Independent Director
Jayantika Ganguly	Independent Director
Devaprasad Mozumder	Nominee Director
Sunil Katial	Chief Executive Officer
Ashutosh Agarwal	Chief Financial Officer

NOTES ON ACCOUNTS

C **Entities where KMP or their close member have significant influence or control**

Rama Mining Consultants Private Limited
North Dhadhu mining Company Private Limited
Asian informatics Private Limited
Jhilmil Traders Private Limited
Bose Estates Private Limited
Sree Khemisati Constructions Private Limited
Hooghly Alloy & Steels Company Private Limited
Wilcox Merchants Private Limited
Tulsi Highrise Private Limited
Ampleforth Trading And Resources Private Limited
Hooghly Extrusions Limited

D **Close member of key management personnel where transactions have taken place**

Key Management personnel	Relationship
Pushpa Singh	Wife of Whole Time Director
Radha Kinkari Kejriwal Agarwal	Daughter of Umang Kejriwal
Nityangi Kejriwal Jaiswal	Daughter of Umang Kejriwal
Madhav Kejriwal	Son of Umang Kejriwal
Aman Agarwal	Son-in-Law of Umang Kejriwal
Zubin Mehta	Son-in-Law of Umang Kejriwal

E **Related party transaction:**

Nature of Transaction	Promoter/Associate Company	
	2016-17	2015-16
Sale of Goods	850.19	781.26
Purchase of materials	2,977.96	3,838.41
Interest expenses	-	101.43
Rent expenses	0.65	0.64
Reimbursement of Expenses	16.82	-
Closing balance as at March 31		
Trade Payables	694.90	1,565.35
Advance against supplies/services	20,862.24	21,869.21

Nature of Transaction	Key Management Personnel		Close member of KMP		Entities where KMP or their close member have significant influence or control	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Sale of Goods	-	9.53	-	-		
Rent expenses	-	-	3.90	7.80	95.44	43.40
Maintainence charges	-	-	-	-	133.31	80.27
Salary & Remuneration	339.32	263.18	126.20	116.94	-	-
Handling Charges	-	-	-	-	109.17	-
Commission paid	-	-	295.55	-	599.79	562.17
Electricity	-	-	-	-	21.27	15.86
Director sitting fees	3.00	2.40	-	-	-	-
Closing balance as at March 31						
Rent Payable	-	-	-	0.59	5.04	-
Salary Payable	11.47	11.94	8.55	6.27	-	-
Electricity Charges Payable	-	-	-	-	3.53	1.22
Maintenance Charges Payable	-	-	-	-	13.06	-
Commission Payable	-	-	-	-	52.19	226.25
Handling Charges Payable	-	-	-	-	28.03	-

NOTES ON ACCOUNTS

F **Compensation of Key management personnel**

The remuneration of directors and other member of key management personnel during the year was as follows:

Particulars	**Year ended March 31, 2017**	**Year ended March 31, 2016**
Short-term employee benefits	321.48	245.23
Post-employment benefits	11.24	17.37
Other long-term benefits	(9.57)	7.31

36 COMMITMENTS AND CONTINGENCIES

i. **Operating leases:**

Lease payments in respect of land taken on operating lease terms, are recognised as an expense on straight line basis over the lease term. The Company does not have the right to sub-let the said land. The company has an option to renew the said lease land after the expiry of initial period of 30 years from the date of agreement, at such rent as may then be fixed by the lessor. The Company does not have an option to purchase the leased land at the expiry of the lease period.

Particulars	**Year ended March 31, 2017**	**Year ended March 31, 2016**
Payments recognised as an expense	3.33	3.15
Future Minimum lease payments		
Not later than one year	4.56	4.56
Later than one year and not more than five years	23.35	23.12
Later than five years	86.52	91.31

Further to above, the Company has certain operating lease arrangements for office accommodations, transit houses, railway siding etc. with tenure extending from 1 to 9 years. Term of certain lease arrangements include escalation clause for rent on expiry of 12 and 36 months from the commencement date of such lease and deposit/refund of security deposit etc. Expenditure incurred on account of rental payments under such leases during the year and recognized in the Profit and Loss account amounts to Rs. 84.46 lakhs (Previous Year Rs. 79.35 lakhs).

ii. **Capital and other commitments**	**As at Mar 31, 2017**	**As at Mar 31, 2016**	**As at Apr 1, 2015**
(a) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	168.27	2,199.77	7,006.90
(b) Export Obligation Commitments under EPCG Scheme (*)	516,995.32	532,107.98	489,957.35
	517,163.59	**534,307.75**	**496,964.25**

(*) In terms of notification no. 70(RE-2013)/2009-2014, issued by the Ministry of Commerce and Industry, the company has applied for extension of Export obligation for 3 years from the date of approval of CDR package which has been rejected by the DGFT-Delhi and interim stay has been granted by Honourable Delhi High Court.

(c) The Company's irrecoverable off-take agreement with Electrosteel Castings Limited for procurement of Iron ore at cost plus mark up during the currency of loan agreements with the lenders continues.

NOTES ON ACCOUNTS

iii. **Contingent Assets**

a) Contingent is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

b) During the normal course of business, several unresolved claims are currently outstanding. The inflow of economic benefits, in respect of such claims cannot be measured due to uncertainties that surround the related events and circumstances. To the extent identified, as on March 31, 2017 undermentioned amounts are pending under various judicial authorities as given below:

c) The Company has significant amount of unused tax credits, however since availability of future taxable income is not certain, no provision for deferred tax assets has been made under IND AS 12 ' Income Taxes'. The carrying amount of such deferred tax is given below:

	As at Mar 31, 2017	**As at Mar 31, 2016**	**As at Apr 1, 2015**
- Deferred Tax Asset	135,409.40	87,671.17	52,911.50
- Counter claims filed by the the company against the vendors	81,498.47	77,641.47	67,705.95
	216,907.87	**165,312.64**	**120,617.45**

iv. Contingent Liabilities not provided for in respect of:

	As at Mar 31, 2017	**As at Mar 31, 2016**	**As at Apr 1, 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			
- Central Excise & Service Tax	3,734.09	3,694.05	5,191.05
- Customs Duty (under EPCG)	126,737.94	74,078.61	41,178.86
- Customs Duty (others)	5,974.73	5,974.73	5,974.73
- Sales Tax	15,788.19	13,163.73	522.82
- Entry Tax	1,924.77	-	-
b) Guarantees given by banks on behalf of the Company	2,865.15	3,093.68	-
c) Right of Recompense of Lenders as per CDR Guidelines	85,100.80	61,475.56	38,020.55
d) Other pending claims & disputes	891.37	881.88	100.00
e) Claims filed against the company by the vendors	19,384.16	18,987.89	632.95
	262,401.20	181,350.13	91,620.96

(f) There are several Civil and criminal proceedings pending against the Company, the financial liability thereof, if any, is unascertainable.

The Company's pending litigations comprises of claims against the company and proceedings pending with Statutory/ Government Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, and disclosed contingent liabilities, where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material impact on its financial positions. Future cashflow, if any in respect of (a), (d), (e) and (f) is dependent upon the outcome of judgements/ decisions.

37 Segment information

The Company's activities during the period were relating to setting up of its Integrated Steel & D I Pipe Plant. A part of the plant facility has commenced production. Considering the nature of the Company's business operations and future prospects and possible capacity utilisation etc., there are no separate reportable segments (business and/ or geographical) in accordance with the requirements of IND AS 108 'Operating Segments'.

NOTES ON ACCOUNTS

38 EARNING PER SHARE:

Reconciliation of Net Loss for the year and equity shares used in the computation of basic and diluted earnings per equity share is set out below:

	As at Mar 31, 2017	As at Mar 31, 2016
Net loss attributable to the Equity holders of the Company as per Statement of Profit and Loss.	(146,347.99)	(36,799.42)
Net profit for Basic and Diluted earnings per share	(146,347.99)	(36,799.42)
Weighted average number of equity shares for calculation of basic and diluted earnings per share	2,409,235,023	2,409,235,023
Face value of Equity Shares (Rs.)	10.00	10.00
Basic EPS (Rs.)	(6.07)	(1.53)
Diluted EPS (Rs.)	(6.07)	(1.53)

39 The company has incurred an accumulated net loss of Rs. 3,18,925 lakhs (Previous year Rs. 1,72,577 lakhs) upto the year ended 31.03.2017. The current liabilities exceeds the current assets by Rs. 5,55,233 lakhs (Previous year Rs. 3,17,361 lakhs). The net worth has fully eroded, in view of the accumulated losses. The lenders have since envoked 'Strategic Debt Restructuring' (SDR) pursuant to RBI Circulars dated June 8, 2015 & September 24, 2015, after the due compliance of the CDR package could not be met with. The company has positive EBIDTA in the F.Ys. 2015-16 & 2016-17. It along with the lenders is also seeking a potential investors for requisite funds. Restructuring & infusion of funds proposals are under consideration by the lenders, the outcome whereof is awaited. Considering the above, and expecting favorable market conditions in future the company has prepared these financial statements on a going concern basis.

40 FINANCIAL INSTRUMENTS

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

(₹ in lakhs)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets (Current and Non-Current)						
Fair Value through Profit and Loss Account						
Investment in Mutual Funds	-	-	-	-	4,117.05	4,117.05
Designated at amortised cost						
Trade receivables	12,720.47	12,720.47	25,074.83	25,074.83	11,435.48	11,435.48
Cash and cash equivalents	9,513.91	9,513.91	1,145.60	1,145.60	17,666.14	17,666.14
Fixed Deposits with bank	3,908.14	3,908.14	4,149.85	4,149.85	8,314.84	8,314.84
Interest Accrued on Fixed Deposits	83.30	83.30	75.73	75.73	160.99	160.99
Export Incentive Receivable	-	-	-	-	12.23	12.23
Security Deposit to Vendors	853.43	853.43	802.02	802.02	693.81	693.81
EMD to Customers/Vendors	17.45	17.45	18.74	18.74	14.75	14.75
Advances against salaries	10.89	10.89	16.73	16.73	10.50	10.50
Total	**27,107.59**	**27,107.59**	**31,283.50**	**31,283.50**	**42,425.79**	**42,425.79**

NOTES ON ACCOUNTS

(₹ in lakhs)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Liabilities (Current and Non-Current)						
Financial Liabilities at amortised cost						
Loans and borrowings	1,028,819.46	1,028,819.46	1,026,867.17	1,026,867.17	1,020,485.18	1,020,485.18
Trade payables	40,937.51	40,937.51	36,571.64	36,571.64	24,706.59	24,706.59
Interest on Loans and Borrowings	208,842.09	208,842.09	103,493.34	103,493.34	8,687.66	8,687.66
Security Deposit taken	85.55	85.55	35.66	35.66	69.72	69.72
Capital Vendors	42,497.16	42,497.16	45,742.20	45,742.20	94,619.36	94,619.36
Others financial liabilities	5,781.68	5,781.68	9,993.46	9,993.46	7,850.07	7,850.07
Fair Value through Profit and Loss Account						
Derivative- not designated as hedging instruments						
Forward Contracts	1,192.87	1,192.87	576.23	576.23	349.50	349.50
Total	**1,328,156.32**	**1,328,156.32**	**1,223,279.70**	**1,223,279.70**	**1,156,768.08**	**1,156,768.08**

b) **Fair Valuation Techniques**

The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

1 The fair value of cash and cash equivalents, trade receivables, trade payables, current financial liabilities/financial assets and borrowings approximate their carrying amount largely due to the short-term nature of these instruments. The management considers that the carrying amounts of financial assets and financial liabilities recognised at nominal cost/amortised cost in the financial statements approximate their fair values.

2 A substantial portion of the Company's long-term debt has been contracted at fixed rates of interest. Fair value of variable interest rate borrowings approximates their carrying value subject to adjustments made for transaction cost. In respect of fixed interest rate borrowings, fair value is determined by using discount rates that reflects the issuer's borrowing rates.

3 Investments in liquid and short-term mutual funds, which are classified as available-for-sale, are measured using quoted market prices at the reporting date multiplied by the quantity held.

4 The fair value of derivative financial instruments is determined based on observable market inputs including currency spot and forward rates, yield curves, currency volatility etc. These derivatives are estimated by using the pricing models, where the inputs to those models are based on readily observable market parameters basis contractual terms, period to maturity, and maturity parameters such as foreign exchange rates and volatility. These models do not contain a high level of subjectivity as the valuation techniques used do not require significant judgement, and inputs thereto are readily observable from actively quoted market prices. The said valuation has been carried out by an independent party with whom the contract has been entered with. Management has evaluated the credit and non-performance risks associated with the counterparties and believes them to be insignificant and not requiring any credit adjustments.

NOTES ON ACCOUNTS

c) **Fair value hierarchy**

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2017:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1st, 2015	Fair value measurements at reporting date using Level 1	Level 2	Level 3
Assets						
Investment in liquid and short term mutual funds	-	-	4,117.05	-		
				-		
				[4,117.05]		
Security Deposits	870.88	820.76	708.56		870.88	
					(820.76)	
					[708.56]	
Liabilities						
Loans and Borrowings	1,028,819.46	1,026,867.17	1,020,485.18		1,028,819.46	
					(1,026,867.17)	
					[10,20,485.18]	
Derivative- not designated as hedging instruments						
o Forward Contracts	1,192.87	576.23	349.50		1,192.87	
					(576.23)	
					[349.50]	

(*) Figures in round brackets ( ) indicate figures as at March 31, 2016 and in brackets [ ] indicate figures as at April 01, 2015

During the year ended March 31, 2017 and March 31, 2016, there were no transfers between Level 1, Level 2 and Level 3.

The Inputs used in fair valuation measurement are as follows:

a) Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace. The inputs used under level II market valuation technique for forward contracts are Forward foreign currency exchange rates and Interest rates to discount future cash flow.

b) Inputs used in fair valuation of Financial assets and liabilities not within the operating cycle of the company is amortised based on the borrowing rate of the company.

d) **Derivatives assets and liabilities:**

The Company follows established risk management policies, including the use of derivatives to hedge its exposure to foreign currency fluctuations on foreign currency assets / liabilities. The counter party in these derivative instruments is a bank and the Company considers the risks of non-performance by the counterparty as non-material.

i) **The following tables present the aggregate contracted principal amounts of the Company's derivative contracts outstanding:**

Category	Currency	As at 31st March 2017 No. of Deals	As at 31st March 2017 Amount in Foreign Currency	As at 31st March 2016 No. of Deals	As at 31st March 2016 Amount in Foreign Currency	As at 1st April 2015 No. of Deals	As at 1st April 2015 Amount in Foreign Currency
Non-Designated Derivative Instruments							
Buy Forward	USD/INR	37	4,18,19,383	28	4,11,20,584	16	59,110,635

NOTES ON ACCOUNTS

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

Nature	Currency	As at March 31, 2017 Amount in Foreign Currency	As at March 31, 2016 Amount in Foreign Currency	As at April 1, 2015 Amount in Foreign Currency
Buyer's Creditors	USD		24,158.00	2,560,785.58
Trade Payables (Including acceptances)	USD	4,63,27,635	6,14,15,426.43	56,752,534.07
Trade Payables (Including acceptances)	EURO		40,54,353.49	3,888,556.49
Trade Payables (Including acceptances)	AUD	-	6,000.00	-
Trade Receivable	USD	1,37,708.65	14,08,277	21,01,325

iii) The foreign exchange forward contracts mature within twelve months. The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet date:

Paticulars	As at March 31, 2017	As at March 31, 2016
Not later than one month	(213.92)	(13.93)
Later than one month and not later than three months	(366.53)	(147.98)
Later than three months and not later than one year	(612.42)	(414.31)
Later than one year	-	0

e) **Sale of financial assets**

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

During the year ended March 31, 2017 and 2016, the Company transferred and recorded as sale of financial assets of Rs. 339.35 lakhs and Rs. 552.50 lakhs respectively, under arrangements without recourse and has included the proceeds from such sale in net cash provided by operating activities. These transfers resulted in gain/(loss) of Rs. NIL lakhs and Rs. NIL lakhs for the year ended March 31, 2017 and 2016, respectively.

f) **FINANCIAL RISK MANAGEMENT**

The Company's activities expose it to a variety of financial risks market risk, foreign currency risk, interest rate risk, commodity price risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The Company's senior management oversees the

NOTES ON ACCOUNTS

management of these risks. The risks are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Management reviews and approves policies for managing each of these risks, which are summarized below:

i) **MARKET RISK**

Market risk is the risk or uncertainty arising from possible market price movements resulting in fluctuation of the fair value of future cash flows of a financial instrument. The major components of Market risks are foreign currency exchange risk, interest rate risk and price risk. Financial instruments affected by market risk includes borrowings, investments and derivative financial instruments.

ii) **FOREIGN CURRENCY RISK**

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

The Company evaluates exchange rate exposure arising from these transactions and enters into foreign currency derivative instruments to mitigate such exposure. The Company follows established risk management policies, including the use of derivatives like foreign exchange forward contracts to hedge cash flows denominated in foreign currency.

The carrying amount of the non derivative financial instruments as of the end of the reporting period are as follows:

Particulars	As at March 31, 2017				
	USD	**EURO**	**GBP**	**AUD**	**Total**
Buyers Credit	(41,582,298.00)	-	-	-	(41,582,298.00)
Trade receivables	137,708.65	-	-	-	137,708.65
Trade Payables	(46,327,635.00)	-	-	-	(46,327,635.00)
Advances	2,949,950.00	72,799.00	-	-	3,022,749.00
Loans and borrowings	-	-	-	-	-
Capital Vendors	-	-	-	-	-
Net assets/(liabilities)	**(84,822,274.35)**	**72,799.00**	**-**	**-**	**(84,749,475.35)**

Particulars	As at March 31, 2016				
	USD	**EURO**	**GBP**	**AUD**	**Total**
Buyers Credit	(37,663,783.00)	(24,333.00)	-	-	(37,688,116.00)
Trade receivables	1,408,277.15	-	-	-	1,408,277.15
Trade Payables	(61,415,426.43)	(4,054,353.49)	-	(6,000.00)	(65,475,779.92)
Advances	12,693,125.59	47,711.40	12,300.13	-	12,753,137.12
Loans and borrowings	-	-	-	-	-
Capital Vendors	-	-	-	-	-
Net assets/(liabilities)	**(84,977,806.69)**	**(4,030,975.09)**	**12,300.13**	**(6,000.00)**	**(89,002,481.65)**

Particulars	As at April 1, 2015				
	USD	**EURO**	**GBP**	**AUD**	**Total**
Buyers Credit	(71,249,633.01)	(38,967.00)	(154,836.57)	-	(71,443,436.58)
Trade receivables					
Trade Payables	(56,752,534.07)	(3,888,556.49)	-	-	(60,641,090.56)
Advances	4,558,675.27	114,156.50	505.00	-	4,673,336.77
Loans and borrowings					
Capital Vendors					
Net assets/(liabilities)	**(123,443,491.81)**	**(3,813,366.99)**	**(154,331.57)**	**-**	**(127,411,190.37)**

NOTES ON ACCOUNTS

The company is principally exposed to foreign currency risk against USD, EURO, GBP & SGD. Sensitivity of profit or loss arises mainly from USD, EURO, GBP & SGD denominated receivables and payables are as follows:

Particulars	Effect on Profit before tax	
	For the year ended March 31, 2017	**For the year ended March 31, 2016**
RECEIVABLES (Weakening of INR by 5%)		
USD	446,520.30	4,664,918.06
EURO	-	-
GBP	-	-
AUD	-	-
PAYABLES (Weakening of INR by 5%)		
USD	150,217,356.49	203,438,600.05
EURO	-	13,430,045.94
GBP	-	-
AUD	-	19,875.00

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

Summary of exchange difference accounted in Statement of Profit and Loss is depicted below:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Currency fluctuation		
Net foreign exchange gain/(loss) shown as finance cost	-	23,890,593.95
Net foreign exchange gain/(loss) shown as other income	237,182,774.76	-
Derivatives		
Currency Forwards/Options gain/(loss) shown as other income	-	-
Currency Forwards/Options gain/(loss) shown as other expenses	4,010,691.00	227,699,143.00

iii) **INTEREST RATE RISK**

The company exposure to the risk of change in market risk interest rate primarily arises from floating rate borrowing with banks and financial institutions. The Company's fixed-rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates while the variable-rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. All of the company borrowing fall under the fixed interest rates (approved under CDR schemes) hence there will no interest rate risk.

Interest rate risk primarily arises from floating rate borrowing with banks and financial institutions. The Company's fixed-rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates while the variable-rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. As stated in Note no. 18, the company was under CDR Package due to which all its borrowings had been converted to fixed interest rate. Considering the same the carrying amount of said borrowing was considered to be at fair value.

NOTES ON ACCOUNTS

iv) **CREDIT RISK**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables). To manage this, the management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends and ageing of accounts receivable. Individual risk limits are set accordingly. Further the company obtains necessary security including letter of credits and/or bank guarantee to mitigate its credit risk.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. Receivables from customers are reviewed/evaluated periodically by the management and appropriate provisions are made to the extent recovery there against has been considered to be remote.

The carrying amount of respective financial assets recognised in the financial statements, (net of impairment losses) represents the Company's maximum exposure to credit risk.

The Company takes collateral or other credit enhancements to secure the credit risk. The Company has also taken advances, security deposits and Letter of Credit from its customers, which mitigate the credit risk to that extent.

The concentration of credit risk is limited due to the customer base being large and unrelated. Of the trade receivables balance at the end of the year, the customer accounted for more than 10% of the accounts receivable are as follows:

	Counterparty	Location	Carrying Amount
1	NCC Limited	Vikarabad	1,303.79
2	Gulermak TPL Joint Venture	Lucknow	991.39
3	Megha Engineering & Infrastructures	Hyderabad	745.86
4	Modern Road Makers Pvt Ltd	Agra	630.60
5	India Power Corporation (Haldia) LT	Kolkata	557.18

Financial assets that are neither past due nor impaired

Cash and cash equivalents, investment, security deposits and deposits with banks are neither past due nor impaired. Cash and cash equivalents with banks, which have high credit-ratings assigned by international and domestic credit-rating agencies.

Financial assets that are past due but not impaired

Trade receivables disclosed include amounts that are past due at the end of the reporting period but against which the Company has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable. The aging analysis of the trade receivables, net of allowances that are past due, is given in Note no. 10.1.

v) **Counterparty risk**

Counterparty risk encompasses settlement risk on derivative and money market contracts and credit risk on demand and time deposits. Settlement and credit risk is reduced by the policy of entering into transactions with counterparties that are usually banks or financial institutions with acceptable credit ratings. Exposure to these risks are closely monitored and maintained within predetermined parameters. There are limits on credit exposure to any financial institution. The limits are regularly assessed and determined based upon credit analysis including financial statements and capital adequacy ratio reviews. In addition, net settlement agreements are contracted with significant counterparties.

NOTES ON ACCOUNTS

vi) **Liquidity risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's present operations and to mitigate the effects of fluctuations in cash flows. However, the liquidity crisis has led to defaults in repayments and interest payments to the lenders.

vii) **LIQUIDITY AND INTEREST RISK TABLES**

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

As at March 31, 2017

Particulars	Weighted average effective interest rate	Less than 1 month	1-6 months	6 months to 1 year	1-2 years	2-5 years	Total
Non-interest bearing							
Trade Payables		40,937.51	-	-	-	-	40,937.51
Interest accrued and due on borrowings		208,735.06	-	-	-	-	208,735.06
Creditors for Capital Supplies/ Services		42,497.16	-	-	-	-	42,497.16
Other financial liabilities (current and non current)		7,167.14	-	-	-	-	7,167.14
Fixed interest rate instruments							
Term Loan	10.96%	164,839.30	1,306.59	1,306.59	248,643.02	543,094.68	959,190.17
Cash Credit	11%	42,814.56					42,814.56
Buyers Credit	LIBOR+0.24% to 0.75%		26,814.71				26,814.71

As at March 31, 2016

Particulars	Weighted average effective interest rate	Less than 1 month	1-6 months	6 months to 1 year	1-2 years	2-5 years	Total
Non-interest bearing							
Trade payables		36,571.64	-	-	-	-	36,571.64
Interest accrued and due on borrowings		103,037.02	-	-	-	-	103,037.02
Creditors for Capital Supplies/ Services		45,742.20	-	-	-	-	45,742.20
Other financial liabilities (current and non current)		11,061.69	-	-	-	-	11,061.69
Fixed interest rate instruments							
Term Loan	10.96%	55,482.54	45,672.89	45,672.89	262,601.01	553,010.78	962,440.12
Cash Credit	11.00%	39,459.99	-	-	-	-	39,459.99
Buyers Credit	LIBOR+0.24% to 0.75%		24,967.06	-	-	-	24,967.06

NOTES ON ACCOUNTS

As at April 1, 2015

Particulars	Weighted average effective interest rate	Less than 1 month	1-6 months	6 months to 1 year	1-2 years	2-5 years	Total
Non-interest bearing							
Trade pyables		24,706.59	-	-	-	-	24,706.59
Interest accrued and due on borrowings		8,218.59	-	-	-	-	8,218.59
Creditors for Capital Supplies/ Services		94,619.36	-	-	-	-	94,619.36
Other financial liabilities (current and non current)		8,738.37	-	-	-	-	8,738.37
Fixed interest rate instruments							
Term Loan	10.96%			57,995.15	235,555.78	654,102.89	947,653.82
Cash Credit	11%	34,385.70					34,385.70
Buyers Credit	LIBOR+0.24% to 0.75%		38,445.65				38,445.65

The company has current financial assets which will be realised in ordinary course of business. The company monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs.

The company relies on mix of borrowings and excess operating cash flows to meet its need for funds. The current committed limits are sufficient to meet its short and medium term requirements. The company ensures that it does not breach any financial covenants stipulated by the lender. In the event of breach of covenants the Company may be liable to pay additional interest. The Company also ensures that it has sufficient cash on demand to meet expected operational expenses. As of March 31, 2017, the cash and cash equivalents are held with major banks and financial institutions.

viii) **CAPITAL DISCLOSURES**

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value. The Company's objective when managing capital is to safeguard their ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stake holders. The Company is focused on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required without impacting the risk profile of the Company. No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2017 and March 31, 2016.

As stated in Note no. 39, the company is making all efforts to bring in potential investor, additional working capital funds as well as reduce the debt burden; to meet its above objective.

The company also monitors capital using gearing ratio which is net debt divided by total capital. The gearing ratio as at March 31, 2017, March 31, 2016 and April 1, 2015 are as follows:

As at	**31-Mar-17**	**31-Mar-16**	**01-Apr-15**
Current loans and borrowings	336,840.32	210,952.35	131,382.49
Non-current loans and borrowings	691,979.13	815,914.81	889,102.68
Total loans and borrowings	**1,028,819.46**	**1,026,867.17**	**1,020,485.18**
Less: Cash and Cash Equivalents	9,513.91	1,145.60	17,666.14
Net Debt	**1,019,305.54**	**1,025,721.56**	**1,002,819.04**
Total equity attributable to the equity shareholders of the Company	(56,784.61)	89,538.48	126,384.19
Capital and Debt	**962,520.93**	**1,115,260.04**	**1,129,203.23**
Total capital (loans and borrowings and equity)	**(0.17)**	**0.01**	**0.14**

NOTES ON ACCOUNTS

The company also manages its capital to meet financial covenants, if any attached to the borrowings. Non-compliances may result in levy of higher rate of interest charged on loans charged by the lenders. At present the company has generally been complying with the financial covenants of the borrowings during the reported period except as stated in Note no. 18.

41 INCOME TAX

Deferred taxes on unrealized foreign exchange gain/loss relating to cash flow hedges is recognized in other comprehensive income and presented within equity in the cash flow hedging reserve. Apart from this, the changes in deferred tax assets and liabilities are primarily recorded in the statement of income.

In assessing the relisability of deferred tax assets, the Company considers the extent to which, it is probable that the deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. Based on this, the Company believes that it is probable that the Company will realize the benefits of these deductible differences. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if the estimates of future taxable income during the carry-forward period are reduced.

Deferred tax asset in respect of unused tax losses amounting to Rs. 31,976.14 lakhs and Rs. 66,529.78 lakhs as of March 31, 2016 and 2017, respectively have not been recognized by the Company, since availability of future taxable income is not certain.

42 FIRST TIME ADOPTION OF IND AS- Disclosures, Reconciliation etc.

a) Reconciliation in terms of IND AS 101 "First time adoption of Indian Accounting Standards"

i) Reconciliation of Equity as at March 31, 2016 and April 1, 2015

(Rs. in lakhs)

Particulars	Reff Note No. (Under 42 (c))	Regrouped as per Previous GAAP	Effect of Transition to IND AS	As per IND AS	Regrouped as per Previous GAAP	Effect of Transition to IND AS	As per IND AS
		As at Apr 1, 2015			As at Mar 31, 2016		
ASSETS							
(1) Non-current assets							
(a) Property, Plant and Equipment	(i)	464,704.77	17,355.54	482,060.31	1,019,852.13	17,355.54	1,037,207.67
(b) Capital work-in-progress	(i)	681,903.70	(730.70)	681,173.00	183,280.14	(8,226.00)	175,054.14
(c) Other Intangible Assets		130.24	-	130.24	242.43	-	242.43
(d) Financial Assets:		-	-				
(i) Other Financial Assets	(ii)	5,175.29	(182.92)	4,992.37	918.29	(130.21)	788.08
(e) Other non-current assets		15,567.15	-	15,567.15	10,153.16	-	10,153.16
(2) Current assets							
(a) Inventories		81,902.32	-	81,902.32	73,576.25	-	73,576.25
(b) Financial Assets:							
(i) Investments	(iii)	4,007.77	109.28	4,117.05	-	-	-
(ii) Trade Receivables		11,435.48	-	11,435.48	25,074.83	-	25,074.83
(iii) Cash and cash equivalents		17,666.14	-	17,666.14	1,145.60	-	1,145.60
(iv) Bank Balances other than (iii) above		4,011.28	-	4,011.28	4,148.29	-	4,148.29
(v) Other Financial Assets		203.47	-	203.47	126.70	-	126.70
(c) Current Tax Assets (net)		297.79	-	297.79	311.91	-	311.91
(d) Other current assets	(iv)	12,280.82	(840.83)	11,439.99	16,166.69	(771.51)	15,395.18
TOTAL ASSETS		**1,299,286.22**	**15,710.37**	**1,314,996.59**	**1,334,996.42**	**8,227.82**	**1,343,224.24**

NOTES ON ACCOUNTS

i) Reconciliation of Equity as at March 31, 2016 and April 1, 2015 *(Contd.)*

(₹ in lakhs)

Particulars	Reff Note No. (Under 42 (c))	Regrouped as per Previous GAAP	Effect of Transition to IND AS	As per IND AS	Regrouped as per Previous GAAP	Effect of Transition to IND AS	As per IND AS
		As at Apr 1, 2015			As at Mar 31, 2016		
EQUITY AND LIABILITIES							
Equity							
(a) Equity Share Capital		240,923.50	-	240,923.50	240,923.50	-	240,923.50
(b) Other Equity		(131,639.58)	17,100.27	(114,539.31)	(164,294.20)	12,909.18	(151,385.02)
Liabilities							
(1) Non-current liabilities							
(a) Financial Liabilities:							
(i) Borrowings	(v)	889,724.10	(621.42)	889,102.68	816,406.74	(491.93)	815,914.81
(ii) Other financial liabilities		69.47	-	69.47	35.41	-	35.41
(b) Provisions		433.76	-	433.76	596.20	-	596.20
(2) Current liabilities							
(a) Financial Liabilities:							
(i) Borrowings		58,019.78	-	58,019.78	64,378.70	-	64,378.70
(ii) Trade Payables		24,706.59	-	24,706.59	36,571.64	-	36,571.64
(iii) Other financial liabiities	(iv)	185,638.04	(768.48)	184,869.56	310,568.57	(4,189.43)	306,379.14
(b) Other current liabilities		31,237.80	-	31,237.80	29,600.05	-	29,600.05
(c) Provisions		172.76	-	172.76	209.81	-	209.81
TOTAL EQUITY AND LIABILITIES		**1,299,286.22**	**15,710.37**	**1,314,996.59**	**1,334,996.42**	**8,227.82**	**1,343,224.24**

ii) Reconciliation of Total Equity as given above:

Particulars	Reff Note No. [Under 42 (c)]	As at Mar 31, 2016	As at April 1, 2015
Total equity (shareholders' funds) under Previous GAAP		(164,294.20)	(131,639.58)
IND AS Adjustments:			
Finance Costs as per Effective Interest Rate method	(v)	(131.81)	-
Effect of fair valuation of financial assets	(ii)	(127.89)	(182.92)
Effect of fair valuation of forward/ derivative contracts	(iv)	118.76	(53.78)
Fair valuation/ deemed cost and other adjustment for Property, plant and equipment	(i)	13,076.57	17,355.54
Actuarial gain/ (loss) on employees defined benefit	(vii)	(156.02)	-
Others	(vi) and (vii)	129.57	(18.57)
Total adjustment to equity		**12,909.18**	**17,100.27**
Total equity under Ind AS		**(151,385.02)**	**(114,539.31)**

NOTES ON ACCOUNTS

iii) **Reconciliation of Statement of Profit and Loss for the year ended March 31, 2016**

Particulars	**Reff Note No. [Under 42 (c)]**	**Amount as per Previous GAAP**	**Effect of Transition to IND AS**	**Amount as per IND AS**
Revenue from operations		288,875.89	-	288,875.89
Other income	(ii)	1,516.41	55.03	1,571.44
Total Revenue		**290,392.30**	**55.03**	**290,447.33**
Expenses				
Cost of materials consumed		184,222.66	-	184,222.66
Purchases of stock-in-trade		494.77	-	494.77
Changes in inventories of finished goods, stock-in-trade and work-in-progress		(7,185.95)	-	(7,185.95)
Excise duty on sale of goods		29,106.42		29,106.42
Employee benefits expense	(i) and (vii)	8,342.71	61.26	8,403.97
Finance costs	(v)	52,531.46	131.81	52,663.27
Depreciation and amortisation expense		20,257.93	-	20,257.93
Other expenses	(i), (iv) and (vi)	62,928.84	4,006.76	66,935.60
Total Expenses		**350,698.84**	**4,199.81**	**354,898.67**
Profit before exceptional items and tax		(60,306.56)	(4,144.78)	(64,451.34)
Exceptional Items		(27,651.92)	-	(27,651.92)
Profit/ (loss) before tax		(32,654.64)	(4,144.78)	(36,799.42)
Tax expense:				
Current tax				
Profit/ (loss) for the period		(32,654.64)	(4,144.78)	(36,799.42)
Other Comprehensive Income				
Re-measurement gain/(losses) on defined benefit plans	(vii)		(19.86)	(19.86)
Total Comprehensive Income for the period		(32,654.64)	(4,164.64)	(36,819.28)

iv) **Reconciliation of Total Comprehensive Income for the year ended March 31, 2016:** (₹ in lakhs)

Particulars	**Reff Note No. [Under 42 (c)]**	**Year ended 31st March 2016**
Net Loss/other equity under Previous GAAP		(32,654.63)
Finance Costs as per Effective Interest Rate method	(v)	(131.81)
Effect of fair valuation of financial assets	(ii)	55.03
Effect of fair valuation of forward/ derivative contracts	(iv)	172.54
Fair valuation/ deemed cost and other adjustment for Property, plant and equipment	(i)	(4,278.97)
Others	(vi) and (vii)	38.42
Net Profit/ (Loss) for the period under IND-AS		**(36,799.42)**
Other Comprehensive Income (net of taxes)		-
Actuarial gain/ (loss) on employees defined benefit	(vii)	(19.86)
Total Comprehensive Income/ other equity under IND-AS		**(36,819.28)**

NOTES ON ACCOUNTS

v) **Effect of Ind AS adoption on the statement of cash flows for the year ended March 31, 2016**

For the year ended March 31, 2016 (₹ in lakhs)

Particulars	As per previous GAAP	Adjustments	As per Ind AS
Net Cash flow from / (used in) operating activities (A)	17,224.70	54,904.60	72,129.30
Net Cash flow from / (used in) investing activities (B)	(38,064.30)	(38,432.41)	(76,496.71)
Net Cash flow from / (used in) financing activities (C)	104.52	(12,257.65)	(12,153.13)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(20,735.08)	4,214.54	(16,520.54)
Cash and cash equivalents at the beginning of the year	25,980.98	(8,314.84)	17,666.14
Cash and cash equivalents at the end of the year	**5,245.90**	(4,100.30)	**1,145.60**
Components of cash and cash equivalents			
Balances with Banks			
- In Current Accounts	1,070.77	(49.52)	1,120.29
Stamp papers on hand	12.03	(0.03)	12.06
Cash on hand	13.25	(0.00)	13.25
Total cash and cash equivalents	**1,096.05**	**(49.56)**	**1,145.60**

b) **FIRST-TIME ADOPTION - Mandatory Exceptions and optional Exemptions**

These financial statements are covered by Ind AS 101, "First Time Adoption of Indian Accounting Standards", as they are the Company's first Ind AS financial statements for the year ended March 31, 2017.

i) **Overall principle:**

The Company has prepared the opening balance sheet as per Ind AS as at April 1, 2015 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying certain items from Previous GAAP to Ind AS as required under the Ind AS, and applying Ind AS in the measurement of recognized assets and liabilities. The accounting policies that the Company used in its opening Ind-AS Balance Sheet may have differed from those that it used for its previous GAAP. The resulting adjustments arise from events and transactions before the date of transition to Ind-AS had recognized directly in retained earnings at the date of transition.

However, this principle is subject to certain mandatory exceptions and certain optional exemptions availed by the Company as detailed below.

ii) **Derecognition of financial assets and financial liabilities**

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

iii) **Fair Value as deemed cost for Property, Plant and Equipment**

Property, plant and equipment has been valued at Fair value at the date of transition, which has been considered as deemed cost.

iv) **Deemed cost for Intangible assets**

The Company has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2015 (transition date) measured as per the Previous GAAP and used that carrying value as its deemed cost as of the transition date.

NOTES ON ACCOUNTS

v) **Impairment of financial assets**

Ind AS 109 “Financial Instruments” requires the impairment to be carried out retrospectively; however, as permitted by Ind AS 101, the Company, has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

vi) **Determining whether an arrangement contains a lease**

The Company as on the date of transition complied with Ind AS 17 to determine whether an arrangement contains a Lease on the basis of facts and circumstances existing at the date of transition to Ind AS, accordingly leasehold land has been reclassified as operating lease.

c) **Explanatory Notes to reconciliation between Previous GAAP and Ind AS**

(i) PROPERTY, PLANT & EQUIPMENT:

The company has used fair value of the assets as on the date of transition in its opening IND AS statement of financial position as deemed cost for all class of assets.

(a) The aggregate of those fair values is Rs.4,82,060.31 lakhs; and

(b) The aggregate adjustment to the carrying amounts reported under previous GAAP is Rs.173,55.54 lakhs.

The fair value of PPE has been determined based on the valuation carried out by External Independent Valuer. The fair value of the properties was determined based on market value of similar assets, significantly adjusted for differences in the nature, location or condition of the specific items of PPE. The fair valuation involves higher degree of uncertainty and subjectivity.

(c) Derognised general administrative and other overheads amounting to Rs. 1373.54 lakhs recognised under Pre-operative expenditure during the year 2015-16 as these were not directly attributable cost under Ind AS-16 "Property, Plant and Equipment". This has resulted in increase in Loss before Tax for the year ended March 31, 2016 by Rs. 1373.54 lakhs.

(d) Derognised foreign exchange fulatuation resultant from fair valuation of derivative instruments and realignment etc. of capex vendors amounting to Rs. 6,204.59 lakhs based on criteria laid down under Ind AS-21, "Effect of changes in Foreign Exchange Rates". This has resulted in increase in Loss before tax for the year ended March 31, 2016 by Rs. 6,204.59 lakhs.

ii) FAIR VALUATION OF FINANCIAL ASSETS AND LIABILITIES

Under previous GAAP, receivables and payables were measured at transaction cost less allowances for recoverability, if any.

Under IND AS, the financial assets and liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less allowances for impairment, if any. The resulting changes are recognised either under finance income or expenses in the Statement of Profit and Loss.

On transition, the company has fair valued the Security Deposit resulting in loss of Rs.182.92 lakh. This has resulted in decrease in equity by Rs. 182.96 lakhs and Profit before Tax for the year ended March 31, 2016 has increased by Rs. 55.03 lakhs.

iii) INVESTMENTS IN MUTUAL FUNDS

Under previous GAAP, current investments were measured at lower of cost or market price.

Under IND AS, Current Investments are measured at fair value through profit and loss and accordingly, difference between the fair value and carrying value is recognised in the Statement of Profit and Loss.

NOTES ON ACCOUNTS

On transition, the Company has recognised a gain of Rs. 109.27 lakhs in respect of mutual funds and deducted the same from Pre-operative expenses in accordance with Ind AS-23, "Borrowing Cost".

iv) FAIR VALUATION OF DERIVATIVE FINANCIAL INSTRUMENTS

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

In respect of derivative contracts (other than forward contract dealt as above) premium paid, gains/losses on settlement and losses on restatement are recognised in statement of profit and loss.

Under IND AS, both reduction and increase to the fair value of derivative contracts are recognised in Statement of Profit and Loss and premium is not separately accounted and amortised.

On transition, the Company has fair valued the outstanding forward contract based on valuation provided by Banks and data available from Reuters resulting in decrease liability of Rs. 787.05 lakhs and derognition of anamortised premium of Rs. 840.83 lakhs. This has resulted in decrease in equity by Rs. 53.78 lakhs.

v) FINANCE COST

Under previous GAAP, receivables and payables were measured at transaction cost. Cost incurred in respect of Funds borrowed were either charged off to revenue or capitalised.

Finance Liabilities consisting of Long Term Borrowings have been designated and measured at amortised cost based on Effective Interest Rate (EIR) method. The upfront fees or borrowing cost incurred including restructuring of loan cost has been deferred and accounted for based on EIR. Borrowings are shown as net of unamortised amount. On transition Rs. 621.03 lakhs has been adjusted against Capital Work in Progress. This has resulted in increase in loss for the year ended March 31, 2016 by Rs. 131.81 lakhs

vi) PRIOR PERIOD ADJUSTMENTS

Under previous GAAP, prior period expenses were charged off in the year the same were recognised with separate disclosure in the financial statement.

Under IND AS, in case of prior period items the company shall correct material prior period errors in the first set of financial statements approved for issue after their discovery by restating the opening balance of assets, liabilities and equity for the earliest prior period presented.

Accordingly, on transition an amount of Rs. 18.57 lakh relating to prior years has been recognised in the first set of financial statements. This has resulted in decrease in Other Equity by Rs. 18.57 lakhs and increase in Profit before Tax for the year ended March 31, 2016.

vii) REMEASUREMENT OF DEFINED BENEFIT PLANS

Both under previous GAAP and Ind AS, the Company recognizes costs related to its post-employment defined benefit plan on an actuarial basis. Under previous GAAP, the entire cost, including re-measurement, are charged to Statement of Profit and Loss. Under Ind AS, re-measurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognized immediately in the balance sheet with a corresponding debit or credit to equity through Other Comprehensive Income (OCI).

Accordingly on transition, the company has reclassified an amount of Rs. 109.71 lakhs from Surplus to Other Comprehensive Income.

NOTES ON ACCOUNTS

viii) RECLASSIFICATION OF LEASE

Under previous GAAP, leasehold land in the form of perpetual agreement was classified as finance lease.

Under IND AS, finance lease includes leases that substantially transfer all the risks and rewards incidental to ownership of an assets. Land is considered to have an indefinite life and whose value appreciate with passage of time. Accordingly, on transition the company has reclassified such leasehold land to operating lease amounting to Rs. 85.44 lakhs as on 1st April 2015 and Rs 82.28 lakhs as on 31st March 2016.

ix) Previous GAAP figures have been reclassifed/regrouped wherever necessary to confirm with financial statements prepared under IND AS.

43 DISCLOSURE ON SPECIFIED BANK NOTES (SBNS)*:

The details of SBN (Rs. 500 and Rs. 1000 notes existing as on November 08, 2016) and other notes held and transacted during the period from November 8, 2016 to December 30, 2016 as defined and required vide MCA Notification Number GSR 308(E) dated March 30, 2017 is given below:

(In. ₹)

Particulars	SBNs	Others	Total
Closing Cash in hand as on 8th November 2016	247,500.00	16,100.00	263,600.00
Add: Permitted Receipts	-	689,141.00	689,141.00
Less: Permitted payments	-	528,928.00	528,928.00
Less: Amount deposited in Banks	247,500.00	-	247,500.00
Closing Cash in hand as on 30th December 2016	-	176,313.00	176,313.00

*For the purposes of this clause, the term 'Specified Bank Notes' (SBNs) shall have the same meaning as provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

44 These financial statements have been approved by the Board of Directors of the Company on May 15, 2017 for issue to the shareholders for their adoption.

As per our Report of even date

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

S.K. Chhawchharia
Partner
M. No. 008482

Kolkata
May 15, 2017

For and on behalf of the Board

Lalit Kumar Singhi *Director*
DIN No. 00893144

R S Singh *Wholetime Director*
DIN No. 02093276

Ashutosh Agarwal *Chief Financial Officer*

Binaya Kumar Dash *Company Secretary*
M. No. A17982

Part D

Set out below is the statement of the unaudited financial results for Electrosteel for the 9 months ended 31 December 2017:

LODHA & CO

Chartered Accountants

14 Government Place East Kolkata 700 069 India
Telephone : 033-2248-1111/1507 40400000
Telefax : 033-2248-6960
Email : cal@lodhaco.com

Limited Review Report

The Resolution Professional
Electrosteel Steels Limited

1. We have reviewed the accompanying statement of unaudited Financial Results of Electrosteel Steels Limited ('the Company') for the Quarter and nine months ended on December 31, 2017 ('the Statement'). The Statement has been prepared by the Company pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 ('the SEBI Regulations'), read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 05, 2016 which has been initialed by us for the purpose of identification.

2. This Statement which is the responsibility of the Company's Management and approved by the Resolution Professional in their meeting held on February 12, 2018 has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34") prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on these financial statements based on our review.

3. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. Attention is drawn to Note No. 5 of the accompanying statement regarding certain reconciliations /confirmations / adjustments to be carried out pending completion and ascertainment of amounts thereof. Impacts with respect to these are presently not ascertainable and as such cannot be commented upon by us.

5. Based on our review conducted as above, we report that, excepting the possible effect of the matters stated in Para 4 above nothing has come to our attention that causes us to believe that the accompanying statement of the Results read with notes thereon, prepared in accordance with aforesaid Indian Accounting Standards and other recognized accounting practices and policies generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. (a) Attention is invited to Note no. 2 of the accompanying statement, stating therein the matter concerning significant losses being incurred by the Company resulting in erosion of it's networth and current liabilities exceeding it's current assets. State Bank of India, in its' capacity as financial creditor has filed a petition under "Insolvency and Bankruptcy Code, 2016" (IBC) with Hon'ble National Company Law Tribunal (NCLT). NCLT vide its' order of even date, has admitted the Corporate Insolvency Resolution Process (CIRP) in respect of the Company. CIRP is currently in progress and pending measures to be approved, adopted and implemented as a part of resolution process, the financial statement has continued to be prepared on a going concern basis. There is however, material uncertainty in this respect as on this date, since the same is dependent upon the resolution plan to be formulated and approved by NCLT.

LODHA & CO
RPJ
KOLKATA
Chartered Accountants

(b) The Ind AS financial information of the Company for the quarter ended June 30, 2017 included in the financial results for the nine months ended December 31, 2017 and the corresponding figures for the quarter/ nine months ended December 31, 2016 were reviewed by the predecessor auditor who expressed unmodified opinion vide their reports dated August 12, 2017 and February 2, 2017 respectively and reliance has been placed by us on these for the purpose of the financial results.

(c) The comparative Ind AS financial information of the Company for the year ended March 31, 2017 were audited by the predecessor auditors who expressed unmodified opinion vide their report dated May 15, 2017 and reliance has been placed by us on these for the purpose of the financial results.

Our conclusion is not qualified in respect of the above.

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

LODHA & CO
KOLKATA
Chartered Accountants

R. P. Singh
R P Singh
Partner
Membership No.052438

Place: Kolkata
Date: February 12, 2018

ELECTROSTEEL STEELS LIMITED

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

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTH ENDED 31ST DECEMBER, 2017

in lakhs ₹ except, per share data

	Particulars	Quarter Ended			Nine Month Ended		Year Ended
		31 Dec'17	30 Sep'17	31 Dec'16	31 Dec'17	31 Dec'16	31 Mar'17
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	**Income**						
	Revenue from operations	84,838.64	76,224.60	50,738.41	238,380.33	197,054.33	277,429.58
	Other Income	870.04	607.15	3,795.13	5,654.27	9,477.37	6,981.29
	Total income	**85,708.68**	**76,831.75**	**54,533.54**	**244,034.60**	**206,531.70**	**284,410.87**
2	**Expenses**						
	Cost of materials consumed	47,344.33	47,690.83	27,295.43	147,656.10	109,696.26	153,425.33
	Changes in inventories of finished goods,work-in-progress and stock in trade	13,242.94	287.06	3,088.74	5,271.05	9,459.26	11,709.47
	Excise duty on sale of goods	-	-	4,386.71	6,629.74	16,636.82	23,304.94
	Employee benefits expense	3,730.39	3,653.43	3,273.45	11,079.44	9,631.71	13,117.63
	Finance costs	28,501.79	28,271.24	28,266.73	84,833.39	85,030.42	112,983.05
	Depreciation and ammortisation expense	12,016.07	12,104.93	11,936.10	36,084.52	36,096.13	47,878.97
	Other Expenses	13,637.48	16,489.99	17,627.14	48,879.89	56,995.36	68,339.47
	Total expenses	**118,473.00**	**108,497.48**	**95,874.30**	**340,434.13**	**323,545.96**	**430,758.86**
3	**Profit/(Loss) before tax and exceptional items**	**(32,764.32)**	**(31,665.73)**	**(41,340.76)**	**(96,399.53)**	**(117,014.26)**	**(146,347.99)**
4	Exceptional items	-	(2,000.00)	-	(9,750.00)	-	-
	Profit/(Loss) before tax	**(32,764.32)**	**(29,665.73)**	**(41,340.76)**	**(86,649.53)**	**(117,014.26)**	**(146,347.99)**
5	**Tax expense**						
	Current Tax	-		-	-	-	-
	Deferred Tax	-		-	-	-	-
6	**Profit/(Loss) for the Period**	**(32,764.32)**	**(29,665.73)**	**(41,340.76)**	**(86,649.53)**	**(117,014.26)**	**(146,347.99)**
7	**Other Comprehensive Income (OCI)**				-		
	i. Items that will not be reclassified to profit or loss: Remeasurement of defined benefit plans	5.79	5.79	(11.58)	17.38	(33.00)	24.91
	ii. Income tax relating to Items that will not be reclassified to profit or loss	-		-	-	-	-
	Other Comprehensive Income (OCI) for the period	**5.79**	**5.79**	**(11.58)**	**17.38**	**(33.00)**	**24.91**
8	**Total comprehensive income for the period**	**(32,758.53)**	**(29,659.94)**	**(41,352.34)**	**(86,632.15)**	**(117,047.26)**	**(146,323.08)**
9	Paid up equity share capital (Face Value of 10/₹ each)	240,923.50	240,923.50	240,923.50	240,923.50	240,923.50	240,923.50
10	Other equity excluding revaluation reserve						(297,708.10)
11	**Earnings Per Share (of ₹10/- each) (not annualised):**						
	(a) Basic	(1.36)	(1.23)	(1.72)	(3.60)	(4.86)	(6.07)
	(b) Diluted	(1.36)	(1.23)	(1.72)	(3.60)	(4.86)	(6.07)

LODHA & CO. KOLKATA Chartered Accountants

ELECTROSTEEL STEELS LIMITED

NOTES

1 The Company's Integrated Steel & DI Pipe Plant is in the State of Jharkhand, India. A part of plant facility is still under construction and erection and cost of equipment, pre-operative and other expenditure related thereto has therefore been carried forward under capital work in progress.

2 The Company has incurred significant amount of losses leading to erosion of networth and current liabilities have exceeded the current assets of the Company. Interest and other terms and condition of repayment etc. as per the sanctioned CDR package could not be complied with and lenders in terms of RBI Circular dated 8th July 2015 and 24th September 2015, invoked "Strategic Debt Restructuring" (SDR) in respect of the Company. Pending implementation of SDR, State Bank of India in it's capacity as financial creditor has filed a petition on 27th June 2017 under "Insolvency and Bankruptcy Code, 2016" (IBC) with Hon'ble National Company Law Tribunal, Kolkata Bench (NCLT). On 21st July 2017, the NCLT vide it's order of even date admitted the said petition and Corporate Insolvency Resolution Process (CIRP) has been initiated in terms of IBC and related rules and regulation issued thereunder. Mr. Dhaivat Anjaria (having Registration No: IBBI/IPA-001/IPP00088/2017-18/10184) was appointed as Interim Resolution Professional (IRP) and thereafter has been confirmed to be Resolution Professional (RP) by Committee of Creditors (COC) constituted under IBC. Further, the NCLT, on the basis of the resolution passed by the COC and on the application made by the RP, has granted further extension of period of CIRP by 90 days w.e.f. 17th January, 2018. Expression of Interest ("EOI") from prospective investors have been received during the quarter and the same are in the process of verification and evaluation.

CIRP is currently in progress and as a part of the said process, resolution plan is to be prepared, approved by COC and implemented on approval thereof by NCLT. Pending this and measures to be adopted as a part of the resolution process, the financial statements has been continued to be prepared on a going concern basis.

3 Interest on borrowings have been provided for considering the rates and terms and conditions stipulated originally as per CDR Package or otherwise stipulated/advised in this respect. Adjustments, if any required in this respect pursuant to the resolution plan will be given effect to on completion of CIRP and approval thereof by NCLT.

4 Pending finalisation of Resolution Plan and certaintity as to the realisation of unused tax losses, adjustments for deferred taxation have not been given effect to during the period.

5 This being interim financial statement certain disclosures/ adjustments etc. pending compilation and ongoing measures as stated above, in respect of the following could not be ascertained and given effect to during the period:
a) Independent Confirmation of debit and credit balances including Trade Payables and reconciliation of these balances including Statutory liabilities and admitted claims with respect to financial and operational creditors;
b) Non-recognition of additional interest (over and above as per 3 above), management fees and other charges in respect of Non-CDR lender SREI pending finalisation of amount payable in this respect;
c) Impairment testing in respect of tangible and intangible assets; and
d) Contingent Liability/ Provision if any with respect to matters related to Entry Tax and custom duty including interest etc., due to non-fulfilment of export obligations

Necessary adjustments/disclosures, if any, with respect to above will be given effect to on determination of amount thereof.

6 In respect of Auditor's qualification on the results of the previous quarter regarding certain disclosures/ adjustments etc. the following steps have been taken and consequential effect has been given in the results for the period:
a) Physical Verification of Inventory and reconciliation resulting in decrease in Inventory by Rs. 1,509.41 lakhs (Net);
b) Confirmation and Reconciliation of Bank balance including fixed deposits with Banks and Independent Confirmation in respect of Trade Receivables being circulated by the management, pending reconciliation on receipt thereof in due course of time; and
c) Remuneration of Mr. Rama Shankar Singh, as a whole time director not being approved by the shareholder with effect from February 06, 2017 reversed during the period.

7 Exceptional items relate to the interim payment received from the insurers against 'Loss of profit' claim made by the company due to the accident at the oxygen plant in May, 2016. The balance amount will be recognised on acceptance thereof by the insurance authorities.

8 Considering the nature of the Company's business operations and future prospects and possible capacity utilisation etc. on completion of entire plant facilities, no separate reportable segments (business and/ or geographical) in terms of IND AS 108 'Operating Segments' has been considered necessary.

9 Goods and Service Tax ("GST") has been implemented with effect from 1st July 2017 and therefore Revenue from Operations for the quarter ended 30th September 2017 and 31st December 2017 are net of GST. Revenue from operations and expenses for the quarter and nine months ended 31st December 2016 and year ended 31st March 2017 being inclusive of excise duty are not comparable with corresponding figures of quarter and nine months ended 31st December 2017.

10 The above financial results which have been prepared in accordance with Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI circular dated July 5, 2016 have been subjected to Limited Review by the Statutory Auditors. Since the powers of the board of directors has been suspended after commencement of CIRP, the above financial results have been certified by Mr. Sunil Katial, Chief Executive Officer and Mr. Ashutosh Agarwal, Chief Financial Officer and thereafter provided to the Resolution Professional. The Board of Directors of the Company was in charge of the business and conduct of the Company until 21st July 2017 i.e. the date when the CIRP process has commenced and IRP/Resolution Professional had been appointed and taken charge of operations of the company. The above results has been reviewed by the RP. The Resolution Professional has not conducted an independent verification of such statement. The Resolution Professional has therefore relied upon the certifications, representations and statements made by Mr. Sunil Katial, Chief Executive Officer, Mr. Ashutosh Agarwal, Chief Financial Officer in relation to the financial accounts and records.

11 Previous periods' figures have been reclassified wherever appropriate to conform to current periods' presentation.

Place of Signature : Kolkata
Date: February 12, 2018

LODHA & CO
KOLKATA
Chartered Accountants

ELECTROSTEEL STEELS LIMITED

For Electrosteel Steels Limited

Lalit Kumar Singhi
(Director)
DIN :00893144

Part E

Set out below is the unaudited statement of assets and liabilities for Electrosteel as at 30 September 2017:

LODHA
& CO
Chartered Accountants

14 Government Place East, Kolkata 700 069, India
Telephone : 033-2248-1111/1507/40400000
Telefax : 033-2248-6960
Email : cal@lodhaco.com

Limited Review Report

The Resolution Professional
Electrosteel Steels Limited

1. We have reviewed the accompanying statement of unaudited Financial Results of Electrosteel Steels Limited ('the Company') for the Quarter ended on 30th September 2017 which are included in the accompanying 'Statement of unaudited financial results for the quarter and half year ended September 30, 2017 and Balance Sheet as on that date ('the Statement'). The Statement has been prepared by the Company pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 ('the SEBI Regulations'), read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July 2016 which has been initialed by us for the purpose of identification.

2. This Statement which is the responsibility of the Company's Management and approved by the Resolution Professional has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34") prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on these financial statements based on our review.

3. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. Attention is drawn to Note No. 5 of the accompanying statement regarding certain reconciliations /confirmations / adjustments to be carried out pending completion and ascertainment of amounts thereof. Impacts with respect to these are presently not ascertainable and as such cannot be commented upon by us.

5. Based on our review conducted as above, we report that, excepting the possible effect of the matters stated in Para 4 above nothing has come to our attention that causes us to believe that the accompanying statement of the Results read with notes thereon, prepared in accordance with aforesaid Indian Accounting Standards and other recognized accounting practices and policies generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. (a) Attention is invited to Note no. 2 of the accompanying statement, stating therein the matter concerning significant losses being incurred by the Company resulting in erosion of it's networth and current liabilities exceeding it's current assets. State Bank of India, in its' capacity as financial creditor has filed a petition under "Insolvency and Bankruptcy Code, 2016" (IBC) with Hon'ble National Company Law Tribunal (NCLT). NCLT vide its' order of even date, has admitted the Corporate Insolvency Resolution Process (CIRP) in respect of the Company. CIRP is currently in progress and pending measures to be approved, adopted and implemented as a part of resolution process, the financial statement has continued to be prepared on a going concern basis. There is however, material uncertainty in this respect as on this date, since the same is dependent upon the resolution plan to be formulated and approved by NCLT.

LODHA & CO. KOLKATA Chartered Accountants
Rps

LODHA
& CO

(b) The comparative Ind AS financial information of the Company for the corresponding quarter ended June 2017 and half year ended September 30, 2016 and March 31, 2017 were reviewed/audited by the predecessor auditors who expressed opinion vide their reports dated August 12, 2017 and December 08, 2016 and May 15, 2017 respectively and reliance has been placed by us on these for the purpose of the financial results.

Our conclusion is not qualified in respect of the above.

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

R.P.Singh
R P Singh
Partner
Membership No.052438

Place: Kolkata
Date: November 14, 2017

LODHA & CO
KOLKATA
Chartered Accountants

ELECTROSTEEL STEELS LIMITED

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

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30TH SEPTEMBER, 2017

₹ in lakhs except, per share data

	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30 Sep'17	30 Jun'17	30 Sep'16	30 Sep'17	30 Sep'16	31 Mar'17
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income						
	Revenue from operations	76,224.60	77,317.09	60,535.43	153,541.69	146,315.93	277,429.58
	Other Income	607.15	4,177.08	5,835.74	4,784.23	8,335.64	6,981.29
	Total income	**76,831.75**	**81,494.17**	**66,371.17**	**158,325.92**	**154,651.57**	**284,410.87**
2	Expenses						
	Cost of materials consumed	47,690.83	52,620.93	38,769.02	100,311.76	82,400.83	153,425.33
	Changes in inventories of finished goods,work-in-progress and stock in trade	287.06	(8,258.95)	2,319.18	(7,971.89)	6,370.52	11,709.47
	Excise duty on sale of goods	-	6,629.74	4,842.81	6,629.74	12,250.11	23,304.94
	Employee benefits expense	3,653.43	3,695.63	3,698.18	7,349.06	6,358.26	13,117.63
	Finance costs	28,271.24	28,060.36	32,438.16	56,331.60	56,763.69	112,983.05
	Depreciation and ammortisation expense	12,104.93	11,963.51	12,081.21	24,068.44	24,160.03	47,878.97
	Other Expenses	16,489.99	18,752.42	20,811.52	35,242.41	42,021.62	68,339.47
	Total expenses	**108,497.48**	**113,463.64**	**114,960.08**	**221,961.12**	**230,325.06**	**430,758.86**
3	**Profit/(Loss) before tax and exceptional items**	**(31,665.73)**	**(31,969.47)**	**(48,588.91)**	**(63,635.20)**	**(75,673.49)**	**(146,347.99)**
4	Exceptional items	(2,000.00)	(7,750.00)	-	(9,750.00)	-	-
	Profit/(Loss) before tax	**(29,665.73)**	**(24,219.47)**	**(48,588.91)**	**(53,885.20)**	**(75,673.49)**	**(146,347.99)**
5	**Tax expense**						
	Current Tax	-		-	-	-	-
	Deferred Tax	-		-	-	-	-
6	**Profit/(Loss) for the Period**	**(29,665.73)**	**(24,219.47)**	**(48,588.91)**	**(53,885.20)**	**(75,673.49)**	**(146,347.99)**
7	**Other Comprehensive Income (OCI)**				-		
	i. Items that will not be reclassified to profit or loss: Remeasurement of defined benefit plans	5.79	5.79	(11.58)	11.58	(21.42)	24.91
	ii. Income tax relating to Items that will not be reclassified to profit or loss	-		-	-	-	-
	Other Comprehensive Income (OCI) for the period	**5.79**	**5.79**	**(11.58)**	**11.58**	**(21.42)**	24.91
8	**Total comprehensive income for the period**	**(29,659.94)**	**(24,213.68)**	**(48,600.49)**	**(53,873.62)**	**(75,694.91)**	**(146,323.08)**
9	Paid up equity share capital (Face Value of 10/- ₹ each)	240,923.50	240,923.50	240,923.50	240,923.50	240,923.50	240,923.50
10	Other equity excluding revaluation reserve						(297,708.10)
11	**Earnings Per Share (of ₹10/- each) (not annualised):**						
	(a) Basic	(1.23)	(1.01)	(2.02)	(2.24)	(3.14)	(6.07)
	(b) Diluted	(1.23)	(1.01)	(2.02)	(2.24)	(3.14)	(6.07)

LODHA & CO. KOLKATA Chartered Accountants
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ELECTROSTEEL STEELS LIMITED

Statement of Assets and Liabilities (Rs. in lakhs)

	Particulars	As at 30th September 2017	As at 31st March 2017
-	**ASSETS**		
	Non- Current Assets		
(a)	Property, plant and equipment	969,047.26	991,007.52
(b)	Capital work-in-progress	177,167.79	179,907.04
(c)	Intangible assets	151.74	177.87
(d)	Financial Assets		
	i. Other Financial Assets	840.23	815.83
(e)	Other non-current assets	5,533.36	8,288.03
	Total Non-Current Assets	**1,152,740.38**	**1,180,196.29**
	Current Assets		
(a)	Inventories	85,100.89	79,176.19
(b)	Financial Assets		
	i. Trade receivables	20,937.29	12,720.47
	ii. Cash & cash equivalents	7,477.55	9,510.62
	iii. Bank Balances other than (ii) above	16,772.44	3,904.82
	iv. Others financial assets	247.10	152.57
(c)	Current Tax Assets (net)	396.77	377.22
(d)	Other current assets	21,484.02	15,611.14
	Total Current Assets	**152,416.06**	**121,453.03**
	TOTAL ASSETS	**1,305,156.44**	**1,301,649.32**
	EQUITY & LIABILITIES		
	Equity		
(a)	Equity Share capital	240,923.50	240,923.50
(b)	Other Equity	(351,581.72)	(297,708.10)
	Liabilities		
	Non - Current Liabilities		
(c)	Financial Liabilities		
	i. Borrowings	642,278.14	691,979.12
	ii. Other financial liabilities	-	35.41
(d)	Provisions	843.32	833.90
	Total Non-Current Liabilities	**532,463.24**	**636,063.83**
	Current liabilities		
(e)	Financial Liabilities:		
	i. Borrowings	59,200.70	69,629.27
	ii. Trade Payables	69,237.24	46,243.45
	iii. Other financial liabilities	608,784.80	520,261.71
(f)	Other current liabilities	35,059.13	29,188.85
(g)	Provisions	411.33	262.21
	Total Current Liabilities	**772,693.20**	**665,585.49**
	TOTAL EQUITY AND LIABILITIES	**1,305,156.44**	**1,301,649.32**

LODHA & CO. KOLKATA Chartered Accountants

ELECTROSTEEL STEELS LIMITED

NOTES

1 The Company's Integrated Steel & DI Pipe Plant is in the State of Jharkhand, India. A part of plant facility is still under construction and erection and cost of equipment, pre-operative and other expenditure related thereto has therefore been carried forward under capital work in progress.

2 The Company has incurred significant amount of losses leading to erosion of networth and current liabilities have exceeded the current assets of the Company. Interest and other terms and condition of repayment etc. as per the sanctioned CDR package could not be complied with and lenders in terms of RBI Circular dated 8th July 2015 and 24th September 2015, invoked "Strategic Debt Restructuring" (SDR) in respect of the Company. Pending implementation of SDR, State Bank of India in it's capacity as financial creditor has filed a petition on 27th June 2017 under "Insolvency and Bankruptcy Code, 2016" (IBC) with Hon'ble National Company Law Tribunal, Kolkata Bench (NCLT). On 21st July 2017, the NCLT vide it's order of even date admitted the said petition and Corporate Insolvency Resolution Process (CIRP) has been initiated in terms of IBC and related rules and regulation issued thereunder. Mr. Dhaivat Anjaria (having Registration No: IBBI/IPA-001/IPP00088/2017-18/10184) was appointed as Interim Resolution Professional (IRP) and thereafter has been confirmed to be Resolution Professional by Committee of Creditors (COC) constituted under IBC.

CIRP is currently in progress and as a part of the said process, resolution plan is to be prepared, approved by COC and implemented on approval thereof by NCLT. Pending this and measures to be adopted as a part of the resolution process, the financial statements has been continued to be prepared on a going concern basis.

3 Interest on borrowings have been provided for considering the rates and terms and conditions stipulated originally as per CDR Package or otherwise stipulated/advised in this respect. Adjustments, if any required in this respect pursuant to the resolution plan will be given effect to on completion of CIRP and approval thereof by NCLT.

4 Pending finalisation of Resolution Plan and certaintity as to the realisation of unused tax losses, adjustments for deferred taxation have not been given effect to during the period.

5 This being interim financial statement certain disclosures/ adjustments etc. pending compilation and ongoing reconciliation etc. in respect of the following could not be ascertained and given effect to during the period:

a) Physical Verification of Inventory and reconciliation thereof with the books of account;

b) Confirmation and Reconciliation of Bank balance including fixed deposits with Banks;

c) Independent Confirmation of debit and credit balances including Trade Receivables/ Trade Payables and reconciliation of these balances including Statutory liabilities and admitted claims in respect of amounts outstanding as on 21st July 2017 with respect to financial and operational creditors;

d) Non-recognition of additional interest (over and above as per 3 above), management fees and other charges in respect of Non-CDR lender SREI pending finalisation of amount payable in this respect;

e) Contingent Liability/ Provision if any with respect to matters related to Entry Tax and custom duty including interest etc., due to non-fulfilment of export obligations; and

f) Re-appointment of Mr. Rama Shankar Singh, as a whole time director with effect from February 06, 2017 of the Company and the remuneration paid to him with effect from February 06, 2017 has since not been approved by the Shareholders in the annual general meeting of the Company held on November 07, 2017.

Necessary adjustments/disclosures, if any, with respect to above will be given effect to on determination of amount thereof.

6 Exceptional items relate to the interim payment received from the insurers against 'Loss of profit' claim made by the company due to the accident at the oxygen plant in May, 2016. The balance amount will be recognised on acceptance thereof by the insurance authorities.

7 Considering the nature of the Company's business operations and future prospects and possible capacity utilisation etc. on completion of entire plant facilities, no separate reportable segments (business and/ or geographical) in terms of IND AS 108 'Operating Segments' has been considered necessary.

8 Goods and Service Tax ("GST") has been implemented with effect from 1st July 2017 and therefore Revenue from Operations for the quarter ended 30th September 2017 are net of GST. Revenue from operations and expenses for the previous periods being inclusive of excise duty are not comparable with corresponding figures of quarter and six months ended 30th September 2017.

9 The above financial results which have been prepared in accordance with Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI circular dated July 5, 2016 have been subjected to Limited Review by the Statutory Auditors. Since the powers of the board of directors has been suspended after commencement of CIRP, the above financial results have been certified by Mr. Sunil Katial, Chief Executive Officer and Mr. Ashutosh Agarwal, Chief Financial Officer and thereafter provided to the Resolution Professional. The Board of Directors of the Company was in charge of the business and conduct of the Company until 21st July 2017 i.e. the date when the CIRP process has commenced and IRP/Resolution Professional had been appointed and taken charge of operations of the company. The Resolution Professional has not conducted an independent verification of such statement. The Resolution Professional has therefore relied upon the certifications, representations and statements made by Mr. Sunil Katial, Chief Executive Officer, Mr. Ashutosh Agarwal, Chief Financial Officer in relation to the financial accounts and records.

10 Previous periods' figures have been reclassified wherever appropriate to conform to current periods' presentation.

Place : Kolkata
Date: Nov 14, 2017

LODHA & CO. KOLKATA Chartered Accountants
RPS

ELECTROSTEEL STEELS LIMITED

For Electrosteel Steels Ltd.

Lalit Kumar Singhi
(Director)
DIN No. 00893144

NOTICE OF GENERAL MEETING

VEDANTA RESOURCES PLC

(Incorporated and registered in England and Wales, Registration No. 04740415)

NOTICE is hereby given that a General Meeting of Vedanta Resources plc (the "**Company**") will be held at 10 a.m. on 18 May 2018 at the offices of Ashurst LLP, Broadwalk House, 5 Appold Street, London, EC2A 2HA, for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution.

The results of the voting at the General Meeting will be announced through a Regulatory Information Service and will appear on the Company's website (www.vedantaresources.com).

ORDINARY RESOLUTION

THAT the acquisition by a wholly-owned subsidiary of Vedanta Limited of a majority stake in Electrosteel Steels Limited (the "**Acquisition**") as described in the circular to shareholders of the Company dated 1 May 2018 of which this Notice forms part (the "**Circular**") be and is hereby approved and the directors of the Company (the "**Directors**") (or any duly constituted committee thereof) be authorised to take all such steps as may be necessary or desirable in connection with, and to implement and complete, the Acquisition and associated matters with such modifications, variations, revisions, waivers or amendments (not being modifications, variations, revisions, waivers or amendments which are material in nature) as the Directors (or any duly authorised committee thereof) may deem necessary, expedient or appropriate.

By order of the Board

Deepak Kumar
Company Secretary

1 May 2018

Registered Office: 5th Floor, 6 St Andrew Street, London, EC4A 3AE

Notes:

Voting at the General Meeting

1. It is intended that voting on the resolution at the General Meeting will be conducted on a poll, rather than a show of hands. The Directors believe that this produces more democratic results, as all shares represented at the General Meeting and those lodged before the General Meeting are included in the results of the voting on a one share one vote basis.

Proxies

2. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this Notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY ("**Computershare**") (helpline number +44(0)370 707 1388). To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

3. To be valid, any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY no later than 10:00 a.m. on 16 May 2018. If they are a CREST member, shareholders may use the electronic proxy voting service provided by Euroclear.

4. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 11 below) will not prevent a shareholder attending the General Meeting and voting in person if he/she wishes to do so.

5. For online voting, members may go to the following website: www.investorcentre.co.uk/eproxy. Shareholders will be asked to enter the Control Number, the Shareholder Reference Number (SRN) and PIN as provided on their proxy form and agree to certain terms and conditions. Shareholders may not use any electronic address provided in this notice of General Meeting or the form of proxy to communicate with the Company for any purposes other than those expressly stated.

Nominated persons

6. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

7. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 to 5 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

Right to attend and vote

8. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that in order to have the right to attend and vote at the meeting (and also for the purpose of determining how many votes a person entitled to attend and vote may cast), a person must be entered on the register of members of the Company at 6:00 p.m. on 16 May 2018 or, in the event of any adjournment, at 6:00 p.m. on the date which is two days before the day of the adjourned meeting. Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Total number of shares and voting rights

9. As at 27 April 2018 (being the latest practicable date before publication of this Notice), the Company's issued share capital comprised 304,059,431 ordinary shares of US$0.10 each, of which 272,947,620

carry voting rights in relation to all circumstances at general meetings of the Company. Of the remaining 31,111,811 ordinary shares of US$0.10, 24,206,816 were held as treasury shares including 1,704,333 shares purchased by Gorey Investments Limited, an independent company and 6,904,995 were issued on the conversion of certain convertible bonds issued by one of the Company's subsidiaries. These 6,904,995 ordinary shares are held through a global depositary receipt and, as a result, carry no voting rights. Therefore, the total voting rights in the Company as at 27 April 2018 were 272,947,620.

Instructions for electronic proxy appointment through CREST

10. CREST members who wish to appoint a proxy or proxies through the Euroclear electronic proxy appointment service may do so by using the procedures described in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

11. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear's specifications, and must contain the information required for such instruction, as described in the CREST manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Computershare (ID number 3RA50) no later than 10:00 a.m. on 16 May 2018. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which Computershare is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

12. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

13. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Corporate shareholders

14. A shareholder of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the General Meeting. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder of the Company, provided that they do not do so in relation to the same shares. It is no longer necessary to nominate a designated corporate representative.

Right to ask questions

15. Any member attending the General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered. The Company will not answer any questions which does not relate directly to the business of the General Meeting.

Communication

16. You may not use any electronic address (within the meaning of Sections 333(4) of the Companies Act 2006) provided in this notice (or in any related documents, including the Chairman's letter and Proxy Form) to communicate with the Company for any purpose other than those expressly stated.

Inspection of documents

17. A copy of this notice and other information required by Section 311A of the Companies Act 2006 can be found on the Company's website (www.vedantaresources.com).

Company's registrars

18. The Company's register of members is maintained by Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE. The shareholder helpline number is +44(0)370 707 1388.

Registration

19. Shareholders should note that doors to the General Meeting will open at 9:00 a.m. and registration will start at 9:30 a.m.

Security

20. Please note that for security reasons, all hand luggage may be subject to examination prior to entry to the General Meeting. Certain items will not be permitted in the meeting room. These include cameras, recording equipment, items of any nature with potential to cause disorder and such other items as the Chairman of the meeting may specify.

21. Persons who are not shareholders of the Company will not be admitted to the General Meeting unless prior arrangements have been made with the Company in writing. Investors holding shares through nominees are welcome to attend provided that they bring an original letter of representation from the nominee in order to gain entrance as a shareholder (unless the nominee has validly appointed the investor as its proxy).

22. We ask all those present at the General Meeting to facilitate the orderly conduct of the meeting and reserve the right, if orderly conduct is threatened by a person's behaviour, to require that person to leave.