Essar Steel India Limited

42nd Annual Report 2017 -18

BOARD OF DIRECTORS

Shri Prashant Ruia	*Director*
Shri Jatinder Mehra	*Director (upto 20-06-2017) and CEO (w.e.f. 21-06-2017)*
Shri V. G. Raghavan	*Independent Director*
Shri Arvind Pande	*Independent Director (upto 02-04-2018)*
Shri Parveen Kumar Malhotra	*Director (upto 05-05-2018)*
Shri Sunit V Joshi	*Nominee Director (SBI)*
Smt Gayathri Sukumar	*Director (upto 21-08-2017)*
Shri Dilip C. Oommen	*Managing Director & Dy. CEO*
Shri Mahadev Iyer	*Director (Finance) & CFO (upto 30-06-2017)*
Shri Rajiv Kumar Bhatnagar	*Director (Projects)*
Shri Aloke Sengupta	*Nominee Director (IDBI Bank) (upto 27-07-2017)*

CHIEF FINANCIAL OFFICER

Shri Suresh Jain *(w.e.f. 01-07-2017)*

COMPANY SECRETARY

Shri Pankaj S Chourasia

REGISTERED OFFICE

27th KM, Surat Hazira Road,
Hazira, Dist. Surat,
Pin - 394270, Gujarat.
Tel. : 0261-668 2400
Fax : 0261-668 5731
email : estlinvestors@essar.com
CIN : U27100GJ1976FLC013787

CORPORATE OFFICE

Essar House,
11 Keshavrao Khadye Marg,
Mahalaxmi, Mumbai - 400 034.
Tel. : 022-66601100
Fax : 022-23532695

CONTENTS

BANKERS

Allahabad Bank
Axis Bank Ltd.
Bank of Baroda
Bank of India
Canara Bank
Central Bank of India
Corporation Bank
Deutsche Bank
Export Import Bank of India
ICICI Bank Ltd.
IDBI Bank Ltd.
Punjab National Bank
Standard Chartered Bank
State Bank of India
Syndicate Bank
UCO Bank
Union Bank of India

AUDITORS

M/s. M. M. Chaturvedi & Co.,
Chartered Accountants,
24, Atlanta,
Nariman Point,
Mumbai - 400 021.

REGISTRAR & SHARE TRANSFER AGENTS

Data Software Research Company Pvt. Ltd.
Unit : Essar Steel India Limited
19, Pycrofts Garden Road, Off Haddows Road,
Nungambakkam, Chennai - 600 006.
Tel. : (044) 2821 3738, 2821 4487
Fax : (044) 2821 4636
E-mail : essar.steel@dsrc-cid.in

Visit us at our website

http://www.essarsteel.com

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 42nd Annual General Meeting of the Members of Essar Steel India Limited (CIN: U27100GJ1976FLC013787), a company under Corporate Insolvency Resolution Process of the Insolvency and Bankruptcy Code, 2016, will be held at Utsav Community Hall, Nandniketan Township, Hazira, Dist: Surat, Gujarat, Pin - 394270 on Friday, December 28, 2018, at 10:30 a.m. to transact, the following businesses:

BACKGROUND:

The members are hereby informed that pursuant to the order dated August 02, 2017, of the Hon'ble National Company Law Tribunal - Ahmedabad Bench, at Ahmedabad ("NCLT Order"), Corporate Insolvency Resolution Process ("CIR Process") has been initiated for the Company in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016, ("Code") and related rules and regulations issued thereunder with effect from August 02, 2017, (Corporate Insolvency Resolution Process Commencement Date). Shri Satish Kumar Gupta was appointed as Interim Resolution Professional in terms of the NCLT Order and subsequently he was appointed as Resolution Professional by the Committee of Creditors in its meeting held on September 01, 2017 as per the provisions of the Code.

Members are further informed that pursuant to Section 17 of the Code, Corporate Insolvency Resolution Process (CIRP) was initiated against the Company w.e.f. 02.08.2017. The powers of Board of Directors of the Company stand suspended effective from the CIRP commencement date and such powers along with the management of affairs of the company are vested with the Resolution professional, viz., Shri Satish Kumar Gupta. The Resolution Professional invited expressions of interest in accordance with provisions of the Code. The resolution plan approved by the committee of creditors is under consideration of Adjudicating Authority. In view hereof, this Meeting is being called and convened by the order of Resolution Professional.

ORDINARY BUSINESS:

1. To receive, consider and adopt:

   a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2018, together with the Report of the Board of Directors and the Auditors thereon;

   b) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2018, together with the Report of the Auditors thereon;

2. To appoint a Director in the place of Shri Rajiv Kumar Bhatnagar (DIN 07018252) who retires by rotation and being eligible, offers himself for reappointment;

   (His re-appointment on the Board is being part of compliance with section 152(6) of the Companies Act, 2013. However, the Board shall continue to remain suspended during the continuance of CIR Process. The tenure of directors will be subject to Resolution Plan as may be approved by Adjudicating Authority.

3. To consider the re-appointment of M/s. M M Chaturvedi & Co., Chartered Accountants, Mumbai having Firm Registration No.112941W, as Statutory Auditors of the Company and to fix their remuneration and, if thought fit pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Sections 139(1), 142 and other applicable provisions of the Companies Act, 2013, ("Act") and the Rules framed thereunder, as amended from time to time M/s. M. M. Chaturvedi & Co., Chartered Accountants, Mumbai (Audit Firm Registration No. 112941W) be and is hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of Annual General Meeting to be held in the year 2019 or as per tenure decided by the resolution applicant under the resolution plan to be approved by the Adjudicating Authority, whichever is earlier at the existing remuneration paid to them for the financial year ended March 31, 2018."

SPECIAL BUSINESS:

4. To ratify the remuneration of the Cost Auditors for the financial year ending 31st March, 2019.

   To consider and if thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 148(3) and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification or amendments thereof, for the time being in force), the remuneration of Rs.4,00,000 (Rupees Four Lakh only) plus applicable Tax thereon and reimbursement of out of pocket expenses, if any, payable to M/s Manubhai & Associates, Cost Accountants (Firm Registration M-2502), for conducting Audit of the Cost Accounting Records of the Company for the financial year from April 01, 2018, till March 31, 2019, in terms of the Companies Act, 2013 and Rules framed thereunder, be and is hereby ratified.

   RESOLVED FURTHER THAT the Company Secretary of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution as per direction of the Resolution Professional."

   The appointment of cost auditor is subject to term and conditions of resolution plan to be approved by the Adjudicating Authority.

By the Order of Resolution Professional

For Essar Steel India Limited

Place : Mumbai
Date: November 27, 2018

Pankaj S Chourasia
Company Secretary

Registered Office
Essar House,
27 km, Surat Hazira Road,
Dist. Surat, Gujarat – 394270
Website: www.essarsteel.com
Email: pankajc1@essarsteel.co.in
Tel no. 0261-6682400, 022-66601100
Fax no. 0261 - 6685731

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE FORTY SECOND ANNUAL GENERAL MEETING (THE MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. The holder of proxy shall prove his identity at the time of attending the Meeting.

The Register of the Members and Share Transfer Books of the Company will remain closed from December 19, 2018 to December 27, 2018 (both days inclusive).

2. Corporate members intending to send their authorised representative(s) to attend the Meeting are requested to send to the Company a certified true copy of the relevant Board Resolution together with the specimen signature(s) of the representative(s) authorised under the said Board Resolution to attend and vote on their behalf at the Meeting.

3. This Notice is also being sent with Annual report along with attendance slip, proxy form and route map of the venue of the Meeting.

4. A Statement pursuant to Section 102(1) of the Companies Act, 2013 ("the Act"), relating to the Special Business to be transacted at the Meeting is annexed hereto.

5. The Company is providing facility for voting by electronic means (e-voting) through an electronic voting system which will include remote e-voting as prescribed by the Companies (Management and Administration) Rules, 2014 as presently in force and the business set out in the Notice will be transacted through such voting. Information and instructions including details of User ID and password relating to e-voting are provided in the Notice under Note No.19.

6. Shri Rajiv Kumar Bhatnagar, Director Projects is interested in Item No. 2, of the Notice with regard to his appointment / re-appointment. The relatives of such interested directors may be deemed to be interested in the said Resolutions to the extent of their shareholding interest, if any, in the Company. Save and except the above, none of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary / Special Resolutions set out under remaining items of the Notice.

   However, any change in the management of the corporate debtor during the Corporate Insolvency Resolution Process will be subject to the approval of the Committee of Creditors in terms of Section 28 of the Insolvency & Bankruptcy Code, 2016.

7. The Company had made application to Central Govt seeking approval for payment of remuneration to its Executive Directors. Ministry of Corporate Affair have amended the provisions of the Companies Act, 2013 relating to payment of remuneration to Executive directors vide notification dated September 12, 2018. As the Company has already complied with the amended provisions of the Companies Act, 2013, the applications made to the Central Government under provisions of Section 197 for payment of remuneration stand abated.

8. Members / Proxies / Authorised Representatives are requested to bring to the Meeting necessary details of their shareholding, attendance slip(s) and copy(ies) of their Annual Report.

9. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.

10. Relevant documents referred to in the Notice are open for inspection by the members at the Registered Office of the Company on all working days (i.e., except Saturdays, Sundays and Public Holidays) during business hours up to the date of the Meeting. The aforesaid documents will also be available for inspection by members at the Meeting.

11. The Company's Registrars & Transfer Agents for its share registry (both, physical as well as electronic) is Data Software Research Company Private Limited ("DSRC") having its office at 19, Pycrofts Garden Road, Off Haddows Road, Nungambakkam, Chennai - 600006.

12. Members holding shares in electronic mode are requested to intimate any change in their address or bank mandates to their Depository Participants (DPs) with whom they are maintaining their demat accounts. Members holding shares in physical mode are requested to advise any change in their address or bank mandates to the Company / DSRC.

13. Members holding shares in physical mode are advised to make nomination in respect of their shareholding in the Company. Members holding shares in electronic mode may contact their respective DPs for availing the nomination facility.

14. The Company has transferred the unpaid or unclaimed dividends declared up to financial years 2007-08, from time to time, to the Investor Education and Protection Fund (IEPF) established by the Central Government.

15. Members who hold shares in physical mode in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to DSRC, for consolidation into a single folio.

16. **Members are hereby informed that Ministry of Corporate Affairs (MCA), vide notification dated September 10, 2018, has amended the Companies (Prospectus and Allotment of Securities) Rules, 2014 by inserting Rule 9A wherein every holder of securities of an unlisted public Company who intends to transfer such securities on or after October 02, 2018 shall get such securities dematerialised.**

17. **Members who have not registered/updated their respective e-mail addresses with DSRC, if shares are held in physical mode or with their DPs, if shares are held in electronic mode, are requested to do so for receiving all future communications from the Company including Annual Reports, Notices, Circulars, etc., electronically.**

18. Non-Resident Indian members are requested to inform DSRC / respective DPs, immediately of:

    a) Change in their residential status on return to India for permanent settlement.

    b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

19. Voting through electronic means

   i) In compliance with the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015, the Company is pleased to provide to the Members a facility to exercise their right to vote on resolutions proposed to be considered at the 42nd Annual General Meeting (AGM) by electronic means through e-Voting Services. This initiative will advance our green initiative to which your Company is committed. The facility of casting votes by the Members using an electronic voting system from a place other than venue of the AGM ('remote e-voting') will be provided by M/s Central Depository Services (India) Limited (CDSL).

ii) The facility for voting through ballot paper shall be made available at the AGM and the Members attending the meeting, who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through Ballot Paper/Electronically.

iii) The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM, but shall not be entitled to cast their vote again.

iv) The voting period begins on December 24, 2018, and ends on December 27, 2018. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date December 14, 2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

v) The shareholders should log on to the e-voting website www.evotingindia.com.

a) Click on Shareholders / Members

b) Now Enter your User ID

a. For CDSL: *16 digits beneficiary ID,*

b. For NSDL: *8 Character DP ID followed by 8 Digits Client ID*,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

c) Next enter the Image Verification as displayed and Click on Login.

d) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

e) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.
	• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v b).

f) After entering these details appropriately, click on "SUBMIT" tab.

g) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

h) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

i) Click on the EVSN of ESSAR STEEL INDIA LIMITED on which you choose to vote.

j) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

k) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

l) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

m) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

n) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

o) If a demat account holder has forgotten the changed login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

p) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

q) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

r) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

s) The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of December 14, 2018.

t) Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of the notice and holding shares as of the cut-off date of December 14, 2018, should follow the same procedure for e-Voting as mentioned above.

u) **In case you have any queries or issues regarding e-voting, you may refer the Frequency Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact CDSL at its toll free no: 1800225533.**

v) A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.

w) A person, whose name is recorded in the Register of Members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

x) Shri Dinesh Kumar Deora, Practicing Company Secretary, has been appointed as Scrutinizer to scrutinize the voting and remote e-voting process in a fair & transparent manner.

y) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which the voting is to be held, allow voting with the assistance of scrutinizer, by use of 'Ballot Paper/Electronically for all those Members who are present at the AGM but have not cast their votes by availing the "remote e-voting" facility.

z) The Scrutinizer shall, after the conclusion of voting at the general meeting, first count the votes cast at the meeting and there after unblock the votes cast through remote e-voting in the presence of at least two witnesses, not in the employment of the Company and shall submit, not later than three days of the conclusion of the AGM, a Consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him / her in writing, who shall counter sign the same and declare the result of the voting forthwith.

aa) The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company, viz. www.essarsteel.com.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item no. 4

M/s Manubhai & Associates, Cost Accountants, have been reappointed as the Cost Auditors of the Company to carry out cost audit pertaining to Steel Business of the Company for the year ending March 31, 2019 at a remuneration of Rs.4,00,000/- plus applicable tax and reimbursement of out of pocket expenses. In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the provisions of Rule 14 of Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditors requires ratification by the shareholders.

Accordingly, approval of the members is sought for passing an Ordinary Resolution for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2019.

The appointment of cost auditor is subject to terms and conditions of resolution plan to be approved by the Adjudicating Authority.

None of the Directors, Key Management Personnel or the Resolution Professional of the Company, or their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

By Order of the Resolution Professional
For Essar Steel India Limited

Place : Mumbai
Date: November 27, 2018

Pankaj S Chourasia
Company Secretary

BOARD'S REPORT

To,

The Members of **Essar Steel India Limited**

Your Directors have pleasure in presenting the 42nd Annual Report of your Company together with the Audited Statement of Accounts for the year ended 31st March, 2018.

The members are hereby informed that pursuant to the order dated August 02, 2017, passed by the Hon'ble National Company Law Tribunal - Ahmedabad Bench, at Ahmedabad ("NCLT Order"), Corporate Insolvency Resolution Process ("CIR Process") has been initiated for the Company in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016, ("Code") and the related rules and regulations issued thereunder with effect from August 02, 2017, (Corporate Insolvency Resolution Process Commencement Date). Shri Satish Kumar Gupta was appointed as Interim Resolution Professional in terms of the NCLT Order and subsequently, he was appointed as Resolution Professional by the Committee of Creditors in its meeting held on September 01, 2017. During the continuation of Corporate Insolvency Resolution Process (CIRP) the powers of the Board of Directors of the Company stand suspended effective from the CIRP Commencement Date and such powers along with the management of affairs of the Company are vested with the Resolution Professional, viz., Shri Satish Kumar Gupta.

1. FINANCIAL STATEMENTS & RESULTS:

A) FINANCIAL RESULTS

(₹ in Crore)

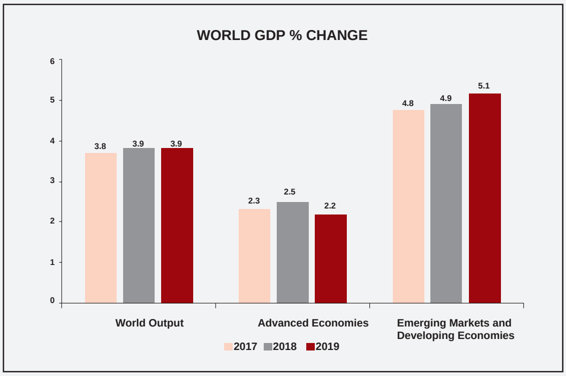
Particulars	Standalone		Consolidated	
	FY 2017-18	FY 2016-17	FY 2017-18	FY 2016-17
Gross Revenue	**26,027.67**	21,959.74	**27,419.49**	23,332.32
Expenses	**23,134.27**	19,118.95	**24,482.24**	20,341.00
Profit before Finance Costs, Exchange Variation and Derivative Losses, Depreciation /Amortisation, Exceptional Items and Tax	**2,893.40**	2,840.79	**2,937.25**	2,991.32
Less: Finance Cost	**7,377.62**	5,607.79	**7,946.87**	5,957.60
Less: Exchange variation and Derivative Losses (net)	**(18.19)**	193.49	**(15.35)**	185.39
Less: Depreciation / Amortization	**1,879.68**	1,903.06	**1,927.42**	2,063.43
Profit /(Loss) before Exceptional Items and Taxation	**(6,345.71)**	(4,863.55)	**(6,921.69)**	(5,215.10)
Less: Exceptional items Expenses	**6,007.22**	1,918.40	**2,343.82**	1,921.28
Profit /(Loss) before Taxation	**(12,352.93)**	(6,781.95)	**(9,265.51)**	(7,136.38)
Tax Expense/ (Benefit)	**4,489.82**	(1,584.39)	**4,458.64**	(1,552.06)
Add: Share in Profit / (Loss) of Associates (Net)	**-**	-	**(516.17)**	(35.87)
Less: Non Controlling Interest	**-**	-	**(0.01)**	0.16
Profit /(Loss) after taxation before Other Comprehensive Income	**(16,842.75)**	(5,197.56)	**(14,240.31)**	(5,620.35)
Other Comprehensive Income	**1.50**	(22.94)	**0.25**	(22.94)
Profit /(Loss) after taxation	**(16,841.25)**	(5,220.50)	**(14,240.06)**	(5,643.29)
Add: Balance brought forward from previous year	**(14,337.91)**	(9,257.08)	**(17,596.39)**	(12,092.77)
Add : Balance value of assets transfer from Assets as per Companies Act 2013 (Net of deferred tax)	**-**	-	**-**	-
Less:Transfer to Hedging Reserve	**-**	6.53	**-**	6.53
Less:Transfer from Revaluation Reserve	**132.28**	133.14	**132.28**	133.14
Balance carried forward to next year	**(31,046.88)**	(14,337.91)	**(31,704.17)**	(17,596.39)

B. OPERATIONS

GLOBAL SCENARIO

The global economy, according to International Monetary Fund (IMF), strengthened in 2017 to 3.8 percent growth from the previous year's 3.2 percent. The growth was the strongest since 2011 and was led by recovery in investment in advanced economies, continued strong growth in emerging Asia, a notable upswing in emerging Europe and recovery in commodity exports. Resurgent investment spending in advanced economies and an end to investment decline in some developing and emerging markets with growth in manufacturing activities were the key drivers of increased global economic growth in 2017.

The growth in 2018 and 2019 is expected to be a notch higher at 3.9 percent supported by strong momentum, improved market sentiment, favourable financial conditions and the domestic & international effects of expansionary fiscal policies in the United States.



Source: IMF – World Economic Outlook (April 2018)

The global growth projections for 2018 & 2019 are mainly driven by the growth in emerging markets & developing economies and resilient growth in advanced economies.

In the United States, the firmer external demand and positive impacts of macroeconomic tax reforms are anticipated to stimulate economic activities in the country. The economy is forecasted to grow from 2.3 percent in 2017 to 2.9 percent in 2018 and thereafter moderate to 2.7 percent in 2019.

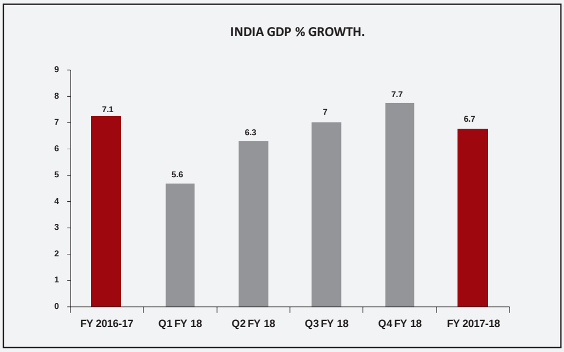
The Euro area is forecasted to see stronger than expected domestic demand across the currency area amidst better supportive monetary policies. The growth in the Euro area is projected to pick up from 2.3 percent in 2017 to 2.4 percent in 2018 and is expected to moderate to 2.0 percent in 2019. In Japan, the downside risks to favourable external demand prospects is expected to lower growth from 1.7 percent in 2017 to 1.2 percent in 2018 and to 0.9 percent in 2019 with some support from rising private investment and favourable supplementary budget for 2018.

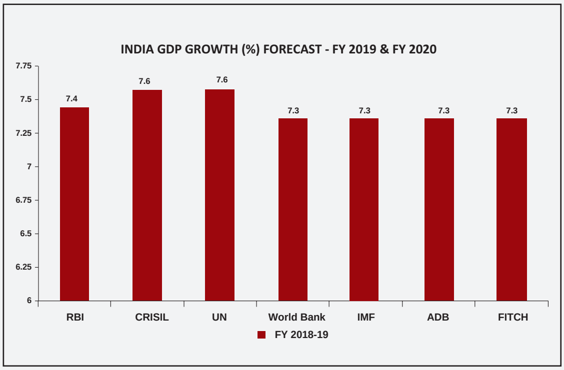
In China, growth is projected to soften from 6.9 percent in 2017 to 6.6 percent in 2018 and thereafter to 6.4 percent in 2019 as the economy continues its move towards consumption led economy and from industry to services.

INDIAN SCENARIO

According to the International Monetary Fund (IMF), India emerged as the fastest growing major economy in the world.

The country's quarterly GDP grew each quarter with Q4 FY 2017-18 clocking a growth of 7.7 percent. The increasing growth in each of the quarters reflects rebounding of the economy post demonetization and patchy implementation of Goods and Services Tax regime in the country. The fiscal year's growth aggregated to 6.7 percent in 2017-18 according to Central Statistical Organization (CSO). The growth was driven by steady consumption and continued recovery in investment.





Source: CSO

Source: RBI, CRISIL, UN, WORLD BANK, IMF, ADB, FITCH

In FY 2018-19, the economy is projected to grow between 7.3-7.6 percent, significantly higher than 6.7 percent growth in FY 2017-18. The economic growth is expected to rebound in FY 2018-19 and the country is soon expected to become the fifth-largest economy in the world. The increased foreign direct investment, steady improvement in world demand and turnaround in domestic industrial production & vehicle sales are some of the key factors for the higher growth performance. However, the path to recovery and growth will face significant headwinds which include rising crude oil prices, current account deficit and inflation. On the whole, the economic growth is expected to stay its course on consumption and favourable exports and corrective measures by the government are put in place from time to time.

STEEL INDUSTRY

Global Overview

Global Crude Steel Production and Demand

Region/ Country	Crude Steel Production (Mt)			Steel Demand (Mt)			Steel Demand Growth (%)	
	2016	2017	Growth (%)	2017	2018(f)	2019(f)	2018/17 (%)	2019/18 (%)
World	1604	1673	4.3*	1587.4	1616.1	1626.7	1.8	0.7
China	808	832	2.9*	736.8	736.8	722.1	0.0	-2.0
India	96	101	6.0	87.2	92	97.5	5.5	6.0
Japan	105	105	-0.1	64.4	64.5	64.9	0.2	0.6
USA	79	82	3.8	97.7	100.3	102.3	2.7	2.0
S. Korea	69	71	3.6	56.4	57.0	57.5	1.1	0.9
EU	162	168	3.8	162.3	165.6	166.9	2.0	0.8

Source: World Steel Association – April 2018

*A special note on China: China closed most of its outdated induction furnaces in 2017, a category which was generally not captured in official statistics. With closure of the induction furnaces, the demand from this sector of the market is now satisfied by mainstream steel makers and therefore captured in the official statistics in 2017. Consequently, the nominal growth rate for steel demand in China increased to 12.4% or 765.7 Mt. Disregarding this statistical base effect World steel expects that the underlying growth rate of China's steel demand for 2017 will be 3%, which will make the corresponding global growth rate 2.8%.

World Steel Association (WSA) forecasts global steel demand to grow by 1.8 percent year on year to 1616.1 million tonnes in 2018.

In 2017, the stimulus measures by the Chinese government provided some boost to construction activity which includes infrastructure & real estate and accounts for 2/3rd of steel consumption in the country. But investment continued to decelerate and steel demand showed only moderate increase despite the stimulus. In 2018, with the deceleration in economic growth and focus on shifting towards consumption led growth, the steel demand is expected to remain flat. In 2019, the demand is expected to contract by 2% on anticipated slowdown in construction activity.

The US steel demand outlook continues to remain strong on account of increased consumption and investment on rising income, low interest rate and higher confidence. In EU, stronger momentum across all the countries had helped boost steel demand. Investment continues to be supported by strong demand and is a major growth driver in the region. Both the US and the EU are forecasted to record healthy growth in 2018, but monetary tightening will have a decelerating effect on growth in 2019. In Japan, the steel demand growth will remain limited on account of limiting consumption. It is anticipated that South Korea will see a restricted demand growth due to high consumer debts, weakening construction sector and depressed shipbuilding sector.

Domestic Overview

The steel demand in India continues to be driven by government investment initiatives with little private investment coming in. The steel demand nevertheless recovered post demonetization and GST implementation and is expected to accelerate gradually as the economy stabilizes.

The World Steel Association forecasts steel demand in India to be 92 million tonnes in 2018 with a growth rate of 5.5 percent. It is forecasted to grow to 97.5 million tonnes in 2019 with growth rate of 6.0 percent on year basis.

SALES AND MARKETING

The steel recovery which began in 2016 gained further momentum in 2017. Despite global trade barriers in place, the steel demand grew 4.7 percent year-on-year to 1616 million tonnes in 2017 aided by reduction in overcapacity in China and its sustained growth momentum. Global crude steel production grew by 3.8 percent year on year to 1689 million tonnes during 2017.

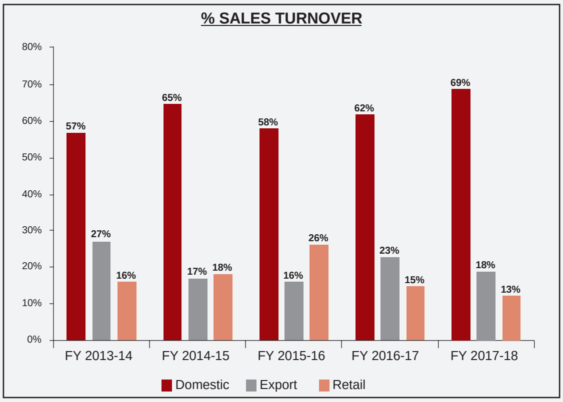
In China, the government's stimulus measures boosted construction activity, but investment showed deceleration resulting in steel demand growing moderately to 736.8 million tonnes a growth of 8.3[1] percent. Crude steel production was 831.7 million tonnes in 2017 compared to 807.6 million tonnes in 2016, a growth of 3 percent. Increased crude steel output growth was recorded beginning August 2017 when crude steel production increased to a record 2.5 million tonnes per day.

[1] As per World Steel Associassion China closed most of its outdated induction furnaces in 2017, a category which is generally not captured in official statistics. With the closure of the induction furnaces, the demand from this sector of the market is now satisfied by mainstream steel makers and therefore captured in the official statistics in 2017. Consequently the nominal steel growth rate in China increased to 8.3% or 736.8 Mt. Disregarding this statistical base effect, worldsteel expects that the underlying growth rate of China's steel demand for 2017 will be 3.0%, which will make the corresponding global growth rate 2.4%.

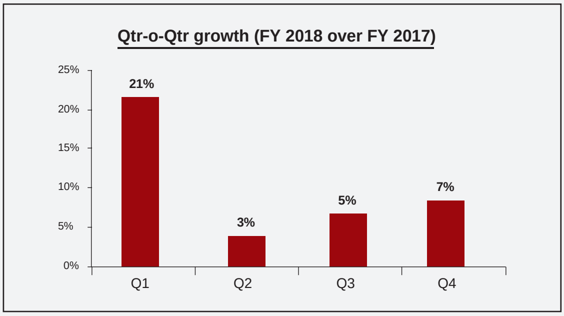
In India, steel consumption was on a path to strong recovery growing by 7.9 percent year-on-year to 90.68 million tonnes in FY2017-18. The growth momentum picked up post the implementation of currency reform and the GST rollout in second half of FY 2016-17. Improved public expenditure helped fuel infrastructure and construction growth but private investment remained weak moderating any further growth in steel demand. The Minimum Import Price (MIP) introduced in 2016 aided in minimising cheap imports helping the domestic producers in ramping up their production capacities. The crude steel production grew by 4.5 percent year-on-year to 102.34 million tonnes during FY2017-18.

Your company's sales volume grew 9.04 percent year-on-year to 5.79 million tonnes in FY 2017-18 compared to 5.31 million tonnes in the previous financial year. Total domestic sales stood at 4.76 million tonnes and exports at 1.03 million tonnes. The growth in sales is reflected across all quarters of the financial year indicating improved performance in FY 2017-18.

Sales Trend Channel wise – FY 2013-14 to FY 2017-18



Quarter on Quarter Sales Growth (%) – FY2018 over FY2017



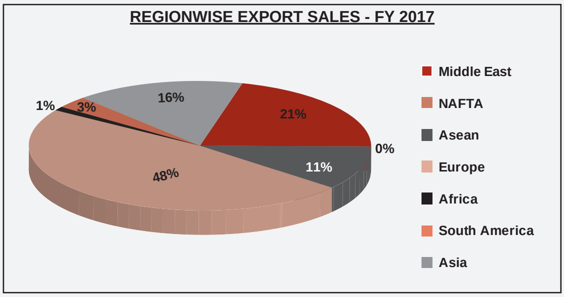
Your company further strengthened its foothold in the domestic market with domestic sales growing to 81% of total sales during the financial year 2017-18.

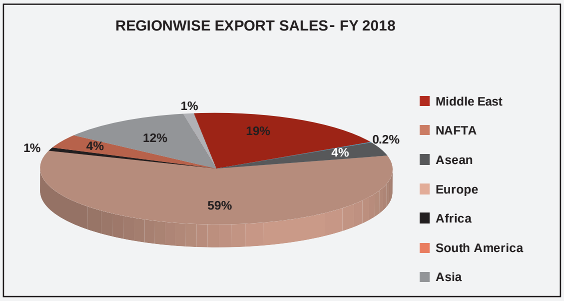
Customer commitment remained number one priority of your company and in this regard, key initiatives were undertaken successfully during the financial year despite the challenging environment. These initiatives helped your company to remain focussed in adverse times and achieve extraordinary results.

Some of the key initiatives undertaken during FY2017-18 were as follows:

- Your company's key focus was on improving production efficiencies and driving towards achieving plant's rated capacities. This drive will help your company achieve optimum performance in coming years.
- Your company increased its focus on proximity customers so as to achieve better realization and faster cycle times. This helped in achieving better realization during the financial year.
- Your company's drive towards developing niche/ customized/Import substitution products has created a significant impact in the industry. Many of the developments are first time developments in the country and your company takes pride in being a pioneer in developing and sole supplier for these products in the country. Some of the recently developed and commercialized products include;
  - ➢ Hot rolled high strength steel S650 MC (Essar brand: TUFMAX 650) and S700MC (Essar brand: TUFMAX 700) for chassis of automotive commercial vehicles. This is the first ever instance of successful application of high strength steel for chassis of commercial vehicles in the country.
  - ➢ Stretch Flangeable Steel - JSH 590B used in automotive passenger vehicles.
  - ➢ Hot forming grades of steel for automotive structural components as a substitute to Continuous Annealed Products (CAL) and precision tubes of grades 20MnB5 (Essar brand: BOROSTAR 20), 22MnB5 (Essar brand: BOROSTAR 22), 26MnB5 (Essar brand: BOROSTAR 26), to name a few.
  - ➢ Hot forming grades for Agricultural equipment 27MnB5 / 30MnB5 mainly targeted at the European markets.
  - ➢ Thinner gauge (2.3 mm – SPFH 540) hot rolled pickled and oiled products designed for the ever growing automotive wheels segment.
  - ➢ SOLGAL – Essar branded Galvanized product in Higher Zinc Coating of 550/600 grams per square meter.
- Your company saw a 42% increase in its niche product sales compared to F2016-17 supported by the implementation of regulatory norms (BS IV) in automotive sectors from 1st April 2017. The usage of high strength steel will continue to increase further with the implementation of stringent BS VI norms in 2020 and your company is fully equipped to meet the challenges.
- Your company has effectively leveraged branding as a competitive tool and has been the pioneer in steel branding. Your company's branded steel products are extensively used in the automotive, yellow goods and defense industry.

Region Wise Exports Sales: % Share

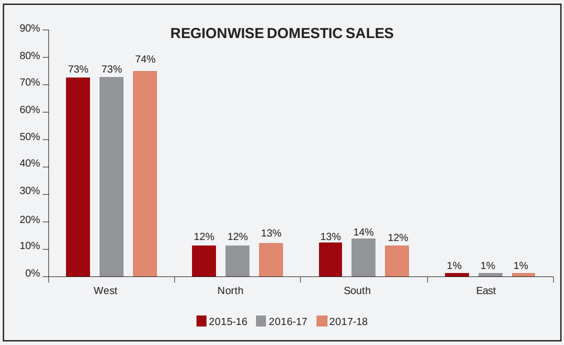




Source: Internal

The trade barriers, increased competition and competitive prices globally made exports a difficult and challenging task during the financial year. Despite these adverse conditions, your company managed to remain competitive and maintained its presence in key international markets and at the same time shifted its focus to European Union (EU) markets which provided better opportunities and growths compared to other regions of the world. Your company's share of EU grew from 48 percent in FY 2016-17 to 59 percent in FY 2017-18. Apart from the EU, your company continued to maintain its presence in the key international regions of the Middle East and Asia including the ASEAN countries.

Region wise Domestic Sales:



Your company's continuous focus on higher realisation has ensured sales in Gujarat and other proximity areas in west remain a priority. Targeting and retaining key customers in the North & South areas enabled your company to remain strategically present in key segments ensuring higher revenues.

OPERATIONS

During the year, your company has continued the volume growth journey. Your company has produced further 13% higher crude steel over the last year. We produced 6.18 million tons of crude steel against 5.47 million ton during the previous year which is higher by 12%. With favorable demand, gas based Iron making process, the production from HBI plants has increased 33% compared to the prodection in last year. The Blast furnace also produced higher than its rated capacity for the fourth consecutive year.

During the month of Feb. 2018, your company commissioned 3rd CSP Caster strand (First in the world) and produced 288 KT in the March month itself. Thus 14% jump over highest ever production by CSP Mill. The production from CSP route is set to increase substantially during FY19.

Your company has put in significant efforts in strengthening operations to achieve higher capacity utilization. In order to improve profitability, the company focused on margin maximization by reducing fixed and variable cost as well as increasing value added grades.

Key highlights of the year were –

- Commissioning of 3rd Strand CSP Caster – with this your company is the 1st company in the world with 3 CSP Casters attached to 1 CSP Mill.
- Pipe Coating Plant 2 and Coal Briquetting lines commissioned during the year
- Pellet Plants: Both Odisha and Vizag Pellet plants produced record annual production. Odisha pellet plant 1 volume was up by 22% compared to last year. The 2nd 6 MTPA Pellet plant under construction. Vizag pellet plant production also increased by 4%
- Iron making: Blast Furnace & HBI Plants produced highest ever annual production. Corex, SMP2 and CSP also crossed the highest annual production. HBI / DRI volume jumped 33% whereas Blast furnace was up by 3% compared to previous year. The Module#1 facility was converted to Cold DRI making facility which will give required flexibility for usage in steel making.
- Steel Making: The Steel Making plant 2 (SMP2) also produced record production with 5% jump in production compared to previous year. The Steel Making plant 1 (SMP1) also produced 26% higher volume compared to previous year but it was less than the highest ever volume.
- Rolling: All three rolling line produced volume higher than previous year. Plate Mill was 24%, Hot Strip Mill was 13% and CSP Mill was 4% higher. For CSP Mill, it was highest ever annual production.

- The finishing line production also increased significantly. The Cold Rolling, Galvanizing line produced record annual production with 9% and 10% jump in volume.
- The Pune facility production has touched all time high levels at pickling line (up by 2%), Cold Rolling (up by 5.5%), Galvanizing lines (up by 5%) and Color Coated lines (up by 3.5%).

Awards and Accolades

Your company received the following awards during the year 2017 - 18:

Sr.	AWARD TITLE	CATEGORY	AWARDED BY	YEAR
1	Ispat Suraksha Puraskar	No Fatal Accident during the Calendar Year – 2017 in Three Zones of Integrated Steel Plant. 1. Coal, Coke & Chemical 2. Blast Furnace, Sinter Plant & RMHS 3. Steel Melting Shops, Continuous Cast 4. Rolling Mills (HSM, CRM, CSP Mill, Plate Mill, Pipe Mill)	Joint Committee on Safety, Health & Environment in Steel Industry (JCSSI)-SAIL	2018
2	EXCEED Gold Award 2018	Dr Anil Jain, Vice-President, HSE was recently awarded the EXCEED Gold Award 2018. The award is for his role in Safety Leadership and was constituted by **“Ek Kaam Desh Ke Naam**	“Ek Kaam Desh Ke Naam”	2018
3	GSC & DISH, Govt. Of Gujarat	Safety Honour & Appreciation Certificates For HBI Division Essar Steel India Ltd	Gujarat Safety Council	2018
4	Safety Innovation Award	Outstanding Health & Safety performance & Safety Initiatives at Work Place	The Institution of Engineers (India)	2017
5	Indira CFO Leadership Award	Shri Manish Singhania – CFO, ESPF, has been honored with Indira CFO Leadership Award in the Indira Brand Slam 2017- sixth edition recently held in Pune.	“Indira Group of Institutes (IGI), Pune.	2017
6	‘Strategic & Long Term Partner’	Essar Steel receives award from yellow goods major Hyundai Constructions. The company has been awarded with the ‘Strategic & Long Term Partner’ award for 2017 at a recently held award ceremony in Pune. This clearly indicates Essar Steel’s leadership in the yellow goods segment in India	Hyundai Construction Equipment India	2018
7	Safe India Hero Plus Award, 2018	Fire officers D.C. Dabhi & M.N. Dodiya and Fireman DCPO Kaushik Rasadiya from Fire Safety team of Essar Steel – Hazira were bestowed with the prestigious Safe India Hero Plus Award, 2018.	Safety Professionals’ Federation in coordination with Fire & Safety International Magazine- M/s Kings Media, Mumbai.	2018
8	Finest India Skills and Talent (FIST) Awards	Essar Steel won the runners up trophy in two categories - Best Secure Company and Best Fire Safe Company in manufacturing sectors in the recently held Finest India Skills and Talent (FIST) Awards: 2018 edition	Fire & Security Association of India (FSAI).	2018
9	Essar Steel Paradeep wins State Safety Award	Essar Steel’s Paradeep Pellet Plant won the State Safety Award – 2016, in the category “Longest Accident Fee Period” from the Govt. of Odisha in the field of accident prevention.	The Directorate of Factories & Boilers	2018
10	Essar Steel recognized by VECV as ‘Delighter 2018’	Volvo Eicher Commercial Vehicles (VECV) bestowed Essar Steel with ‘Delighter 2018’ - a recognition for its ‘perfect partnership’ with the leading commercial vehicle manufacturer.	Volvo Eicher Commercial Vehicles (VECV)	2018
11	Essar Steel India, Dr Anil Jain, HSE Head re-elected to National Safety Council Board	Dr. Anil Jain, Head-HSE (Health Safety & Environment), Essar Steel India, has been re-elected as a member of the board of National Safety Council of India (NSCI).	National Safety Council of India (NSCI).	2018
12	World Steel recognition	World Steel Safety and Health excellence recognition - 2018	World Steel Association	2018

FINANCE

During the financial year 2017-18, secured lenders of the Company, under the direction of Reserve Bank of India, had approached the National Company Law Tribunal and invoked insolvency proceedings under the Insolvency and Bankruptcy Code, 2016 ("Code"). The National Company Law Tribunal ("NCLT"), vide its order dated August 2, 2017, has directed initiation of Corporate Insolvency Resolution Process in respect of the Company. The resolution process is currently going on. The Company has created World Class facilities in which local as well as International players have evinced their keen interest to acquire under the CIRP. The Resolution plan is under consideration of Adjudicating Authority.

During CIRP, all the fund flows of the Company were monitored by the Resolution Professional. As the checks and controls through TRA and Audit mechanism etc. had already been implemented by the Company, there was a smooth transition in the monitoring and payments mechanism without any adverse impact on operations. Also, some of the lenders in the Working Capital Consortium of banks have permitted "holding on operations" arrangement to the company. This enabled the company to conduct day to day banking operations like availment of LC's upon funding, issuance of bid bond guarantee & other guarantees, discounting of LC backed sales bills etc.

During the Financial year, there was a steady increase in production levels. A consistent monthly production level of 0.5 million tons/ month was achieved towards the last quarter of the financial year. This was enabled by procuring of adequate inventory at various stages to enable smooth production runs. Such build-up of inventory was entirely done through funding from internal accruals and third party financing and importantly, without any additional working capital support from Banks.

C) REPORT ON PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES:

The performance and financial position of each of the subsidiaries, associates and joint venture companies for the year ended 31st March, 2018 is attached and marked as Annexure I and forms part of this Report.

D) DIVIDEND

No dividend recommended for the financial year March 31, 2018 as the Company is under Corporate Insolvency Resolution Process and do not have adequate profits.

E) TRANSFER TO RESERVES:

No amount is recommended for transfer to reserves during the year under review.

F) REVISION OF FINANCIAL STATEMENT:

There was no revision of the financial statements for the year under review.

G) DISCLOSURES UNDER SECTION 134(3)(l) OF THE COMPANIES ACT, 2013:

In terms of order dated 02nd August, 2017 passed by the Hon'ble National Company Law Tribunal, Ahmedabad Bench (NCLT Order), the Corporate Insolvency Resolution Process has been initiated for the Company (CIRP) under Insolvency and Bankruptcy Code 2016 (Code). The Resolution plan is under consideration of Adjudicating Authority.

Shri Satish Kumar Gupta was appointed as Interim Resolution Professional in terms of the NCLT Order and subsequently he was appointed as Resolution Professional by the Committee of Creditors in its meeting held on September 01, 2017 as per the provisions of the Code.

Pursuant to Section 17 of the Code, during the continuation of Corporate Insolvency Resolution Process, the powers of the Board of Directors of the Company of the Company stand suspended and the powers of the Board of Directors and the management of affairs of the Company being vested in the Resolution Professional, viz., Shri Satish Kumar Gupta.

H) DISCLOSURE OF ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNAL

As disclosed, Hon'ble National Company Law Tribunal, Ahmedabad Bench, Ahmedabad, has vide its order dated 02nd August, 2017, has initiated Corporate Insolvency Resolution Process Insolvency and Bankruptcy Code, 2016, and appointed Shri Satish Kumar Gupta as Interim Insolvency Resolution Professional who has been confirmed to continue as Resolution Professional as approved by the Committee of Creditors in its meeting held on 01 September, 2017, under the provisions of the said Code.

I) PARTICULARS OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES-

The transactions/contracts/arrangements entered by the Company with related party(ies) during the period under review, are in the ordinary course of business and at arms' length. Therefore such transactions do not come within the purview of the provisions of Section 188 of the Companies Act, 2013 ("Act"). To systematically deal with and ensure proper compliance of Section 177 and 188 of the Act, the Company has formulated a detailed Related Party Transactions Policy containing identification of related parties, identification of related party transactions, creation of monitoring team, roles and responsibilities of executives, approval matrix, approval process, documentation for arm's length justification, methods to be used for arm's length pricing, Audit trails etc.

Company's major related party transactions are generally with its subsidiaries and associates. All related party transactions are entered into based on considerations of various business exigencies, such as synergy in operations, industry specialization and the Company's long-term strategy for investments, optimization of market share, profitability, contractual obligations of lenders, legal requirements, liquidity and capital resources of subsidiaries and associates. All related party transactions are negotiated on an arms' length basis, and are intended to further the Company's interests. Attention of members is drawn to the disclosure of transactions with related parties set out in Note No. 51 of Standalone Financial Statements, forming part of the Annual Report.

However, as per the Insolvency and Bankruptcy Code during the Corporate Insolvency Resolution Process, a related party transaction, can be undertaken only after approval of Committee of Creditors, therefore, during Corporate Insolvency Resolution Process all related party transactions are undertaken as per approval of COC.

J) PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS AND SECURITIES:-

Particulars of loans, guarantees, investments and securities provided during the financial year under review alongwith purposes for which such loans, guarantees and securities are proposed to utilized by the recepients thereof, has been furnished in **Annexure III** which forms part of this report.

K) GENERAL

No disclosure or reporting is required in respect of the following matters as there were no transactions on these items during the year ended under review.

1. Details relating to deposits covered under chapter V of the Act
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to the employees of the Company under any scheme.
4. Issue or equity shares under Employees Stock option Scheme
5. Non exercising voting rights in respect of shares purchase directly by employees under scheme pursuant to section 67(3) of the Companies Act, 2013.

2. MATTERS RELATED TO DIRECTORS AND KEY MANAGERIAL PERSONNEL

a. BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL

Shri J Mehra, Shri Aloke Sen Gupta, Smt Gayathri Sukumar, Shri Arvind Pande and Shri Parveen Kumar Malhotra Directors of the Company have resigned from directorship of the Company w.e.f 20.06.2017, 27.07.2017, 21.08.2017, 02.04.2018 and 05.05.2018 respectively. Shri Mahadev Iyer, Director Finance and Chief Financial Officer superannuated on June 30, 2017. The Board places on record its gratitude for the services rendered by them during their tenure as Directors of the Company.

As per the provisions of Section 152 of the Companies Act, 2013 and Articles of Association of the Company, Shri Rajiv Kumar Bhatnagar retires by rotation at the ensuing Annual General Meeting and being eligible, have offered himself for re-appointment.

There are vacancies occurred on the Board of the Company during the continuation of Corporate Insolvency Resolution Process under IBC. As the powers of Board is vested with Resolution Professional, thus no appointments was made to fill the vacancies occurred due to resignations of Directors. No formal meetings of Board or its Committee took place as they have no authority or power to conduct any business under the Act, due to explicit provisions under the IBC Code.

b. DECLARATIONS BY INDEPENDENT DIRECTORS:

The Company has received declaration from Shri V G Raghavan, Independent Director under Section 149(6) of the Companies Act, 2013 confirming his independence vis-a-vis the Company. Further, as per para 6.3(b) of Secretarial Standard 4 issued by Institute of Company Secretaries of India, the independent directors have complied with the code of conduct for Directors and Senior Management personnel and also with the code prescribed in Schedule IV of the Companies Act, 2013.

c. PAYMENT OF COMMISSION TO MANAGERIAL PERSONNEL

The Company has not paid any Commission to Managerial Personnel during the financial period under review.

3. DISCLOSURES RELATED TO BOARD, COMMITTEES AND POLICIES

As disclosed above, Pursuant to Section 17 of the Code, during the continuation of Corporate Insolvency Resolution Process (CIRP), the powers of the Board of Directors of the Company were suspended and the powers of the Board of Directors and the management of affairs of the Company being vested in the Resolution Professional, viz., Shri Satish Kumar Gupta. From the date of the initiation of Corporate Insolvency Resolution Process (CIRP), the affairs and management of the Company is managed under the Code. The functions of Board and its Committees are being managed by RP. However, disclosures for the period April 01, 2017 to August 01, 2017 (i.e. period prior to initation of CIRP) are given below.

a. BOARD MEETINGS:

During the year under review, the Board of Directors met four times on May 15, 2017, June 20, 2017, July 10, 2017 and August 01, 2017.

Name of Director	15-05-2017	20-06-2017	10-07-2017	01-08-2017
Shri P S Ruia	N	Y	Y	N
Shri J Mehra@	Y	Y	NA	NA
Shri Arvind Pande@	Y	N	Y	Y
Shri V G Raghavan	Y	Y	Y	Y
Smt S Gayathri@	Y	Y	Y	N
Shri Dilip Oommen	Y	Y	Y	Y
Shri Mahadev Iyer@	Y	Y	NA	NA
Shri P K Malhotra@	Y	Y	Y	N
Shri Sunit Joshi	Y	Y	Y	Y
Shri Aloke Sengupta@	Y	Y	Y	NA
Shri Rajiv Kumar Bhatnagar	Y	Y	Y	Y

Y – Yes, N – No, NA- Not Applicable

@Shri Aloke Sengupta Nominee Director of the Company has resigned on 27.07.2017. Shri J Mehra, Smt S Gayathri, Shri Arvind Pande, Shri Parveen Kumar Malhotra Directors of the Company have resigned w.e.f 20.06.2017, 21.08.2017, 02.04.2018 and 05.05.2018 respectively from dirctorship of the Company. Shri Mahadev Iyer Director Finance and Chief Financial Officer superannuated on June 30, 2017.

Shri J Mehra was appointed as CEO and Shri Suresh Jain was appointed as CFO w.e.f June 21, 2017 and July 01, 2017 respectively.

b. DIRECTOR'S RESPONSIBILITY STATEMENT:

In terms of Section 134(5) of the Companies Act, 2013, in relation to the audited financial statements of the Company for the year ended 31st March, 2018, it is confirmed that:

a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b. such accounting policies have been selected and applied consistently and the Directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the profit/loss of the Company for that year;

c. proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. the annual accounts of the Company have been prepared on a going concern basis;

e. internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and were operating effectively;

f. proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;

g. as per para 9 of Secretarial Standard – 1, issued by the Institute of Company Secretaries of India, the Company has complied with applicable Secretarial Standards.

c. AUDIT COMMITTEE:

The composition of the Audit Committee is in conformity with the provisions of Section 177 of the Companies Act, 2013. The Audit Committee comprises of Shri Arvind Pande (Independent Director), Shri J Mehra, Shri V G Raghavan (Independent Director) and Shri Sunit V Joshi (Nominee Director).

The Committee had met on July 10, 2017 and August 01, 2017. The Company Secretary acts as the Secretary to the Audit Committee.

Audit Committee

Name of Director	10.07.2017	01.08.2017
Shri Arvind Pande*	Y	Y
Shri J Mehra*	NA	NA
Shri V G Raghavan	Y	Y
Shri Sunit Joshi	Y	Y

Y – Yes, N – No, NA- Not Applicable

*Shri J Mehra and Shri Arvind Pande ceased to be a member of the Committee w.e.f June 20, 2017 and April 02, 2018 respectively consequent to their resignation as director of the Company.

The attendance of Members at the Audit Committee Meetings was as per the provisions and terms of reference of Audit Committee.

The scope and terms of reference of the Audit Committee are in accordance with the provisions of Companies Act, 2013. The Board of Directors of the Company had accepted all the recommendations of the Committee on all the matters.

d. NOMINATION AND REMUNERATION COMMITTEE:

The composition of Nomination and Remuneration Committee of Directors is in accordance with the requirements of Section 178 of the Act. The committee comprises of Shri P S Ruia, Shri J Mehra, Shri Arvind Pande (Independent Director) and Shri V G Raghavan (Independent Director).

During the year, the Committee had met on June 20, 2017. The Company Secretary acts as the Secretary of the Nomination and Remuneration Committee.

Name of Director	20.06.2017
Shri P S Ruia @	NA
Shri J Mehra*	Y
Shri Arvind Pande*	Y
Shri V G Raghavan	Y

*Shri J Mehra, Director and Shri Arvind Pande, Independent Director ceased to be a member of the Committee w.e.f June 20, 2017 and April 04, 2018, respectively consequent to their resignation as director of the Company.

@Shri P S Ruia, Director has been inducted as a member of the Committee w.e.f July 10, 2017

The Board has in accordance with the provisions of sub-section (3) of Section 178 of the Companies Act, 2013, formulated the policy setting out the criteria for determining qualifications, positive attributes, independence of a Director and policy relating to remuneration for Directors, Key Managerial Personnel and other employees.

The Nomination and Remuneration Policy of the Company is available on the website of the Company and the link for the same is provided below:-

http://www.essarsteel.com/investors

e. STAKEHOLDERS RELATIONSHIP COMMITTEE:

The composition of Stakeholders Relationship Committee of Directors is in accordance with the requirements of Section 178 of the Act. The committee consists of Shri J Mehra (Non-Executive Director), Shri Mahadev Iyer (Executive Director) Shri V G Raghavan (Independent Director) and Shri Dilip Oommen (Executive Director).

Shri J Mehra (Non-Executive Director) and Shri Mahadev Iyer (Executive Director) ceased to be member of the Committee w.e.f. June 20, 2017 and June 30, 2017 respectively consequent to their resignation.

Shri Dilip Oommen has been inducted as member of the Committee w.e.f July 10, 2017. The current composition of Committee is Shri V G Raghavan (Independent Director) and Shri Dilip Oommen (Executive Director). The attendance of Members at the Stakeholders Relationship Committee Meetings was as per the provisions and terms of reference of Stakeholders Relationship Committee.

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

f. VIGIL MECHANISM POLICY FOR THE DIRECTORS AND EMPLOYEES:

Pursuant to the provisions of Section 178(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Board of Directors of the Company has formulated "Vigil Mechanism Policy" for Directors and employees of the Company to provide a mechanism which ensures adequate safeguards to employees and Directors from any victimization on raising of concerns of any violations of legal or regulatory requirements, incorrect or misrepresentation of any, financial statements and reports, etc.

The Directors and employees of the Company have the right/option to report their concern/grievance to the Chairman of the Audit Committee.

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations.

The Vigil Mechanism Policy of the Company is available on the website of the Company –

http://www.essarsteel.com/investors.

g. RISK MANAGEMENT POLICY:

The Board of Directors of the Company has designed Risk Management Policy and Guidelines to avoid events, situations or circumstances which may lead to negative consequences on the Company's businesses, and define a structured approach to manage uncertainty and to make use of these in their decision making pertaining to all business divisions and corporate functions. Key business risks and their mitigation are considered in the annual/strategic business plans and in periodic management reviews.

h. CORPORATE SOCIAL RESPONSIBILITY POLICY:

The Corporate Social Responsibility Committee was formed in May 2013. As per the provisions of Section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014, said Committee was re-constituted and the Committee consists of Shri Arvind Pande, (Independent Director), Shri J Mehra, (Non Independent & Non-Executive Director), Shri V G Raghavan (Independent Director) and Shri Dilip Oommen (Managing Director & Dy.CEO).

Shri J Mehra (Non-executive Director) and Shri Arvind Pande (Independent Director) ceased to be a member of the Committee w.e.f June 20, 2017 and April 02, 2018 respectively consequent to their resignation as director of the Company.

The Board of Directors of the Company has approved CSR Policy based on the recommendation of the CSR Committee. The CSR Policy of the Company is available on the Company's website.

The Company is incurring losses and therefore not required to spend money on CSR activities required under Section 135 of the Companies Act, 2013, however, Company is undertaking CSR activities as part of MoEF conditions and also generally for the upliftment and benefit of project affected persons and persons residing in the vicinity where company carries its operations. The yearly report on CSR Activities for FY 2017-18 is available on the Company's website and the link for the same is provided below:

http://www.essarsteel.com/investors.

i. ANNUAL EVALUATION OF DIRECTORS, COMMITTEE AND BOARD:

The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which include criteria for performance evaluation of the non-executive directors and executive directors. The Board has been following process for its own performance and that of its Committees and individual Directors as devised in Nomination and Remuneration Policy. However, due to on going Corporate Insolvency Resolution Process, annual evaluation is not undertaken.

j. INDIAN ACCOUNTING STANDARDS (IND AS) – ACCOUNTS

The financial Statements of the Company has been prepared as per Indian Accounting Standards (IND AS).

k. INTERNAL CONTROL SYSTEMS: ACCOUNTS

Adequate internal control systems commensurate with the nature of the Company's business and size and complexity of its operations are in place has been operating satisfactorily. Internal control systems comprising of policies and procedures are designed to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedure, applicable laws and regulations and that all assets and resources are acquired economically, used efficiently and adequately protected.

l. DISCLOSURE UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 AND RULE 5 OF COMPANIES (APPOINTMENT & REMUNERATION) RULES, 2014 - PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES –

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in the Annual Report.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in **Annexure IV** to this report.

Having regard to the provisions of the first proviso to Section 136(1) of the Act and as advised, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the registered office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request. The full Annual Report including the aforesaid information is being sent electronically to all those members who have registered their email addresses and is available on the Company's website.

m. PAYMENT OF REMUNERATION / COMMISSION TO DIRECTORS FROM HOLDING OR SUBSIDIARY COMPANIES:

None of the managerial personnel i.e. Managing Director and Whole time Directors of the Company are in receipt of remuneration/commission from the Holding or Subsidiary Company of the Company.

n. DISCLOSURE ABOUT REMUNERATION AS PER SECTION II OF SCHEDULE V:

Disclosure about remuneration pay package of Directors and other details are given in **Annexure VI** to this report.

4. AUDITORS AND THEIR REPORTS

The matters related to Auditors and their Reports are as under:

A. STATUTORY AUDITORS

I. Standalone Financial Statement

There was no qualification by the auditors on the financial statements of the Company, however the Auditors have put emphasis on the following matters and drawn the attention to certain facts considered in preparation of Annual Accounts for the financial year 2017-18.

1. Note 62 regarding Company's current liabilities exceeding its current assets by Rs. 61,155.04 Crore as at 31st March, 2018. The Company believes that for the reasons stated in the said Note, the financial position of the Company will improve upon implementation of approved resolution plan and it will have adequate liquidity to meet its liabilities as and when they fall due, hence the financial statements of the company are prepared on a going concern basis.
2. Note No. 52 (v) regarding wheeling charges amounting to ₹ 393.01 Crore (claim submitted by GETCO under CIRP ₹ 827.18 crore), Note 52 (ix) regarding Electricity charges amounting to ₹ 192.58 Crore (claim submitted by Dakshin Gujarat Vij Company Limited under CIRP ₹ 4,047 Crore), Note 52 (x) regarding Cross Subsidy charges ₹ 702.13 Crore (claim submitted by Dakshin Gujarat Vij Company Limited under CIRP ₹ 1,136 Crore),

Note 52 (xii) Take or Pay liability amounting to ₹ 574.10 Crore (claim submitted by Indian Oil Corporation Limited under CIRP ₹ 3,762.59 Crore). For reasons explained in the Note, the Company has not provided the aforesaid amounts during the year under report and treated the same as contingent liability.

3. Note no. 64 regarding Exceptional items i.e. provision for impairment of deemed investment (invocation of corporate guarantee given to Standard Chartered Bank) and investments, provision for expected liability / doubtful claims, provision for doubtful receivable and other has been recognized in the financial year ending 2018 as explained in the note.

4. Note no. 3 (viii), 4(c) and 45 regarding income tax expense. The Company has detailed reasons for recognition of Deferred Tax Asset in financial year ending 2018 in the aforesaid notes.

Management's Response:

Management response has been provided in the respective notes to account of Standalone financial statement.

II. **Consolidated Financial Statements**

Management's response on the Statutory Auditors' Qualification / Comments on the Company's consolidated financial statements:

1. Qualification pertaining to unaudited financial information of certain step down subsidiaries and an associate, management accounts has been considered for the consolidation of accounts of these companies in Consolidated Financial Statement.

2. Qualification pertaining to advance paid by the Subsidiary to a Supplier

Management's Response:

Subsidiary has paid total advances of USD 52.80 million under the said contract including USD 9.10 million paid during FY 18. Balance confirmation as on 31st March, 2017 from the said supplier is available and confirmation as on 31st March, 2018 was sent to party and same is not received as yet.

3. Qualification pertaining to non receipt of balance confirmation amounting to USD 2.72 million of a related party.

Management's Response:

The receivable of subsidiary Company has been adjusted by related party against its receivable from parent Company and confirmation has been provided for net balance.

4. Emphasis of matter –

Management response has been provided in the respective Notes to Account of Consolidated Financial Statement.

B. SECRETARIAL AUDIT REPORT FOR THE YEAR ENDED 31ST MARCH 2018:

Provisions of Section 204 read with Section 134(3) of the Companies Act, 2013, mandates to obtain Secretarial Audit Report from Practicing Company Secretary, accordingly DM & Associates Company Secretaries LLP were appointed to issue Secretarial Audit Report for the financial year 2017-18.

Secretarial Audit Report issued by DM & Associates Company Secretaries LLP, Practising Company Secretaries, in Prescribe Form MR-3 for the financial year 2017-18 forms part to this report **(Refer Annexure V)**. The said report does not contain any observation or qualification requiring explanation or comments from the Board. The Secretarial Auditors have put emphasis on the following matters and drawn the attention to certain facts considered in Secretarial Audit Report for the financial year 2017-18.

1. The Annual disclosures received from Directors as required under the Companies Act, 2013 were placed in the second Board Meeting instead of First meeting of Board of Directors.

2. Mrs Gayathri Sukumar ceased to be Director with effect from August 21, 2017.

Management's Response:

1. The Board Meeting held on May 15, 2017 was called urgently at shorter notice to transact an urgent matter. The Annual disclosures received from Directors and other routine matters were placed at the next Board meeting.

2. During the continuation of CIR Process initiated for the Company w.e.f August 02, 2017, the powers of the Board of Directors of the Company ("Board of Directors") stand suspended effective from the Corporate Insolvency Resolution Process Commencement Date and the powers of the Board of Directors and the management of affairs of the Company being vested in the Resolution Professional, viz., Shri Satish Kumar Gupta. The vacancy of a women Director due to the resignation of Mrs Gayathri Sukumar shall be filled up at the next Board Meeting as and when the resolution plan is

approved and the powers of the Board is restored under the Code and the Companies Act, 2013.

C. RE-APPOINTMENT OF STATUTORY AUDITORS:

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. M M Chaturvedi & Co, Chartered Accountants, the Statutory Auditors of the Company were appointed for a term till the conclusion of Annual General Meeting to be held in year 2018. The Resolution Professional has recommended the re-appointment of M/s M M Chaturvedi & Co, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of Annual General Meeting to be held in the year 2019 or as per tenure decided by the resolution applicant under the resolution plan to be approved by the Adjudicating Authority, whichever is earlier. The Company has received a confirmation from the said Auditors that they are not disqualified to act as the Auditors and are eligible to hold the office as Auditors of the Company.

D. COST AUDITORS:

M/s. Manubhai & Associates, Cost Accountants has been re-appointed as the Cost Auditors of the Company for the financial year 2018-19 for all applicable Product Groups. The Company received the approval of the Central Government for the said appointment. The said report does not contain any observation or qualification requiring explanation or comments from the Board.

E. INTERNAL AUDITOR:

As required under Section 138 of the Companies Act, 2013 and Rule 13 of the Companies (Accounts) Rules, 2014, the Internal Audit function is carried out by an in house qualified and experienced team. The scope, functioning, periodicity and methodology for conducting the internal audit were formulated in consultation with the Audit Committee and the Board of Directors and the same is also commensurating the size and operation of the Company.

5. OTHER DISCLOSURES

Other disclosures as per provisions of Section 134 of the Act read with Companies (Accounts) Rules, 2014 are furnished as under:

a. EXTRACT OF ANNUAL RETURN:

Pursuant to the provisions of Section 134(3)(a) of the Companies Act, 2013, Extract of the Annual Return for the financial year ended 31st March 2018 made under the provisions of Section 92(3) of the Act is attached as **Annexure VI** which forms part of this Report.

b. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars as required under the provisions of Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 in respect of conservation of energy, technology absorption, foreign exchange earnings and outgo etc. are furnished in **Annexure VII** which forms part of this Report.

c. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013 :

The Company has in place a Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaint Committees are set up at each business locations to redress complaints, if any. All employees are covered under the policy. There is no complaint outstanding as on 31.03.2018 for redressal.

During the year under review, 3 meetings of Internal Complaints committee were held on 08.07.2017, 04.10.2017 and 03.01.2018 respectively, attended by the following members:

Shri Anil Matoo, Smt Richa Kumari, Smt Srikanya Das, and Shri Deepak Gupta.

6. ACKNOWLEDGEMENT

Your directors would like to express their gratitude for the assistance and cooperation received from the Financial Institutions, Banks, Government Authorities, Vendors, Customers and Shareholders during the year under review. Your Directors wish to place on record their deep sense of appreciation to all the employees for their commendable teamwork, exemplary professionalism and enthusiastic contribution during the year.

By the Order of the Resolution Professional
For Essar Steel India Limited

Dilip Oommen	**Rajiv Kumar Bhatnagar**
Managing Director & Dy. CEO	**Director (Projects)**
DIN: 02285794	**DIN: 07018252**

Date: November 27, 2018

Place: Mumbai

Annexure I

REPORT ON PERFORMANCE OF SUBSIDIARIES, ASSOCIATE AND JOINT VENTURE COMPANIES

Sr. No.	Name of the subsidiary	Subsidiaries											
			Essar Steel Trading FZE	Essar Steel Middle East FZE	Essar Steel (UAE) Limited	PT Essar Indonesia	Paradeep Steel Company Limited and Subsidiaries	Essar Steel Logistics Limited	Essar Steel Offshore Limited	Essar Minerals Limited	Essar Mineral Cooperatief U.A.	Essar Minerals Canada Limited	Essar Minerals INC	New Trinity Holdings LLC and Subsidiaries
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2	Reporting currency in the case of foreign subsidiaries		USD	USD	USD	USD	INR	INR	USD	USD	USD	USD	USD	USD
3	Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	₹ / USD	65.04	65.04	65.04	65.04	NA	NA	65.04	65.04	65.04	65.04	65.04	65.04
4	% of shareholding	%	100.00	100.00	100.00	99.74	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
5	Share capital (incl. Share application Money)	₹ in Crore	24.81	400.54	266.84	247.17	0.20	0.05	847.90	911.02	1,991.85	2,166	1,933	337.77
6	Reserves & surplus	₹ in Crore	(67.56)	(1,732.12)	(0.41)	347.49	(10.95)	5.09	(5,224.02)	(2,423.20)	(2,094.15)	(2,049.30)	(2,388.72)	(1,199)
7	Total assets (excluding Investment)	₹ in Crore	0.13	492.46	39.56	787.43	6.13	14.56	0.95	0.19	174.48	369.70	-	238.33
8	Total Liabilities	₹ in Crore	42.87	2,695.63	39.12	192.77	16.88	9.42	4,376.92	1,512.38	276.83	588.75	455.31	1,099.63
9	Investments	₹ in Crore	-	871.59	265.99	-	-	-	-	-	-	336	-	-
10	Turnover	₹ in Crore	-	461.07	1.80	1,363.87	-	-	-	-	-	-	-	-
11	Profit/ (Loss) before taxation	₹ in Crore	(93.97)	(1,777.41)	0.48	(3.30)	(0.01)	(0.01)	(606.21)	554.15	(866.60)	-	-	(47.12)
12	Provision for taxation	₹ in Crore	-	-	-	-	-	-	-	-	-	-	-	-
13	Profit/ (Loss) after taxation	₹ in Crore	(93.97)	(1,777.41)	0.48	(3.30)	(0.01)	(0.01)	(606.21)	554.15	(866.60)	-	-	(47.12)
14	Proposed Dividend	₹ in Crore	-	-	-	-	-	-	-	-	-	-	-	-

Sr. No.	Name of the Associates		Associates						
			Bhander Power Limited	Essar Bulk Terminal Limited	Essar Power Hazira Limited	Essar Power Orissa Limited	Essar Steel Chhattisgarh Limited	Essar Power MP Limited	Essar Processing FZCO
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period		NA	NA	NA	NA	NA	NA	NA
2	Reporting currency in the case of foreign subsidiaries		INR	INR	INR	INR	INR	INR	USD
3	Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	₹ / USD	NA	NA	NA	NA	NA	NA	64.84
4	% of shareholding	%	26.00%	26.00%	26.00%	26.00%	47.38%	26.00%	40.00%
5	Share capital (incl. Share application Money)	₹ in Crore	372.70	5.00	578.63	372.78	12.20	2,245.55	59.97
6	Reserves & surplus	₹ in Crore	(355.48)	1,471.61	(65.59)	(351.60)	(11.26)	(5,583.32)	(56.95)
7	Total assets (excluding Investment)	₹ in Crore	478.32	2,954.47	1,930.91	857.13	5.47	5,924.30	9.39
8	Total Liabilities	₹ in Crore	663.09	1,694.95	1,417.87	835.95	4.52	9,262.07	6.55
9	Investments	₹ in Crore	202.00	217.10	-	-	-	-	0.18
10	Turnover (incl. Other Income)	₹ in Crore	54.11	867.68	425.03	116.62	0.06	966.31	-
11	Profit/ (Loss) before taxation	₹ in Crore	(2,110.46)	(0.87)	(89.35)	(374.65)	(11.36)	(5,701.77)	(0.09)
12	Provision for taxation	₹ in Crore	(420.25)	(1.12)	(25.14)	(25.80)	0.01	(120.04)	-
13	Profit/ (Loss) after taxation	₹ in Crore	(1,690.21)	0.25	(64.21)	(348.85)	(11.38)	(5,581.73)	(0.09)
14	Proposed Dividend	₹ in Crore	-	-	-	-	-	-	-

Annexure II

Form AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms' length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis - **NIL**

Annexure III

Particulars of loans, guarantees, investments and securities:

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in note number 65 of the Notes to the standalone financial statements.

Annexure IV

Disclosures under Section 197 (12) of the Companies Act, 2013

Remuneration of Directors

1) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18 and the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, during the financial year and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

A. Whole-time Directors and KMP

Name of KMP	% increase in remuneration	Ratio of remuneration of each director to the median remuneration paid/ payable to all employee for FY 2017-18
Shri J Mehra	Nil	49:1
Shri Dilip Oommen, Managing Director & Dy. CEO	14%	48:1
Shri Mahadev Iyer, Director (Finance) & CFO	Nil	11:1
Shri Rajiv Kumar Bhatnagar – Director Projects	Nil	19:1
Shri Suresh Jain – Chief Financial Officer	Nil	37:1
Shri Pankaj S Chourasia, Company Secretary,	Nil	5:1
Comparison of remuneration of KMP against performance of the Company:	Compensation of Shri Dilip Oommen was revised and the same is as per industry standards.	

B. Non-Executive Directors

Non-executive Directors are not entitled to any remuneration except payment of sitting fees, details of which are appearing in **Annexure VI.**

2) Median remuneration of all the employees of the Company for the financial year 2017-18 : Rs.7.03 lakhs per annum;

3) The percentage increase in the median remuneration of Employees for the financial year: 8%;

4) The number of permanent employees on the payrolls of the Company as on March 31, 2018, are 3806;

5) Relationship between average increase in remuneration and Company's performance:-

Average increase of 5.2% in remuneration of any increments were given to any employees for 2017-18.;

6) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company: Refer Point No.1;

7) Variation in market capitalization: Not applicable as shares of Company are not listed;

8) Average percentage increase made in the salaries of Employees other than the managerial personnel in the financial year and also the increase in the managerial remuneration was – 5.2%;

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

Based on the Company performance for FY 2017-18, Directors were paid 65% of the Budgeted Variable Component;

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

No employee of the Company receives remuneration in excess of the highest paid director, i.e. Shri Dilip Oommen;

11) Remuneration is as per the remuneration policy of the company.

ANNEXURE-V

Form no. MR-3
Secretarial Audit Report

For the Financial Year Ended March 31, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
Essar Steel India Limited
27km, Surat Hazira Road
Hazira Surat - 394270

Dear Members,

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended March 31, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018, according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
4. The provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") -Not Applicable (NA)
   a) Securities and Exchange Board of India, (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; NA
   b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; NA
   c) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; NA
   d) Securities and Exchange Board of India (Employees Stock Options Scheme And Stock Purchase Scheme) Guidelines 1999; NA
   e) Securities and Exchange Board of India (Issue of Listing of Debt Securities) Regulations, 2008; NA
   f) Securities and Exchange Board of India (Registrar to Issue and Share Transfer Agents) Regulations 1993 regarding the Companies Act, and dealing with client. NA
   g) Securities and Exchange Board of India (delisting of equity shares) regulations, 2009 and(NA)
   h) Securities and Exchange Board of India (buyback of securities) regulations 1998; (NA)
6. All applicable Labour Laws;
7. Factories Act, 1948;
8. Bombay Shop & Establishment Act,1948;
9. Environment Protection Act, 1986 and other Environmental Laws;
10. Hazardous Wastes (Management and Handling) Rules, 1989 and Amendment Rules, 2003;
11. Indian Contract Act,1872;
12. Income Tax Act,1961 and Indirect Tax Laws;

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

    (i) Secretarial Standards issued by the Institute of Company Secretaries of India;

    (ii) the listing agreements entered into by the Company with the stock exchange, regulations, guidelines, standard etc. mentioned above subject to the following observations. (Not Applicable – Since Company Shares are not Listed)

During the under review the Company has complied with the provisions of the Act, rules, regulations, guidelines, standards etc. mentioned above.

We have relied on the representations made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company.

We further report that the Annual disclosures received from Directors as required under the Companies Act, 2013, were placed in the second Board Meeting instead of First meeting of Board of Directors, as the first meeting was called at shorter notice to transact urgent matter.

We further report that Mrs. Gayatri Sukumar ceased to be the Director with effect from August 21, 2017.

We further report that during the audit period:

In respect of the Corporate Insolvency Resolution Process (CIRP) initiated under the Insolvency and Bankruptcy Code 2016 (IBC) by Hon'ble National Company Law Tribunal, Ahmedabad Bench, Ahmedabad, vide its order dated 2nd August, 2017 and pursuant to Section 17 of the Code, and during the continuation of CIR Process, the powers of the Board of Directors ("BOD") of the Company were suspended and were vested with Resolution Professional ("RP"). Accordingly, the Board's Authority & Powers, w.e.f initiation of CIRP, along with, affairs, business, and assets of the Company are being vested in the RP, Shri Satish Kumar Gupta, who was appointed as the Interim Resolution Professional of the Company in terms of the said Order and was further confirmed to continue as the RP by the Committee of Creditors ("CoC") constituted as per the Code, pursuant to the majority decision of CoC dated September 01, 2017.

We further state that due to suspension of powers of the Board of Directors of the Company, there was no Board Meeting or Committee meeting held during continuation of CIRP {post 2nd August, 2017}.

For DM & Associates Company Secretaries LLP
Company Secretaries

Dinesh Kumar Deora
Senior Partner

FCS NO. 5683
C P NO. 4119

Place : Mumbai
Date : October 04, 2018

Note: This report is to be read with our letter of even date that is annexed as Annexure - I and forms an integral part of this report.

ANNEXURE - I
(Part of Annexure V of Secretarial Audit Report)

To
The Members,
Essar Steel India Limited
27km, Surat Hazira Road
Hazira Surat – 394270

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

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

For DM & Associates Company Secretaries LLP
Company Secretaries

Dinesh Kumar Deora
Senior Partner
FCS 5683
C P NO 4119

Place: Mumbai
Date: October 04, 2018

ANNEXURE-VI

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st March 2018

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

Form No. MGT 9

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U27100GJ1976FLC013787
ii)	Registration Date	:	JUNE 01, 1976
iii)	Name of the Company	:	ESSAR STEEL INDIA LIMITED
iv)	Category / Sub-Category of the Company	:	MANUFACTURING OF STEEL
v)	Address of the Registered office and contact details	:	Essar Steel India Limited 27 km, Surat Hazira Road, Dist Surat Pin 394 270 Tel no. 0261–6682400 Fax no 0261–6685731
vi)	Whether listed company	:	None of the shares of the Company are listed on any Stock Exchanges
viii)	Name, Address and Contact details of Registrar and Transfer Agent, if any:	:	Data Software Research Co Pvt Ltd 19, Pycrofts Garden Road, Off Haddows Road,Nungambakkam Chennai 600 006 Tel no. 044-28213738 | Fax no. 044-28214636 E-mail : essar.steel@dsrc-cid.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
1	Manufacturing of Hot Rolled Coils/ Cold Rolled Coils/Sheets/Plates	330 / (New Code No. 2410)	78%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES [No. of Companies for which information is being filled]

Sr. No.	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Essar Steel Asia Holdings Limited, Essar House,10 Frere Felix de Valois Street, Port Louis Mauritius	NA	Holding Company	72.08%	2(46) and 2(87)
2	Essar Steel Middle East FZE Plot No S 40402, PB No 261754, Jafza South, Dubai UAE	NA	Wholly Owned Subsidiary	100%	2(87)(ii)
3	Essar Steel Trading FZE Emmar Business Park No 4, Suite No 508, Sheikh Zayed Road, PO Box No 61078, Dubai	NA	Wholly Owned Subsidiary	100%	2(87)(ii)
4	Essar Steel Offshore Limited Essar House, 10 Frere Felix De Valois Street, Port Louis, Mauritius	NA	Wholly Owned Subsidiary	100%	2(87)(ii)
5	Paradeep Steel Company Limited Essar House ,11 KK Marg, Mahalaxmi Mumbai-400034	U27100MH2011PLC217214	Wholly Owned Subsidiary	100%	2(87)(ii)
6	Essar Steel Logistics Limited 27 km, Surat Hazira Road, Dist Surat - 394270	U60220GJ2013PLC074244	Wholly Owned Subsidiary	100%	2(87)(ii)
7	Trinity Coal Marketing LLC	NA	Step-down Wholly owned Subsidiary	100%	2(87)(ii)
8	Essar Minerals Limited (FKA Essar Mining Limited)	NA	Step-down Wholly owned Subsidiary	100%	2(87)(ii)
9	Essar Mineral Cooperatief U.A	NA	Step-down Wholly owned Subsidiary	100%	2(87)(ii)
10	Essar Minerals Canada Limited	NA	Step-down Wholly owned Subsidiary	100%	2(87)(ii)
11	New Trinity Holding LLC	NA	Step-down Wholly owned Subsidiary	100%	2(87)(ii)
12	New Resources Inc	NA	Step-down Wholly owned Subsidiary	100%	2(87)(ii)
13	Essar Mineral INC	NA	Step-down Wholly owned Subsidiary	100%	2(87)(ii)
14	Trinity Parent Corporation	NA	Step-down Wholly owned Subsidiary	100%	2(87)(ii)
15	Trinity Coal Corporation	NA	Step-down Wholly owned Subsidiary	100%	2(87)(ii)
16	Trinity Coal Partners LLC	NA	Step-down Wholly owned Subsidiary	100%	2(87)(ii)
17	New Trinity Coal Inc	NA	Step-down Wholly owned Subsidiary	100%	2(87)(ii)
18	Bear Fork Resources	NA	Step-down Wholly owned Subsidiary	100%	2(87)(ii)
19	Deep Water Resources LLC	NA	Step-down Wholly owned Subsidiary	100%	2(87)(ii)
20	Levisa Fork Resources LLC	NA	Step-down Wholly owned Subsidiary	100%	2(87)(ii)
21	North Springs Resources LLC	NA	Step-down Wholly owned Subsidiary	100%	2(87)(ii)
22	Little Elk Mining Company LLC	NA	Step-down Wholly owned Subsidiary	100%	2(87)(ii)

Sr. No.	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
23	Banner Coal Terminal LLC	NA	Step-down Wholly owned Subsidiary	100%	2(87)(ii)
24	Hughes Creek Terminal LLC	NA	Step-down Wholly owned Subsidiary	100%	2(87)(ii)
25	Frasure Creek Mining LLC	NA	Step-down Wholly owned Subsidiary	100%	2(87)(ii)
26	Falcon Resources LLC	NA	Step-down Wholly owned Subsidiary	100%	2(87)(ii)
27	Prater Branch Resources LLC	NA	Step-down Wholly owned Subsidiary	100%	2(87)(ii)
28	Trinity RMG Holding LLC	NA	Step-down Wholly owned Subsidiary	100%	2(87)(ii)
29	RMG INC	NA	Step-down Wholly owned Subsidiary	100%	2(87)(ii)
30	Essar Steel UAE Limited 305, AI, Futtaim Tower AL Maktoum Street,Post Box 1961 Dubai UAE	NA	Step-down Wholly owned Subsidiary	100%	2(87)(ii)
31	P T Essar Indonesia (PTEI) Graha Essar, BFI Estate, Industri 3 Area KAV #B,Cibitung, Bekassi West Java 17520, Indonesia	NA	Step-down Wholly owned Subsidiary	99.74%	2(87)(ii)
32	Bhander Power Limited 27 KM Surat Hazira Road Surat-394270	U31101GJ1995PLC065146	Associates	26%	2(87)(ii)
33	Essar Bulk Terminal Limited 27 KM Surat Hazira Road Surat-394270	U13100GJ2004PLC043477	Associates	26%	2(87)(ii)
34	Essar Power (Orissa) Limited 27 KM Surat Hazira Road Surat-394270	U31101GJ2005PLC081701	Associates	26%	2(87)(ii)
35	Essar Steel Chhattisgarh Limited 27 KM Surat Hazira Road Surat-394270	U27100GJ2005FLC046274	Associates	47.38%	2(87)(ii)
36	Essar Power Hazira Limited 27 KM Surat Hazira Road Surat-394270	U40300GJ2006PLC063146	Associates	26%	2(87)(ii)
37	Essar Steel Processing FZCO Plot No S40402 PB No 261754 Jaffa South Dubai UAE	NA	Associates	40%	2(87)(ii)
38	Essar Power MP Limited Prakash Deep, 10th Floor,7 Tolstoy Marg New Delhi-110001	U40100DL2005PLC201961	Associates	26%	2(87)(ii)
39	Odisha Slurry Pipeline Infrastructure Limited House no. 119, Ward No.11 Badahan Road, NH 6, Behind Indian Bank, Keonjar Dist, Odisha - 758001	U60200OR2014PLC018639	Associates (The Company does not have significant influence as per para 6 of IND AS 28)	30.20%	2(87)(ii)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

A) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the end of the year 2017				No. of Shares held at the end of the year 2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1 Indian									
(a) Bodies Corporate	683,019,354	843	683,020,197	21.97	683,020,272	360	683,020,632	21.97	0.00
(b) Any other Trust	191,517,500	0	191,517,500	6.16	191,517,500	0	191,517,500	6.16	0.00
Sub-Total (A)(1)	**874,536,854**	**843**	**874,537,697**	**28.13**	**874,537,772**	**360**	**874,538,132**	**28.13**	**0.00**
2 Foreign									
(a) Bodies Corporate	2,157,840,086	0	2,157,840,086	69.41	2,157,840,086	0	2,157,840,086	69.41	0.00
Sub-Total (A)(2)	**2,157,840,086**	**0**	**2,157,840,086**	**69.41**	**2,157,840,086**	**0**	**2,157,840,086**	**69.41**	**0.00**
Total Promoter Shareholding=(A)(1)+(A)(2)	**3,032,376,940**	**843**	**3,032,377,783**	**97.54**	**3,032,377,858**	**360**	**3,032,378,218**	**97.54**	**0.01**
B. Public Shareholding									
1 Institutions									
(a) Mutual Funds/ UTI	99,781	19,563	119,344	0.00	99,781	19,563	119,344	0.00	0.00
(b) Financial Institutions/ Banks	738,822	4,843	743,665	0.02	20,942	4,843	25,785	0.00	-0.02
(c) Insurance Companies									
(d) Foreign Institutional Investors	0	71,917	71,917	0.00	0	71,917	71,917	0.00	0.00
(e) Qualified Foreign Investor									
(i) Any other (Specify)									
(ii) Foreign Bank									
Sub-Total (B)(1)	**838,603**	**96,323**	**934,926**	**0.03**	**120,723**	**96,323**	**217,046**	**0.01**	**-0.02**
2 Non -Institutions									
(a) Bodies Corporate									
(i) Indian	5,140,875	91,388	5,232,263	0.17	5,606,546	91,016	5,697,562	0.18	0.00
(ii) Overseas	0	3,030	3,030	0.00	0	3,030	3,030	0.00	0.00
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹1 lakh.	39,941,742	16,398,089	56,339,831	1.81	39,889,830	16,300,407	56,190,237	1.81	0.00
(ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	11,638,002	438,506	12,076,508	0.39	12,029,590	438,506	12,468,096	0.40	0.01
(c) Others									
Non Resident Individuals	956,727	1,036,592	1,993,319	0.06	976,295	1,027,176	2,003,471	0.06	0.00
Sub-Total (B)(2)	**57,677,346**	**17,967,605**	**75,644,951**	**2.43**	**58,502,261**	**17,860,135**	**76,362,396**	**2.46**	**0.02**
Total Public Shareholding (B)=(B)(1)+B(2)	**58,515,949**	**18,063,928**	**76,579,877**	**2.46**	**58,622,984**	**17,956,458**	**76,579,442**	**2.46**	**0.01**
TOTAL (A) + (B)	**3,090,892,889**	**18,064,771**	**3,108,957,660**	**100.00**	**3,091,000,842**	**17,956,818**	**3,108,957,660**	**100.00**	**0.00**
(C) Shares held by Custodians and against which Depository Receipts have been issued	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
GRAND TOTAL (A)+(B)+(C)	**3,090,892,889**	**18,064,771**	**3,108,957,660**	**100.00**	**3,091,000,842**	**17,956,818**	**3,108,957,660**	**100.00**	**0.00**

B) Shareholding of Promoter

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 2017				Shareholding at the end of the year 2018			% change in share-holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Essar Steel Asia Holdings Ltd*	2,240,939,040	72.08	71.95	**Essar Steel Asia Holdings Limited***	2,240,939,040	72.08	71.95	
2	Essar Steel Ltd.	2,626,838	0.08	0.00	**Essar Steel Limited – Mauritius**	2,626,838	0.08	0.00	
3	Imperial Consultants & Sec. P Ltd.**	2,775,483	0.09	0.06	**Aegis Tech Limited****	587,243,674	18.90	18.87	
4	In-Trust	191,517,500	6.16	6.16	**In-Trust / Beneficiary – ESTL**	191,517,500	6.16	3.91	
5	Essar Properties Ltd.	94,468,116	3.05	3.05	**Essar Properties Private Limited (now known as Niwas Residential & Commercial Properties Pvt Ltd)**	360	0.00	0.00	
6	Essar Securities Ltd.	10,050,706	0.32	0.00	**Essar Securities Limited**	10,050,706	0.32	0.00	
7	Essar Services India Ltd.	100	0.00	0.00	Essar Services India Private Limited	100	0.00	0.00	
8	Essar Steel Jharkhand Limited $	490,000,000	15.76	15.76					
	Total	**3,032,377,783**	**97.54**	**96.97**	**Total**	**3,032,378,218**	**97.54**	**94.72**	

* Out of these shares, the beneficial interest in 49,24,85,501 Equity Shares acquired from Essar Steel Limited, Mauritius on June 29, 2012 and August 26, 2013 and beneficial interest in 8,57,25,792 equity shares acquired from Imperial Consultants and Securities during the period from November 16, 2016 to March 25, 2017.

** Out of these shares, the beneficial interest in 9,44,12,097 equity shares acquired from Essar Properties Private Limited (now known as Niwas Residential & Commercial Properties Pvt Ltd) and beneficial interest in 49,20,94,831 equity shares acquired from Imperial Consultants & Securities (firm) on March 23, 2018 and March 31, 2018 respectively.

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

Sr No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during theYear	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	3,032,377,783	97.54	-	-
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus/ sweat equity etc):	435	0.00	-	-
	Sold during the year	1,418,268	0.00	3,030,959,515	
	Bought during the year	1,418,703	0.00	3,032,378,218	97.54
3	At the end of the year	3,032,378,218	97.54		

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

Sr No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the Beginning of the year				
1	Alpana Trading Pvt Ltd	NIL	NIL	720,216	0.02%
1	IFCI Limited	720,000	0.02%	NIL	NIL
2	Neetu Singh	591,100	0.02%	591,100	0.02%
3	Telelink Commercial Pvt Ltd	496,320	0.02%	496,320	0.02%
4	Gangadhar Narsinghdas Agrawal	350,000	0.01%	350,000	0.01%
5	Nak Securities Limited	225,000	0.01%	225,000	0.01%
6	Copcoan Vyapaar Private Limited	225,000	0.01%	225,000	0.01%
7	Aridhi Vanijya Private Limited	218,000	0.01%	218,000	0.01%
8	Dharamshi Securities Private Limited	200,000	0.01%	200,000	0.01%
9	Jayesh Nagji Nisar	193,166	0.01%	193,166	0.01%
10	Anoop Kumar Sahu	190,000	0.01%	190,000	0.01%

E) ***Shareholding of Directors and Key Managerial Personnel:***

Sr. No	Shareholding of Directors and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer/ bonus/sweat equity etc):		NIL	NIL	NIL
	At the end of the year	NIL	NIL	NIL	NIL

V) INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment as on March 31, 2018 is as under:

(₹ in Crore)

Particulars	Secured Loans excluding deposits[1]	Unsecured Loans	Deposits/ ICD	Others[2]	Total Indebtedness
Indebtedness at the beginning of the financial year					
i) Principal Amount	38,978.88	337.69	5,616.97	1,772.67	46,706.21
ii) Interest Outstanding	4,568.97	3.79	306.47	143.71	5,022.93
Total (i+ii+iii)	**43,547.85**	**341.48**	**5,923.43**	**1,916.38**	**51,729.14**
Change in Indebtedness during the financial year					
Net Change - Addition/ (Reduction)	**8,773.79**	**23.46**	**89.04**	**187.24**	**9,073.53**
Indebtedness at the end of the financial year					
i) Principal Amount	42,806.06	325.55	5,590.39	1,831.10	50,553.11
ii) Interest Outstanding	9,515.57	39.39	422.08	272.52	10,249.56
Total (i+ii+iii)	**52,321.64**	**364.94**	**6,012.47**	**2,103.62**	**60,802.67**

Note:

1. Secured Loan includes liability towards Invoked Corporate Guarantee amount of ₹ 3,540.17 Crore.
2. Please refer note 52(8) for the current status of Odisha slurry pipeline transaction.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: for FY 2017-18: **(₹ in Lakh)**

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Dilip Oommen MD & Dy.CEO	Mahadev Iyer Dir (Fin) & CFO	Rajiv Kumar Bhatnagar	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	328.21	85.56	128.43	542.21
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	25.80	0.00	9.61	35.41
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	NIL		NIL
2	Stock Option	NIL	NIL		NIL
3	Sweat Equity	NIL	NIL		NIL
4	Commission - as % of profit - others, specify	NIL	NIL		NIL
5	Others, (Provident Fund)	19.19	NIL	5.54	24.74
	Total (A)	373.21	85.56	143.59	602.36
6	Ceiling as per the Act	As per Schedule V, Part II of the Companies Act, 2013			

B. Remuneration to other directors

(₹ in Lakh)

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
		AP	**VGR**	
1	Independent Directors			
	Fee for attending board committee meetings	6.00	7.00	13.00
	Commission	Nil	Nil	
	Others	Nil	Nil	
	Total (1)	**6.00**	**7.00**	**13.00**

AP – Arvind Pande, VGR – V G Raghavan

(₹ in Lakh)

Sr. No.	Particulars of Remuneration	Name of Directors						Total Amount
		PSR	**JM**	**SG**	**PKM**	**AS**	**SVJ**	
2	Other Non-Executive Directors	Nil	Nil	Nil	2.00	0.60	2.40	5.00
	Fee for attending board committee meetings							
	Commission							
	Others							
	Total (2)	**NIL**	**NIL**	**NIL**	2.00	0.60	2.40	**5.00**
	Total (B)=(1+2)							**18.00**
	Total Managerial Remuneration is within overall ceiling as per the Act							

Non Executive Directors – PSR – Shri P S Ruia, JM – Shri J Mehra, SG – Smt S Gayathri, PKM- Shri P K Malhotra, AS- Shri Aloke Sengupta, SVJ- Shri Sunit V Joshi

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD (₹ in Lakh)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	**CFO**	**CS**	**Total**
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	356.24	260.57	36.71	653.52
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	24.75	N.A.	0.00	24.75
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	N.A.	N.A.	0.00	0.00
2	Stock Option	N.A.	N.A.	N.A.	N.A.
3	Sweat Equity	N.A.	N.A.	N.A.	N.A.
4	Commission				
	- as % of profit	N.A.	N.A.	N.A.	N.A.
	Others, (Provident Fund and National Pension Scheme)	N.A.	29.37	3.30	32.67
5	Others	N.A.	N.A.	N.A.	N.A.
	Total	**380.99**	**289.94**	**40.01**	**710.94**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: The Company, its Director / Officers were not subject to penalties / punishment / compounding of offence during the year under review.

Annexure – VII

Annexure – 'A' to Directors' Report

A. CONSERVATION OF ENERGY:- Hazira

a) Energy Conservation measures taken

ENERGY CONSERVATION MEASURES 2017-18	
1	Sinter - Replacement of Ignition furnace pipe burners with fuel efficient burners - Annual Energy savings (Sm3) - 10.15 Lakhs
2	BF - Installation of VVFD in CWPS Cooling Tower 2 - Annual Energy savings (kWh) - 0.55 Lakhs
3	BF - Increasing Pulverised Coal Injection in Blast Furnace from 154 to 170 kg/t - Annual Energy savings (T) - 0.19 Lakhs
4	HBI - Reducing Top Gas Fuel Temp to reduce water content in fuel - Electrical savings - Annual Energy savings (kWh) - 14.12 Lakhs
5	HBI - Reducing Top Gas Fuel Temp to reduce water content in fuel - Thermal savings - Annual Energy savings (Sm3) - 4.58 Lakhs
6	SMP 1 - Reduction in energy consumption by increasing HDRI vessel capacity - Phase I - Annual Energy savings (kWh) - 5.76 Lakhs
7	HSM - Replacing fluorescent Tube-lights with LED Tube-lights - Annual Energy savings (kWh) - 2.37 Lakhs
8	CSP Mill - Reduction in Fuel Consumption by reducing heat losses through better monitoring and maintenance of TF Rolls - Annual Energy savings (Sm3) - 12.25 Lakhs
9	Plate Mill - Installation of Translucent sheets for Plate Mill lighting - Annual Energy savings (kWh) - 0.98 Lakhs
10	CRM - LED lighting to be replaced in place of CFL (pilot project) - Annual Energy savings (kWh) - 0.57 Lakhs
11	Utilities - Energy saving by installation of NEW DBS PUMP FOR CSP MILL DBS - Annual Energy savings (kWh) - 0.15 Lakhs
12	Utilities - Energy saving by replacing of FES bearing cooling pump at Conarc 2 Pump House - Annual Energy savings (kWh) - 0.34 Lakhs
13	Utilities - Replacing Pump no. P-03 A and P-16 A with appropriate capacity in HSM Pump house - Annual Energy savings (kWh) - 3.31 Lakhs
14	Utilities - Replacing conventional Street lights with LED ones - Phase I - Annual Energy savings (kWh) - 1.43 Lakhs
15	Utilities - Optimization of fuel (Corex Gas) in RHTOB Boiler - Annual Energy savings (Sm3) - 1.85 Lakhs
16	Aux - Reduction in Corex Gas flaring from 6.49% to 3.6% - Annual Energy savings (Sm3) - 155.01 Lakhs

b) Additional Investments and proposals being implemented for reduction in consumption of energy:

Proposed Energy Saving Projects - 2018-19	
1	SINTER - To reduce energy consumption of CF 2 fan Motor/Synchronous trafo revival - Energy Savings (Lakhs kWh) - 45.28 - Approx. Investment - 1.5484 Lakhs
2	HBI - WHRPP - 7 MW Waste Heat Recovery - Energy Savings (Lakhs kWh) - 560 - Approx. Investment - 360 Lakhs
3	HBI - Tail gas recovery (by product of HBI). - Energy Savings (Lakhs SCM) - 470.59 - Approx. Investment - 800 Lakhs
4	SMP-1 - Air Oxyfuel burner system for Ladle preheating - Energy Savings (Lakhs SCM) - 11.19 - Approx. Investment - 10 Lakhs
5	SMP-2 - Power saving by providing individual outlet damper for HMPS Station A Booster fan - Energy Savings (Lakhs kWh) - 2.77 - Approx. Investment - 3 Lakhs
6	SMP-2 - Power saving by providing individual outlet damper for HMPS Station B Booster fan. - Energy Savings (Lakhs kWh) - 1.39 - Approx. Investment - 3 Lakhs
7	CCP - To replace tube lights with CFL/LED lamps in cable tunnel - Energy Savings (Lakhs kWh) - 0.09 - Approx. Investment - 0.3305 Lakhs
8	HSM - Minimization of skin losses in furnaces - Energy Savings (Lakhs SCM) - 9.43 - Approx. Investment - 700 Lakhs
9	HSM - Energy saving by replacing existing screw and reciprocating compressors with high efficiency centrifugal compressor - Energy Savings (Lakhs kWh) - 73.35 - Approx. Investment - 87 Lakhs
10	HSM - Booster Pump replacement with energy efficient pumps (3 Nos.) - Energy Savings (Lakhs kWh) - 87.52 - Approx. Investment - 45 Lakhs
11	HSM - Replacing fluorescent Tube-lights with LED Tube-lights - Phase III (1000 TLs) - Energy Savings (Lakhs kWh) - 1.75 - Approx. Investment - 5.15 Lakhs
12	PLATE MILL - LED Illumination - Energy Savings (Lakhs kWh) - 0.43 - Approx. Investment - 1.5 Lakhs
13	PIPE MILL - VFD installation for the compressor of Pipe Mill - Energy Savings (Lakhs kWh) - 0.8 - Approx. Investment - 10 Lakhs
14	PIPE MILL - Installation of VFD on one compressor of coating plant - Energy Savings (Lakhs kWh) - 0.59 - Approx. Investment - 10 Lakhs
15	PIPE MILL - Installation of Lighting Energy saver - Energy Savings (Lakhs kWh) - 2.08 - Approx. Investment - 50 Lakhs
16	PIPE MILL - Metal Halide Light to be replaced by LED Light - Energy Savings (Lakhs kWh) - 0.26 - Approx. Investment - 2.125 Lakhs

Proposed Energy Saving Projects - 2018-19	
17	PIPE MILL - Internal coating blasting motor to be replaced from 45kw to 22kw - Energy Savings (Lakhs kWh) - 0.45 - Approx. Investment - 0.4 Lakhs
18	CRM - To install VVFD (AC drive) for power saving in GAL-1 APC Dryer Blower -6(WQT) (75KW) - Energy Savings (Lakhs kWh) - 0.73 - Approx. Investment - 6 Lakhs
19	CRM - Installation of Magnetic Resonators in Gal-1, Gal-2 and Boiler - Energy Savings (Lakhs SCM) - 4.78 - Approx. Investment - Nil
20	LIME PLANT A - Installation of Magnetic Resonators in Lime Kiln - 1 - Energy Savings (Lakhs SCM) - 2.28 - Approx. Investment - Nil
21	AUX - To Achieve 18.4 MW Daily Average Generation from 19 MW Power Plant - Energy Savings (Lakhs kWh) - 14.76 - Approx. Investment - Nil
22	AUX - To save energy by replacing conventional tube light with LED Fittings cable tunnel (25 nos 1st phase) in MRSS A - Energy Savings (Lakhs kWh) - 0.59 - Approx. Investment - 6 Lakhs
23	AUX - Energy saving by 41 % by Replacement of Metal Halide with LED lights in 220 KV switch yard area in MRSS B - Energy Savings (Lakhs kWh) - 0.59 - Approx. Investment - 6 Lakhs
24	MH/RMHS - Installation of LED lighting in SMP MH - Energy Savings (Lakhs kWh) - 0.48 - Approx. Investment - 2.4 Lakhs
25	MH/RMHS - Installation of LED lighting in Blast Furnace MH - Energy Savings (Lakhs kWh) - 0.24 - Approx. Investment - 1.2 Lakhs
26	MH/RMHS - Installation of LED lighting in HBI MH - Energy Savings (Lakhs kWh) - 0.22 - Approx. Investment - 3 Lakhs
27	UTILITIES - Replacement of pump sets P33B & P32C (CRM Chiller Plant) - Energy Savings (Lakhs kWh) - 0.63 - Approx. Investment - 1.8 Lakhs
28	UTILITIES - To reduce Energy Consumption for CSP Mould 1&2 Secondary Cooling from 630 KW to 430 KW (by 200 KW) - Energy Savings (Lakhs kWh) - 16 - Approx. Investment - 20 Lakhs
29	UTILITIES - Replacement of Screw chillers in CRM with Mist Air Cooling System - Energy Savings (Lakhs kWh) - 27.2 - Approx. Investment - 30 Lakhs
30	UTILITIES - Replacing conventional Street lights with LED ones - Phase II - Energy Savings (Lakhs kWh) - 1.41 - Approx. Investment - 17.76 Lakhs

Way Forward - High Investment Projects	
1	SINTER - Improving Thermal Energy Consumption in Sinter Plant - Annual Savings - 514.98 Rs. Lakhs : Approx. Investment - Nil
2	SINTER - Improving Enthalpy of air for sintering batch - Annual Savings - 71.47 Rs. Lakhs : Approx. Investment - Nil
3	SINTER - Sinter Plant Heat Recovery - Annual Savings - 2169.66 Rs. Lakhs : Approx. Investment - 4000 Lakhs
4	BLAST FURNACE - Install VFD for Mixture de-dusting fan in Blast Furnace - Annual Savings - 260 Rs. Lakhs : Approx. Investment - 160 Lakhs
5	BLAST FURNACE - Install VFD for Combustion Air Supply Fan for Stoves - Annual Savings - 80 Rs. Lakhs : Approx. Investment - 110 Lakhs
6	HBI - VAM installation and utilization of waste heat from Flue Gases of Mod-6 - Annual Savings - 60 Rs. Lakhs : Approx. Investment - 150 Lakhs
7	HBI - VFD installation on Main Air Fan of Mod-6 - Annual Savings - 320 Rs. Lakhs : Approx. Investment - 350 Lakhs
8	SMP-1 - WHRPP - 30 MW Waste Heat Recovery from EAF Flue Gases - Annual Savings - 12000 Rs. Lakhs : Approx. Investment - 24000 Lakhs
9	SMP-2 - WHRPP - 20 MW Waste Heat Recovery Power Plant - Annual Savings - 8000 Rs. Lakhs : Approx. Investment - 16000 Lakhs
10	SMP-2 - Power saving by introducing drive for LF Booster fan (5 No's) - Annual Savings - 162.72 Rs. Lakhs : Approx. Investment - 350 Lakhs
11	HSM - Laminar Cooling Tower(CT) Pump replacement with energy efficient pumps - Annual Savings - 91.6 Rs. Lakhs : Approx. Investment - 30 Lakhs
12	HSM - Laminar Cooling Tower pressure filter (PF) Pump replacement with energy efficient pumps - Annual Savings - 110 Rs. Lakhs : Approx. Investment - 75 Lakhs
13	HSM - Laminar Pump replacement with energy efficient pumps - Annual Savings - 140 Rs. Lakhs : Approx. Investment - 80 Lakhs
14	CSP MILL - WHRPP - 4 MW - Annual Savings - 1600 Rs. Lakhs : Approx. Investment - 2400 Lakhs
15	PLATE MILL - WHRPP - 3 MW - Annual Savings - 1200 Rs. Lakhs : Approx. Investment - 1800 Lakhs
16	PLATE MILL - Minimization of skin losses - Annual Savings - 206.96 Rs. Lakhs : Approx. Investment - 500 Lakhs
17	PIPE MILL - Replace Screw Compressors with Centrifugal compressor - Annual Savings - 16 Rs. Lakhs : Approx. Investment - 70 Lakhs
18	CRM - AC drives will be used in place of star-delta starter for CTCM roll coolant supply pump.(160KW) - Annual Savings - 70.08 Rs. Lakhs : Approx. Investment - 27.5 Lakhs
19	CRM - AC drives will be used in place of star-delta starter for CRM-1 roll coolant supply pump. (132KW) - Annual Savings - 23.13 Rs. Lakhs : Approx. Investment - 9 Lakhs
20	AUX - Energy loss due to BF gas flaring (3% from 12.46% - FY 16-17 data) - Annual Savings - 7022.05 Rs. Lakhs : Approx. Investment - Nil
21	UTILITIES - Steam Grid; Interconnect RHTOB, RHD and CRM Boilers - Annual Savings - 1200 Rs. Lakhs : Approx. Investment - 400 Lakhs

CONSERVATION OF ENERGY FOR FY 2017-18:- Pune	
Energy Conservation measures taken:	
1.	Energy saving on account of switching off RTF combustion blower by merging it with DFF combustion blower. Annual saving of 6.57 Lacs.
2.	Energy Saving on account of Chem. coater exhaust blower replaced from 37 KW to 11 KW in CCL-2. Annual savings of Rs. 9.22 Lacs
3.	Energy Saving on account of Provision of VFD for Mill 3 Fume ex. Blower 200 kw. Annual savings of ₹ 22.00 Lacs
4.	Energy Saving on account of Provision of VFD for Mill 3 coolant pump- 160Kw. Annual savings of ₹ 4.72 Lacs
5.	Energy Saving on account of Provision of VFD for Mill 1 DC motor ventilation blower 90kw. Annual savings of ₹ 7.20 Lacs
6.	Energy Saving on account of Provision of VFD for hot well pump (75 KW) in CGL-2. Annual savings of ₹ 11.02 Lacs
7.	Energy Saving on account of idling of one 200KW dc motor each from uncoiler & recoiler in HSTL-2. Annual savings of ₹ 10.91 Lacs
8.	Energy Saving on account of Idling of 3200 KVA transformer while installing finish oven (no load losses & copper losses- 52.30KWH at 75 deg. c) in CCL-2. Annual savings of ₹ 21.28 Lacs
9.	Energy Saving on account of Switching off 1 no 15 kw exit hyd. motors (now 2 no's running) CCL-1. Annual savings of ₹ 6.60 Lacs
10.	Energy Saving on account of Provision of VFD for incinerator exhaust fan CCL-1. Annual savings of ₹ 9.85 Lacs
11.	Energy Saving on account of Provision of VFD for RTF combustion blower of 15KW CGL-2. Annual savings of ₹ 4.38 Lacs
12.	Energy Saving on account of Provision of VFD for F/O Z1 R/C fan CCL-1. Annual savings of ₹ 3.10 Lacs
13.	Energy Saving on account of Provision of VFD for F/O Z2 R/C fan CCL-1. Annual savings of ₹ 5.40 Lacs
14.	Energy saving on account of Installing Energy Efficient Pumps at Mill-2 Coolant system. In place of Running 02 Pumps of 55 KW each, we are running only one pump of 55 KW, so direct saving of 55KW power per hour. Annual savings of ₹ 12.42 lacs
15.	Energy saving on account of Installing Energy Efficient Pumps, At Mill-1 Coolant system. In place of Running 02 Pumps of 55 KW each, we are running only one pump of 55 KW, so direct saving of 55KW power per hour. Total Annual savings of ₹ 13.91 lacs
16.	Energy saving on account of using high pressure pump at RO plant. Installed 30KW high pressure pump in place of 45 KW pump. Annual savings of ₹ 3.15 lacs
17.	Energy Saving on account of reducing the water head by trimming the impellers of CGL Water pumps. Annual savings of ₹ 13.12 lacs

FORM B

Essar steel R&D - Hazira

Essar Steel has a separate corporate level R&D approved by Department of Scientific and Industrial Research. R&D is engaged in three broad areas of research: -- a) Raw materials, b) Process improvements and c) Product development.

R&D organization:

Head of R&D reports to Chief Quality control and R&D, who in turn reports to Managing Director of Essar Steel. There are dedicated team of researchers for each of the three broad areas of research with distinct skill sets.

R&D Facilities (Current)

A. Raw Material Research.

- ✓ Pot Grate Sintering cum pellet induration Machine
- ✓ Roller Briquetting Machine
- ✓ Column Floatation Unit
- ✓ Drum Pelletizer
- ✓ Disc Pelletizer
- ✓ Particle size analyzer
- ✓ Lab scale ball mill
- ✓ Sieve shakers
- ✓ Petrographic microscope
- ✓ Laboratory mixer

In addition Thermo Gravimetric analyzer (TGA), Setup for - a) testing RDI of pellets, b) CSR, CRI TS, TMS of coal etc are used for regular quality checks as well as for R&D purpose.

B. Metallography

- ✓ Metallurgical Microscope with Image Analyser Systems
- ✓ SEM with EDAX & EBSD attachments

C. Mechanical and chemical testing

- ✓ Micro Hardness Testing
- ✓ Hole Expansion Testing Machine
- ✓ Hysteresis Loop Tracer
- ✓ Laboratory muffle furnace
- ✓ Raising hearth furnace
- ✓ Hot air ovens

In addition Universal Testing Machines, Impact testing, Drop weight tear testing, XRF, Spectrometers, HIC/SSC testing are used for regular quality checks as well as for R&D purpose.

R&D achievements in FY17-18 - Hazira

Accomplishments

- Ten new products/product variants were developed in the FY 2017-18. Notable amongst them are :
  - Heavy thickness (90 / 95mm) pressure vessel and boiler quality normalised and quenched and tempered plates with stringent requirements of simulation heat treatment and impact toughness.
  - High strength structural quality plates (As per A709 HPS485) for bridge construction.
  - High strength special steel (51CrV4) for automobile application.
  - High strength special hot forming steel in hot rolled and cold rolled annealed (22MnB5) for automobile application.
  - High strength API X-65 hot rolled coils in thickness upto 12.70mm with DWTT @ -29ºC.
  - Armour steel plates as per MIL 12560 K / H for combat and artillery defence system.
- Established industrial scale Corex coal briquetting plant with know-how and show-how from R&D.
- Developed computational fluid dynamics model to predict hearth wear pattern in Corex Melter-Gasifier.
- Developed model for prediction of Tuyre leakage in blast furnace.
- Applied for following patents :
  - a) Method for manufacturing soft magnetic steel and plates and the steel and steel plates manufactured thereof.
  - b) Processing of thin and wide plates from four high reversing plate mill.
  - c) Innovative solution to clean/avoid elbow jamming in the fume extraction system of Conarc steel making furnace.

Collaborations :

1. Essar Steel is collaborating with IIT, Kharagpur for research areas of mutual interest.
2. Essar Steel is collaborating with Annamalai University for development and characterization of suitable welding procedure for bullet proof steel developed at Essar.
3. Essar Steel is collaborating with SVNIT Surat to characterize different solid wastes and find suitable usage in civil and road constructions.

Research And Development (R & D) - Pellet Operations Vizag

R&D Works were done in coordination with Hazira R&D team in view of them having complete testing facilities.

Conservation of Energy

Pellet Plant - Vizag

1. Replaced Conventional luminaires to energy efficient Luminaires in all office rooms and Part of PP-2 IDB area during FY17-18 which resulted us total savings of 9000 units per month or Rs 6 Lakh per year.
2. Installed Variable frequency drive of capacity 132kw to Atomising air fan and interconnected the atomising air fan ducts of PP-1 and PP-2 which resulted total energy savings of 30240 units per month or total revenue savings of Rs20 Lakh per year.
3. The PP1 after cooler fans operation minimised by tuning the furnace operation parameters which resulted in saving of 500 Kw per hour or total energy saving of 3,60,000 units per month, which is approx. 220 lakh per year.

Captive Power Plant – Vizag

- Replacement of conventional luminaires with LEDs in phased manner, is initiated to improve plant lighting reliability with reduced maintenance. Thus savings achieved for the first 3 years are Rs 0.28L, 3.8L and 7.6L respectively.
- RO water direct line to DM plant with bypassing of existing DM pump results energy conservation of 3kwh.
- Using of "commercial grade HCL" for DM plant regeneration instead of "lab grade HCL" results savings of Rs,1,74,000 /Annum.
- Replacement of the Bed coil without refractory has resulted in saving of 2000 units / day , equivalent savings of 33 Lakh per annum for generating at same generation level.

SPL & WPL

- Pigging done from PS-2 to TS, this reduced PS-2 discharge pressure. For the same tonnage pumped, power consumption reduced by 60,480 units/month with saving of Rs 3.23 Lacs per month.
- Installation of LED's and Solar panels across stations of SPL & WPL resulted in reduction of 42,200 units with savings Rs. 2.53 Lacs per Annum.
- Installed VFD for slurry charge pump in pumping station-1. – Annual energy saving of 0.89 lacs KWH (5.34 Lacs).

Beneficiation Plant

- Optimization of process by switching equipment related to Beneficiation when Incoming fines quality is near 66 % Fe- Annual energy saving of 32Lack KWH (1.92Cr).
- Migration 24hrs lighting system to LED lights Phase-1 completed. Annual saving of 0.52 Lacs.
- Switching of Air conditioning units with plant equipment start up- Annual energy saving of 1.06 lacs KWH (6.36 lacs).

Technology Absorption

- Tails Management with M/s. Nalco Watershed Program resulting in faster recovery of water from slurry when compared to conventional method and enable tailings management even in a small capacity ponds.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

For the Export Market some of the key initiatives undertaken have been:

1) The company is one of the biggest Indian steel exporter to European market.
2) The company has created a niche for its products in Australian and Sri Lankan markets.
3) The company has substantially increased its market share in the Middle Eastern market.
4) The company is the only Indian supplier to have shipped more than 40kt GI to Argentina.
5) The company has jointly developed special products like high strength steel, Boron added steel for special use of automotive

PPGI (Pre coated Galvanized Steel)

1) The company has successfully supplied steel for use by the US Army in the Middle East
2) The company has stepped up business volumes significantly in geographies like Latin America and Poland
3) The company has successfully supplied value added products to new locations like Argentina.

(₹ in Crores)

a)	**Total Foreign exchange earned**	**2017-18**	**2016-17**
	i) Foreign exchange directly earned through export	4,761.18	4,741.83
	ii) Others	260.75	273.79
	Total foreign exchange earned	**5,021.93**	**5,015.63**
b)	**Total foreign exchange used**		
	i) For import of plant and machinery/technical know-how	0.45	3.02
	ii) Others including raw materials and interest	6,270.79	4,645.71
	Total foreign exchange used	**6,271.24**	**4,648.74**

REPORT OF RESOLUTION PROFESSIONAL

The members are informed that pursuant to the order of the Hon'ble National Company Law Tribunal – Ahmedabad Bench dated 02nd August 2017 ("NCLT Order"), corporate insolvency resolution process ("CIR Process") has been initiated for the Company in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016 and the related rules and regulations issued thereunder (collectively, "I&B Code") with effect from 02 August 2017.

I, Satish Kumar Gupta, was appointed as Interim Resolution Professional in terms of the NCLT Order and, subsequently, I was appointed as Resolution Professional by the Committee of Creditors in its meeting held on 01 September 2017 as per the provisions of the Code ("Resolution Professional").

The audited financial statements (standalone as well as consolidated) for FY 2017-18 have been prepared by the management of the Company and certified by Shri Dilip Oommen (Managing Director & Dy. Chief Executive Officer), Shri Jatinder Mehra (Chief Executive Officer), Shri Rajiv Bhatnagar (Directors - Projects), Shri Suresh Jain (Chief Financial Officer) and Shri Pankaj Chourasia (Company Secretary). The Resolution Professional has relied upon the certifications, representations and statements made by the management specially the aforesaid officers while taking on record the financial statements (standalone as well as consolidated).

The Resolution Professional has however not authenticated the correctness of the financial statements (standalone as well as consolidated) for FY 2017-18 in all respect including but not limited to the Company Act, 2013 specially when they belong to the period before initiation of CIR Process and the opening data relates to period before CIR Process.

It may be noted that under the CIR Process initiated on 02 August 2017, pursuant to which a resolution plan has been approved by the committee of creditors. The said resolution plan is presently pending for approval of the Adjudicating Authority. The impact of such Resolution Plan based on final decision of the Adjudicating Authority under the I&B Code has not been considered in these financial statements (standalone as well as consolidated).

These financial statements (standalone as well as consolidated) for FY 2017-18 are being prepared for the purpose of the Companies Act, 2013. In case, there is any difference on any item / statement contained in these financial statements (standalone as well as consolidated) and the provisions of the I&B Code for the Resolution Plan, the provisions of the I&B Code shall prevail.

Date: November 27, 2018

Place: Mumbai

Satish Kumar Gupta
Resolution Professional
IP Regn. No. IBBI/IPA-001/IP-P00023/2016-17/10056

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ESSAR STEEL INDIA LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Indian Accounting Standards (Ind AS) financial statements of ESSAR STEEL INDIA LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow 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 Standalone Ind AS Financial Statements

In accordance with the applicable provisions of the Insolvency and Bankruptcy Code 2016, (Code) the Corporate Insolvency Resolution Process (CIRP) of Essar Steel India Ltd. was initiated by the Financial Creditors of the Company. The Ahmedabad bench of National Company Law Tribunal (NCLT) has admitted petition application filed by the Financial Creditors and CIRP was initiated on 2nd August, 2017 against the Company. Mr. Satish Kumar Gupta was appointed as the Interim Resolution Professional to manage the affairs of the Company. Subsequently Mr. Gupta was confirmed as the Resolution Professional (RP) by the committee of creditors (COC). On appointment of the RP under the Code, the powers of the Board of Directors of the Company were suspended.

The Company's Board of Directors/Management 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 Ind AS 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 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit of the standalone Ind AS financial statements 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS 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 polices used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the Notes to the Financial Statements:

1. Note 62 regarding Company's current liabilities exceeding its current assets by ₹ 61,155.04 Crore as at 31st March, 2018. The Company believes that for the reasons stated in the said Note, the financial position of the Company will improve upon implementation of approved resolution plan and it will have adequate liquidity to meet its liabilities as and when they fall due, hence the financial statements of the company are prepared on a going concern basis.

2. Note No. 52 (v) regarding wheeling charges amounting to ₹ 393.01 Crore (claim submitted by GETCO under CIRP ₹ 827.18 Crore), Note 52 (ix) regarding Electricity charges amounting to ₹ 192.58 Crore (claim submitted by Dakshin Gujarat Vij Company Limited under CIRP ₹ 4,047 Crore), Note 52 (x) regarding Cross Subsidy charges amounting to ₹ 702.13 crore (claim submitted by Dakshin Gujarat Vij Company Limited under CIRP ₹ 1,136 Crore), Note 52 (xii) Take or Pay liability amounting to ₹ 574.10 crore (claim submitted by Indian Oil Corporation Limited under CIRP ₹ 3,762.59 Crore). For reasons explained in the Note, the Company has not provided the aforesaid amounts during the year under report and treated the same as contingent liability.

3. Note no. 64 regarding Exceptional items i.e. provision for impairment of deemed investment (invocation of corporate guarantee given to Standard Chartered Bank) and investments, provision for expected liability / doubtful claims, provision for doubtful receivable and other has been recognized in the financial year ending 2018 as explained in the note.

4. Note no. 3 (viii), 4(c) and 45 regarding income tax expense. The Company has detailed reasons for recognition of Deferred Tax Asset in financial year ending 2018 in the aforesaid notes.

Our opinion is not qualified in respect of the above matters.

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 sub-section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

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 purposes of our audit.

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

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the statement of Cash Flow and the statement of changes in equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

   e) In our opinion, the matter described in paragraph 1 and 2 under the Emphasis of Matters paragraph may have an adverse effect on the functioning of the Company.

   f) On the basis of the written representations received from the directors as on 31st March, 2018, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act. However, this was not taken on record by the Board of Directors as Corporate Insolvency Resolution process (CIRP) is initiated against the Company and the powers of the Board are suspended during the CIRP.

   g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   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 has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements vide Note 52.

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

      iii. The Company is not required to transfer any amount to the Investor Education and Protection Fund.

      iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the company for the year ended 31st March, 2018.

For **M. M. Chaturvedi & Co.,**
Chartered Accountants
(Firm Reg. No. 112941W)

Apurva Chaturvedi
Partner
Membership No. 126439

Mumbai
27th November, 2018

ANNEXURE-A to the Independent Auditors' Report- 31st March, 2018

(Referred to in our Report of even date)

(i) In respect of its Property, Plant and Equipment:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(b) The Property, Plant and Equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(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 generally held in the name of the Company. However title deeds of certain land measuring 124.11 hectares situated at Hazira (under the possession of the Company) valued provisionally at ₹ 149.72 Crore was divested to the State Government. The regularization and valuation from district level valuation committee/state level valuation committee is under process and cost of these land may change significantly as detailed in note 6 (a).

(ii) In respect of its inventories:

(a) As explained to us, the inventories were physically verified during the year by the Management and third parties at reasonable intervals.

(b) In our opinion and according to the information and explanations given to us, no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Act.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of investments, guarantees and securities.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public during the year in terms of the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company

(vi) We have broadly reviewed the cost records made and maintained by the Company prescribed by the Central Government under Section 148 of the Act and are of the opinion that, prima facie, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) Here below are details of undisputed statutory dues outstanding for more than six months as at 31st March 2018.

(₹ in Crore)

Location	Name of the Statute	Total Dues as on 31st March. 2018*	Period to which the amount relates
Hazira	Excise Duty	32.95	May'17
Vizag	Excise Duty	11.44	May'17 and June'17
Kirandul	Excise Duty	57.91	April'17, May'17 and June'17
Maharashtra	VAT	20.86	May'17 and June'17
HM - MP & Haryana	VAT	9.35	May'17 and June'17
Paradeep and Dabuna	Service Tax	1.14	May'17 and June'17
Total		**133.65**	

*As explained by the management the above statutory dues could not be paid due to applicability of section 14 (1) of the Insolvency and Bankruptcy Code, 2016.

(b) Details of dues of Income-tax, Sales Tax, Services Tax, Duty of Customs, Duty of Excise or Value Added Tax which have not been deposited as on 31st March, 2018 on account of disputes are given below:

Name of the statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount disputed (₹ in Crore)	Amount deposited (₹ in Crore)
Central Excise Act	Central Excise	AP High Court	2006-07	8.42	-
Central Excise Act	Central Excise	CESTAT, Ahmedabad	2011-12	0.40	-
Central Excise Act	Central Excise	CESTAT, Ahmedabad	2016-17	1.76	-
Central Excise Act	Central Excise	CESTAT, New Delhi	2014-16	2.15	-
Central Excise Act	Central Excise	Mumbai, High court	2015-16	0.76	-
Central Excise Act	CENVAT credit	CESTAT, Ahmedabad	2004-05	0.78	0.78
Central Excise Act	CENVAT credit	CESTAT, Ahmedabad	2006-07	140.35	-
Central Excise Act	CENVAT credit	CESTAT, Ahmedabad	2006-07	71.46	-
Central Excise Act	CENVAT credit	CESTAT, Ahmedabad	2006-12	3.00	0.05
Central Excise Act	CENVAT credit	CESTAT, Ahmedabad	2012-13	39.44	-
Central Excise Act	Excise and Interest	Comm, Raipur	2016-17	0.52	-
Central Excise Act	Excise and Interest	Comm, Raipur	2016-17	0.45	-
Central Sales Tax	Pending C Form	JC Comm. Tax (Appeals), Surat	2008-09	0.15	-
Central Sales Tax	Tax Demand	GVAT Tribunal	2006-07	1.47	-
Central Sales Tax	Tax Demand	GVAT Tribunal	2007-08	0.77	-
Central Sales Tax	Tax Demand	GVAT Tribunal	2009-10	7.48	-
Central Sales Tax	Tax Demand	GVAT Tribunal	2009-10	1.38	-
Central Sales Tax	Tax Demand	GVAT Tribunal	2010-11	10.71	-
Central Sales Tax	Tax Demand	GVAT Tribunal	2010-11	4.31	-
Central Sales Tax	Tax Demand	GVAT Tribunal	2010-11	0.04	-
Central Sales Tax	Tax Demand	JC Comm. Tax (Appeals), Surat	2000-01	0.49	-
Central Sales Tax	Tax Demand	JC Comm. Tax (Appeals), Surat	2008-09	7.88	-
Central Sales Tax	Tax Demand	JC Comm. Tax (Appeals), Surat	2011-12	57.54	-
Central Sales Tax	Tax Demand	JC Comm. Tax (Appeals), Surat	2012-13	35.19	-
Central Sales Tax	Tax Demand	Tribunal	2009-10	1.99	-
Customs Act	Customs Duty	CESTAT, Ahmedabad	2006-07	32.66	32.66
Customs Act	Customs Duty	CESTAT, Ahmedabad	2006-07	2.38	-
Customs Act	Customs Duty	CESTAT, Ahmedabad	2012-13	45.93	5.00
Customs Act	Customs Duty	CESTAT, Ahmedabad	2012-13	20.00	-
Customs Act	Customs Duty	CESTAT, Mumbai	2008-09	8.86	-
Customs Act	Customs Duty	CESTAT, Mumbai	2008-09	0.12	-
Customs Act	Customs Duty	CESTAT, Mumbai	2013-15	2.77	-
Customs Act	Customs Duty	CESTAT, Mumbai	2013-15	2.12	-
Customs Act	Customs Duty	CESTAT, Mumbai	2014-15	8.44	0.32
Customs Act	Customs Duty	IDT – SCN	2012-13	5.20	-
Customs Act	Customs Duty	IDT – Tribunal	1994-97	38.46	-
Customs Act	Export Duty	IDT – SCN	2007-08	16.57	-
Entry Tax	Tax Demand	Kolkata HC	2015-16	0.74	-
Entry Tax	Tax Demand	Odisha ,High court	2012-13	0.65	-
Entry Tax	Tax Demand	Odisha, High court	2013-15	0.74	-

Name of the statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount disputed (₹ in Crore)	Amount deposited (₹ in Crore)
Finance Act	Service Tax	CESTAT, Ahmedabad	2008-12	2.35	-
Finance Act	Service Tax	CESTAT, Ahmedabad	2009-11	14.40	2.82
Finance Act	Service Tax	CESTAT, Ahmedabad	2010-11	0.76	-
Finance Act	Service Tax	CESTAT, Ahmedabad	2011-13	5.80	-
Finance Act	Service Tax	CESTAT, Ahmedabad	2011-13	5.73	-
Finance Act	Service Tax	CESTAT, Ahmedabad	2013-14	12.40	0.47
Finance Act	Service Tax	CESTAT, Ahmedabad	2013-14	1.68	0.06
Finance Act	Service Tax	CESTAT, Ahmedabad	2015-16	0.30	-
Finance Act	Service Tax	CESTAT, Kolkata	2011-12	6.75	-
Finance Act	Service Tax	CESTAT, Kolkata	2011-14	4.54	-
Finance Act	Service Tax	CESTAT, Kolkata	2014-16	4.23	-
Finance Act	Service Tax	Commissioner (appeal), Bhubaneswar	2011-12	0.68	-
Finance Act	Service Tax	Commissioner Audit, Bhubaneswar	2010-11	3.40	-
Finance Act	Service Tax	Commissioner of CE, Surat	2014-15	3.40	-
Finance Act	Service Tax	Commissioner of CE, Surat	2015-16	5.08	-
Finance Act	Service Tax	Gujarat HC	2008-14	31.31	-
Finance Act	Service Tax	Gujarat HC	2017-18	3.51	-
Sales Tax / VAT	Input Tax Credit	JC Comm. Tax (Appeals), Surat	2007-08	1.62	-
Sales Tax / VAT	Input Tax Credit	JC Comm. Tax (Appeals), Surat	2008-09	2.26	-
Sales Tax / VAT	Input Tax Credit	Supreme Court	2006-07	85.45	-
Sales Tax / VAT	Purchase Tax	JC Comm. Tax (Appeals), Surat	2005-06	25.55	-
Sales Tax / VAT	Purchase Tax	Supreme Court	2001-2005	217.47	77.33
Sales Tax / VAT	Tax Demand	Gujarat Vat Tribunal	1998-2005	64.92	-
Sales Tax / VAT	Tax Demand	AC Comm. Tax	2010-11	13.56	-
Sales Tax / VAT	Tax Demand	AC Comm. Tax	2011-12	2.98	-
Sales Tax / VAT	Tax Demand	AC Comm. Tax	2014-15	0.59	-
Sales Tax / VAT	Tax Demand	AP High Court	2013-14	0.13	-
Sales Tax / VAT	Tax Demand	AP High Court	2013-14	0.07	-
Sales Tax / VAT	Tax Demand	High Court	1995-96	0.90	-
Sales Tax / VAT	Tax Demand	IDT – SCN	2009-10	0.14	-
Sales Tax / VAT	Tax Demand	IDT-HC	2000-01	4.62	-
Sales Tax / VAT	Tax Demand	IDT-STAT	2004-05	0.46	-
Sales Tax / VAT	Tax Demand	IDT-STAT	2005-09	0.13	-
Sales Tax / VAT	Tax Demand	JC Comm. Tax (Appeals), Surat	1994-95	7.50	-
Sales Tax / VAT	Tax Demand	JC Comm. Tax (Appeals), Surat	1995-96	0.75	-
Sales Tax / VAT	Tax Demand	JC Comm. Tax (Appeals), Surat	2006-07	6.10	-
Sales Tax / VAT	Tax Demand	JC Comm. Tax (Appeals), Surat	2008-09	1.36	-

Name of the statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount disputed (₹ in Crore)	Amount deposited (₹ in Crore)
Sales Tax / VAT	Tax Demand	JC Comm. Tax (Appeals), Surat	2008-09	1.08	-
Sales Tax / VAT	Tax Demand	Odisha sales tax tribunal	1997-98	2.14	-
Sales Tax / VAT	Tax Demand	Odisha sales tax tribunal	1997-98	1.95	-
Sales Tax / VAT	VAT	Dy. Comm. Sales Tax	2012-13	0.44	-
Sales Tax / VAT	VAT	JC Comm. Tax (Appeals), Surat	2007-08	0.15	-
Sales Tax / VAT	VAT	JC Comm. Tax (Appeals), Surat	2010-11	9.93	-
Sales Tax / VAT	VAT	JC Comm. Tax (Appeals), Surat	2013-14	1.21	-
Sales Tax / VAT	VAT	JT. Comm of sales tax Appeal, Pune	2007-08	0.06	-
Sales Tax / VAT	VAT	JT. Comm of sales tax Appeal, Pune	2009-10	0.07	-
Sales Tax / VAT	VAT	JT. Comm of sales tax Appeal, Pune	2010-11	5.63	-
Sales Tax / VAT	VAT	Tribunal	2008-09	0.10	-
SEZ Act	SEZ	CESTAT, Ahmedabad	2010-11	11.66	-

(viii) According to the information and explanation given to us, the company has not taken any loans from the Government. The Company has defaulted in repayment of borrowings to the banks and financials institution and in repayment of dues ‘to debenture holder during the year. Corporate insolvency resolution process (“CIRP”) under the IBC Code, 2016 (“IBC”) was initiated against the company vide an order of Ahmedabad bench of National company Law Tribunal (“NCLT”) dated 2nd August 2017. Details of the outstanding amounts as on 2nd August 2017 is as below.

Sr. No.	Name of the Bank	Rupees in Crore	Period of default
	Banks		
1	Allahabad Bank	320.49	Jan 2016 to 2nd August 2017
2	Axis Bank	61.91	Dec 2016 to 2nd August 2017
3	Bank of Baroda	1,288.78	June 2015 to 2nd August 2017.
4	Bank of Baroda RN	7.70	Mar-17 to 2nd August 2017
5	Bank of India	1,985.07	Sept 2015 to 2nd August 2017
6	Canara Bank	3,798.06	Feb 2016 to 2nd August 2017
7	Central Bank of India	510.04	Dec 2015 to 2nd August 2017
8	Corporation Bank	1,566.62	Feb 2016 to 2nd August 2017
9	Deutsche Bank*	2,829.88	June 2015 to 2nd August 2017
10	Exim Bank	556.26	March 2016 to 2nd August 2017
11	HDFC Bank	132.39	January 2016 to 2nd August 2017
12	ICICI Bank	2,294.11	Dec 2015 to 2nd August 2017
13	IDBI Bank	2,481.61	March 2016 to 2nd August 2017
14	Punjab National Bank	2,936.24	Jan 2016 to 2nd August 2017
15	State Bank of India	13,220.91	Dec 2015 to 2nd August 2017
16	State Bank of India RN	5.57	Mar-17 to 2nd August 2017
17	Syndicate Bank	967.91	Jan 2016 to 2nd August 2017
18	SC Lowy Primary Investments Ltd *	767.73	Sept 2016 to 2nd August 2017
19	Standard Chartered Bank **	3,557.43	Dec 2015 to 2nd August 2017

Sr. No.	Name of the Bank	Rupees in Crore	Period of default
20	UCO Bank	582.26	March 2017 to 2nd August 2017
21	Union Bank of India	2,122.60	Feb 2016 to 2nd August 2017
	Financial Institutions & Others		
22	Bank of New York Mellon (Dollar Note)	202.50	2nd August 2017
23	Edelweiss ARC SC 233	993.46	June 2016 to 2nd August 2017
24	Edelweiss ARC SC114	602.39	Sept 2015 to 2nd August 2017
25	Edelweiss ARC SC187	92.25	Sept 2015 to 2nd August 2017
26	Edelweiss ARC SC 217	1,697.77	Dec 2015 to 2nd August 2017
27	Edelweiss ARC SC 292	1,966.31	Feb 2016 to 2nd August 2017
28	Edelweiss ARC SC 322 *	554.92	Feb 2016 to 2nd August 2017
29	Edelweiss ARC SC 327*	137.25	Feb 2017 to 2nd August 2017
30	HDFC Limited	978.63	Dec 2016 to 2nd August 2017
31	SREI Infrastructure Finance Limited	175.28	March 2016 to 2nd August 2017
	Total#	**49,394.35**	

Exchange rate for Dollar denominated facilities considered at 1$ = 64.069 as on 2nd August 2017.

The total amount includes claims against non-fund and derivative facilities.

* The aforesaid facilities have been assigned post 2nd August 2017 and the existing lenders as on 31.3.2018 are listed above.

** This includes Invoked Corporate Guarantee of ₹ 3,487.10 crore (USD 544.27 million) and derivative liability of ₹ 70.34 crore.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were, prima facie, applied by the company during the year for the purposes for which loans were obtained other than temporary deployment pending application.

(x) To the best of our knowledge and according to the information and explanation given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(xi) Managerial remuneration has been paid and provided by the company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company as prescribed under section 406 of the Act. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion based on the information and explanations given to us and our examination of the records of the Company transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable. Details of such transactions in the financial year ending 2018 have been disclosed in the standalone Ind AS 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. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(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) According to the information and explanations given to us, the Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **M. M. Chaturvedi & Co.,**
Chartered Accountants
(Firm Reg. No. 112941W)

Apurva Chaturvedi
Partner
Membership No. 126439

Mumbai
27th November, 2018

Annexure - B to the Independent Auditor's Report – 31st March, 2018

(Referred to in our report of even date)

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

We have audited the internal financial controls over financial reporting of Essar Steel India Limited ("the Company") as at 31st March, 2018 in conjunction with our audit of the standalone Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("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

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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For **M. M. Chaturvedi & Co.,**
Chartered Accountants
(Firm Reg. No. 112941W)

Apurva Chaturvedi
Partner
Membership No. 126439

Mumbai
27th November, 2018

Balance Sheet as at 31st March, 2018

(₹ in Crore)

Particulars	Note No.	As at 31st March, 2018		As at 31st March, 2017	
Assets					
Non-Current Assets					
Property, Plant and Equipment	6(a)	40,711.85		42,320.42	
Intangible Assets	6(b)	9.88		18.34	
Capital Work-in-Progress		3,840.58		4,072.99	
			44,562.31		46,411.75
Investments in Subsidiaries and Associates	7		396.38		551.67
Financial Asset					
Other Investments	8	3.45		4.09	
Other Non-Current Financial Assets	9	95.51		170.17	
			98.96		174.26
Other Non-Current Assets	10		497.07		477.93
Deferred Tax Assets (net)	11		247.69		4,755.61
Current Assets					
Inventories	12		3,691.50		2,572.62
Financial Asset					
Current Investment	8	5.01		-	
Trade Receivables	13	1,059.13		1,554.29	
Cash and Cash Equivalent	14	237.97		308.89	
Other Bank Balances	15	158.16		383.61	
Current Loans and Advances	16	728.37		455.15	
Derivative Financial Assets	17	0.23		-	
Other Current Financial Assets	18	2.46		18.02	
			2,191.33		2,719.96
Other Current Asset	19		1,953.35		2,676.38
Current Tax Assets (Net)	20		71.89		59.37
TOTAL			53,710.48		60,399.55
Equity and Liabilities					
Equity					
Equity Share Capital	21	3,109.63		3,109.63	
Other Equity	22	(19,537.16)		(2,680.28)	
Non-Current Liabilities			(16,427.53)		429.35
Financial Liabilities					
Non-Current Borrowings	23	828.41		18,340.05	
Derivative Financial Liabilities	24	-		21.74	
			828.41		18,361.79
Other Non-Current Liabilities	25		207.93		225.62
Non Current Provisions	26		38.56		37.59
Current Liabilities					
Financial Liabilities					
Current Borrowings	27	13,686.20		12,703.60	
Trade Payables	28	5,316.45		4,690.08	
Derivative Financial Liabilities	29	22.19		6.24	
Other Current Financial Liabilities	30	47,673.56		22,488.58	
			66,698.40		39,888.50
Other Current Liabilities	31		2,342.15		1,433.93
Current Provisions	32		22.56		22.77
TOTAL			53,710.48		60,399.55

Notes to Financial Statements form an integral part of the Balance Sheet.

In terms of our report of even date attached
For M. M. Chaturvedi & Co.,
Chartered Accountants

Apurva Chaturvedi
Partner

Mumbai, 27th November, 2018

For Essar Steel India Limited

Jatinder Mehra
Chief Executive Officer

Dilip C. Oommen
Managing Director & Dy. CEO

Rajiv Kumar Bhatnagar
Director (Projects)

Suresh Jain
Chief Financial Officer

Pankaj S Chourasia
Company Secretary
Mumbai, 27th November, 2018

Statement of Profit and Loss for the year ended 31st March, 2018

(₹ in Crore)

Particulars	Note No.	For Year ended 31st March, 2018		For Year ended 31st March, 2017	
Income					
Revenue from Operations	33		**25,729.27**		21,763.46
Other Income	34		**298.40**		196.28
			26,027.67		21,959.74
Expenses					
Cost of Materials Consumed	35	**15,792.54**		11,943.52	
Purchase of Stock-in-trade		**0.87**		150.27	
Energy Cost	36	**3,678.90**		3,029.72	
(Increase)/Decrease in Inventories of Finished Goods, Work in Progress and Stock in Trade	37	**(223.69)**		(362.80)	
Employee Benefits Expense	38	**415.90**		393.82	
Excise Duty		**565.10**		1,856.85	
Other Expenses :					
Manufacturing & Asset Maintenance	39	**1,571.98**		1,259.49	
Administrative Expenses	40	**330.32**		291.77	
Selling & Distribution Expenses	41	**1,002.35**		556.31	
			23,134.27		19,118.95
Profit before Finance Costs, Exchange Variation and Derivative Gains/ Losses, Depreciation /Amortisation, Exceptional and Tax			**2,893.40**		2,840.79
Finance Costs	42		**7,377.62**		5,607.79
Exchange Variation & Derivative (Gain)/Losses (net)	43		**(18.19)**		193.49
Depreciation / Amortization Expense			**1,879.68**		1,903.06
Profit / (Loss) before Exceptional and Tax			**(6,345.71)**		(4,863.55)
Exceptional Items Expense / (Income)	44		**6,007.22**		1,918.40
Profit / (Loss) before Tax			**(12,352.93)**		(6,781.95)
Tax Expense/ (Benefit)	45		**4,489.82**		(1,584.39)
Profit / (Loss) after Tax for the period			**(16,842.75)**		(5,197.56)
Other Comprehensive Income					
A (i) Items that will not be reclassified to Profit or Loss			**2.43**		(25.39)
(ii) Income tax relating to items that will not be reclassified to profit or loss			**(0.93)**		8.98
B (i) Items that will be reclassified to profit or loss			**-**		(9.99)
(ii) Income tax relating to items that will be reclassified to Profit or Loss			**-**		3.46
Total other comprehensive income			**1.50**		(22.94)
Total Comprehensive Income for the period (Comprising Profit/(Loss) and Other Comprehensive Income for the period)			**(16,841.25)**		(5,220.50)
Earning/(Loss) per Share (in Rupees)	56				
Basic [Nominal value of Shares ₹ 10 each (Previous Year ₹ 10 each)]			**(54.17)**		(16.72)
Diluted [Nominal value of Shares ₹ 10 each (Previous Year ₹ 10 each)]			**(54.17)**		(16.72)

Notes to Financial Statements form an integral part of the Statement of Profit and Loss.

In terms of our report of even date attached
For M. M. Chaturvedi & Co.,
Chartered Accountants

Apurva Chaturvedi
Partner

Mumbai, 27th November, 2018

For Essar Steel India Limited

Jatinder Mehra
Chief Executive Officer

Dilip C. Oommen
Managing Director & Dy. CEO

Rajiv Kumar Bhatnagar
Director (Projects)

Suresh Jain
Chief Financial Officer

Pankaj S Chourasia
Company Secretary
Mumbai, 27th November, 2018

Statement of Changes in Equity for the year ended 31st March 2018

(₹ in Crore)

Particulars	Capital	Other Equity										Total
	Equity Share Capital	Treasury shares	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	General Reserve	Foreign Currency Monetary Item Translation Difference	Revaluation Reserve	Retained Earnings	Fair Value through Other Comprehensive Income- Equity Instrument	Hedging Reserve	
Opening Balance as on 1st April, 2016	**3,109.63**	**(766.07)**	**12.73**	**202.92**	**7,814.61**	**77.51**	**(11.08)**	**4,455.39**	**(9,259.99)**	**2.91**	**(104.31)**	**5,534.25**
Profit / (Loss) for the year	-	-	-	-	-	-	-	-	(5,197.56)	-	-	(5,197.56)
Other Comprehensive Income / (Loss) for the year	-	-	-	-	-	-	-	-	-	(22.94)	-	(22.94)
Transfer to Retained Earnings	-	-	-	-	-	-	-	-	-	6.53	(6.53)	-
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5,197.56)**	**(16.41)**	**(6.53)**	**(5,220.50)**
Additional depreciation (transfer to Retained Earnings)	-	-	-	-	-	-	-	(133.14)	133.14	-	-	-
Effect of foreign exchange rate variations during the year	-	-	-	-	-	-	3.70	-	-	-	-	3.70
Transferred to statement of Profit and Loss during the year	-	-	-	-	-	-	1.06	-	-	-	110.84	111.90
Balance as on 31st March, 2017	**3,109.63**	**(766.07)**	**12.73**	**202.92**	**7,814.61**	**77.51**	**(6.32)**	**4,322.25**	**(14,324.41)**	**(13.50)**	**-**	**429.35**
Profit/ (Loss) for the year	-	-	-	-	-	-	-	-	(16,842.75)	-	-	(16,842.75)
Other Comprehensive Income (Loss) for the year	-	-	-	-	-	-	-	-	-	1.50	-	1.50
Transfer to Retained Earnings	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(16,842.75)**	**1.50**	**-**	**(16,841.25)**
Additional depreciation (transfer to Retained Earnings)	-	-	-	-	-	-	-	(132.28)	132.28	-	-	-
Effect of foreign exchange rate variations during the year	-	-	-	-	-	-	(0.51)		-	-	-	(0.51)
Change in Tax rate		-	-	-	-	-	-	(16.25)	-	-	-	(16.25)
Transferred to statement of Profit and Loss during the year	-	-	-	-	-	-	1.13	-	-	-	-	1.13
Balance as on 31st March, 2018	**3,109.63**	**(766.07)**	**12.73**	**202.92**	**7,814.61**	**77.51**	**(5.70)**	**4,173.72**	**(31,034.88)**	**(12.00)**	**-**	**(16,427.53)**

Notes to Financial Statements form an integral part of statement of changes in equity.

In terms of our report of even date attached
For M. M. Chaturvedi & Co.,
Chartered Accountants

Apurva Chaturvedi
Partner

Mumbai, 27th November, 2018

For Essar Steel India Limited

Jatinder Mehra
Chief Executive Officer

Dilip C. Oommen
Managing Director & Dy. CEO

Rajiv Kumar Bhatnagar
Director (Projects)

Suresh Jain
Chief Financial Officer

Pankaj S Chourasia
Company Secretary
Mumbai, 27th November, 2018

Cash Flow Statement for the year ended 31st March, 2018

(₹ in Crore)

Particulars	For the Year ended 31st March, 2018		For the Year ended 31st March, 2017	
A. Cash Flow from Operating Activities				
Net Profit/(Loss) before Taxation		**(12,352.93)**		(6,781.97)
Adjustments for -				
Depreciation / Amortisation	**1,879.68**		1,903.06	
Loss on Sale/Write Off of Fixed Assets (Net)	**17.22**		-	
Liabilities written back	**(215.65)**		-	
Profit on Sale of Investment	**(1.43)**		(25.03)	
Exceptional Items Expense / (Income)	**6,007.22**		1,918.40	
Finance Costs	**7,377.62**		5,607.79	
Exchange Variation & Derivatives (Net)	**(18.19)**		177.69	
Interest on Deposit with Banks and Others	**(39.46)**		(113.22)	
Amortisation of Deferred Gain	**(17.70)**		(17.70)	
		14,989.31		9,450.99
Operating Profit before Movements in Operating Assets and Liabilities		**2,636.38**		2,669.02
Movements in Operating Assets and Liabilities:				
Increase / (Decrease) in Trade Payables	**708.54**		929.51	
Increase / (Decrease) in Other Financial Current Liabilities	**26.25**		219.91	
Increase / (Decrease) in Other Current Liabilities	**(103.36)**		(405.79)	
Increase / (Decrease) in Long Term Provisions	**4.06**		0.94	
Increase / (Decrease) in Short Term Provisions	**(0.21)**		(0.50)	
(Increase) / Decrease in Inventories	**(1,118.88)**		(247.07)	
(Increase) / Decrease in Trade Receivables	**(49.21)**		(177.12)	
(Increase) / Decrease in Short Term Loans and Advances	**(139.54)**		(12.35)	
(Increase) / Decrease in Other Current Assets	**(279.28)**		45.93	
(Increase) / Decrease in Other Non-Current Assets	**64.43**		(3.36)	
(Increase) / Decrease in other Other Current Financial Assets	**6.13**		7.70	
		(881.07)		357.79
Cash Generated from Operations		**1,755.31**		3,026.81
Direct Taxes (Paid)/Refunded (net)		**(11.60)**		(9.09)
Net Cash from/(used in) Operating Activities		**1,743.71**		3,017.72
B. Cash Flow from Investing Activities				
Purchase of Property, Plant and Equipment,intangible assets, Capital Work in Progress, Capital Advances	**(97.44)**		(166.73)	
Proceeds from Sale of Current Investments	**811.43**		-	
Proceeds from redemption of Non-Current Investments	**-**		2.28	
Purchase of Current Investments-Other than Subsidiaries	**(815.03)**		-	
Interest Income	**27.55**		70.42	
Inter Corporate Deposit (Given)/ Refund (Net)	**-**		(2.36)	
Deposit Placed with Banks / (Net)	**238.62**		74.50	
Net Cash from/(used in) Investing Activities		**165.13**		(21.89)

Cash Flow Statement for the year ended 31st March, 2018

(₹ in Crore)

Particulars	For the Year ended 31st March, 2018		For the Year ended 31st March, 2017	
C. Cash Flow from Financing Activities				
Proceeds from Borrowings (net)	-		286.20	
Repayment of Borrowings	(610.97)		(86.13)	
Advance against Export Performance Bank Guarantee	-		(35.92)	
Finance Cost paid	(1,390.11)		(2,755.47)	
Exchange Variation & Derivatives (net)	20.67		(192.34)	
Net Cash from/(used in) Financing Activities		(1,980.41)		(2,783.67)
Net Increase / (Decrease) in Cash and Cash Equivalents		(71.57)		212.16
Cash and Cash Equivalents at the beginning of the year (see Note 4 below)		309.48		97.32
Cash and Cash Equivalents at the end of the year (see Note 4 below)		237.91		309.48
Net Increase in Cash and Cash Equivalents		(71.57)		212.16

Notes:

1 The above Cash Flow Statement has been prepared using the “indirect method” set out in IND AS 7 - Statement of Cash Flows.

2 Previous year’s figures have been regrouped where necessary to conform to this year’s classification.

3 Significant non cash movements in borrowings during the year include addition on account of amortisation of fees and exchange variation ₹ 152.77 Crore

4 Cash and Cash Equivalents included in the Cash Flow Statement comprise the following Balance Sheet amounts :

(₹ in Crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Cash and Cash Equivalents (Refer Note 14)	237.97	308.89
Less: Exchange Variation Gain/ (Loss)	0.06	(0.59)
Cash and Cash Equivalents at the end of the year	237.91	309.48

In terms of our report of even date attached
For M. M. Chaturvedi & Co.,
Chartered Accountants

Apurva Chaturvedi
Partner

Mumbai, 27th November, 2018

For Essar Steel India Limited

Jatinder Mehra
Chief Executive Officer

Dilip C. Oommen
Managing Director & Dy. CEO

Rajiv Kumar Bhatnagar
Director (Projects)

Suresh Jain
Chief Financial Officer

Pankaj S Chourasia
Company Secretary
Mumbai, 27th November, 2018

Notes to Standalone Financial Statements for the year ended 31st March, 2018

1. Nature of Operations / Corporate Information

Essar Steel India Limited (the "Company") is a public limited Company incorporated in India with its registered office at 27th Km, Surat Hazira Road, Hazira, Dist- Surat. The Company owns and operates an integrated steel manufacturing facility comprising the unit for manufacturing of flat rolled products at Hazira, a Precoated facility at Pune, Beneficiation facilities at Kirandul and Dabuna, Slurry Pipelines, Pelletisation facilities at Vizag and Paradeep. The Company also operates Processing and Distribution centers, Hypermarts and Express Marts at various locations across India.

The financial statements for the year ended 31st March 2018 were taken on record by the Resolution Professional on the certification, representation and confirmation of management and he has authorised to issue the same on 27th November, 2018.

2. Basis of Preparation

These Standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 (the "Act"). The financial statements have been prepared on historical cost basis except for certain financial instruments measured at fair value at the end of each reporting period as explained in the accounting policies below.

3. Statement of Significant Accounting Policies

(i) Investment in Subsidiaries, Associates and Joint Ventures

Investments in Subsidiaries and Associates are stated at cost in accordance with Ind AS 27 – Separate financial statements. Refer note 7 for the list of significant investments.

(ii) Property, Plant & Equipment

An item of Property, Plant & Equipment is recognised as an assets if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Property, Plant & Equipment are stated at cost, less accumulated depreciation, amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of property, plant & equipment are also included to the extent they relate to the period till such assets are ready for their intended use. In respect of accounting periods commencing on or after 7th December, 2006, exchange differences arising on reporting of the long-term foreign currency monetary items which are recognised in the financial statements till the period ending 31st March 2016 at rates different from those at which they were initially recorded during the period, or reported in the previous Financial Statements are added to or deducted from the cost of the assets and are depreciated over the balance life of the asset, if these monetary items pertain to the acquisition of a depreciable property, plant & equipment.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

(iii) Capital Work-In-Progress

All expenditure, including interest cost during the project construction period, are accumulated and presented as Capital Work-in-Progress until the assets are ready for intended use. Assets under construction are not depreciated. Income earned from investments of surplus borrowed funds during the construction/trial run period is reduced from Capital Work-in-Progress. Expenditure/Income arising during trial run is added to/reduced from Capital Work-in-Progress. Interest cost is not added to Capital Work-in-Progress in case of project which are completed individually but not as part of an intended integrated facility.

(iv) Expenditure on Substantial Expansion

Both direct and indirect expenditure are capitalised if it increase the value of the asset beyond its original standard of performance. As regards indirect expenditures on expansion, only that portion of expenditure is capitalised that is attributable to the expansion.

(v) Depreciation and Amortisation

Tangible Assets

Tangible assets are depreciated as per the useful life specified in Schedule II to the Companies Act, 2013 except Plant and Machinery which is as per useful life assessed by an independent Chartered Engineer & Valuer on straight-line method (SLM). Depreciation on additions to / deletions from property, plant & equipment is provided on pro-rata basis from the date of such addition and up to the date of deletion as the case may be. Depreciation on additions to assets due to exchange variation is provided over the remaining useful life of the

Notes to Standalone Financial Statements for the year ended 31st March, 2018

assets. Depreciation is provided on individual project only after commencement of commercial production from intended integrated facility, to which such project belongs.

The difference in useful lives of Plant and Machinery as per Companies Act, 2013 and as assessed by independent Chartered Engineer & Valuer (who has assessed useful life after taking into account review of physical status of asset, usage of asset in terms of capacity or physical output, physical wear and tear which depends on operational factors such as the number of shifts for which the asset is to be used and the repair and maintenance program and the care and maintenance of the asset, while idle, technical or commercial or commercial obsolescence arising from changes or improvement in production, or from a change in the market demand for the product or service output of the asset) is highlighted below:

Plant & Machinery	Useful life as per Companies Act, 2013 (Years)	Average useful life as per Technical Evaluation (Years)
Sinter Plant, Rolling Mill and Blast Furnace	20	30
Power Generation Plant	40	30
Others	25	30

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Intangible Assets

Costs relating to software's, which are acquired, are capitalised and amortised on straight-line method over estimated useful life of 3 to 6 years.

(vi) Impairment of non-financial Assets

The carrying amounts of assets are reviewed at each reporting date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital which is a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If impairment loss is provided, depreciation is calculated on the revised carrying amount of the assets over its remaining useful life.

(vii) Revenue Recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue from operation are inclusive of excise duty, if any but excludes tax collected on behalf of government, sales returns, quality claims, volume discounts, trade allowances, rebates etc.

Export Benefits

Export benefits are accounted for in the year of exports based on eligibility and where there is certainty of realising the same.

Interest income

Interest income for debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering contractual terms of the financial instrument but does not consider the expected credit losses.

Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established.

Rental Income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

(viii) Income Taxes

Tax expense comprises of current and deferred taxes. Current income tax is measured at the amount expected to be paid on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in accordance with the Income Tax Act, 1961. Current income tax and deferred tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or in equity.

Deferred tax is measured, using the Balance Sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The carrying amount of deferred tax asset is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each Balance Sheet date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

(ix) Inventories

Raw Materials, Production Consumables, Stores & Spares are valued at lower of cost and net realisable value. However, materials and other items 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 above cost. Cost is determined on a Weighted Average basis. Work-in-Progress and Finished Goods are valued at lower of cost and net realisable value. By-products are valued at net realisable value. Cost includes direct material, labour and a proportion of manufacturing and administrative overheads based on normal capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts. Value of finished goods also includes excise duty if any. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and cost to make the sale.

(x) Financial Assets

Classification

The Company classifies its financial assets in the following measurement categories:

(a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

(b) those measured at amortised cost.

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are recorded in profit or loss or other comprehensive income. For investments in debt instruments, it depends on the business model in which the investment is held. The Company reclassifies debt investments only when its business model for managing those assets changes.

Measurement

At initial recognition, the Company measures a financial asset at its fair value. In case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset are added to the cost of acquisition to arrive at fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

Debt Instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

(a) **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in Other Income using the effective interest rate method.

(b) **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method.

(c) **Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

Equity Instruments

The Company subsequent measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in statement of Profit and Loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment of Financial Assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. Expected credit losses (ECL) are provided for based on the changes in credit risk of the counterparty.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original Effective Interest Rates (EIR).

Derecognition of Financial Assets

A financial asset is derecognised only when:

(a) The Company has transferred the rights to receive cash flows from the financial asset or

(b) Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where transfer of an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the substantial risks and rewards of ownership of the financial asset has not transferred, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset.

On derecognition of the asset, cumulative gain or loss previously recognised in other comprehensive income (OCI) is reclassified from the equity to profit and loss (P&L).

Reclassification of Financial Assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments measured at fair value through other comprehensive income and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company determines change in the business model as a result of external or internal changes which are significant to the company's operations.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

(xi) Financial Liabilities

Initial recognition & subsequent mesurement

All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs and aresubsequently measured at amortised cost, using the effective interest rate method, where time value of money is significant.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. This category includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in profit or loss as finance costs.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged or cancelled. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

(xii) Financial Guarantee Contracts

Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the counter party fails to make a payment when due in accordance with the terms of a debt instrument. The company accounts for financial guarantee contracts as per the principles of Ind AS 104 as it consider that such contracts are in the nature of insurance contracts. Once the arrangements are designated as insurance contracts, these are disclosed as contingent liabilities unless the obligations under guarantee become probable.

(xiii) Foreign Currency Transactions

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates (‘the functional currency’). The financial statements are presented in Indian rupee (INR), which is also the company’s functional and presentation currency.

Initial Recognition

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at reporting date exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges. All foreign exchange gains and losses are presented in the statement of profit and loss.

Measurement of Foreign Currency Monetary Items at Balance Sheet Date

Foreign currency monetary items are reported using the closing exchange rates. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Treatment of Exchange Differences

Exchange differences, in respect of accounting periods commencing on or after 7th December, 2006, arising on reporting of long-term foreign currency monetary items which are recognised in the financial statements till

Notes to Standalone Financial Statements for the year ended 31st March, 2018

the period ending 31st March 2016 at rates different from those at which they were initially recorded during the period, or reported in previous Financial Statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, and in other cases, are accumulated in a “Foreign Currency Monetary Item Translation Difference Account (FCMITDA)” in the Financial Statements and are amortised over the balance period of such long-term asset/liability.

(xiv) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(xv) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when there is a present legal or constructive obligation in respect of which a reliable estimate can be made as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are measured at the present value of best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities are not recognised but disclosed in the notes to the Financial Statements. Contingent assets are not recognised.

(xvi) Cash and Cash Equivalents

Cash and cash equivalents in the Balance Sheet comprise cash in hand and at bank in current accounts Margin deposits and term deposits, which are not pledged, with an original maturity of three months or less are considered as cash equivalent.

(xvii) Derivative Instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The Company had Principal only swap (POS) contracts to hedge risks associated with foreign currency fluctuations relating to highly probable forecasted transactions. The company documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The company documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

The Company had designated certain POS contracts in a cash flow hedging relationship by applying the hedge accounting principles. These POS contracts are stated at fair value at each reporting date. Changes in the fair value of these POS contracts that are designated and effective as hedges of future cash flows are recognised in the other comprehensive income in cash flow hedging reserve within equity (net of applicable deferred taxes) and the ineffective portion is recognised immediately in the profit and loss.

Amounts accumulated in Hedging Reserve Account are reclassified to Statement of Profit and Loss in the same periods during which the forecasted transaction affects Statement of Profit and Loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognised in equity as Hedging Reserve is retained there until the forecasted transactions occur. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in Hedging Reserve Account is immediately transferred to the Profit and Loss.

Mark to market gains and losses on all other derivative contracts, other than forward contracts which are in the nature if long term foreign currency monetary items, outstanding at the balance sheet date are recognised in the profit and loss.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

(xviii) Employee Benefits

Short Term Employee Benefits

Liabilities for wages and salaries, including any non-monetary benefits that are expected to be settled within the next 12 months from the end of the reporting period in which the employees render the related service are recognised as employees cost up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Other Long Term Employee Benefits –

Compensated Absences

Provision for compensated absences is determined based on actuarial valuation. Therefore it is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of period ending 31st December 2014 using the projected unit credit method. Post this date, there are no compensated absences provided to the employees and hence not provided for. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Post-Employment Benefits

Provident Fund

Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

Gratuity

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Remeasurements are not reclassified to profit or loss in subsequent periods.

(xix) Borrowing Costs

Borrowing cost in ordinary course of business is recognised as an expense in the period in which these are incurred. Borrowing costs that are attributable to the acquisition/construction of qualifying assets are capitalised as part of cost of such asset up to the date the assets are ready for their intended use. However borrowing cost is not capitalised for projects which are completed individually but not as part of an intended integrated facility.

All expenditures, including interest cost during the project construction period, are accumulated and presented as Capital Work-in-Progress until the assets are ready for intended use. However borrowing costs incurred during extended period in which construction activities suspended, are capitalized only if substantial technical and administrative work is carried out and when a temporary delay is a necessary part of the process of getting an asset ready for its intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

(xx) Leases

Where the Company is the Lessee

Finance leases entered, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. The corrosponding liability to the lessor is included in the balance sheet as finance lease obligation. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss on a straight-line basis over the lease term.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

Where the Company is the Lessor

Assets subject to operating lease are included in property, plant & equipment. Lease income is recognised in the Statement of Profit and Loss on a straight line basis over the lease term. Costs including depreciation are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

(xxi) Mining, Exploration and Development Expenditure

Expenditure in respect of mineral, exploration and evaluation is charged to the Statement of profit and loss as incurred except in following cases where it is capitalised:

- it is expected that the expenditure will be recouped by future exploitation or sale; or
- substantial exploration and evaluation activities have identified a mineral resource but these activities have not reached a stage which permits a reasonable assessment of the existence of commercially recoverable reserves

(xxii) Measurement of EBIDTA

The company has elected to present earnings before finance costs, exchange variation and derivative gains & losses, depreciation and amortisation expenses and taxes (EBIDTA) as a separate line item on the face of the Statement of Profit and Loss. The company measures EBIDTA on the basis of Profit /(Loss) for the period and does not include finance costs, exchange variation and derivative losses, depreciation and amortisation expenses, exceptional items and taxes.

(xxiii) Current versus non-current classification

All the assets and liabilities in the balance sheet are classified as current and non-current based on the below mentioned factors except deferred tax assets and liabilities which is always classified as non-current. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

(xxiv) Fair value measurement

The company measures financial instruments, such as, derivatives of equity investments at fair value at each balance sheet date. 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Notes to Standalone Financial Statements for the year ended 31st March, 2018

(xxv) Treasury shares

Own equity instruments (Treasury Shares) that are re-acquired pursuant to scheme of amalgamation of Essar Steel (Hazira) Limited and Essar Steel Orissa Limited are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity shares. Any difference between the carrying amount and the consideration, if reissued, is recognised in equity.

4 List of critical estimates and judgments:

The preparation of Financial Statements in conformity with Ind AS which requires management to make estimates, assumptions and exercise judgment in applying the accounting policies that affect the reported amount of assets, liabilities and disclosure of contingent liabilities and contingent assets at the date of financial statements and the reported amounts of income and expenses during the year.

The Management believes that these estimates are prudent and reasonable and are based upon the Management's best knowledge of current events and actions. Actual results could differ from these estimates and differences between actual results and estimates are recognised in the periods in which the results are known or materialised.

a) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the period up to five years. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

b) Control assessments for investment in associates

An entity is said to be an associate of an investor entity when the later has significant influence over the former. There is a rebuttable presumption that significant influence exist if an investor holds 20% or more voting rights in the investee entity. However demonstration of significant influence over an entity is a matter of judgment and is not always evident from the percentage of voting rights.

c) Recognition of deferred tax assets for unused tax losses and unabsorbed depreciation

Deferred Tax Assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. Accordingly, Deferred Tax Assets has been recognized/kept to the extent of taxable temporary differences on available unabsorbed depreciation. The Company has scaled up its operations in capacity utilization, sales and EBIDTA margins during the year, however the Company was facing several external challenges which had an adverse impact on its profitability and ability to repay its debt. The Ahmedabad bench of National Company Law Tribunal (NCLT) has admitted petition application filed by the lenders/Banks. Accordingly Corporate Insolvency Resolution Process (CIRP) was initiated on August 2, 2017 under IBC Act 2016 against the Company. The CIRP is to facilitate a sustainable resolution plan for the Company. The Company believes that financial position of the Company will improve upon implementation of approved resolution plan by committee of creditors and NCLT.

d) Defined benefit obligation

The cost of post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rate of return on assets, future salary increases and mortality rates. Due to the long term nature of these plans such estimates are subject to significant uncertainty.

e) Impairment of financial assets

The impairment provisions for financial assets disclosed are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

f) Determination of functional currency

The Company determines its functional currency as INR since it is the currency that mainly influences the prices of goods and also the prices are determined basis the economic environment prevalent in India. There are exports which are denominated in US Dollars, however this does not have a significant impact on the Company. Also, major financing of the Company is in INR.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

g) **Arrangements in the nature of Lease**

The Company applies Appendix C to Ind AS 17, to contracts entered with some entities to determine whether the transaction is in the nature of lease or not. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that such contracts are in the nature of operating/finance leases.

The assessment is done where the term of the agreement is for the major part of the estimated economic life of the leased asset and present value of minimum lease payments amounts to at least substantially to all of the fair value of the leased assets. Therefore, risks and rewards have substantially been not/transferred to the Company, as a lessee, such arrangements are accounted for as finance lease.

5 Standards issued but not yet effective

Ind AS 115 – Revenue from Contracts with Customers

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

• Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

• Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company will adopt the standard on April 1, 2018 by using the cumulative catchup transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted.

The effect on adoption of Ind AS 115 is expected to be insignificant.

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

6(a) Property, Plant & Equipment

(₹ in Crore)

Particulars	Freehold Land	Leasehold Land	Buildings	Leasehold Building	Plant and Machinery	Leasehold Plant and Machinery	Furniture and Fixtures	Office Equipment	Computers	Vehicles	Ships and Vessels	Railway Sidings and Wagons	Railway Sidings and Wagons under lease	Aircraft	Total
Cost / Deemed Cost															
At 1st April 2016	3,598.17	60.78	4,981.98	2.34	46,105.15	852.14	40.25	30.92	46.61	15.95	16.52	73.17	17.92	9.08	55,850.98
Additions	-	0.43	388.02	-	759.30	-	-	0.08	0.66	-	-	-	-	-	1,148.49
Deletions	-	-	-	-	-	-	7.67	8.64	0.01	0.39	-	-	-	-	16.71
Effect of foreign currency exchange differences	-	-	-	-	(162.96)	-	-	-	-	-	-	-	-	-	(162.96)
Borrowing cost capitalised	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 31st March 2017	**3,598.17**	**61.21**	**5,370.00**	**2.34**	**46,701.49**	**852.14**	**32.58**	**22.36**	**47.26**	**15.56**	**16.52**	**73.17**	**17.92**	**9.08**	**56,819.80**
Additions	0.94	-	73.19	-	178.51	-	0.08	0.67	1.16	0.39	-	-	-	-	254.94
Deletions	-	3.83	18.09	-	22.45	-	0.02	-	0.07	0.52	-	-	-	-	44.98
Effect of foreign currency exchange differences	-	-	-	-	19.29	-	-	-	-	-	-	-	-	-	19.29
Borrowing cost capitalised	-	-	-	-	9.50	-	-	-	-	-	-	-	-	-	9.50
At 31st March 2018	**3,599.11**	**57.38**	**5,425.10**	**2.34**	**46,886.34**	**852.14**	**32.64**	**23.03**	**48.35**	**15.43**	**16.52**	**73.17**	**17.92**	**9.08**	**57,058.55**
Accumulated depreciation															
At 1st April 2016	-	3.96	991.07	0.30	11,471.85	15.35	27.47	23.35	35.65	10.25	3.15	14.14	17.23	4.88	12,618.65
Charge for the year	-	0.63	177.65	0.04	1,646.41	56.72	4.14	2.72	3.53	1.45	0.56	1.92	-	0.38	1,896.15
Disposals	-	-	-	-	-	-	6.94	8.18	-	0.30	-	-	-	-	15.42
At 31st March 2017	**-**	**4.59**	**1,168.72**	**0.34**	**13,118.26**	**72.07**	**24.67**	**17.89**	**39.18**	**11.40**	**3.71**	**16.06**	**17.23**	**5.26**	**14,499.38**
Charge for the period	-	0.60	165.44	0.04	1,636.56	56.72	2.67	2.02	2.93	1.35	0.57	1.92	-	0.38	1,871.20
Disposals	-	-	4.74	-	18.55	-	0.02	-	0.07	0.50	-	-	-	-	23.88
At 31st March 2018	**-**	**5.19**	**1,329.42**	**0.38**	**14,736.27**	**128.79**	**27.32**	**19.91**	**42.04**	**12.25**	**4.28**	**17.98**	**17.23**	**5.64**	**16,346.70**
Net book value															
At 31st March 2018	**3,599.11**	**52.19**	**4,095.68**	**1.96**	**32,150.07**	**723.35**	**5.32**	**3.12**	**6.31**	**3.18**	**12.24**	**55.19**	**0.69**	**3.44**	**40,711.85**
At 31st March 2017	**3,598.17**	**56.62**	**4,201.28**	**2.00**	**33,583.23**	**780.07**	**7.91**	**4.47**	**8.08**	**4.16**	**12.81**	**57.11**	**0.69**	**3.82**	**42,320.42**
Expected Useful Life of the assets (years)	NA	NA	3-60	18-60	3-42	15-30	10	5	3-6	8-10	28	15-30	15	20	
Method of depreciation	NA	NA	SLM	SLM	SLM	SLM	SLM	SLM	SLM	SLM	SLM	SLM	SLM	SLM	

Notes:

1. Railway Sidings and Wagons under lease are the railway wagons (at Gross value) of ₹ 17.92 Crore given on operating lease to Railway Authorities under 'Own your Wagon' scheme.
2. Plant and machinery under lease includes equipments at Retail outlet of ₹ 1.05 Crore (at Gross Value) given on lease, depreciation debited to Statement of Profit and Loss ₹ 0.04 crore.
3. Certain property, plant and equipment are pledged against borrowings. The details relating to the same have been described in Note 66.
4. The following lands situated at Hazira (under possession of the Company) valued at provisional basis. The regularization and valuation from District Level Valuation Committee/ State Level Valuation Committee is under process and cost of these land may change significantly:
   a) 81.1707 hectares land was allotted to Hazira Apbal Ganotia Kheti Sahkari Mandli limited by the State Government. Company acquired the land from the said Mandali by paying consideration of ₹ 108.18 Crore during year 2005 to 2011. However, the land was divested to the State Government on 24.06.2009 and the land continue to appear in the name of the State Government in the revenue records. The government granted permission to the Company to use this land based on payment on provisional valuation basis.
   b) As per the revenue record, 20.4569 hectares land is continue to appear in the name of State Government. Originally this land was reserved for Gujarat Maritime Board however, the State Government granted permission to the Company to use this land based on payment of ₹ 35.98 Crore in year 2010 on provisional valuation basis.
   c) 22.4905 hectares land was allotted to the land owner by the State Government and Company purchased the said land from the land owner by paying consideration of ₹ 5.56 Crore (during year 2005 and 2006). However, the land was divested to the State Government on 30.01.2008 and the land continue to appear in the name of the State Government in the revenue records.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

6(b) Intangible Assets

(₹ in Crore)

Particulars	Software
Cost / Deemed Cost	
At 1st April 2016	85.39
Additions	7.77
Deletions	-
At 1st April 2017	**93.16**
Additions	0.02
Deletions	-
At 1st April 2018	**93.18**
Accumulated depreciation	
At 1st April 2016	67.91
Charge for the year	6.91
Disposals	-
At 1st April 2017	**74.82**
Charge for the period	8.48
Acquisition due to business combination	-
Disposals	-
At 31st March 2018	**83.30**
Net book value	
At 31st March 2018	**9.88**
At 31st March 2017	**18.34**
Expected Useful Life of the assets (years)	3-6
Method of depreciation	SLM

Notes to Standalone Financial Statements for the year ended 31st March, 2018

7 Non-Current Investments in Subsidiaries and Associates

Particulars	Face Value	As at 31st March, 2018 Units	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 Units	As at 31st March, 2017 ₹ in Crore
(A) Investment in Subsidiaries					
Unquoted Equity Shares					
Essar Steel Middle East FZE Dubai	AED 1 Mn	**226**	**322.75**	226	322.75
Essar Steel Logistics Limited	10	**50,000**	**0.05**	50,000	0.05
Essar Steel Offshore Limited	$1	**130,357,881**	**738.07**	130,357,881	738.07
Essar Steel Offshore Limited- Deemed Investment (Invocation of Corporate Gurantee)			**3,487.10**		-
Paradeep Steel Company Limited	10	**200,000**	**0.20**	200,000	0.20
Essar Steel Trading FZE Dubai	AED 1 Mn	**14**	**17.61**	14	17.61
Provision for Impairment			**(4,242.98)**		(713.21)
Investment in Subsidiaries			**322.80**		**365.47**
(B) Investment in Associates					
Unquoted Equity Shares					
Bhander Power Limited	10	**96,905,000**	**104.77**	96,905,000	104.77
Essar Steel Chhattisgarh Limited	10	**5,781,944**	**5.78**	5,781,944	5.78
Essar Power MP Limited	10	**68,900,000**	**68.90**	68,900,000	68.90
Essar Steel Processing FZCO Dubai	AED 0.1 Mn	**2**	**0.25**	2	0.25
Essar Bulk Terminal Limited	10	**1,300,000**	**1.30**	1,300,000	1.30
Essar Power Hazira Limited	10	**2,600,000**	**2.60**	2,600,000	2.60
Essar Power Orissa Limited	10	**2,600,000**	**2.60**	2,600,000	2.60
Provision for Impairment			**(112.62)**		-
Investment in Associates			**73.58**		**186.20**
Non-Current Investments in Subsidiaries and Associates			**396.38**		**551.67**
Aggregate amount of Unquoted Investments			**4,751.98**		**1,264.88**
Aggregate amount of Impairment			**(4,355.60)**		**(713.21)**
			396.38		**551.67**

Investment in 71,830,001 equity shares of Essar Steel Offshore Limited have been pledged against loan availed from Standard Chartered Bank (London Branch) by Essar Steel Offshore Limited (a subsidiary) and 96,905,000 equity shares of Bhander Power Limited have been pledged against rupee loan availed from SREI Infrastructure Finance Limited, as security for the borrowings.

8 Other Investments

Particulars	Face Value	As at 31st March, 2018 Units	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 Units	As at 31st March, 2017 ₹ in Crore
Non Current Investment					
Equity Instrument-Unquoted Equity Shares					
Essar Bulk Terminal Paradip Limited (*** ₹ 20,000)	10	**2000**	*******	2000	***
Essar Commvision Limited (# ₹ 200)	10	**20**	**#**	20	#
Frontline Roll Forms Private Limited	10	**250,000**	**0.25**	250,000	0.25
Odisha Slurry Pipe Line Infrastructure Limited	10	**2,595,000**	**25.50**	2,595,000	25.50
Provision for Impairment			**(25.50)**		(25.50)

Notes to Standalone Financial Statements for the year ended 31st March, 2018

Particulars	Face Value	As at 31st March, 2018 Units	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 Units	As at 31st March, 2017 ₹ in Crore
Equity Instrument-Quoted Equity Shares					
Essar Shipping Limited	10	**1,273,611**	**2.90**	1,273,611	3.56
Debentures (Unquoted)					
AMW Auto Component Limited (Compulsory Convertible and Cumulative)	1000	**1,065,585**	**106.56**	1,065,585	106.56
Odisha Slurry Pipe Line Infrastructure Limited (Comp. Conv. Debenture)	100	**50,100,810**	**501.01**	50,100,810	501.01
Provision for Impairment			**(607.57)**		(607.57)
Investments in Unit Linked Insurance Policy (Quoted)					
ULIP Scheme of Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited		**187,342**	**0.30**	187,342	0.28
Non current Investment			**3.45**		4.09
Current Investment					
Investments in Mutual Fund (Quoted)					
SBI Magnum Insta Cash Fund - Direct Plan - Growth		**13,035**	**5.01**	-	-
			5.01		-
Aggregate amount of Quoted Investments			**8.21**		3.84
Aggregate amount of Unquoted Investments			**633.32**		633.32
Aggregate amount of Impairment			**(633.07)**		(633.07)
			8.46		4.09

9 Other Non Current Financial Assets
(Unsecured unless otherwise stated)

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Security Deposit	**90.33**	151.82
Deposits with Banks with Maturity Period more than 12 months (Refer note 15)	**5.18**	18.35
	95.51	170.17

10 Other Non-Current Assets

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Capital Advances	**496.77**	474.69
Prepaid Expenses	**0.30**	3.24
	497.07	477.93

Notes to Standalone Financial Statements for the year ended 31st March, 2018

11 Deferred Tax Assets (net)

Deferred Tax Asset/(Liability) Movement for FY 2017-18 (₹ in Crore)

Particulars	As at 1st April 2017	Recognised/ (reversed) through Profit and Loss	Recognised/ (reversed) through Other Comprehensive Income	Recognised in/reclassified from Equity	As at 31st March 2018
Property, Plant and Equipment	(7,895.02)	(213.42)	-	(16.25)	(8,124.69)
Carried forward Business Losses / Unabsorbed Depreciation	11,854.79	(3,845.80)	-	-	8,008.99
Finance Lease Obligation	302.78	(16.24)	-	-	286.54
Deferred Gain on Finance Lease	84.21	(5.37)	-	-	78.84
Provision for Doubtful Debts/ Advances	116.63	(116.63)	-	-	-
Cash Flow Hedge Reserve and FCMITDA	(2.19)	0.20	-	-	(1.99)
Others	294.41	(293.48)	(0.93)	-	-
Net Deferred Tax	**4,755.61**	**(4,490.74)**	**(0.93)**	**(16.25)**	**247.69**

Deferred Tax Asset/(Liability) Movement for FY 2016-17 (₹ in Crore)

Particulars	As at 1st April 2016	Recognised/ (reversed) through Profit and Loss	Recognised/ (reversed) through Other Comprehensive Income	Recognised in / reclassified from Equity	As at 31st March 2017
Property, Plant and Equipment	(7,514.83)	(380.19)	-	-	(7,895.02)
Carried forward Business Loss/ unabsorbed depreciation	10,152.46	1,702.33	-	-	11,854.79
Finance Lease Obligation	293.12	9.66	-	-	302.78
Deferred Gain on Finance Lease	90.33	(6.12)	-	-	84.21
Provision for Doubtful Debts/ Advances	118.05	(1.42)	-	-	116.63
Cash Flow Hedge Reserve and FCMITDA	51.37	1.65	3.46	(58.67)	(2.19)
Others	37.90	247.53	8.98	-	294.41
Net Deferred Tax	**3,228.40**	**1,573.44**	**12.44**	**(58.67)**	**4,755.61**

12 Inventories[1] (Valued at lower of cost and net realizable value)

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Raw Materials and components#	**598.99**	158.69
Goods-in transit#	**231.25**	91.09
Stock-in-trade	**-**	3.95
Stores and Spares	**328.55**	328.87
Goods-in transit	**25.79**	19.55
Production Consumable	**183.25**	89.04
Goods-in transit	**93.97**	88.36
Fuel#	**231.19**	22.20
Work-in-Progress	**1,519.05**	1,157.86
Finished Goods	**479.46**	613.01
	3,691.50	2,572.62

[1] Current Assets are pledged against borrowings,the details relating to which have been described in Note 66 pertaining to borrowings.

Inventories include ₹ 789.48 Crore as on 31.03.2018 (₹ 163.96 Crore as on 31.03.2017) carried on ''cash and carry'' basis. Corresponding liability against the same is also appearing in the financials as Trade Payables.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

Additional Information:

(a) Details of Inventory

Particulars	Units	As at 31st March, 2018 Quantity	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 Quantity	As at 31st March, 2017 ₹ in Crore
Opening Stock					
Work in Progress					
Hot/Cold Rolled Coils, Sheets & Plates	MT	**97,988**	**334.33**	89,260	245.90
Pellets	MT	**479,500**	**253.05**	467,988	197.47
Hot Briquette Iron (including Fines)	MT	**38,911**	**34.64**	19,395	19.38
Iron Ore -Middlings	MT	**3,703,592**	**215.92**	3,690,393	215.03
Pipes	MT	**1,033**	**4.41**	1,858	6.08
Other			**315.51**		283.56
			1,157.86		967.42
Finished Goods					
Hot/Cold Rolled Coils, Sheets & Plates	MT	**147,491**	**593.51**	121,334	424.25
Pipes	MT	**1,881**	**9.03**	2,100	7.93
Other			**10.47**		8.31
			613.01		440.49
Traded Goods			**3.95**		4.11
Closing Stock					
Work in Progress					
Hot/Cold Rolled Coils, Sheets & Plates	MT	**109,652**	**426.38**	97,988	334.33
Pellets	MT	**710,416**	**419.30**	479,500	253.05
Hot Briquette Iron (including Fines)	MT	**45,845**	**47.05**	38,911	34.64
Iron Ore -Middlings	MT	**3,584,462**	**209.86**	3,703,592	215.92
Pipes	MT	**14,596**	**63.44**	1,033	4.41
Other			**353.02**		315.51
			1,519.05		1,157.86
Finished Goods					
Hot/Cold Rolled Coils, Sheets & Plates	MT	**107,696**	**445.16**	147,491	593.51
Pipes	MT	**5,427**	**23.85**	1,881	9.03
Other			**10.45**		10.47
			479.46		613.01
Traded Goods			**-**		3.95

13 Trade Receivables[1]

(Unsecured unless otherwise stated)

Particulars	As at 31st March, 2018 ₹ in Crore		As at 31st March, 2017 ₹ in Crore	
Considered Good*		**1,059.13**		1,554.29
Considered Doubtful		**793.98**		232.40
Less : Allowance for Expected Credit Losses				
Opening balance	**232.40**		224.20	
Charge in Statement of Profit & Loss	**561.58**		8.20	
		793.98		232.40
		1,059.13		1,554.29

[1] Current Assets are pledged against borrowings, the details relating to which have been described in Note 66 pertaining to borrowings.

* Essar Steel India Ltd. (ESIL) has entered an agreement for long term supply of steel with M/S State Trading Corporation of India Ltd. (STC). Based on this agreement, STC has entered long term supply agreement with M/S Iranian Gas

Notes to Standalone Financial Statements for the year ended 31st March, 2018

Engineering & Development Company (IGEDC). IGEDC is 100% subsidiary of National Iran Gas Corporation (NIGC); NIGC and National Iranian Oil Company (NIOC) are sister companies and part of Ministry of Petroleum of Iran. NIOC, who supply petroleum product to Nayara Energy Limited (fka Essar Oil Limited (EOL)), authorised EOL to pay advance to ESIL to start production and shipment readiness. Accordingly EOL has given advance to ESIL and the same was assigned to M/s Edwell Metal and Trading Limited (Edwell) (fka Essar Steel Jharkhand Ltd) by EOL and an amount of ₹ 2,257.50 Crore is appearing as payable to Edwell in ESIL books as on 31.03.2018. ESIL has an overdue receivable of ₹ 99.89 Crore from STC against sale of steel products as on 31.03.2018 and in turn STC has receivable from IGEDC.

Corporate insolvency resolution process ("CIRP") under the Insolvency and Bankruptcy Code, 2016 was initiated against ESIL. Consequent to the CIRP process on ESIL, Edwell submitted their claim to RP which has not been admitted by RP on account of non-submission of duty stamped assignment agreement. The Edwells's liability is appearing in ESIL's books and receivable from STC is adjustable against the same.

14 Cash and Cash Equivalents[1]

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Cash on hand	**0.01**	0.01
Balances with banks in Current Accounts	**237.96**	308.88
	237.97	308.89

15 Other Bank Balances[1]

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Deposits with original maturity of less than 3 months	**2.99**	14.84
Deposits with original maturity for more than 3 months but less than 12 months	**145.75**	150.04
Deposits with original maturity for more than 12 months	**9.42**	218.73
	158.16	383.61

a) Deposits (including long term deposits in Other Non-Current Assets with balance maturity period of more than 12 months) of ₹ 161.60 Crore (Previous Year ₹ 401.41 Crore), have been pledged with banks as a security for opening Letters of Credit, Short Term Loans and against Bank Guarantee.

b) As per statement received from State Bank of India, a term deposit of ₹ 500 Crore appearing in the name of Essar Steel India Ltd. vide SBI account no. 37544496903 received from M/s Numetal Limited, Mauritius (One of the resolution applicant) as Earnest Money Deposit (EMD). The EMD of ₹ 500 Crore and accrued interest thereon ₹ 0.39 Crore as on 31.03.2018 has not been considered in these financials.

[1]Current Assets are pledged against borrowings, the details relating to which have been described in Note 66 pertaining to borrowings.

16 Current Loans and Advances

(Unsecured and Considered good unless otherwise stated)

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Inter Corporate Deposits (ICD) - Related Parties	**2,198.11**	2,006.98
Security Deposits	**213.05**	67.35
Loans and Advances to Staff	**1.82**	1.79
Allowances for Expected Credit Losses	**(1,684.61)**	(1,620.97)
	728.37	455.15

Notes to Standalone Financial Statements for the year ended 31st March, 2018

17 Derivative Financial Assets

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Derivative Financial Assets - Forward Contracts	**0.23**	-
	0.23	-

18 Other Current financial Assets

(Unsecured and Considered good unless otherwise stated)

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Interest Accrued on ICDs, Loans & Deposits	**1.20**	10.63
Other Receivables	**1.26**	7.39
	2.46	18.02

19 Other Current Assets

(Unsecured and Considered good unless otherwise stated)

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Deposits with Govt. & Semi Govt.	**392.36**	386.36
Loans and Advances to Suppliers - Related Parties	**182.43**	119.14
Loans and Advances to Suppliers	**620.80**	359.19
Claims Receivables	**1,518.84**	1,658.67
Export Benefits	**81.84**	121.30
Prepaid Expenses	**31.00**	34.95
Provision for Doubtful Balances	**(873.92)**	(3.23)
	1,953.35	2,676.38

20 Current Tax Assets (Net)

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Advance Income Tax	**71.89**	59.37
	71.89	59.37

21 Equity Share Capital

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Authorised		
7,175,000,000 (Previous Year - 7,175,000,000) Equity Shares of ₹ 10 each	**7,175.00**	7,175.00
100,000,000 (Previous Year - 100,000,000) 10% Cumulative Redeemable Preference Shares of ₹ 10 each	**100.00**	100.00
	7,275.00	7,275.00
Issued, Subscribed and Paid-up		
3,108,957,660 (Previous Year 3,108,957,660) Equity Shares of ₹ 10 each	**3,108.96**	3,108.96
Add: 4,520,703 (Previous Year 4,520,703) shares Forfeited	**0.67**	0.67
	3,109.63	3,109.63

Notes to Standalone Financial Statements for the year ended 31st March, 2018

a Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting period:

Equity Shares	31st March, 2018		31st March, 2017	
	Number	₹ in Crore	Number	₹ in Crore
At the beginning of the year	**3,108,957,660**	**3,108.96**	3,108,957,660	3,108.96
Issued during the year	**-**	**-**	-	-
Outstanding at the end of the year	**3,108,957,660**	**3,108.96**	3,108,957,660	3,108.96

b Rights, preferences and restrictions attached to shares

Equity Shares

The Company has one class of Equity Shares having face value of ₹ 10 per share. Every shareholder is entitled to one vote for every one share held. In the event of liquidation, the equity share holders shall be entitled to receive remaining assets of the Company after distribution of all dues in proportion to their shareholdings.

c Shares held by Holding Company

Out of above equity shares, 2,240,939,040 equity shares (previous year 2,240,939,040) are held by Essar Steel Asia Holdings Limited, Mauritius, the holding Company.

d Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Number	% of Holding	Number	% of Holding
Equity Shares				
Essar Steel Asia Holdings Limited[1]	**2,240,939,040**	**72.08**	2,240,939,040	72.08
Aegis Tech Limited[2]	**587,243,674**	**18.89**	-	-
Shares under Trust (Venkatraman Govind Raghavan Trustee)	**191,517,500**	**6.16**	191,517,500	6.16
Essar Steel Jharkhand Ltd. (now known as Edwell Metal and Trading Ltd.)	**-**	**-**	490,000,000	15.76
	3,019,700,214	**97.13**	2,922,456,540	94.00

1. Out of these shares, the beneficial interest in 49,24,85,501 Equity Shares acquired from Essar Steel Limited, Mauritius on June 29, 2012 and August 26, 2013 and beneficial interest in 8,57,25,792 equity shares acquired from Imperial Consultants and Securities during the period from November 16, 2016 to March 25, 2017.
2. Out of these shares, the beneficial interest in 9,44,12,097 equity shares acquired from Essar Properties Private Limited (now known as Niwas Residential & Commercial Properties Pvt Ltd) and beneficial interest in 49,20,94,831 equity shares acquired from Imperial Consultants & Securities (firm) on March 23, 2018 and March 31, 2018 respectively.

22 Other Equity

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Capital Reserves	**12.73**	12.73
Capital Redemption Reserve	**202.92**	202.92
Securities Premium Account	**7,814.61**	7,814.61
Treasury Shares (Shares under Trust)	**(766.07)**	(766.07)
Revaluation Reserve	**4,173.72**	4,322.25
General Reserve	**77.51**	77.51
Foreign Currency Monetary Item Translation Difference Account	**(5.70)**	(6.32)
Retained Earnings	**(31,034.88)**	(14,324.41)
Other Comprehensive Income	**(12.00)**	(13.50)
	(19,537.16)	(2,680.28)

Securities Premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

Treasury Shares (Shares under Trust)

Treasury Shares represents 191,517,500 Equity shares allotted to a Trust created by the Company, against the Company's investment in the erstwhile companies namely Essar Steel (Hazira) Limited and Essar Steel Orissa Limited, in pursuant to the scheme of amalgamation. The Company is the sole beneficiary of this Trust. Out of the above 121,558,650 Equity shares (Previous Year 191,517,500 Equity shares) have been pledged againest facility availed by Essar Infrastructure Serivces Pvt. Ltd. and Essar Services India Pvt. Ltd.

General Reserve

The reserve is a distributable reserve maintained by the Company.

23 Non Current Borrowings

Particulars	As at 31st March, 2018 ₹ in Crore		As at 31st March, 2017 ₹ in Crore	
Secured (Refer Note 66)				
Non Convertible Debentures of ₹ 10,00,000 each*		-		131.09
Term Loans*				
From Banks	-		14,577.19	
From Others	-		2,757.99	
		-		17,335.18
Unsecured				
Redeemable Preference Shares (Refer Note 66)		-		21.62
Sales Tax Deferral Loan (Refer Note 66)		**22.06**		28.44
Finance lease obligation		**806.35**		823.72
		828.41		18,340.05

* Pursuant to the defaults in repayment of debt of the Company, NCLT Ahmedabad bench has admitted the petition filed by the lenders on 2nd August 2017. Accordingly corporate insolvency resolution process ("CIRP") under the Insolvency and Bankruptcy Code, 2016 was initiated against the Company. Owing to the initiation of CIRP, the non-current borrowings have been reclassified as current liabilities pending approved resolution plan.

24 Non Current Derivative Financial Liability

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Cross Currency Interest Rate Swap	-	21.74
	-	21.74

25 Other Non Current Liabilities

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Deferred Gain	**207.93**	225.62
	207.93	225.62

26 Non Current Provisions

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Provision for Employee Benefits		
Gratuity	**25.78**	23.75
Leave Encashment	**12.78**	13.84
	38.56	37.59

Notes to Standalone Financial Statements for the year ended 31st March, 2018

27 Current Borrowings

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Secured (Refer Note 66)		
Loans From Banks	**138.63**	118.03
Working Capital Loans - From Banks	**9,901.65**	8,764.82
Acceptance for Capital Expenditures	**0.14**	7.14
Acceptance for Goods and Expenses	**330.39**	828.12
Unsecured		
Inter corporate Deposit		
Related Parties	**3,164.29**	2,840.11
Others	**151.10**	145.38
	13,686.20	12,703.60

28 Trade Payables

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Trade Payables for Goods and Expenses	**4,326.09**	3,694.31
Accrued Liabilities and Provisions	**990.36**	995.77
	5,316.45	4,690.08

29 Current Derivative Financial Liability

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Forward Contracts	**0.01**	3.13
Cross Currency Interest Rate Swap	**22.18**	3.11
	22.19	6.24

30 Other Current Financial Liabilities

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Current maturities of long-term debt (Refer Note 66)	**28,635.02**	8,015.80
Current maturities of Preference Shares (Refer Note 66)	**72.51**	45.92
Current maturities of finance lease obligations	**58.76**	71.22
Current maturities of Sales Tax Defferal Loan (Refer Note 66)	**4.97**	3.30
Creditors for Capital Expenditures	**481.46**	696.11
Provision For Finance Expenses	**56.25**	151.58
Advance against Export Performance Bank Guarantee - Current (Refer Note 66)	**-**	911.51
Security Deposits Received	**5.40**	5.53
Invoked Advance against Export Performance Bank Guarantee (Refer Note 66)	**9,111.78**	7,056.88
Invoked Standby Letter of Credit (Refer Note 66)	**728.07**	459.66
Invoked Corporate Guarantee (Refer Note 66)	**3,540.17**	-
Other Liabilities	**4,979.17**	5,071.07
	47,673.56	22,488.58

Notes to Standalone Financial Statements for the year ended 31st March, 2018

31 Other Current Liability

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Advances from Customers	**1,090.67**	1,141.70
Deferred Gain	**17.70**	17.70
Statutory Liabilities (Including Electricuty Duty)	**1,233.78**	274.53
	2,342.15	1,433.93

32 Current Provisions

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Provision for Employee Benefits - Leave Encashment	**2.83**	**3.04**
Indirect Taxes (Refer Note 63)	**19.73**	19.73
	22.56	22.77

33 Revenue from Operations*

Particulars	For the Year 31st March, 2018 ₹ in Crore	For the Year 31st March, 2017 ₹ in Crore
Sale of Products (Inclusive of Excise Duty)	**25,437.54**	21,610.98
Sale of Services	**84.12**	53.49
Other Operating Revenues	**207.61**	98.99
	25,729.27	21,763.46

* Goods and Service Tax (GST) has been implemented with effect from 1st July 2017 and revenue from operations for the year ended 31st March, 2018 are net of GST but inclusive of applicable freight . Freight Outward cost for the period of 1st July 2017 to 31st March 2018 is part of Selling & Distribution Expenses. However revenue from operation was inclusive of Excise Duty but excluding Freight Outward for the year ended 31st March, 2017 and Freight Outward cost was not the part of Selling & Distribution Expenses. Hence, Revenue from operation and Freight outward charges for the period ended 31st March, 2018 are not comparable with corresponding figures of the year ended 31st March, 2017.

34 Other Income

Particulars	For the Year 31st March, 2018 ₹ in Crore	For the Year 31st March, 2017 ₹ in Crore
Interest Income on Financial Instrument measured at amortised cost		
Inter Corporate Deposits	**10.85**	58.54
Bank Deposits	**12.69**	23.26
Others	**15.92**	31.43
Rent	**20.55**	22.58
Profit on Sale of Investments	**1.43**	25.03
Gain On Fair Valuation Of Investments	**0.03**	0.02
Interest on Swaps	**-**	15.80
Amortisation of Deferred Gain	**17.70**	17.70
Liabilities written back	**215.65**	-
Profit on Sale of Property, Plant & Equipment	**0.09**	-
Miscellaneous Income	**3.49**	1.92
	298.40	196.28

Notes to Standalone Financial Statements for the year ended 31st March, 2018

35 Cost of Materials Consumed

Particulars	For the Year 31st March, 2018 ₹ in Crore	For the Year 31st March, 2017 ₹ in Crore
Raw Materials consumed	13,394.75	10,258.03
Production Consumables	2,397.79	1,685.49
	15,792.54	11,943.52

Details of Raw Material Consumed

Consumption of Raw Materials	Units	For the Year 31st March, 2018		For the Year 31st March, 2017	
		Quantity	₹ in Crore	Quantity	₹ in Crore
Iron Ore Fines	MT	11,811,503	3,095.04	11,108,488	2,219.96
Pellets	MT	1,205,758	1,020.09	846,476	504.59
Iron Ore Lump	MT	148,049	82.92	193,704	96.60
Zinc	MT	19,929	446.67	20,691	378.78
Natural Gas used for HBI/DRI	SM3	1,119,346,478	2,602.51	813,616,768	1,825.20
Coal	MT	2,284,755	2,123.92	2,149,327	1,646.71
Coke	MT	1,065,573	2,323.77	1,180,772	1,450.60
HRC/Plate	MT	3,626	13.07	4,260	16.08
Slab	MT	10,280	26.44	196,790	517.52
Others			1,660.32		1,601.99
			13,394.75		10,258.03

36 Energy Cost

Particulars	For the Year 31st March, 2018 ₹ in Crore	For the Year 31st March, 2017 ₹ in Crore
Petroleum Products - Fuel	1,125.59	735.81
Power and Water Charges	2,553.31	2,293.91
	3,678.90	3,029.72

37 (Increase)/Decrease in Inventories of Finished Goods, Work in Progress and Stock in Trade

Particulars	For the Year 31st March, 2018 ₹ in Crore		For the Year 31st March, 2017 ₹ in Crore	
Opening Stock				
Finished Goods	613.01		440.49	
Work-in-Progress	1,157.86		967.42	
Traded Goods	3.95		4.11	
Closing Stock		1,774.82		1,412.02
Finished Goods	479.46		613.01	
Work-in-Progress	1,519.05		1,157.86	
Traded Goods	-		3.95	
		1,998.51		1,774.82
		(223.69)		(362.80)

Notes to Standalone Financial Statements for the year ended 31st March, 2018

38 Employee Benefits Expense

Particulars	For the Year 31st March, 2018 ₹ in Crore	For the Year 31st March, 2017 ₹ in Crore
Salaries	**310.02**	305.30
Contribution to Provident and Other Funds	**32.29**	25.53
Staff Welfare Expenses	**73.59**	62.99
	415.90	393.82

39 Manufacturing & Asset Maintenance

Particulars	For the Year 31st March, 2018 ₹ in Crore	For the Year 31st March, 2017 ₹ in Crore
Repairs, Maintenance and Equipment Hire Charges	**620.85**	526.33
Stores and Spares	**600.50**	464.47
Labour and Sub Contracting Charges	**331.52**	249.00
Plant Insurance	**19.11**	19.69
	1,571.98	1,259.49

40 Administrative Expenses

Particulars	For the Year 31st March, 2018 ₹ in Crore	For the Year 31st March, 2017 ₹ in Crore
Traveling, Conveyance and Vehicle Hire & Maintenance Charges	**31.30**	29.32
Printing, Stationery, Postage and Telephone	**12.31**	11.73
Professional Fees#	**127.90**	78.61
Operating Lease Rent	**39.05**	50.62
Repairs, Maintenance - other than Plant	**14.95**	16.81
Insurance - other than Plant	**6.77**	3.90
Rates and Taxes	**30.87**	15.78
Auditor's Remuneration*	**2.01**	2.16
Loss on sale/disposal/write off of Property Plant and Equipment	**17.22**	1.30
Allowance for Doubtfull Debt	**0.92**	8.20
Miscellaneous Expenses	**47.02**	73.34
	330.32	291.77
*Auditor's Remuneration		
Audit Fees	**2.00**	2.00
Other Services	**0.01**	0.16
	2.01	2.16

Professional Fees includes expenses incurred by the Company for corporate insolvency resolution process during the period.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

41 Selling & Distribution Expenses

Particulars	For the Year 31st March, 2018 ₹ in Crore	For the Year 31st March, 2017 ₹ in Crore
Sales Commission	**4.18**	96.65
Freight Outward (net), Intercarting and Packing Charges*	**929.10**	439.45
Other Selling Expenses	**69.07**	20.21
	1,002.35	556.31

* Goods and Service Tax (GST) has been implemented with effect from 1st July 2017 and revenue from operations for the year ended 31st March, 2018 are net of GST but inclusive of applicable freight. Freight Outward cost for the period of 1st July 2017 to 31st March 2018 is part of Selling & Distribution Expenses. However revenue from operation was inclusive of Excise Duty but excluding Freight Outward for the year ended 31st March, 2017 and Freight Outward cost was not the part of Selling & Distribution Expenses. Hence, Revenue from operation and Freight outward charges for the period ended 31st March, 2018 are not comparable with corresponding figures of the year ended 31st March, 2017.

42 Finance Cost*

Particulars	For the Year 31st March, 2018 ₹ in Crore		For the Year 31st March, 2017 ₹ in Crore	
Guarantee and Other Bank Charges		**259.83**		227.17
Interest				
on Term Loans	**4,616.03**		3,543.13	
on Debentures	**64.33**		38.82	
on Export Performance Bank Guarantees	**6.26**		23.11	
on Finance Lease Obligations	**142.10**		143.95	
to Banks and Others	**2,215.54**		1,607.07	
		7,044.26		5,356.08
Dividend on Preference Shares		**4.97**		6.40
Exchange Variation on Borrowings		**68.56**		18.14
		7,377.62		5,607.79

*Pursuant to the defaults in repayment of debt of the Company, National Company Law Tribunal, Ahmedabad bench (NCLT) has admitted the petition filed by lenders on 2nd August, 2017. Accordingly corporate insolvency resolution process ("CIRP") under the Insolvency and Bankruptcy Code, 2016 was initiated against the Company. Pending resolution process, the Company has provided interest for full financial year including moratorium period amounting to ₹ 4,310.47 Crore to give a true and fair picture of the financials and comparative with previous period.

Amount of borrowing cost capitalised during the year NIL (previous year ₹ 310.66 Crore)

43 Exchange Variation & Derivative Losses(net)

Particulars	For the Year 31st March, 2018 ₹ in Crore	For the Year 31st March, 2017 ₹ in Crore
Exchange Variation (net)	**(12.41)**	57.10
Loss/(Gain) on cancellation of Derivative and Forward Exchange Contracts	**0.25**	176.75
Mark to Market on Derivative Contract	**(6.03)**	(40.36)
	(18.19)	193.49

44 Exceptional Items

Particulars	For the Year 31st March, 2018 ₹ in Crore	For the Year 31st March, 2017 ₹ in Crore
Exceptional Items (Refer Note 64)	**6,007.22**	1,918.40
	6,007.22	1,918.40

Notes to Standalone Financial Statements for the year ended 31st March, 2018

45 Income Tax Expense

Particulars	For the Year 31st March, 2018 ₹ in Crore	For the Year 31st March, 2017 ₹ in Crore
Current Tax		
Excess Provision of Earlier Years (Net)	**(0.92)**	(10.95)
Deferred Tax		
Effect of Tax of Earlier Years	**4,490.74**	(13.84)
Deferred Tax Charge / (Credit)	**-**	(1,559.60)
	4,489.82	(1,584.39)
(a)Reconciliation of tax expense and the accounting profit multiplied by India's tax rate		
Loss before Tax as per Books	**(12,352.93)**	(6,781.95)
Tax expenses on above PBT @ 34.608%	**(4,275.10)**	(2,347.10)
Deferred Tax Assets not recognised	**4,287.85**	761.03
Effect of Tax of earlier years	**4,489.82**	(24.79)
Tax Effect of amount which are not deductible in calculating taxable Income:	**5.89**	24.85
Change in tax rate	**(18.64)**	-
Others	**-**	1.62
Income Tax Expenses - Charge / (Credit)	**4,489.82**	(1,584.39)

Deferred tax assets have not been recognised in respect of unabsorbed business losses/ other temporary differences aggregating to ₹ 25,568.45 Crore.

46 Other Comprehensive Income

Particulars			For the Year 31st March, 2018 ₹ in Crore	For the Year 31st March, 2017 ₹ in Crore
A	(i)	**Items that will not be reclassified to profit or loss**		
		Fair Value Changes on Financial Assets	**(0.66)**	(25.16)
		Actuarial (Loss) / Gain on defined benefit obligation (DBO)	**3.09**	(0.23)
			2.43	(25.39)
	(ii)	**Income tax relating to items that will not be reclassified to profit or loss**		
		Fair Value Changes on Financial Assets	**(0.93)**	8.90
		Actuarial (Loss) / Gain on defined benefit obligation (DBO)	**-**	0.08
			(0.93)	8.98
B	(i)	**Items that will be reclassified to profit or loss**		
		Cash flow hedges - Transfer to Profit & Loss	**-**	(9.99)
			-	(9.99)
	(ii)	**Income tax relating to items that will be reclassified to profit or loss**		
		Cash flow hedges - Transfer to Profit & Loss	**-**	3.46
			-	3.46

Notes to Standalone Financial Statements for the year ended 31st March, 2018

47 Financial Instruments and Risk Management

A Financial Instruments - Categories

₹ in Crore

Particulars	As at 31st March, 2018 FVOCI	FVTPL	Amortised Cost	As at 31st March, 2017 FVOCI	FVTPL	Amortised Cost
Financial Assets:						
Investment in Equity Shares, Mutual fund and ULIP	**2.90**	**5.56**	**-**	3.56	0.53	-
Trade Receivable	**-**	**-**	**1,059.13**	-	-	1,554.29
Cash and Bank balances	**-**	**-**	**396.13**	-	-	692.50
Other Financial Assets	**-**	**-**	**826.34**	-	-	643.34
Derivative Financial Assets	**-**	**0.23**	**-**	-	-	-
Total Financial Assets	**2.90**	**5.79**	**2,281.60**	3.56	0.53	2,890.13
Financial Liabilities:						
Borrowings including Current Maturities	**-**	**-**	**42,420.76**	-	-	38,284.95
Finance Lease Obligation	**-**	**-**	**865.11**	-	-	894.94
Trade and Other Payables	**-**	**-**	**5,797.91**	-	-	5,386.19
Other Financial Liabilities	**-**	**-**	**18,420.84**	-	-	13,656.23
Derivative Financial Liability	**-**	**22.19**	**-**	-	27.98	-
Total Financial Liabilities	**-**	**22.19**	**67,504.62**	-	27.98	58,222.31

B Fair Value Hierarchy

Level 1: It includes financial instruments measured using quoted prices. For the Company, the fair valuations in this level of hierarchy include listed equity instruments and mutual funds. The fair value of all equity instruments which are traded in the Stock Exchanges is valued using the closing price as at the reporting period and mutual funds are valued using closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The fair valuations in this level of hierarchy for the Company mainly include derivatives.

Level 3: The instrument is included in level 3 if one or more of the significant inputs is not based on observable market data. This includes investment in unquoted equity shares.

Fair Value Hierarchy for Financial Assets & Liabilities measured at Fair Value -

₹ in Crore

Particulars	As at 31st March, 2018 Level 1	Level 2	Level 3	As at 31st March, 2017 Level 1	Level 2	Level 3
Financial Assets						
Investment in Equity Shares, Mutual fund and ULIP	**7.91**	**0.30**	**0.25**	3.56	0.28	0.25
Derivative Financial Assets	**-**	**0.23**	**-**	-	-	-
	7.91	**0.53**	**0.25**	3.56	0.28	0.25
Financial Liabilities						
Derivative Financial Liability	**-**	**22.19**	**-**	-	27.98	-
	-	**22.19**	**-**	-	27.98	-

Fair Value of Financial Assets and Liabilities measured at Amortised Cost for which Fair Values are disclosed -

₹ in Crore

Particulars	As at 31st March, 2018 Fair Value	Carrying Value	As at 31st March, 2017 Fair Value	Carrying Value
Financial Assets				
Other Non Current Financial Assets	**92.91**	**95.51**	168.80	170.16
	92.91	**95.51**	168.80	170.16
Financial Liabilities				
Borrowings	**42,420.76**	**42,420.76**	38,278.83	38,284.96
Finance Lease Obligation	**1,027.70**	**865.11**	1,140.25	894.94
	43,448.46	**43,285.87**	39,419.09	39,179.90

Notes to Standalone Financial Statements for the year ended 31st March, 2018

The carrying amounts of all other financial assets and liabilities are considered to be the approximately equal to their fair values.

The fair values as disclosed above are calculated based on discounted cash flows using a rate that reflects market risk. The fair values of borrowings are based on discounted cash flows using a current borrowing rate.

C Financial Risk Management

The Company is exposed to various risks in relation to financial instruments. The main types of risks are credit risk, liquidity risk and market risk. In order to minimise any adverse effects on the financial performance of the Company due to market risks, the Company enters into various derivative contracts. Derivatives are taken only to mitigate the risk and not for speculative purposes.

The Company's risk management is carried out by the Risk Department under policies approved by the Board of Directors.

- Credit risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. The Company is exposed to credit risk from investments measured at amortised cost, deposits with banks and other parties, trade receivables, inter-corporate deposits, loans and advances to staff and derivative contracts.

The Company periodically assesses the financial reliability of the counter party, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual limits are set accordingly. Investments at amortised cost are strategic investments in associated lines of business activity. The Company closely monitors the performance of these Companies. Bank deposits are placed as collateral / margin money etc. to avail much larger fund & non-fund based facilities from Banks / Financial Institutions. Hence, there is no significant credit risk on such Fixed Deposits.

Trade Receivable: The Company trades with recognized and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. Also the Company does not enter in to sales transaction with customers having credit loss history.

The Company is exposed to credit risk in the event of non-payment by customers. Credit risk concentration with respect to trade receivables is mitigated by the Company's large customer base. Credit risk in majority of cases are mitigated by Letter of Credit/ advances from the customer.

- Liquidity risk

Liquidity risk is that the company might be unable to meet its obligations. Liquidity risk arises from mismatch in maturity profile of receipts and payments, funds locked in excess inventories and where no additional funds are obtained.

The liquidity risks are dynamically managed through efficient scheduling of receipts and payments. The Treasury team is monitoring all the cash flows through Trust & Retention Account (TRA) mechanism and payments are pre-vetted by Resolution Professional Team appointed by the Committee of Creditors and National Company Law Tribunal in CIRP under Insolvency & Bankruptcy Code, 2016. Liquidity risks arising from excess inventory are managed through a mix of efficient supply chain management and just-in-time production schedules.

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

Particulars	As at 31st March, 2018 (₹ in Crore)				
	< 1 year	1-2 years	2-5 years	> 5 years	Total
Borrowings	42,398.71	6.35	6.35	9.36	42,420.77
Trade and Other Payables	5,797.91	-	-	-	5,797.91
Finance Lease Obligation	198.56	157.06	470.13	1,238.62	2,064.37
Other Financial Liabilities	18,420.85	-	-	-	18,420.85
Derivative Financial Liability	22.19	-	-	-	22.19
Total	**66.838.22**	**163.41**	**476.48**	**1,247.98**	**68,726.09**

Notes to Standalone Financial Statements for the year ended 31st March, 2018

Particulars	As at 31st March, 2017 (₹ in Crore)				
	< 1 year	1-2 years	2-5 years	> 5 years	Total
Borrowings	20,830.39	1,978.54	7,336.19	8,287.66	38,432.78
Trade and Other Payables	5,386.19	-	-	-	5,386.19
Finance Lease Obligation	214.24	157.06	470.13	1,395.33	2,236.76
Other Financial Liabilities	13,664.14	-	-	-	13,664.14
Derivative Financial Liability	6.24	3.11	14.91	3.73	27.98
Total	**40,101.20**	**2,138.71**	**7,821.23**	**9,686.72**	**59,747.85**

- Market risk

The Company is exposed to substantial Financial Market risks in its operations on account of:

- Foreign currency exchange risk
- Interest rate risk
- Commodity price risk

The Board has put in place detailed Market Risk Management Policy (RMP) documents and the market risks are managed by various functionaries in terms of these Policy documents.The same policy is followed during the year.

- Foreign Currency risk

The Company is exposed to foreign exchange risk arising from export sales, operating and capital expenditure in foreign currency, foreign currency loans and economic exposure on account of mismatch between foreign currency and INR assets and liabilities. The risk is measured through a forecast of highly probable foreign currency cash flows.

The Company enters into hedging transactions mainly to hedge the significant foreign exchange risks from concluded and committed export sales, operating and capital expenditures and the foreign currency borrowings.

The Company is mainly exposed to exchange risk from foreign currencies - USD, EUR and AED.

(a) The Company's exposure to foreign currency risk as the reporting date (expressed in ₹ in Crore) is as follows:

(₹ in Crore)

Particulars	As at 31st March, 2018					As at 31st March, 2017				
	USD	EUR	AED	Others	Total	USD	EUR	AED	Others	Total
Trade Receivables	110.14	32.74	-	-	142.88	786.64	30.94	-	-	817.58
Cash and Bank balances	2.10	-	-	-	2.10	1.79	-	-	-	1.79
Other Financial Assets	506.65	-	-	-	506.65	372.99	-	-	-	372.99
Financial Assets	618.89	32.74	-	-	651.63	1,161.42	30.94	-	-	1,192.36
Net Exposure to Foreign Currency risk on Financial Assets	618.89	32.74	-	-	651.63	1,161.42	30.94	-	-	1,192.36
Borrowings	10,882.71	4.75	-	-	10,887.46	7,443.23	0.08	-	-	7,443.31
Trade and Other Payables	361.57	59.32	58.21	0.51	479.60	790.95	81.88	77.20	3.53	953.56
Other Financial Liabilities	-	-	-	-	-	919.42	-	-	-	919.42
Financial Liabilities	11,244.28	64.06	58.21	0.51	11,367.06	9,153.60	81.96	77.20	3.53	9,316.29
Covered by Derivative Contracts	22.76	-	-	-	22.76	57.52	-	-	-	57.52
Net Exposure to Foreign Currency risk on Financial Liabilities	11,221.52	64.06	58.21	0.51	11,344.30	9,096.08	81.96	77.20	3.53	9,258.77

(b) Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on Other Comprehensive Income arises from application of hedge accounting on certain derivative contracts.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

(₹ in Crore)

Particulars	As at 31st March, 2018	As at 31st March, 2017
USD sensitivity		
Increase by 5%	(534.93)	(400.52)
Decrease by 5%	534.93	400.52
EUR sensitivity		
Increase by 5%	(1.57)	(2.55)
Decrease by 5%	1.57	2.55
AED sensitivity		
Increase by 5%	(2.91)	(3.86)
Decrease by 5%	2.91	3.86
Others sensitivity		
Increase by 5%	(0.03)	(0.18)
Decrease by 5%	0.03	0.18

*Sensitivity impact on Profit/(Loss) includes increase/decrease of ₹ 316.78 Crore (Previous Year - ₹ 315.78 Crore) pertaining to exposures for which the company has the policy of capitalising exchange differences to reserves - FCMITDA or eligible items of Property, Plant and Equipment will be amortised to the statement of profit and loss over the period of the underlying borrowing or remaining useful life of Property, Plant and Equipment.

- Interest rate risk

The interest rate exposure is mainly on account of floating interest rates where the Company is exposed to upward movements in the interest rates. The Company explores possibility of interest rate swaps and interest rate structures to hedge its risks.

(a) Interest rate risk exposure

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Variable Rate Borrowing	**31,017.05**	31,218.53
Other Financial Liabilities	**9,630.83**	9,438.65
Total Exposure	**40,647.88**	40,657.18

(b) Sensitivity

Particulars	For the Year 31st March, 2018	For the Year 31st March, 2017
Impact on Company's Profit/ Loss, if interest rates had been 50 basis points higher/lower and all other variables were held constant.	**203.24**	203.29

1. The sensitivity analyses above have been determined based on the exposure to interest rates for floating rate liabilities assuming the amount of the liability outstanding at the year-end was outstanding for the whole year.
2. Sensitivity impact on Profit/Loss includes impact pertaining to exposures for which the Company capitalises the borrowing cost to items of Property Plant and Equipment, which will be amortised to the statement of profit and loss over the period of remaining useful life of property plant and equipments.

- Price risk

Commodity price risk

The Company has exposure to Commodity Price Risk on its raw materials required for steel production and also on its finished products (steel and its variants). The Risk Department reviews the exposures, evaluates and hedges the commodity price risks in close co-ordination with the Group Treasury in terms of the Board approved Policy document. The Company hedges directly with International Commodity Exchanges and / or through International counterparties using OTC derivative contracts based on appropriate Index / Exchange Listed Contracts, subject to availability of counterparty hedging limits.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

During the FY17-18, the Company could not undertake any hedging deals due to non-availability of hedging limits with banks / counterparties. As at the reporting date, there are no outstanding commodity derivative contracts and hence the disclosures for sensitivity has not been given.

Other price risks

The Company's exposure to price risks from investments in equity shares is considered immaterial.

48 Capital Management

Consequent upon admission of petition by NCLT on 2nd August, 2017 filed by lenders, CIRP process was initiated under IBC. Being integrated steel producer, the company falls in a capital intensive industry. The objective of the Company's capital management policies is to ensure its ability to continue as a going concern. During the period the funding requirements were primarily met through internal accruals.

49 Segment Information

The Company is in the business of manufacturing steel products having similar economic characteristics, primarily operated in India .The information relating to revenue from external customers and location of non-current assets of its single reportable segment has been disclosed as below:

Information about Revenue from Products and Services:

Products	Unit	Year Ended 31st March, 2018		Year Ended 31st March, 2017	
		Quantity	₹ in Crore	Quantity	₹ in Crore
Pellets	MT	**1,237,505**	**867.25**	1,523,929	854.79
Hot Briquette Iron Fines	MT	**33,926**	**21.22**	18,618	10.43
Hot/Cold Rolled Coils, Sheets and Plates	MT	**5,663,602**	**22,808.70**	5,202,450	18,004.98
Pipes	MT	**130,705**	**729.18**	109,662	460.31
Others			**446.09**		270.36
(A) Total Products Sales			**24,872.44**		19,600.87
(B) Traded Goods					
TMT Bars	MT	**-**	**-**	48,253	153.26
(C) Excise Duty on Sales			**565.10**		1,856.85
Total Sale of products (Inclusive of Excise Duty) (A)+(B)+(C)			**25,437.54**		21,610.98
Sale of Services			**84.12**		53.49
Other Operating Revenues			**207.61**		98.99
Revenue from Operations			**25,729.27**		21,763.46

(₹ in Crore)

Geographical Information	Year ended 31st March, 2018			Year ended 31st March, 2017		
	India	Outside India	Total	India	Outside India	Total
Revenues (Income from operation)	**20,812.84**	**4,916.43**	**25,729.27**	16,836.68	4,926.78	21,763.46
Carrying amount of Non Current assets (other than financial instruments and deferred tax assets)	**45,059.38**	**-**	**45,059.38**	46,889.68	-	46,889.68

Concentration of revenues from one of Company's customer was 11.40% of total revenue for the year ended March 31, 2018.

50 Derivative Instruments

Sr. No.	Type of Transaction	Amount 31st March, 2018	Amount 31st March, 2017	Currency	Purpose
1	Cross Currency Interest Rate Swap	**875,000,000**	925,000,000	INR	To convert floating rate Rupee Term Loan into a floating rate synthetic USD Liability (equivalentof FC Loan)
2	Forward purchase contracts (USD / INR)	**3,498,963**	8,870,927	USD	To hedge the exchange risk on import Letter of credit/Acceptance.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

51. Related Party disclosure

Corporate Insolvency Resolution Process (CIRP) was initiated against the Company w.e.f. 02.08.2017. The powers of the Board of Directors of the Company stand suspended effective from the CIRP commencement date and such powers along with the management of affairs of the Company are vested with the Resolution Professional.

List of Related Parties and Relationships

(a) Holding Companies

1 Essar Steel Asia Holdings Limited (FKA Essar Resources Mauritius Ltd) Holding Company - (ESAHL)

2 Essar Steel Mauritius Limited – Intermediate Holding Company - (ESML)

3 Essar Global Fund Limited (FKA Essar Global Limited), Cayman Islands – Ultimate Holding Company (EGFL)

(b) Subsidiaries

1 Essar Steel Middle East FZE (ESMEF)
2 Essar Steel UAE Limited*
3 PT Essar Indonesia (PTEI)*
4 Paradeep Steel Company Limited. (PSCL)
5 Hazira Coke Limited (HCL)* (ceased to be related party w.e.f. 15.04.2016)
6 Essar Steel Trading FZE (ESTF)
7 Essar Steel Logistics Limited (ESLL)
8 Essar Steel Offshore Limited. (ESOSL)
9 Essar Minerals Limited (FKA Essar Mining Limited) *
10 Essar Mineral Cooperatief U.A.*
11 Essar Minerals Canada Limited*
12 Essar Minerals INC*
13 New Trinity Holding LLC (NTHL)*
14 Banner Coal Terminal LLC*
15 Bear Fork Resources LLC*
16 Deep Water Resources LLC*
17 Falcon Resources LLC*
18 Frasure Creek Mining LLC*
19 Hughes Creek terminal LLC*
20 Levisa Fork Resources LLC*
21 Little Elk Mining Company LLC*
22 New Resources Inc. (NRI)*
23 New Trinity Coal Inc. (NTCI)*
24 North Springs Resources LLC*
25 Prater Branch Resources LLC*
26 RMG INC*
27 Trinity Coal Corporation*
28 Trinity Coal Marketing LLC (EMA)*
29 Trinity Coal Partners LLC*
30 Trinity Parent Corporation*
31 Trinity RMG Holding LLC*

*** These are step down subsidiaries of direct subsidiaries of the Company.**

(c) Fellow Subsidiaries (with whom transactions have taken place)

1 Aegis Limited (AEGIS)
2 AGC Networks Limited (AGCNL)
3 Arkay Logistics Limited (ALL)
4 Edwell Metal and Trading Limited (EMT) (FKA Essar Steel Jharkhand Limited)
5 Energy II Limited (EII)
6 EPC Constructions India Limited (FKA Essar Project Limited) (EPCC)
7 Equinox Business Parks Pvt Limited (EBPPL) (ceased to be fellow subsidiary from 13.12.2016)
8 Essar Bulk Terminal Paradip Limited (EBTPL)
9 Essar Electric Power Development Corporation Limited(EEPDCL)
10 Essar Energy Limited (FKA Essar Energy Plc) (EEPLC)
11 Essar Energy Overseas Limited (EEOL)
12 Essar Mineral Resources Limited (EMRL)
13 Essar Offshore Subsea Limited (EOSL)
14 Nayara Energy Limited (FKA Essar Oil Limited) (EOL)
15 Essar Ports Limited, Mauritius (FKA Essar Africa Holdings Limited) (EAHL)
16 Essar Power (Jharkhand) Limited (EPJL)
17 Essar Power Gujarat Limited (EPGL)
18 Essar Power Limited. (EPOL)

Notes to Standalone Financial Statements for the year ended 31st March, 2018

19	Essar Power Transmission Company Limited (EPTCL)	28	Essar Vizag Terminal Limited (EVTL)
20	Essar Projects Limited (EPLD)	29	Ibrox Aviation and Trading Pvt. Ltd. (IV)
21	Essar Shipping & Logistics Limited (ESALL)	30	Jade Global Services FZE(FKA Essar Global Services FZE)(EGSF)
22	Essar Shipping DMCC (ESLD)	31	Peak Trading Overseas Limited (PTOL)
23	Essar Shipping Limited (ESL)	32	Peakom SA (PKOM) (Ceased to be follow subsidiary w.e.f 24.02.2017)
24	Essar Steel Algoma Inc (ESA-INC)	33	The Mobilestore Services Private Limited. (TMSSL)
25	Essar Steel Limited (FKA Essar Steel Holdings Limited) (ESTLM)	34	Vadinar Oil Terminal Limited (VOTL)
26	Essar Steel Marketing Limited (EPML)	35	Vadinar Power Company Limited (VPOCL)
27	Essar Telecom Kenya Limited (India) (ETKL)		

(d) Associates

1	Bhander Power Limited. (BPOL)	5	Essar Power MP Limited (EPMPL)
2	Essar Bulk Terminal Limited. (EBTL)	6	Essar Steel Chhattisgarh Limited. (ESCL)
3	Essar Power (Orissa) Limited. (EPOOL)	7	Essar Steel Processing FZCO (ESP-FZCO)
4	Essar Power Hazira Limited (EPHL)		

(e) Key Management Personnel (with whom transactions have taken place)

1 Mr. Jatinder Mehra (CEO) (JM)

2 Mr. Dilip Oommen, Managing Director & Dy. CEO (DO)

3 Mr. Suresh Jain (CFO) (SJ)

4 Mr. Rajiv Bhatnagar, Director (Projects) (RB)

5 Mr. Mahadev Iyer, Director (Finance) & CFO (MI) (ceased to be director w.e.f 30.06.2017)

6 Mr. Arvind Pande, Independent Director (ceased to be director w.e.f 02.04.2018)

7 Mr. V. G. Raghavan, Independent Director

8 Mr. Aloke Sengupta, Nominee Director (ceased to be director w.e.f. 27.07.2017)

9 Mr. Sunit V Joshi. Nominee Director

10 Mr. Parveen Kumar Malhotra, Director (ceased to be director w.e.f 05.05.2018)

(f) Enterprise having influence over the Company

1 Imperial Consultants and Securities (ceased to be related party w.e.f. 03.06.2016) (ICAS)

Terms and conditions

Sales/Purchases:

The related party transactions attracting the compliance under Section 177 of the Companies Act were placed before the management for necessary approval/review. These transactions are in the ordinary course of business and on prevailing pricing based on contractual terms and agreement.

ICD Given/Taken:

The Company had given/taken ICDs to/from related parties for general corporate purposes.These ICDs are unsecured, carry an interest rate ranging from 3.5% to 16.25% and receivable/repayable on demand.

Guarantees to Related parties:

Guarantees given on behalf of related parties are for availing loan facilities from lenders and to government authorities for general business purposes.

Guarantees from Related parties:

Guarantees provided by the related parties to lender of the company are for availing bank loan facilities.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

During the year, following transactions were carried out with the related parties in the ordinary course of business: (excluding reimbursement)

(₹ in Crore)

Sr. No.	Particulars	Holding Companies	Subsidiaries	Fellow Subsidiaries	Associates	Key Management Personnel	Enterprise having influence
(a)	Sales (Net)	-	411.76	48.43	2.86	-	-
		-	(998.55)	(58.34)	(24.20)	-	-
(b)	Income-Lease Rentals/ Rent building	-	-	2.58	13.73	-	-
		-	-	(4.85)	(14.00)	-	-
(c)	Interest Income-Others	-	10.85	-	-	-	-
		-	(44.07)	(19.04)	-	-	-
(d)	Purchase of Raw Materials,Stores and Spares, Production Consumables and Services	-	0.15	1,026.20	552.01	-	-
		-	-	(997.12)	(450.01)	-	-
(e)	Purchase of Petroleum Products (Fuel)	-	-	-	-	-	-
		-	-	(79.19)	-	-	-
(f)	Power Processing Charges / Recovery	-	-	-	1,271.78	-	-
		-	-	(-0.03)	(1,146.02)	-	-
(g)	Repairs and Maintenance	-	-	1.51	-	-	-
		-	-	(8.23)	-	-	-
(h)	Plant and Equipment Hire Charges	-	-	10.10	19.78	-	-
		-	-	(4.23)	(18.18)	-	-
(i)	Labour Sub Contract Charges	-	-	0.00	-	-	-
		-	-	(0.18)	-	-	-
(j)	Professional Fees	-	-	4.21	-	-	-
		-	(2.03)	(5.38)	-	-	-
(k)	Office Rent	-	-	-	-	-	-
		-	-	(-7.25)	-	-	-
(l)	Freight Outwards Expenses	-	-	602.31	57.76	-	-
		-	(3.47)	(283.43)	(45.14)	-	-
(m)	Sales Commission	-	-	-	-	-	-
		-	-	(-1.94)	-	-	-
(n)	Interest Expenses	-	-	29.06	67.96	-	-
		-	(0.00)	(117.23)	(93.23)	-	(1.86)
(o)	Capital Contract	-	-	-7.59	0.00	-	-
		-	-	(327.35)	-	-	-
(p)	Directors' Remuneration	-	-	-	-	12.73	-
		-	-	-	-	(6.46)	-
(q)	ICD Given	-	-	-	-	-	-
		-	(26.76)	-	-	-	-
(r)	Invocation of SBLC	-	172.68	-	-	-	-
		-	(849.21)	-	-	-	-
(s)	Repayment of ICD given	-	-	-	-	-	-
		-	(37.09)	(114.41)	-	-	-
(t)	ICD taken	-	-	-	-	-	-
		-	-	(38.00)	-	-	-

Notes to Standalone Financial Statements for the year ended 31st March, 2018

(₹ in Crore)

Sr. No.	Particulars	Holding Companies	Subsidiaries	Fellow Subsidiaries	Associates	Key Management Personnel	Enterprise having influence
(u)	Repayment of ICD taken	-	-	-	-	-	-
		-	-	(1.74)	(361.95)	-	-
(v)	Share Application Money Refunded	-	0.65	-	-	-	-
		-	(0.59)	-	-	-	-
(w)	Purchase of Asset	-	-	0.01	-	-	-
		-	-	-	-	-	-
(x)	Miscellaneous Expenses	-	-	0.29	-	-	-
		-	-	-	-	-	-
(y)	Sitting Fees	-	-	-	-	0.18	-
		-	-	-	-	(0.27)	-

Balance outstanding at year end

(₹ in Crore)

Sr. No.	Particulars	Holding Companies	Subsidiaries	Fellow Subsidiaries	Associates	Key Management Personnel	Enterprise having influence
(a)	Long Term Investments	-	1,078.68	2.90	186.20	-	-
		-	(1,078.68)	(3.56)	(186.20)	-	-
(b)	Deemed Investment (Invocation of Corporate Guarantee)	-	3,487.10	-	-	-	-
		-	-	-	-	-	-
(c)	Debtors	-	536.56	1.89	0.03	-	-
		-	(490.55)	(22.54)	(0.10)	-	-
(d)	Other Advances (Including Advance Towards Equity)	-	178.22	13.06	-	-	-
		-	(166.74)	(13.33)	-	-	-
(e)	Other Advance(Including Advance Towards Equity)	0.42	11.34	133.83	36.87	-	-
		(0.50)	(13.53)	(102.58)	(3.57)	-	-
(f)	Sundry Creditors /Other Payable	-	16.74	4,058.87	879.84	-	-
		-	(19.88)	(4,193.31)	(534.85)	-	-
(g)	Capital Advances (CWIP)	-	-	14.45	-	-	-
		-	-	(11.92)	-	-	-
(h)	Advance From Customer	-	31.53	250.41	441.24	-	-
		-	(36.04)	(131.99)	(411.66)	-	-
(i)	Inter Corporate Deposits Given	-	2,006.85	-	-	-	-
		-	(1,827.22)	-	-	-	-
(j)	Inter Corporate Deposits Taken	-	-	2,775.43	-	-	-
		-	-	(2,550.65)	-	-	-
(k)	Security Deposits Received	-	-	4.22	-	-	-
		-	-	(4.22)	-	-	-
(l)	Provision for doubtfull debt / impairment	0.42	6,432.67	2.68	116.79	-	-
		-	(2,334.18)	-	-	-	-
(m)	Guarantees Given	-	-	49.23	182.99	-	-
		-	(3,577.02)	(49.23)	(182.99)	-	-
(n)	Guarantees Received	14,363.32	-	5,860.35	-	-	-
		(14,375.97)	-	(5,859.85)	-	-	-

Note : Figures mentioned in bracket are previous year figure

Notes to Standalone Financial Statements for the year ended 31st March, 2018

Details of Party wise transactions :

(₹ in Crore)

Nature of Transaction		Name of Related Party										
		BPOL	EBTL	EPOL	EPHL	EOL	EPGL	EPMPL	AEGIS	ALL	EPCC	ESL
(a)	Sales (Net)	-	2.86	-	-	-	-	-	-	1.09	47.34	-
		-	(24.20)	-	-	(1.93)	(0.06)	-	-	(6.26)	(49.62)	-
(b)	Income - Lease Rentals/Rent building	10.90	0.39	-	2.44	0.22	-	-	0.01	0.46	1.60	0.22
		(11.12)	(0.43)	(0.02)	(2.46)	(0.10)	-	-	(0.05)	(0.42)	(4.05)	(0.11)
(c)	Interest Income-Others	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	(4.57)	-	-	-	-	-	(14.47)
(d)	Purchases of Raw Materials ,Stores and Spares, Prod. Consumables and services	-	552.01	-	-	0.16	-	-	-	263.00	2.77	460.34
		-	(450.01)	(0.01)	-	(8.46)	-	-	-	(375.07)	(19.65)	(351.56)
(e)	Purchase of Petroleum Products (Fuel)	-	-	-	-	0.00	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-
(f)	Power Processing Charges / Recovery	25.69	-	-	416.00	-	-	706.79	-	-	-	-
		(18.87)	-	(-0.03)	(290.17)	-	-	(754.27)	-	-	-	-
(g)	Repairs and Maintenance	-	-	-	-	-	-	-	-	-	1.51	-
		-	-	(1.57)	-	-	-	-	-	-	(6.66)	-
(h)	Plant and Equipment Hire Charges	-	19.78	-	-	-	-	-	-	-2.04	10.10	-
		-	(18.18)	-	-	-	-	-	-	(1.48)	(2.75)	-
(i)	Labour Sub Contract Charges	-	-	-	-	-	-	-	-	0.00	-	-
		-	-	-	-	-	-	-	(0.18)	-	-	-
(j)	Professional Fees	-	-	-	-	-	-	-	-0.32	-	4.21	-
		-	-	-	-	-	-	-	(0.82)	-	(4.56)	-
(k)	Office Rent	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-
(l)	Freight Outwards Expenses	-	57.76	-	-	-	-	-	-	524.23	-	11.83
		-	(45.14)	-	-	-	-	-	-	(239.81)	-	(9.19)
(m)	Sales Commission	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-
(n)	Interest & Other Financial Expenses	12.43	38.68	-	6.83	-	-	-	-	-	-	-
		(12.55)	(67.67)	(0.51)	(3.76)	(7.78)	-	(1.57)	-	-	(59.07)	(-0.95)
(o)	Capital Contract	-	-	-	-	-	-	-	-	5.12	-13.71	-
		-	-	-	-	-	-	-	-	-	(339.35)	-
(p)	Directors Remuneration (including perquisites)	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-
(q)	ICD Given	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-
(r)	Invocation of SBLC	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-
(s)	Refund of ICD Given	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	(114.41)
(t)	ICD taken	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-
(u)	Repayment of ICD taken	-	-	-	-	-	-	-	-	-	-	-
		-	(361.95)	-	-	-	-	-	-	-	-	-
(v)	Share Application Money Refunded	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-
(w)	Purchase of assets	-	-	0.00	-	0.01	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-
(x)	Miscellaneous Expenses	-	-	-	-	-	-	-	0.29	-	-	-
		-	-	-	-	-	-	-	-	-	-	-

Notes to Standalone Financial Statements for the year ended 31st March, 2018

Details of Party wise transactions :

(₹ in Crore)

Nature of Transaction		Name of Related Party										
		EBTPL	ESTLM	ESMEF	EPML	ESTF	PTEI	EOSL	EPOOL	EPTCL	AGCNL	ESLL
(a)	Sales (Net)	-	-	363.08	-	-	48.68	-	-	-	-	-
		(0.38)	-	(886.95)	-	-	(111.59)	(0.01)	-	-	-	-
(b)	Income - Lease	-	-	-	-	-	-	-	-	0.08	-	-
	Rentals/Rent building	-	-	-	-	-	-	-	-	(0.10)	-	-
(c)	Interest	-	-	10.85	-	-	-	-	-	-	-	-
	Income-Others	-	-	(40.45)	-	(3.62)	-	-	-	-	-	-
(d)	Purchases of Raw	117.09	-	-	-	-	-	-	-	-	-	0.15
	Materials ,Stores and Spares, Prod. Consumables and services	(63.63)	-	-	-	-	-	-	-	-	-	-
(e)	Purchase of	-	-	-	-	-	-	-	-	-	-	-
	Petroleum Products (Fuel)	-	-	-	-	-	-	-	-	-	-	-
(f)	Power Processing	-5.24	-	-	-	-	-	-	123.29	-	-	-
	Charges / Recovery	-	-	-	-	-	-	-	(82.71)	-	-	-
(g)	Repairs and	-	-	-	-	-	-	-	-	-	-	-
	Maintenance	-	-	-	-	-	-	-	-	-	-	-
(h)	Plant and Equipment	-	-	-	-	-	-	-	-	-	-	-
	Hire Charges	-	-	-	-	-	-	-	-	-	-	-
(i)	Labour Sub Contract	-	-	-	-	-	-	-	-	-	-	-
	Charges	-	-	-	-	-	-	-	-	-	-	-
(j)	Professional Fees	-	-	-	-	-	-	-	-	-	-	-
		-	-	(2.03)	-	-	-	-	-	-	-	-
(k)	Office Rent	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-
(l)	Freight Outwards	29.19	-	-	-	-	-	-	-	-	-	-3.40
	Expenses	(24.64)	-	-	-	-	-	-	-	-	-	(3.47)
(m)	Sales Commission	-	-	-	-	-	-	-	-	-	-	-
		-	(-1.94)	-	-	-	-	-	-	-	-	-
(n)	Interest & Other	8.33	-	-	6.18	-	-	-	10.03	-	-	-
	Financial Expenses	(45.61)	-	-	(4.03)	-	(0.00)	(0.23)	(7.69)	-	-	-
(o)	Capital Contract	-	-	-	-	-	-	-	-	-	1.00	-
		-	-	-	-	-	-	-	-	-	-	-
(p)	Directors	-	-	-	-	-	-	-	-	-	-	-
	Remuneration (including perquisites)	-	-	-	-	-	-	-	-	-	-	-
(q)	ICD Given	-	-	-	-	-	-	-	-	-	-	-
		-	-	(26.76)	-	-	-	-	-	-	-	-
(r)	Invocation of SBLC	-	-	172.68	-	-	-	-	-	-	-	-
		-	-	(849.21)	-	-	-	-	-	-	-	-
(s)	Refund of ICD Given	-	-	-	-	-	-	-	-	-	-	-
		-	-	(37.09)	-	-	-	-	-	-	-	-
(t)	ICD taken	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	(38.00)	-	-	-	-	-	-	-
(u)	Repayment of ICD	-	-	-	-	-	-	-	-	-	-	-
	taken	-	-	-	-	-	-	(1.74)	-	-	-	-
(v)	Share Application Money Refunded	-	-	-	-	0.65	-	-	-	-	-	-
		-	-	(0.59)	-	-	-	-	-	-	-	-
(w)	Purchase of assets	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-
(x)	Miscellaneous	-	-	-	-	-	-	-	-	-	-	-
	Expenses	-	-	-	-	-	-	-	-	-	-	-

Notes to Standalone Financial Statements for the year ended 31st March, 2018

Details of Party wise transactions :

(₹ in Crore)

Nature of Transaction		Name of Related Party										
		EBPPL	JM	DO	MI	RB	SJ	EVTL	EEOL	EII	PKOM	EPLD
(a)	Sales (Net)	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	(0.07)	-	-	-	-
(b)	Income - Lease Rentals/Rent building	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-
(c)	Interest Income-Others	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-
(d)	Purchases of Raw Materials ,Stores and Spares, Prod. Consumables and services	-	-	-	-	-	-	40.45	-	98.50	-	-
		-	-	-	-	-	-	(35.14)	-	(106.36)	(37.24)	-
(e)	Purchase of Petroleum Products (Fuel)	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	(79.19)	-	-	-
(f)	Power Processing Charges / Recovery	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-
(g)	Repairs and Maintenance	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-
(h)	Plant and Equipment Hire Charges	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-
(i)	Labour Sub Contract Charges	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-
(j)	Professional Fees	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-
(k)	Office Rent	-	-	-	-	-	-	-	-	-	-	-
		(-7.25)	-	-	-	-	-	-	-	-	-	-
(l)	Freight Outwards Expenses	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-
(m)	Sales Commission	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-
(n)	Interest & Other Financial Expenses	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-
(o)	Capital Contract	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	(-12.00)
(p)	Directors Remuneration (including perquisites)	-	3.81	3.73	0.86	1.44	2.90	-	-	-	-	-
		-	-	(3.38)	(2.50)	(0.58)	-	-	-	-	-	-
(q)	ICD Given	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-
(r)	Invocation of SBLC	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-
(s)	Refund of ICD Given	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-
(t)	ICD taken	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-
(u)	Repayment of ICD taken	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-
(v)	Share Application Money Refunded	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-
(w)	Purchase of assets	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-
(x)	Miscellaneous Expenses	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-

Notes to Standalone Financial Statements for the year ended 31st March, 2018

Details of Party wise transactions :

(₹ in Crore)

Nature of Transaction		Name of Related Party			
		ICAS	EMT	ESLD	IV
		-	-	-	-
(b)	Income - Lease Rentals/Rent building	-	-	-	-
		-	-	-	-
(c)	Interest Income-Others	-	-	-	-
		-	-	-	-
(d)	Purchases of Raw Materials ,Stores and Spares, Prod. Consumables and services	-	-	43.91	-
		-	-	-	-
(e)	Purchase of Petroleum Products (Fuel)	-	-	-	-
		-	-	-	-
(f)	Power Processing Charges / Recovery	-	-	-	-
		-	-	-	-
(g)	Repairs and Maintenance	-	-	-	-
		-	-	-	-
(h)	Plant and Equipment Hire Charges	-	-	-	-
		-	-	-	-
(i)	Labour Sub Contract Charges	-	-	-	-
		-	-	-	-
(j)	Professional Fees	-	-	-	-
		-	-	-	-
(k)	Office Rent	-	-	-	-
		-	-	-	-
(l)	Freight Outwards Expenses	-	-	37.06	-
		-	-	(9.78)	-
(m)	Sales Commission	-	-	-	-
		-	-	-	-
(n)	Interest & Other Financial Expenses	-	3.29	-	11.27
		(1.86)	-	-	-
(o)	Capital Contract	-	-	-	-
		-	-	-	-
(p)	Directors Remuneration	-	-	-	-
	(including perquisites)	-	-	-	-
(q)	ICD Given	-	-	-	-
		-	-	-	-
(r)	Invocation of SBLC	-	-	-	-
		-	-	-	-
(s)	Refund of ICD Given	-	-	-	-
		-	-	-	-
(t)	ICD taken	-	-	-	-
		-	-	-	-
(u)	Repayment of ICD taken	-	-	-	-
		-	-	-	-
(v)	Share Application Money Refunded	-	-	-	-
		-	-	-	-
(w)	Purchase of assets	-	-	-	-
		-	-	-	-
(x)	Miscellaneous Expenses	-	-	-	-
		-	-	-	-

Note : Figures mentioned in bracket are previous year figure

(y) Details of Sitting Fees

(₹ in Crore)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
To Independent Directors	**0.13**	0.23
To Nominee Directors and other director	**0.05**	0.04

Notes to Standalone Financial Statements for the year ended 31st March, 2018

Balance outstanding as at the year end

(₹ in Crore)

Particulars	BPOL	ESTLM	ESAHL	PSCL	ESML	ESCL	ESTF	ESMEF	EPCC	ALL	EBTPL	EGFL
Long Term Investments	104.77	-	-	0.20	-	5.78	17.61	322.75	-	-	0.00	-
	(104.77)	-	-	(0.20)	-	(5.78)	(17.61)	(322.75)	-	-	(0.00)	-
Deemed Investment (Invocation of Corporate Guarantee)	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Debtors	-	-	-	0.02	-	-	-	536.54	0.53	-	-	-
	-	-	-	(0.01)	-	-	-	(490.54)	(19.86)	-	(0.43)	-
Other Current Advance/Receivable	-	-	-	-	-	-	23.04	155.18	-	-	-	-
	-	-	-	-	-	-	(22.97)	(143.77)	-	-	-	-
Other Advance (Including Advance Towards Equity)	-	-	-	11.13	-	4.17	0.04	0.15	0.02	94.61	-	0.42
	-	-	-	(11.18)	-	(3.57)	(0.75)	(0.33)	(0.07)	(0.08)	(0.87)	(0.50)
Sundry Creditors /Other Payable	192.09	5.61	-	-	-	-	-	16.71	400.47	242.51	375.19	-
	(198.69)	(5.61)	-	(0.05)	-	-	(0.05)	(16.27)	(428.97)	(157.46)	(322.17)	-
Capital Advances (CWIP)	-	-	-	-	-	-	-	-	14.45	-	-	-
	-	-	-	-	-	-	-	-	(11.92)	-	-	-
Advance From Customer	-	-	-	0.01	-	-	11.58	10.27	249.76	-	-	-
	-	-	-	-	-	-	(11.85)	(13.89)	(131.97)	-	-	-
Inter Corporate Deposits Given/ Invocation of SBLC	-	-	-	-	-	-	29.27	1,977.58	-	-	-	-
	-	-	-	-	-	-	(29.18)	(1,798.04)	-	-	-	-
Inter Corporate Deposits Taken	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Security Deposits Received	-	-	-	-	-	-	-	-	-	-	4.22	-
	-	-	-	-	-	-	-	-	-	-	(4.22)	-
Provision for doubtfull debt / impairment	73.34	-	-	11.34	-	9.95	58.38	2,162.64	-	-	-	0.42
	-	-	-	-	-	-	-	(1,620.97)	-	-	-	-
Guarantees Given	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	(162.10)	-	-	-	-
Guarantees Received	-	5,860.35	10,094.33	-	4,268.98	-	-	-	-	-	-	-
	-	(5,859.85)	(10,100.41)	-	(4,275.56)	-	-	-	-	-	-	-

Note : Figures mentioned in bracket are previous year figure

Notes to Standalone Financial Statements for the year ended 31st March, 2018

Balance outstanding as at the year end

(₹ in Crore)

Particulars	PTEI	EOL	EBTL	EPOL	AEGIS	EPGL	ESA-INC	EPJL	ESP-FZCO	EPOOL	ESOSL	EPHL
Long Term Investments	-	-	1.30	-	-	-	-	-	0.25	2.60	738.07	2.60
	-	-	(1.30)	-	-	-	-	-	(0.25)	(2.60)	(738.07)	(2.60)
Deemed Investment (Invocation of Corporate Guarantee)	-	-	-	-	-	-	-	-	-	-	3,487.10	-
	-	-	-	-	-	-	-	-	-	-	-	-
Debtors	-	-	0.03	-	-	0.07	1.30	-	-	-	-	-
	-	(0.01)	(0.10)	-	-	(0.07)	(2.17)	-	-	-	-	-
Other Current Advance/Receivable	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Other Advance (Including Advance Towards Equity)	0.03	0.04	-	-	-	-	0.14	-	-	-	-	-
	(0.03)	-	-	-	(0.01)	-	(0.16)	(0.54)	-	-	-	-
Sundry Creditors /Other Payable	0.04	0.02	344.83	19.48	28.00	-	-	0.18	-	143.04	-	139.38
	(0.04)	-	(245.30)	(19.48)	(28.01)	-	-	-	-	(56.13)	-	(28.43)
Capital Advances (CWIP)	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Advance From Customer	9.67	0.37	441.24	-	0.02	-	-	-	-	-	-	-
	(10.30)	-	(411.66)	-	(0.01)	-	-	-	-	-	-	-
Inter Corporate Deposits Given/ Invocation of SBLC	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Inter Corporate Deposits Taken	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Security Deposits Received	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Provision for doubtfull debt / impairment	-	-	-	-	-	-	1.44	-	-	-	4,200.31	-
	-	-	-	-	-	-	-	-	-	-	(713.21)	-
Guarantees Given	-	-	-	-	-	49.23	-	-	-	26.05	-	43.93
	-	-	-	-	-	(49.23)	-	-	-	(26.05)	(3,414.92)	(43.93)
Guarantees Received	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-

Note : Figures mentioned in bracket are previous year figure

Notes to Standalone Financial Statements for the year ended 31st March, 2018

Balance outstanding as at the year end

(₹ in Crore)

Particulars	EAHL	EMRL	EEPDCL	VOTL	VPOCL	ESL	EPMPL	AGCNL	ETKL	NTCI	EEPLC	EGSF
Long Term Investments	-	-	-	-	-	2.90	68.90	-	-	-	-	-
	-	-	-	-	-	(3.56)	(68.90)	-	-	-	-	-
Deemed Investment (Invocation of Corporate Guarantee)	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Debtors	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Other Current Advance/Receivable	-	-	-	-	-	13.02	-	-	-	-	-	-
	-	-	-	-	-	(13.02)	-	-	-	-	-	-
Other Advance (Including Advance Towards Equity)	0.18	0.38	-	-	-	-	32.70	0.02	0.06	-	0.55	-
	(0.18)	(0.38)	-	(0.17)	(0.01)	(60.35)	-	(0.11)	(0.06)	(0.13)	(0.55)	-
Sundry Creditors /Other Payable	-	-	-	-	0.01	22.30	60.50	0.05	-	-	-	-
	-	-	(0.01)	-	(0.02)	(74.63)	(6.30)	-	-	-	-	(1.06)
Capital Advances (CWIP)	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Advance From Customer	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	(0.01)	-	-	-	-	-	-	-	-
Inter Corporate Deposits Given/ Invocation of SBLC	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Inter Corporate Deposits Taken	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Security Deposits Received	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Provision for doubtfull debt / impairment	0.18	0.38	-	-	-	-	33.50	-	-	-	0.55	-
	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees Given	-	-	-	-	-	-	113.01	-	-	-	-	-
	-	-	-	-	-	-	(113.01)	-	-	-	-	-
Guarantees Received	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-

Note : Figures mentioned in bracket are previous year figure

Notes to Standalone Financial Statements for the year ended 31st March, 2018

Balance outstanding as at the year end

(₹ in Crore)

Particulars	ESLL	PTOL	EPML	EPTCL	ESALL	EII	TMSSL	EVTL	EPLD	IV	ESLD	EMT
Long Term Investments	0.05	-	-	-	-	-	-	-	-	-	-	-
	(0.05)	-	-	-	-	-	-	-	-	-	-	-
Deemed Investment (Invocation of Corporate Guarantee)	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Debtors	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Other Current Advance/Receivable	-	-	-	0.01	0.04	-	-	-	-	-	-	-
	-	-	-	(0.27)	(0.04)	-	-	-	-	-	-	-
Other Advance (Including Advance Towards Equity)	-	-	34.18	0.10	-	-	-	3.53	-	-	-	-
	(1.12)	-	(34.18)	(0.10)	-	-	-	(2.80)	-	-	-	(1.95)
Sundry Creditors /Other Payable	-	0.63	9.02	-	-	24.13	-	0.55	18.04	90.89	6.07	2,815.72
	(3.47)	(0.63)	(3.46)	-	-	(15.01)	(0.34)	(0.14)	(15.25)	(305.53)	(0.18)	(2,815.34)
Capital Advances (CWIP)	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Advance From Customer	-	-	0.27	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Inter Corporate Deposits Given/ Invocation of SBLC	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Inter Corporate Deposits Taken	-	-	38.00	-	-	-	-	-	-	224.78	-	2,512.65
	-	-	(38.00)	-	-	-	-	-	-	-	-	(2,512.65)
Security Deposits Received	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Provision for doubtfull debt / impairment	-	-	-	0.10	0.04	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees Given	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees Received	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-

Note : Figures mentioned in bracket are previous year figure

Notes to Standalone Financial Statements for the year ended 31st March, 2018

52 Contingent Liabilities not provided for

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
(a) Claims against the Company not acknowledged as debt in respect of:		
(i) Disputed Sales Tax/VAT/ Entry Tax matters in respect which the Company has gone in appeal [including amount paid ₹ 83.95 Crore]	**573.63**	17.01
(ii) Disputed Excise Duty /Custom Duty / Export Duty matters in respect which the Company has gone in appeal [including amount paid ₹ 35.99 Crore]	**564.49**	74.06
(iii) Tax on sale of Electricity demanded by collector of electricity duty on Essar Power Limited	**-**	45.91
(iv) Electricity Duty demand (Including Interest)[1]	**-**	1,321.48
(v) Wheeling Charges demanded by GETCO[2] [including amount paid ₹ 27.23 Crore (Previous year ₹ 27.23 Crore)] [Claim submitted under CIRP - ₹ 827.18 Crore]	**393.01**	393.01
(vi) Freight Claim by Railway [including amount paid ₹ 28.04 Crore (Previous year ₹ 27.80 Crore)]	**205.41**	205.41
(vii) Railway- Take or Pay liability[3]	**372.44**	-
(viii) Differential Electricity Duty	**-**	49.39
(ix) Electricity Charges by DGVCL[4] (including amount paid ₹ 184.09 Crore) [Claim submitted under CIRP - ₹ 4,047 Crore]	**192.58**	192.58
(x) Cross Subsidy[5] (Including Amount Paid ₹ 79.23 Crore) [Claim Submitted under CIRP - ₹ 1,136 Crore]	**702.13**	534.97
(xi) Inter Connection Charges (including amount paid ₹ 150.28 Crore)	**150.28**	-
(xii) Take or Pay liability[6] (including amount paid ₹ 186.78 Crore) [Claim submitted under CIRP - ₹ 3,762.59 Crore]	**574.10**	574.10
(xiii) Wharfage charges [Claim submitted under CIRP - ₹ 64.67 Crore]	**60.32**	-
(xiv) Fixed Power Charges as per PPA[7]	**2,321.69**	-
(xv) Right to Use Charges - OSPIL[8]	**200.00**	-
(xvi) Take or Pay Claim - BPCL/GAIL[9]	**387.09**	-
(xvii) Others (including amount paid ₹ 43.01 Crore)	**99.78**	16.37

1. A Show Cause Notice (SCN) dated 10th March, 2010 was issued by the Collector Electricity Duty, Gandhinagar, demanding Electricity Duty ₹ 585.31 Crore and Interest ₹ 528.48 Crore for the period April 2000 to February 2010. The Company has claimed that it is exempt from paying the Electricity Duty for a period of 15 years from the date of commissioning of the captive power project i.e. from 8th August, 1995 to 7th August, 2010. The Company filed an appeal to the Division Bench of Gujarat High Court against the same which was admitted by the Court and a stay was granted vide order dated 5th April, 2010. As per the conditions of stay, the Company has paid under protest ₹ 612.79 Crore towards the arrears of the principal amount of electricity duty. The review petition filed by the Company has been dismissed by the Supreme court on 05.10.2017. The Company has filed Curative Petition on 21.11.2017.

   National Company Law Tribunal (NCLT), Ahmedabad has ordered the commencement of corporate insolvency resolution process against the Company on August 2, 2017 and creditors of Company called upon to submit their claim to the Resolution Professional (RP). Collector of Electricity Duty has also submitted their claim for ₹ 708.69 Crore towards interest which has been admitted and the Company has provided for the principle amount of Electricity Duty ₹ 612.79 Crore (already paid) and interest claim of ₹ 708.69 Crore during the year. In the opinion of the Company, circumstances exist for the State Government to pass an order waiving the whole of interest amount of ₹ 708.69 Crore in exercise of its statutory power under Section 12(5) of the Bombay Electricity Act, 1958. It was appearing as contingent liability as on 31.03.2017.

2. In January 2006, the Dakshin Gujarat Vij Company Limited ("DGVCL") claimed from Essar Steel India Limited ("ESIL") for payment of wheeling charges on the ground that ESIL is using its distribution system for conveyance of electricity generated by its two captive power plants to the manufacturing units. In so claiming, the contention of DGVCL was that Bus Bars engineered, procured and constructed by ESIL at its own cost is a part of its service line and since the electricity of ESIL is conveyed through the service line, ESIL is liable to pay wheeling charges. ESIL denied the said claim by contending that Bus Bars are an integral part of its switchyard, which is constructed, operated and maintained

Notes to Standalone Financial Statements for the year ended 31st March, 2018

by ESIL and the same cannot be a service line or extension thereof laid down by the Gujarat Electricity Board ("GEB"). Thereafter, in June 2006, DGVCL served a further demand-cum-disconnection notice on ESIL, which ESIL challenged before the Gujarat High Court by filing a writ petition. The petition was dismissed by the Ld. Single Judge of the Hon'ble High Court on 15th January 2007. After the said judgment, DGVCL abandoned its said claim for payment of wheeling charges and in lieu thereof, the Gujarat Electricity Transmission Corporation Limited ("GETCO") raised a demand on ESIL for payment of transmission charges on the ground that ESIL is, inter alia, is using its transmission system for conveyance of its electricity. GETCO claimed that the Bus Bars are a part of its transmission line and since the same are used, inter alia, by ESIL for conveyance of its electricity, it is liable to pay transmission charges to GETCO. ESIL denied the said claim of GETCO and further filed an appeal before the Division Bench of the Gujarat High Court, which rejected ESIL's application for interim stay of recovery of the transmission charges pending hearing and final disposal of the appeal. Consequently, ESIL approached the Supreme Court, which stayed the recovery of transmission charges by GETCO subject to ESIL paying 30% of the transmission charges demanded in February 2007, which was complied with by ESIL. Finally, the Division Bench dismissed the appeal filed by ESIL by Judgment dated 30th August 2011. ESIL has preferred a Special Leave Petition (Civil) No.27540 of 2011 before the Hon'ble Supreme Court, which has stayed recovery of the transmission charges, vide its order dated 5th December, 2011 and the matter is pending for final hearing.

Bus Bars are, inter alia, ESIL's installation situated within its own premises beyond the Delivery Point. The same are thus, not a part of transmission line or an extension thereof of GETCO. There is no provision in law providing for vesting of any transmission line constructed by one person in another. GETCO, being the transmission licensee has not granted any open access to its transmission system to ESIL and thereby one of the conditions of the charging Section 40 of the Electricity Act, 2003 has not been fulfilled and GETCO is, therefore, not entitled to receive payment of any transmission charges from ESIL.

As per the Memorandum of Minutes dated 1st February 2010, ESIL has shifted the Ichhapore service line to another location. Thereafter, GETCO has stopped billing transmission charges to ESIL. As per the view of the reputed Counsel, ESIL is not liable to pay any transmission charges to GETCO and hence no provision is required to be made in the books for the same. However, ESIL has disclosed ₹ 393.01 Crore (Previous Year ₹ 393.01 Crore) as contingent liability as on 31st March 2018 towards demand of transmission charges and has considered demand for interest as a remote liability.

GETCO has filed a claim under CIRP for ₹ 827.18 Crore which includes principal amount ₹ 393.01 Crore and Interest ₹ 461.41 Crore excluding payment already made by the company ₹ 27.23 Crore. The claim has been classified under disputed category, pending before various legal forums.

3. East Coast Railway, in their letter dt 23.10.2017 had claimed payment of ₹ 372.44 Crore from Company towards compensation against shortfall of assured traffic during 2014 -15 to 2016-17 (3 years) in terms of the Agreement executed between Company and Railway on 05.08.2005 regarding Way Leave granted to Company for laying of Slurry Pipeline through the Railway land. The Company by its letter dated 07.11.2017 repudiated the claim on various grounds, however Railway advised Company to deposit ₹ 50 Crore being the first instalment. Since Company did not agree, Railway issued notice to Company to deposit the amount or face removal of the slurry pipeline. Since no relief was received, Company filed the WP.No:44471 of 2017 before the Hon'ble High Court of Andhra Pradesh at Hyderabad.

   The Hon'ble High Court after hearing both the parties, passed order on 27.12.2017 suspending the decision of the Railways to remove the Slurry Pipeline for a period of six weeks subject to the condition that ESIL will approach the Ahmedabad Bench of NCLT within four weeks seeking direction regarding the deposit of ₹ 50 Crore demanded by the Railways in view of the moratorium imposed by the Hon'ble NCLT on payments / recoveries from Company by order dated 02.08.2017. Company has filed interlocutory application before the NCLT, Ahmedabad Bench, on 25.01.2018.

   The Hon'ble NCLT, Ahmedabad Bench passed order on 16.02.2018 directing the Railways to maintain status quo in respect of Slurry Pipeline in the Railway land till the expiry of Corporate Insolvency Resolution Process or until further order whichever is earlier. The matter is pending for disposal. This claim has not been submitted to RP under CIRP however it has been disclosed as contingent liability.

4. By Order dated 30th June, 2010, the Hon'ble High Court of Gujarat had sanctioned the scheme for amalgamation, inter alia, of Essar Steel (Hazira) Limited, ("ESHL") with Essar Steel India Limited ("ESIL"). The amalgamation became effective from 5th August, 2010. The undertaking (i.e. properties and liabilities) of ESHL became the undertaking of ESIL from the appointed date i.e. 1st April, 2009. Thereafter, ESIL has used the electricity, including the electricity supplied by the Dakshin Gujarat Vij Company Limited ("DGVCL"), for manufacturing goods through the undertaking of the erstwhile ESHL. Such use of electricity amounts to use of electricity by ESIL itself.

   DGVCL raised a Supplementary Bill dated 22nd September, 2011 claiming ₹ 2,311.02 Crore from ESIL on the ground that ESIL has used the electricity in breach of the agreed terms of MOM dated 1st February, 2010 for ESIL has used electricity beyond the approved power boundary. Subsequently, DGVCL raised a revised Supplementary Bill dated 25th January, 2012 for payment of a sum ₹ 192.58 Crore, and same has been paid by ESIL to DGVCL under protest to obtain certain pending permissions from DGVCL. As per the facts, use of electricity by ESIL beyond the approved power boundary has not caused any loss or prejudice to DGVCL. In any case, DGVCL cannot apply the increased rate of tariff in respect of electricity generated by the captive power plants of ESIL. ESIL has filed an appeal before

Notes to Standalone Financial Statements for the year ended 31st March, 2018

Appellate Authority on 19th Nov, 2012 challenging the claim of ₹ 192.58 Crore raised by DGVCL and same has been shown as contingent liability. The Appellate Authority and Chief Electrical Inspector (CEI) has ruled that DGVCL can claim only to the extent of DGVCL's power supplied in the concerned period which amounts to 25.23 million units and DGVCL shall refund the balance.

According to such ruling of the CEI, approx. ₹ 28.60 Crore stands payable out of which ₹ 14.30 Crore is already paid by way of regular energy bill raised by DGVCL and ESIL is entitled to a refund of about ₹ 184.09 Crore. DGVCL has challenged the Order of the Appellate Authority in Hon'ble High Court of Gujarat by way of Special Civil Application. ESIL has also filed Special Civil Application in Gujarat High court mentioning that there is no unauthorized use of power considering merger Order dated 30.06.2010 passed by the Hon'ble High Court of Gujarat or assuming without admitting that there has been unauthorized use of power, the same ought to have been only for 6.63 MU on the basis of proportionate of 25.23 MU supplied by DGVCL during 15.06.11 to 30.07.2011. Ld Single Judge of High Court of Gujarat by way of Judgment dated 22.01.2015 held that the Court did not find any arbitrariness, perversity or illegality in the impugned order dated 01.11.2013, passed by the Appellate Authority directing the refund of the excess amount paid by Essar pursuant to the revised supplementary bills over and above the quantity of unauthorized power used by ESIL. DGVCL by way of LPA no 465 and 466 of 2015 challenged the Judgment of Single Judge dated 22.01.2015 before the Div. Bench of Gujarat High Court, the Div. Bench without going in to the merits of case passed order on the point of maintainability and allowed the LPAs. The Company has filed SLP No 27920 and 27921 of 2015 before the Supreme Court of India against the Order dated 17.07.2015 of the Div. Bench of Gujarat High Court, which is pending for hearing. Meanwhile DGVCL has also filed a civil suit No. 373 of 2016 against ESIL in the Court of Senior Civil Judge, Surat for recovery of their dues. ESIL has challenged the maintainability of suit on the ground of limitation and statutory bar under the Electricity Act. Hearing is pending against the same.

DGVCL has filed a claim of ₹ 4,047 Crore under CIRP which includes claim amount ₹ 2311.02 Crore, delayed payment charges thereon ₹ 1,928.57 Crore less payment already made by the company ₹ 192.58 Crore. The claim has classified under disputed category, pending before various legal forums.

5. The Company has been granted the status of a Regional Entity, vide order dated 08.06.2013 by the Central Electricity Regulatory Commission (CERC). The Company disconnected itself from the 220 KV STU network on 23.06.2013 and upon shifting of the connectivity from the State Load Dispatch Centre Gujarat (SLDC) to Western Regional Load Dispatch Centre (WRLDC) Company has ceased to be an embedded customer of Gujarat for all intent and purposes and it is treated as a regional entity independent of the State of Gujarat in the matter of scheduling, dispatch, energy accounting etc.

   In view of the above, supported by opinion from a Senior Advocate, the Company has informed Dakshin Gujarat Vij Company Ltd. (DGVCL) about wrongfully levied cross subsidy surcharge upon the regional entity and claimed the refund of cross subsidy paid during June 2013 to June 2015 vide letter dated July 27, 2015. Accordingly, the amount of cross subsidy surcharge levied during the period from June 2013 to March 2018 amounting to ₹ 702.13 Crore has not been recognized. The Company had filed Petition No.216/MP/2015 in CERC on 08.09.2015 challenging claims of DGVCL as cross subsidy. The CERC vide its Order dated 06.07.2016 dismissed the Petition holding that the GERC has jurisdiction to decide the issue, accordingly, the Company has filed Petition No 1601 of 2016 before GERC challenging the levy of Cross subsidy. The hearing of the parties before the GERC has been concluded and the parties have filed their written submissions in the matter. The GERC has reserved its judgment. In the meantime, on a petition filed by DGVCL for recovery of cross subsidy charge from the Company, the CERC has passed an Order on 06.11.2018 directing DGVCL to approach NCLT, Ahmedabad Bench, Ahmedabad in view of the moratorium declared prohibiting any enforcement action against the Company, the corporate debtor. Since the CERC has made certain unjustified observations on the liability of the Company to pay cross subsidy surcharge to DGVCL, knowing it full well that the issue relating to the said liability of the Company is pending before the GERC for decision as per the CERC's earlier Order dated 06.07.2016 holding that the dispute in relation thereto falls within the jurisdiction of the GERC, the Company has been advised to prefer an appeal before the Appellate Authority for Electricity, New Delhi, which the Company would file in due course.

   DGVCL has filed a claim of ₹ 1,136 Crore under CIRP towards the above claim including delayed payment charges. The claim has classified under disputed category, pending before various legal forums.

6. M/s Indian Oil Corporation Limited (IOCL) has submitted a claim of ₹ 3,762.59 Crore as Take or Pay (ToP) for FY 2014-15 to FY 2017-18 under the provision of the Gas Sales Agreement (GSA) dated 15th January 2009 and the Assignment Agreement dated 14th November 2013 and 25th September 2014. The claim has been kept under dispute and challenged by the Company on the following grounds:

   a) The agreement between Company and IOCL is a back to back agreement flowing from the agreement between Rasgas and PLL and PLL and IOCL. Since IOCL has not received any Take or Pay claims from PLL, IOCL cannot claim same from the Company. Further IOCL has been able to sell all the gas it received under the contract and has not incurred any loss due to non-offtake by ESIL and as such cannot claim "Take or Pay" from ESIL.

   b) IOCL has been in breach of the provisions of the contract by not been able to supply gas at the contractual terms for more than 180 days in FY 2014. Further ESIL is eligible for raising Liquidated Damage claim on IOCL due to the non- performance of IOCL under the Gas Sales Agreement.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

c) Further, as per the Provisions of the contract (Clause 6.3 of the GSA between Company and IOCL) the Take or Pay payment has to be compensated through supply of Make-up Gas in the subsequent period of the contract. Further, under Clause 19.9 (b) once the "Make Up" rights are accrued on payment of the Take or Pay amount, it survives the termination of the contract.

An amount of ₹ 186 Crore have been recovered by IOCL through invocation of Bank Guarantee on 16.02.2017. Under above circumstances, the amount recovered as "Take or Pay" is an advance paid to IOCL towards future supply/ receivables, hence shown as receivable in Company's books.

The Company and IOCL have executed a side letter dated 4th May 2016 wherein IOCL has agreed to exercise the downward flexibility for FY 2015 and deferring the downward flexible quantity to subsequent years as make good quantity. IOCL for the period from 23rd May 2016 to 16th February 2017 failed to supply gas aggregating to more than 50% of the nominated quantity during the period due to pressure issues. As IOCL, in the past also failed to supply gas as per the contractual delivery provisions, Company has terminated the contract as per provisions under clause 19.1 of the contract vide its letter dated 10th March 2018. Therefore no Take or pay is payable for the period FY 2015-16 to FY 2017-18. The claimed amount of ₹ 574.10 Crore for FY 2014-15 shown as contingent liability.

7. a) Essar Steel India Ltd. (the Company) and Bhander Power Limited (BPOL) entered into a Power Purchase Agreement (PPA) on 8th March 2010 which was valid till 31st March 2030, wherein BPOL has agreed to supply power from the facility to the Company. As per the agreement, the Company was liable to pay monthly charges as per the agreed terms and supply fuel (Gas) to BPOL towards supply of power. In year 2010, due to change in Government policy, supply of gas to Steel Sectors was curtailed, resulting into nil supply of gas from the suppliers, which resulted in multifold increase in the cost of gas. The Company has sent a letter dated 11th November, 2014 communicating its inability to perform obligations under the PPA on account of increase in gas price. BPOL has not raised any invoice under the said PPA since issuance of letter dated 11th November, 2014. However BPOL has submitted its claim for ₹ 1,617.85 Crore before the RP under CIRP which has not been admitted by the RP as no such amount was payable by the company as per the reconcilliation statement signed by both the parties. BPOL has filed an application in NCLT Ahmedabad against the same. The Company is not liable to pay this claim as per the reconcilliation statement signed by both the parties and no provision is required to be made in the books, however disclosed ₹ 1,617.85 Crore as contingent liability as at 31st March, 2018.

b) Essar Steel India Ltd. (the Company) and Essar Power Limited (EPOL) entered into a Power Purchase Agreement (PPA) on 20th June 1996 which was valid for 20 years, wherein EPOL has agreed to supply power from the facility to the Company. As per the agreement, the Company was liable to pay monthly charges as per the agreed terms and supply fuel (Gas) to EPOL towards supply of power. In year 2010, due to change in Government policy, supply of gas to Steel Sectors was curtailed, resulting into nil supply of gas from the suppliers, which resulted in multifold increase in the cost of gas. The Company has sent a letter dated 11th November, 2014 communicating its inability to perform obligations under the PPA on account of increase in gas price. EPOL has not raised any invoice under the said PPA since issuance of letter dated 11th November, 2014. However EPOL has submitted its claim for ₹ 912.70 Crore before the RP under CIRP includes claim towards take or pay charges ₹ 703.84 Crore which has not been admitted by the RP as no such amount was payable by the company as per the reconcilliation statement signed by both the parties. EPOL has filed an application in NCLT Ahmedabad against the same . The Company is not liable to pay this claim as per the reconcilliation statement signed by both the parties and no provision is required to be made in the books. However disclosed ₹ 703.84 Crore as contingent liability as on 31st March, 2018.

The EPOL's claim also includes Tax on sale of Electricity and interest thereon ₹ 189.37 Crore (tax on supply of electrcity by EPOL to the company) as a disputed outstanding which has been rejected as the same claim has been raised by the Collector of Electricity Duty, Government of Gujarat, Gandhinagar also for ₹ 152.50 Crore which has been admitted and provided by the Company as at 31st March 2018.

8. Essar Steel India Ltd. (the Company) and Odisha Slurry Pipeline Infrastructure Ltd. (OSPIL) entered into a Business Transfer Agreement (BTA) dated 27th February 2015 pursuant to which a business undertaking of the Company, viz. Slurry Pipeline was agreed to be transferred to OSPIL for a total consideration of ₹ 4,000 Crore. The purchase consideration was proposed to be paid in a phased manner, however the Company had the right to exercise an option for transfer of the Slurry Pipe Line back to it from OSPIL, in the event that OSPIL fails to pay the instalments of the Purchase Consideration. The Company and OSPIL have also entered into a Right to Use agreement (RTUA) dated March 30, 2015 wherein OSPIL allowed the Company to use the allocated capacity of the Slurry Pipe Line in consideration of payment of usage charges. The RTUA was further amended by the addendum dated August 31, 2015, wherein it was inter alia agreed that the usage charges will be in proportions of the payment of purchase consideration.

OSPIL paid a part of the purchase consideration to the Company, however, in January 2016, the RBI issued a clarification to banks stating that such sale and lease back transactions will be treated as an event of restructuring for the debt of the seller as well as the buyer. Thus, OSPIL could not raise the envisaged debt and equity for making the payment of the full amount of purchase consideration to the Company for the transaction, thus effectively frustrating the transaction. Therefore mutually entered into an agreement dated 24th June 2016 (Cancellation Deed) agreeing

Notes to Standalone Financial Statements for the year ended 31st March, 2018

inter-alia to unwind the transaction w.e.f. 30th June 2016 and re-transfer the Slurry Pipeline, along with loans availed by OSPIL (for funding the purchase of Slurry Pipe Line) to the Company. The Company has reversed the unrealized profit of ₹ 2,793.04 Crore (including ₹ 1,543.28 Crore against outstanding receivable from OSPIL towards sale of business undertaking) consequent to entering the cancellation deed.

To give effect of cancellation deed, some of the Company's lenders and OSPIL's lenders granted in-principal approval to the Company and OSPIL respectively, however SREI Infrastructure Finance Ltd. (SREI), the holding company of OSPIL, objected and filed a suit before the Civil Judge (Senior Division) at Sealdah. SREI also filed an application seeking interim reliefs which was refused by the Hon'ble Civil Judge at Sealdah. SREI filed an appeal in Calcutta High Court, seeking injunction in relation to unwinding of the RTUA as set out in the Cancellation Deed. The Hon'ble Calcutta High Court vide its order dated 22nd December 2016 passed an ex-parte order for status-quo with regard to alienation, transfer in respect of the Slurry Pipeline which has been extended from time to time and is still in force.

On 2nd August 2017, the Company was admitted into CIRP by Hon'ble NCLT, Ahmedabad Bench. An application was filed before NCLT for seeking reliefs towards declare the slurry pipeline as the asset of the Company and allow Company to apply before the Calcutta HC for disposal of the appeal in light of the admission of application. The NCLT vide its order dated 7th February 2018, did not grant any relief and stipulated that the title of pipeline asset is subject to the proceeding before the Hon'ble High Court of Calcutta.

On 15th June, 2018, OSPIL requested payment of RTUA charges for use of Pipeline during the CIRP period commencing from 2nd August 2017 and claimed that ownership and possession of the Slurry Pipe Line remains with OSPIL pending final decision by the Hon'ble Calcutta High Court. The Company has denied the request of OSPIL's claim vide letter dated 13th July 2018 mentioning that since the matter is sub-judice before the Hon'ble court of Calcutta and have not declared the deed of cancellation as invalid, the question of payment under the RTUA does not arise.

On 1st August 2018, SREI had sought clarifications from Calcutta High Court on the status quo order dated 22nd December, 2016 for the payment of rental. However, the matter is subjudice.

The Company has charged depreciation on the above asset and provided interest on liability taken from OSPIL, however in the event of Calcutta HC passing order as above, then the liability towards RTUA charges will be approx. ₹ 800 Crore and the differential amount of ₹ 200 Crore approx. (between RTUA charges liability and expenditure already accrued) will arise due to this change, shown as contingent liability as on 31.03.2018. However this transaction will be considered as Finance Lease under Ind AS (applicable from 1st April 2016), in the books of the Company and under Finance Lease, the assets will be appeared as Financial Lease Asset at sale value i.e. ₹ 4,000 Crore and corresponding liability will be appeared as Finance Lease Obligation. Further loan liability taken in Company's books will be transferred back to OSPIL. The unrealized profit will be accounted as deferred gain under Ind AS. Outstanding receivable amount ₹ 1,543.28 Crore will also be recouped in Company's books.

9 (a) Essar Steel India Ltd. (the Company) has a long term agreement with M/s Bharat Petroleum Corporation Limited (BPCL) for supply of RLNG. BPCL has submitted a claim of ₹ 261.55 Crore towards Take or Pay claim to the Resolution Professional under the CIRP process against the Company. In view of the Company, BPCL has sold RLNG to other buyer and have not incurred losses due to quantity shortfall. The RP has rejected the claim because even after several oppportunities, BPCL did not confirm that it has not sold gas to third parties as alleged by the Company.

BPCL has filed an interlocutory application before the Ahmedabad Bench of the NCLT for recognition and admission of a claim of ₹ 443.05 Crore (₹ 261.55 Crore made in Form B dated 13th December 2017 and ₹ 181.51 Crore claimed through an affidavit dated 13th February 2018).

(b) Essar Steel India Ltd. (the Company) has a long term agreement with M/s GAIL (India) Limited for supply of RLNG. Under the contract GAIL has raised take or pay claims on the Company amounting to ₹ 125.54 Crore. GAIL and Company entered into an agreement for the mitigation of the Take or Pay quantities through offtake of gas, and in this regard a side letter was executed by the parties. Pursuant to this, Company off-took some quantity but because of pipeline hydraulic constraint at GAIL end, Company couldn't off-take total shortfall quantity. Company envisage to mitigate the Take or Pay claim through suitable offtake or get exempted because of inability of GAIL to supply gas when nominated by ESIL. Further, the Take or Pay payment if any has to be returned by the Seller as Make up Gas so as such there is no liability against Take or Pay. In view of the Company, GAIL has sold RLNG to other buyer and have not incurred losses due to quantity shortfall.

Particulars	**As at 31st March, 2018 ₹ in Crore**	As at 31st March, 2017 ₹ in Crore
(b) Guarantees given to various Banks, Financial Institutions, Finance Companies, etc. on behalf of others to the extent of outstanding balance of liabilities as at the year-end against the said guarantees (Refer Note- 64(1))	**232.22**	3,809.24

Notes to Standalone Financial Statements for the year ended 31st March, 2018

53 Commitments

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	**99.98**	287.70
(b) Custom Duty on pending export obligation under EPCG scheme*	**1,629.17**	2,017.89

* Includes duty of ₹ 1,104.03 Crore (excluding interest) on export obligation of EPCG Authorization which expired on 31st August 2018, for which the company has made a representation to Ministry of Steel & Ministry of Commerce through Indian Steel Association for granting extension of Export Obligation period by 5 Years. In this context Finance Ministry has asked information from Indian Steel Association for further necessary action.

54 Employee Benefits

(i) Defined Contribution Plan

The Company has a defined contribution plan whereby contribution are made to provident fund in India for employees at a percentage of basic salary as per regulations. Contributions are made to registered provident fund administerred by Government. The obligation of the Company is limited to the amount contributed and it has no further contractual or constructive obligation. Company's contribution to Provident Fund aggregating to ₹ 15.30 Crore (Previous year ₹ 15.22 Crore) are recognised in the Statement of Profit and Loss and capital work in progress, as applicable.

(ii) Defined Benefit Plan

The Company has a defined benefit Gratuity plan. Every employee who has completed five years or more of service gets a Gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The plan is funded through a Gratuity Scheme administered by a separate fund that is legally separated from the entity.

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Particulars	Year Ended 31st March, 2018 ₹ in Crore	Year Ended 31st March, 2017 ₹ in Crore
Net employee benefit expense recognised		
Current Service Cost	**4.44**	4.49
Past Service Cost	**7.72**	-
Net Interest/(Income) on net defined benefit liability/(asset)	**1.37**	1.59
Expenses Recognised in the Statement of Profit and Loss	**13.53**	6.08
Other Comprehensive Income		
Actuarial (gain)/loss recognised in the year due to liability experience changes	**(0.86)**	(3.17)
Actuarial (gain)/loss recognised in the year due to liability assumption changes	**(2.42)**	3.14
Actuarial (gain)/loss arising on the liability during the period	**(3.28)**	(0.03)
Add: Return on Plan Assets (greater)/less than discount rate	**0.19**	0.26
Actuarial Loss/(Gain) recognised in OCI	**(3.09)**	0.23
Defined Benefit Cost		
Service Cost	**12.16**	4.49
Net interest/(income) on net defined benefit liability/(asset)	**1.37**	1.59
Actuarial (gain)/loss arising recognised in OCI	**(3.09)**	0.23
Defined Benefit Cost	**10.44**	6.31

Notes to Standalone Financial Statements for the year ended 31st March, 2018

Particulars	Year Ended 31st March, 2018 ₹ in Crore	Year Ended 31st March, 2017 ₹ in Crore
Balance Sheet		
Details of provision for Gratuity		
Defined Benefit Obligation	**(68.52)**	(60.89)
Fair value of Plan Assets	**42.74**	37.14
Funded Status [Surplus/(Deficit)]	**(25.78)**	(23.75)
Net Defined Benefit Asset/(Liability)	**(25.78)**	(23.75)

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Reconciliation of Net Balance Sheet Position		
Net defined benefit asset/(liability) at the end of prior period	**(23.75)**	(23.38)
Service cost	**(12.16)**	(4.49)
Net interest on net defined benefit (liability)/asset	**(1.37)**	(1.59)
Gain/(Loss) recognised in OCI	**3.09**	(0.23)
Employer Contribution	**8.41**	5.94
Net Defined Benefit (Liability)/Asset at the end of reporting period	**(25.78)**	(23.75)
Changes in the present value of the defined benefit obligation are as follows:		
Projected Benefit Obligations (PBO) at the beginning of the year	**60.89**	57.39
Service Cost	**12.16**	4.49
Interest Cost	**4.08**	4.27
Actuarial (gain)/loss - experience	**(0.86)**	(3.17)
Actuarial (gain)/loss - financial assumptions	**(2.42)**	3.14
Benefits paid	**(5.33)**	(5.23)
PBO at the end of the year	**68.52**	60.89
Changes in the fair value of plan assets are as follows:		
Fair Value of Plan Assets at the beginning of the year	**37.14**	34.01
Interest Income on Plan Assets	**2.71**	2.68
Contributions/Transfers	**8.41**	5.94
Benefits paid	**(5.33)**	(5.23)
Return on Plan Assets greater/(less) than discount rate	**(0.19)**	(0.26)
Fair Value of Plan Assets at the end of the year	**42.74**	37.14

The Company expects to contribute ₹ 18 Crore (previous year ₹ 7.92 Crore) to its gratuity plan for the next year.

Expected benefits payment for the year ending

	31st March, 2018 ₹ in Crore	31st March, 2017 ₹ in Crore
Less than 1 year	**8.07**	7.92
Between 2 to 5 years	**34.34**	30.44
Over 5 years	**47.34**	39.26

Weighted Average duration of the defined benefit obligation **8 years**

Notes to Standalone Financial Statements for the year ended 31st March, 2018

Investment details of plan assets

Plan assets comprise of Schemes of Insurance - Conventional products

Particulars	31st March, 2018 ₹ in Crore		31st March, 2017 ₹ in Crore	
	Increase	Decrease	Increase	Decrease
Sensitivity Analysis - Impact on DBO				
Discount rate (0.5% movement)	**(2.27)**	**2.42**	(2.00)	2.13
Salary escalation Rate (0.5% movement)	**1.99**	**(1.93)**	1.45	(1.44)
Withdrawal rate (3% movement)	**0.61**	**(0.92)**	1.03	(1.52)

Assumptions

Discount Rate	**7.50%**	7.00%
Salary Escalation Rate	**7.50%**	7.50%
Withdrawal Rate	**10.00%**	10.00%
Mortality	Indian Assured Lives Mortality (2006 - 08) Ult. Modified	

(iii) Compensated Absences

Present Value of Unfunded Obligation	**(15.61)**	(16.87)
Expense recognised in Statement of Profit and Loss	**1.68**	2.36
Discount rate (p.a.)	**7.50%**	7.00%
Salary Escalation Rate (p.a.)	**7.50%**	7.50%

55 Leases

Finance Lease

The Company has recognized certain assets under finance leases. The lease arrangement for Plant & Machinery is for 15 years. At the end of non cancellable period, the lessors have a put option to sell the underlying assets to the Company.

Operating Lease

i) **Embedded operating leases:** The Company has recognized certain arrangements based on facts and circumstances and have identified them in the nature of lease as the fulfillment of the arrangements depend upon a specific asset and the Company has right to use the asset. After separating lease payments from the other elements in these arrangements, the Company has recognized these leases as operating leases. The lease arrangements are for 5 years.

ii) **Other leases:** Residential houses for staff accommodation, offices and equipments are obtained on operating lease. Lease rent is payable as per the lease term. The lease term is generally for 11 months and renewable for a further period at the option of the Company. There are no restrictions imposed by lease arrangements.

Particulars	As at 31st March, 2018 ₹ in Crore		As at 31st March, 2017 ₹ in Crore	
	Finance lease	Operating lease	Finance lease	Operating lease
Total minimum lease payments at the year end	**2,064.37**	**-**	2,236.76	-
Less: amount representing finance charges	**1,199.24**	**-**	1,341.82	-
Present value of minimum lease payments	**865.13**	**-**	894.94	-
Lease payments for the year (accrual)	**157.53**	**514.60**	156.36	387.55
Not later than one year	**198.56**	**509.43**	214.24	530.07
Later than one year but not later than five years	**627.20**	**943.71**	627.20	1,468.74
Later than five years	**1,238.62**	**15.08**	1,395.33	21.74

Notes to Standalone Financial Statements for the year ended 31st March, 2018

56 Earning Per Share

Particulars	For the year 31st March, 2018 ₹ in Crore	For the year 31st March, 2017 ₹ in Crore
Net Profit/(Loss) as per statement of Profit & Loss	**(16,842.75)**	(5,197.56)
Weighted average number of shares for the purpose of calculating basic and diluted earning per share (in nos.)	**3,108,957,660**	3,108,957,660
Basic and diluted earning/(loss) per Equity share of ₹ 10 each (in Rupees)	**(54.17)**	(16.72)

57 Production

Particulars		Unit	For the Year 31st March, 2018	For the Year 31st March, 2017
(a)	**Production**			
	Iron Ore Pellet	MT	**10,351,478**	9,343,716
	Hot Briquette Iron/Direct Reduced Iron	MT	**4,268,324**	3,223,497
	Hot Metal	MT	**3,002,883**	3,166,487
	Hot Rolled Coils/Cold Rolled Coils/Plates	MT	**5,464,071**	5,034,389
	Plates	MT	**664,419**	536,506
	Pipes	MT	**150,120**	113,193
(b)	**Captive Consumption**			
	Iron Ore Pellet	MT	**8,883,057**	7,808,275
	Hot Briquette Iron	MT	**4,227,464**	3,185,364
	Hot Rolled Coils/ Plates**	MT	**496,645**	337,822

** Including consumption of purchased materials 3,626 MT (Previous Year- 4,260 MT)

58 Value of Imports calculated on CIF basis

Particulars	For the Year 31st March, 2018 ₹ in Crore	For the Year 31st March, 2017 ₹ in Crore
Raw Materials (including PRCM & Fuel)	**5,326.10**	3,914.95
Stores & Spares	**193.80**	113.95
Capital Goods	**0.45**	3.02
	5,520.35	4,031.92

59 Expenditure in Foreign Currency (on accrual basis)

Particulars	For the Year 31st March, 2018 ₹ in Crore	For the Year 31st March, 2017 ₹ in Crore
Interest	**608.21**	462.78
Commission	**1.56**	92.65
Professional Fees	**4.33**	5.63
Capital Contract & Services	**0.76**	0.12
Others	**136.03**	55.64
	750.89	616.81

Notes to Standalone Financial Statements for the year ended 31st March, 2018

60 Earnings in Foreign Currency

Particulars		For the Year 31st March, 2018 ₹ in Crore	For the Year 31st March, 2017 ₹ in Crore
(a)	FOB Value of Exports	**4,761.18**	4,741.83
(b)	Others		
	Freight recovered	**249.90**	229.72
	Interest	**10.85**	44.07
		5,021.93	5,015.63

61 Pursuant to the defaults in repayment of debt of the Company, NCLT Ahmedabad bench has admitted the petition filed by the lenders on 2nd August, 2017. Accordingly corporate insolvency resolution process (“CIRP”) under the Insolvency and Bankruptcy Code, 2016 was initiated against the Company. Creditors of the Company were called upon to submit a proof of their claims in the prescribed forms, to the Resolution Professional (RP) including suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSME). Based on valid documents along with the claims submitted to the Company, the dues to MSME’s as on 31.03.2018 are given below:

Particulars	As at 31st March, 2018 ₹ in Crore	
	Claimed	Accepted
Principal	**14.88**	**5.97**
Interest	**2.18**	**0.13**

62 Current Liabilities includes current maturity of long term debt, long term Export Performance Bank Guarantee (EPBG) crystalized into a fund based liability and Invoked Corporate Guarantee. Pursuant to the defaults in repayment of debt of the Company, NCLT Ahmedabad bench has admitted the petition filed by the lenders on 2nd August, 2017. Accordingly corporate insolvency resolution process (“CIRP”) under the Insolvency and Bankruptcy Code, 2016 was initiated against the Company. Owing to the initiation of CIRP, the non-current borrowings have been reclassified as current liabilities pending approved resolution plan. The Company believes that upon implementation of approved resolution plan, financial position of the Company shall improve and the financial statements for the year ended March 31, 2018 have been prepared on a going concern basis.

63 Current Provisions

Provision for Indirect Tax Matter:

In respect of SEZ matter, the Company had paid custom duty (Basic duty, countervailing duty and cess) ₹ 180.73 Crore towards clearance made for the period 27th October, 2006 to 11th April, 2007 against Show Cause Notice (SCN) dated 7th April, 2008 issued by DGCEI pending investigation. Subsequently the Company availed CENVAT credit of ₹ 140.35 Crore towards countervailing duty and cess out of the said deposit paid which was disputed by Commission of Central Excise and issued a show cause notice dated 18.11.2008 alleging wrong availment of the CENVAT by the company. A provision has been made for ₹ 19.73 Crore being non cenvatable portion of Custom duty paid for the period 11th January, 2007 to 20th March, 2007.

Both the above show cause notices have been adjudicated by the Commissioner of Central Excise vide order dated 31.03.2017 wherein it has been held that DGCEI has no jurisdiction to investigate into the matters related to SEZ. Further a demand of customs duty of ₹ 24.82 Crore for the period 21.03.2007 to 11.04.2007 has been confirmed, CVD portion of Custom Duty ₹ 140.35 Crore which was availed by the company as Cenvat credit has been appropriated and also appropriated the remaining amount of ₹ 20.99 Crore and credited it to Consumer welfare fund. The Commissioner further held that the cenvat credit of ₹ 140.35 Crore is correctly availed by the company.

The Company has filed an appeal on 07/07/2017 at CESTAT Ahmedabad , against the Commissioner’s Order towards confirming the demand of ₹ 24.82 Crore and appropriation of amount of ₹ 20.99 Crore.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

64 Exceptional Items

	Particulars	Year Ended 31st March, 2018 ₹ in Crore	Year Ended 31st March, 2017 ₹ in Crore
1	Provision for impairment of Deemed Investment (Invocation of Corporate Guarantee)[1]	**3,487.10**	-
2	Provision for expected liability/doubtful claim[2]	**1,650.63**	-
3	Provision for doubtful Receivable[3 & 6]	**614.07**	1,620.97
4	Provision for impairment on Investment[4 & 6]	**155.29**	713.22
5	Others[5]	**100.13**	(415.79)
		6,007.22	1,918.40

Note:

1) The Company along with Essar Steel Minerals Ltd. and Essar Minerals Cooperative U.A. (step down subsidiaries of the company) had given a Corporate Guarantee of USD 625 mn for loan availed by its wholly owned subsidiary company Essar Steel Offshore Limited (ESOL) from Standard Chartered Bank (SCB) for the acquisition of New Trinity Coal Inc (Trinity) in July 2010. The said loan was again refinanced by SCB in Jan 2014 and the guarantee was extended to the refinanced loan. The operations of Trinity had been facing challenges due to availability of cheap natural gas as alternate source and increase in various environmental restrictions. SCB issued a demand notice to the Company dated 7th December, 2015 demanding immediate repayment of full amount of outstanding loan, together with accrued interest and all other amount due and payable. It was considered contingent liability till 31st March, 2017 based on valuation of Trinity Assets carried by an independent external valuer.

   Corporate insolvency resolution process ("CIRP") under the Insolvency and Bankruptcy Code, 2016 was initiated against the Company vide an order of the National Company Law Tribunal ("NCLT"), Ahmedabad Bench dated 2nd August, 2017. SCB has submitted their claim for USD 544.27 Million (₹ 3,487.10 Crore) pertaining to loan given to ESOL, for which Corporate Guarantee was provided by the Company. The claim has been admitted based on IBC and the admitted claim amounting to ₹ 3,487.10 Crore has been shown as a Deemed Investment and corresponding liability of USD 544.27 Million (₹ 3,540.17 Crore including exchange variation) has been shown as Invoked Corporate Guarantee. The Deemed Investment has been impaired based on valuation of Trinity Assets carried by an independent external valuer.

2) It includes claims for Electricity Duty ₹ 612.79 Crore already paid. Further claims admitted towards Interest on Electricty Duty ₹ 708.69 Crore and Tax on sale of Electricity ₹ 152.50 Crore.

3) Provision for doubtful Receivable includes Trade Receivables - ₹ 561.72 Crore and Inter Corporate Deposit given ₹ 52.35 Crore.

4) During the year, the Company has recognized provision towards impairment in the carrying amount of certain investments based on the internal/external factors under which the said entities operate and judgment made by their management.

5) Others includes Impairment in CWIP ₹ 30.82 Crore, provision against doubtful advances to supplier ₹ 50.31 Crore and the claims raised by the respective parties/lenders which were under contractual restriction/litigation. (Pursuant to the order from National Company Law Tribunal (NCLT), corporate insolvency resolution process has been initiated for the Company in accordance with the provision of the Insolvency and Bankruptcy Code, 2016 with effect from 2nd August 2017, during this process, certain claims have been raised by the respective parties/lenders, which were under contractual restrictions/litigation.)

6) In the previous year, the Company recognized provision towards impairment in the carrying amount of investments and deposit in certain subsidiaries amounting to ₹ 2,334.19 Crore (US $ 360 million) as exceptional item based on estimate of value of the businesses of M/s New Trinity Coal Inc., a subsidiary company (through a series of holding companies) of Essar Steel Offshore Limited (a wholly owned subsidiary of the Company) by an independent external valuer.

Company has not made provision towards certain overdue deposits given to Group Companies as overall payable is more than these deposits.

Notes to Standalone Financial Statements for the year ended 31st March, 2018

65 Details of Loans given, Investments made and Guarantee given covered U/S 186 (4) of the Companies Act, 2013 during the year :

Particulars	Year Ended 31st March, 2018 ₹ in Crore	Year Ended 31st March, 2017 ₹ in Crore
Loan given (Inter Corporate Deposits) *		
Essar Steel Middle East FZE	**172.69**	875.96
* Loan has been given for business purposes.		

66 Borrowings Note

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Long Term Borrowings Note		
(1) 13.4% Non Convertible Debentures		
Secured by *pari passu* first charge on movable fixed assets and mortgage of immovable properties of the Company (except leasehold rights on the Visakhapatnam Port Trust land and Orissa ISP land).	**405.62**	342.21
	405.62	342.21
(2) Term Loans From Banks and Others		
Secured by *pari passu* first charge on movable fixed assets and mortgage of immovable properties of the Company (except leasehold rights on the Visakhapatnam Port Trust land and Orissa ISP land) and second pari passu charge on the current assets of the Company.		
(A) Loans carrying interest @ Bank Base rate plus 3.75%.	**5,643.44**	4,972.41
(B) Loans carrying interest @ Bank Base Rate plus 4.25%.	**493.99**	449.36
Secured by *pari passu* first charge on movable fixed assets and mortgage of immovable properties of the Company (except leasehold rights on the Visakhapatnam Port Trust land and Orissa ISP land) and second pari passu charge on the current assets of the Company. Loans carrying interest @6M Libor plus 4.30% p.a. .	**629.41**	580.54
Secured by *pari passu* first charge on fixed assets (except assets forming part of Nandniketan Township, Service Centers and 19 MW waste heat recovery power plant) and *pari passu* second charge on current assets of the Company. Loans carrying interest @ Bank Base Rate plus 4.5 %.	**40.41**	33.63
First *pari passu* charge on all present and future fixed assets of the Borrower including all land available with the borrower (except leasehold rights on the Visakhapatnam Port Trust land and Orissa ISP land), second *pari passu* charge on the current assets of the Company . Loans carrying interest @6M Libor plus 5% p.a.	**577.15**	523.82
Secured by *pari passu* first charge on movable fixed assets and mortgage of immovable properties of the Company (except leasehold rights on the Visakhapatnam Port Trust land and Orissa ISP land) and second *pari passu* charge on the current assets of the Company. .		
a) Loans carrying interest @6M Libor plus 4.80% p.a.	**151.97**	141.04
(b) Loans carrying interest @6M Libor plus 4.80% p.a.	**461.25**	429.69
(c) Loans carrying interest @6M Libor plus 5.00% p.a.	**36.61**	33.53
(d) Loans carrying interest @6M Libor plus 5.00% p.a.	**277.70**	249.38
(e) Loans carrying interest @6M Libor plus 5.00% p.a..	**1,231.59**	1,106.78
(f) Loans carrying interest @6M Libor plus 5.00% p.a..	**916.00**	812.90
(g) Loans carrying interest @6M Libor plus 5.00% p.a.	**163.85**	148.85
(h) Loans carrying interest @6M Libor plus 5.00% p.a.	**101.52**	93.54

Notes to Standalone Financial Statements for the year ended 31st March, 2018

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
(i) Loans carrying interest @6M Libor plus 4.75% p.a. .	**144.93**	143.34
(j) Loans carrying interest @6M Libor plus 5.00% p.a.	**303.33**	284.39
(k) Loans carrying interest @6M Libor plus 5.00% p.a. .	**105.58**	98.49
(l) Loans carrying interest @Bank Base rate plus 3.75%.	**601.38**	520.18
(m) Loans carrying interest @Bank Base rate plus 3.75%.	**300.61**	259.98
Secured by *pari passu* first charge on movable fixed assets and mortgage of immovable properties of the Company (except leasehold rights on the Visakhapatnam Port Trust land and Orissa ISP land), second *pari passu* charge on the current assets of the Company and pledge over certain shares held in the company by its shareholders.		
a) Loans carrying interest @6M Libor plus 4.90% p.a.	**612.83**	587.10
b) Loans carrying interest @6M Libor plus 4.90% p.a. .	**343.15**	326.74
Secured by *pari passu* first charge on movable fixed assets and mortgage of immovable properties of the Company (except leasehold rights on the Visakhapatnam Port Trust land and Orissa ISP land) and second *pari passu* charge on the current assets of the Company.		
(A) Loans carrying interest @ Bank Base Rate plus 3%.	**969.62**	842.80
(B) Loans carrying interest @ Bank Base Rate plus 1.25%.	**566.32**	504.16
(C) Loans carrying interest @ Bank Base Rate plus 3.5%.	**260.42**	224.58
(D) Loans carrying interest @ Bank Base Rate plus 3.25%.	**96.33**	86.11
Secured by *pari passu* first charge on movable fixed assets and mortgage of immovable properties of the Company (except leasehold rights on the Visakhapatnam Port Trust land and Orissa ISP land), second *pari passu* charge on the current assets of the Company and pledge over certain shares held in the company by its shareholders, Corporate Guarantee of Essar Steel Asia Holding Limited & Essar Steel Mauritius Limited andpersonal guarantee of a promoter.		
(A) Loans carrying interest @ Bank Base Rate plus 2.50%.	**3,441.86**	3,033.63
(B) Loans carrying interest @ Bank Base Rate plus 2.00%.	**318.81**	277.47
Secured by *pari passu* first charge on movable fixed assets and mortgage of immovable properties of the Company (except leasehold rights on the Visakhapatnam Port Trust land and Orissa ISP land), second *pari passu* charge on the current assets of the Company and pledge over certain shares held in the company by its shareholders, Corporate Guarantee of Essar Steel Asia Holding Limited & Essar Steel Limited and personal guarantee of a promoter.		
(A) Loans carrying interest @ Bank Base Rate plus 2.50%.	**6,622.53**	5,849.52
(B) Loans carrying interest @ Bank Base Rate plus 2.30%.	**633.51**	568.61
Secured by *pari passu* first charge on movable fixed assets and mortgage of immovable properties of the Company (except leasehold rights on the Visakhapatnam Port Trust land and Orissa ISP land), second pari passu charge on the current assets of the Company and pledge over certain shares held in the company by its shareholders, Corporate Guarantee of Essar Steel Asia Holding Limited & Essar Steel Limited and personal guarantee of a promoter. Loan carries interest @ 6M LIBOR plus 6.25% p.a. .	**173.07**	162.60
Secured by Pledge of Shares held in Bhander Power Limited as investments by the company, subservient charge on all moveable fixed assets & current assets of the company, Corporate Guarantee of Essar Steel Limited ,Essar Steel Asia Holding Limited & Essar Steel Mauritius Limited and pledge of certain shares held in the company by its shareholders. Loan carries Interest rate base rate plus 4.0%.	**71.21**	47.20

Notes to Standalone Financial Statements for the year ended 31st March, 2018

Particulars		As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
	Secured by pari passu first charge on movable fixed assets and mortgage of immovable properties of the Company (except leasehold rights on the Visakhapatnam Port Trust land and Orissa ISP land), second pari passu charge on the current assets of the Company and pledge over certain shares held in the company by its shareholders, Corporate Guarantee of Essar Steel Asia Holding Limited & Essar Steel Mauritius Limited and personal guarantee of a promoter .	**688.15**	617.40
	Secured by pari passu first charge on movable fixed assets and mortgage of immovable properties of the Company (except leasehold rights on the Visakhapatnam Port Trust land and Orissa ISP land), second pari passu charge on the current assets of the Company and pledge over certain shares held by pledge providers in ESIL, Corporate Guarantee of Essar Steel Asia Holding limited & Essar Steel Mauritius Limited and personal guarantee of a promoter. Loan carries interest @ 6M LIBOR plus 4.80% p.a.	**823.29**	735.51
	Secured by pari passu first charge on entire fixed assets of the company (except leasehold rights on the Visakhapatnam Port Trust land and Orissa ISP land), Second pari passu charge on entire present and future current assests of the company. Loan carries Bank Interest rate base rate plus 4.75%.	**207.64**	176.48
		28,009.46	24,921.75
(3)	Dollar Notes / Rupee Notes		
	Rupee Notes principal carry interest @ 8% p.a. Dollar Notes principal carry interest @ 0.25% p.a.	**219.93**	218.13
(4)	Payment of the Deferred Sales Tax Benefit shall be made during financial year 2018-19 (18.38%), 2019-20 (23.49%), 2020-21 (23.49%), 2021-22 (17.66%), 2022-23 (11.87%), 2023-24 (5.11%) for each year's collection (i.e. collection from 2005-06 to 2008-09) starting from April, 2018.	**27.03**	31.74
(5)	The Company has issued 43,598,951 10% Cumulative Redeemable Preference Shares (CRPS) of ₹ 10 each. The Company shall have option to redeem the CRPS at par in one or more tranches from any or all of the existing holders, anytime after the date of allotment together with arrears of dividend if any and the Board shall give one month's notice for any such redemption to the registered holders of the CRPS.	**72.51**	67.55
Current Borrowings			
(1) Loans from Banks		**138.63**	118.03
Loan carries interest @ Bank Base Rate plus 4.75% p.a. Secured by subservient charge on all fixed assets of the company.			
(2) Working Capital Loans - From Banks		**9,901.65**	8,764.82
Working Capital Loans are secured by pari passu first charge on the current assets of the Company, second charge on fixed assets of the Company (except leasehold rights on the Visakhapatnam Port Trust land and Orissa ISP land) and Corporate Guarantee of Essar Investments Limited & Personal Guarantee of Promoters up to ₹ 1,320 Crore (This Guarantee amount includes ₹ 1,120 Crore Guarantee provided to all consortium members)			

Notes to Standalone Financial Statements for the year ended 31st March, 2018

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
(3) Acceptance under Letter of credit	**247.39**	740.15
Secured by margin deposits with the banks & secured by first charge on the current assets, second charge on the fixed assets (except leasehold rights on the Visakhapatnam Port Trust land and Orissa ISP land), Corporate Guarantee of Essar Investments Limited and Personal guarantee of Promoters upto ₹ 1,320 Crore (This Guarantee amount includes ₹ 1,120 Crore Guarantee provided to all consortium members		
	10,287.67	9,622.99
Other Current Financial Liabilities :		
(1) (Invoked Advance against Export Performance Bank Guarantee	**9,111.78**	7,056.89
Secured by pari passu first charge on movable fixed assets and mortgage of immovable properties of the Company (except leasehold rights on the Visakhapatnam Port Trust land and Orissa ISP land), second pari passu charge on the current assets of the Company. This was due for repayment on devolvement of EPBG.		
(2) Invoked Standby Letter of Credit	**551.39**	315.96
Secured by pari passu first charge on all present and future fixed assets of the Company including all the land of Company (except leasehold rights on the Vishakhapatnam Port Trust land and Orissa ISP land).		
Secured by pari passu first charge on all present and future fixed assets of the Company including all the land of Company (except leasehold rights on the Vishakhapatnam Port Trust land and Orissa ISP land) also secured by second pari passu charge on the present and future current assets of the Company.	**176.68**	143.63
(3) Advance against Export Performance Bank Guarantee		
Secured by pari passu first charge on movable fixed assets and mortgage of immovable properties of the Company (except leasehold rights on the Visakhapatnam Port Trust land and Orissa ISP land), second pari passu charge on the current assets of the Company.	**-**	911.50
(4) Invoked Corporate Guarantee		
Investment of 71,830,001 shares in Essar Steel Offshore Limited have been pledged.	**3,540.17**	-
	13,380.02	8,427.99

67 The figures of the previous year has been regrouped where necessary to conform to current year's classification.

For Essar Steel India Limited

Jatinder Mehra
Chief Executive Officer

Dilip C. Oommen
Managing Director & Dy. CEO

Rajiv Kumar Bhatnagar
Director (Projects)

Suresh Jain
Chief Financial Officer

Pankaj S Chourasia
Company Secretary
Mumbai, 27th November, 2018

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ESSAR STEEL INDIA LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of ESSAR STEEL INDIA LIMITED (hereinafter referred to as the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as the "Group") and its associates comprising the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated statement of Cash Flows , the Consolidated Statement of Changes in Equity, for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

In accordance with the applicable provisions of the Insolvency and Bankruptcy Code 2016, (Code) the Corporate Insolvency Resolution Process (CIRP) of Essar Steel India Ltd. was initiated by the Financial Creditors of the Company. The Ahmedabad bench of National Company Law Tribunal (NCLT) has admitted petition application filed by the Financial Creditors and CIRP was initiated on 2nd August, 2017 against the Company. Mr. Satish Kumar Gupta was appointed as the Interim Resolution Professional to manage the affairs of the Company. Subsequently Mr. Gupta was confirmed as the Resolution Professional (RP) by the committee of creditors (COC). On appointment of the RP under the Code, the powers of the Board of Directors of the Holding Company were suspended.

The Holding Company's Board of Directors/ Management is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associates 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 the relevant rules issued thereunder. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and for preventing and detecting frauds and other irregularities; the selection and application of the appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors/ RP of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind As financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS 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 polices used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated Ind AS financial statements.

Basis for Qualified Opinion

1. The consolidated Ind AS financial statements include the unaudited consolidated financial statements/financial information of twenty five step down subsidiaries whose consolidated financial statements/financial information reflect total assets (net of elimination) of ₹ 300.91 Crore as at 31st March, 2018, total revenue of ₹ Nil and net cash flows of ₹ 5.31 Crore for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share

of net loss of ₹ 5.39 Crore for the year ended 31st March, 2018, as considered in consolidated Ind AS financial statements, in respect of one associate, whose financial statements have not been audited. These financial statements have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate, is based solely on such unaudited information provided by the Management.

2. In one of the subsidiaries of the Holding Company, the other auditor who audited the financial statements of the subsidiary has reported that the subsidiary has paid an advance amount of USD 52.80 million to a supplier. However, during their audit, they were unable to verify the documents including year end balance confirmation from the supplier and hence they are unable to comment on the recoverability of such advance paid.

3. In one of the subsidiaries of the Holding Company, the other auditor who audited the financial statements of the subsidiary has reported that they have not received balance confirmation from the related party which owes an amount of USD 2.72 million to the subsidiary and hence they are unable to comment on the recoverability of such receivable from related party.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of other auditors on the financial statements of the subsidiaries and associates referred to below in the Other Matters paragraph, except for the effects of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated Ind AS 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 consolidated state of affairs of the Group and its associates as at 31st March, 2018, and their consolidated loss, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the Notes to the consolidated financial statements:

1. Note 61 regarding Company's current liabilities exceeding its current assets by ₹ 63,091.72 Crore as at 31st March, 2018. The Company believes that for the reasons stated in the said Note, the financial position of the Company will improve upon implementation of approved resolution plan and it will have adequate liquidity to meet its liabilities as and when they fall due, hence the financial statements of the company are prepared on a going concern basis.

2. Note No. 55 (v) regarding wheeling charges amounting to ₹ 393.01 Crore (claim submitted by GETCO under CIRP ₹ 827.18 Crore), Note 55 (ix) regarding Electricity charges amounting to ₹ 192.58 Crore (claim submitted by Dakshin Gujarat Vij Company Limited under CIRP ₹ 4,047 Crore), Note 55 (x) regarding Cross Subsidy charges ₹ 702.13 Crore (claim submitted by Dakshin Gujarat Vij Company Limited under CIRP ₹ 1,136 Crore), Note 55 (xii) Take or Pay liability amounting to ₹ 574.10 Crore (claim submitted by Indian Oil Corporation Ltd. under CIRP ₹ 3,762.59 Crore). For reasons explained in the Note, the Company has not provided the aforesaid amounts during the year under report and treated the same as contingent liability.

3. Note no. 63 regarding Exceptional items i.e. Provision for expected liability/doubtful claim, diminution in the carrying value of assets and certain other items have been recognized in the financial year ending 2018 as explained in the note.

4. Note no. 4 (vii), 5(c) and 47 regarding income tax expense. The Company has detailed reasons for recognition of Deferred Tax Asset in financial year ending 2018 in the aforesaid notes.

   Our opinion is not qualified in respect of the above matters.

Other Matters

We did not audit the financial statements of five subsidiaries whose financial statements reflect total assets (net of elimination) of ₹ 1,235.21 Crore as at 31st March, 2018, total revenues of ₹ 1,808.17 Crore and net cash outflows amounting to ₹ 21.67 Crore for the year ended on that date, as considered in the consolidated Ind AS financial statements. We also did not audit financial statements of six associates whose financial statements reflect Group's share of net loss of ₹ 510.78 Crore. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to amounts and disclosures included in respect of these subsidiaries and associates and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates, is based solely on the reports of the other auditors.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements of subsidiaries and associates incorporated in India, referred in the Other Matters paragraph above, we report, to the extent applicable, that:

   a) We have sought and except for the effect of the matters described in the basis of qualified opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

   b) In our opinion, except for the effect of the matter described in the Basis of Qualified Opinion paragraph above, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c) In our opinion, the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive Income), the Consolidated Statement of Cash Flows and the consolidated statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

   d) In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

   e) In our opinion, the matter described in paragraph1 and 2 under the Emphasis of Matters paragraph may have an adverse effect on the functioning of the Company.

   f) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2018 and the reports of the other statutory auditors of its subsidiary and associate companies incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India and in respect of whom audit reports are available, is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act. However, for the Holding Company this was not taken on record by the Board of Directors as Corporate Insolvency Resolution process (CIRP) is initiated against the Company and the powers of the Board are suspended during the CIRP.

   g) The qualification relating to unaudited financial statements and maintenance of accounts of subsidiaries/associate are as stated in the Basis for Qualified Opinion paragraph above.

   h) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A to this report.

   i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

      (i) The Group and its associates have disclosed the impact of pending litigations on its financial position in the consolidated Ind AS financial statements vide Note 55.

      (ii) The Group and its associates have 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 Holding Company, its subsidiary and associate companies incorporated in India.

      (iv) The reporting on disclosures relating to Specified Bank Notes is not applicable to the company for the year ended 31st March, 2018.

For **M. M. Chaturvedi & Co.,**
Chartered Accountants
(Firm Reg. No. 112941W)

Apurva Chaturvedi
Partner
Membership No. 126439

Mumbai
27th November, 2018

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED Ind AS FINANCIAL STATEMENTS

(Referred to in paragraph 1(h) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date.)

Our reporting under clause (i) of Sub-section 3 of Section 143 of the Act on consolidated financial statements includes one subsidiary company and five associate companies incorporated in India, to which the aforesaid provision of the Act is applicable, which have been audited by other auditors (hereinafter collectively referred to as "respective entities") and our report in respect of these entities is based solely on the reports of the other auditors under the aforesaid provision of the Act.

In respect of one associate company incorporated in India, which has been included in the consolidated financial statements based on unaudited financial statements of such entity provided to us by the Management, whilst in our opinion, and according to the information and explanations given to us, reporting under the aforesaid provision of the Act is applicable in respect of the said entity, since this entity is unaudited, the possible effects of the same on our reporting under the aforesaid provision of the Act in the case of these consolidated financial statements has not been considered.

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

We have audited the internal financial controls over financial reporting of the Holding Company ("the Company") and respective entities as at 31 March 2018 in conjunction with our audit of the consolidated Financial Statements of the Company as of and for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's and respective entities' managements are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company and respective entities considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of their business, including adherence to company's and respective entities' policies, the safeguarding of their 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

Our responsibility is to express an opinion on the Company's and respective entities' internal financial controls over financial reporting based on our audit and audit carried out by other auditors. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing issued by ICAI and prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both 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 internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's and respective entities' internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in

accordance with authorisations of management and directors of the company; and

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, after considering audit reports of the auditors of respective entities, the Company and respective entities, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company and respective entities considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **M. M. Chaturvedi & Co.,**
Chartered Accountants
(Firm Reg. No. 112941W)

Apurva Chaturvedi
Partner
Membership No. 126439

Mumbai,
27th November, 2018

Consolidated Balance Sheet as at 31st March, 2018

(₹ in Crore)

Particulars	Note No.	As at 31st March, 2018		As at 31st March, 2017	
Assets					
Non Current Assets					
Property, Plant and Equipment	8(a)	**41,270.00**		43,433.37	
Intangible Assets	8(b)	**9.88**		18.34	
Capital Work-in-Progress		**3,843.00**		4,073.77	
			45,122.88		47,525.48
Financial Asset					
Investments in Associates	9	**14.69**		530.87	
Other Investments	10	**3.45**		4.09	
Other Non Current Financial Assets	11	**125.48**		223.09	
			143.62		758.05
Other Non-Current Assets	12		**498.32**		543.79
Deferred Tax Assets (net)	13		**196.71**		4,694.44
Current Assets					
Inventories	14		**3,887.26**		2,754.18
Financial Asset					
Current Investments	10	**5.01**		-	
Trade Receivables	15	**1,186.85**		1,230.69	
Cash and Cash Equivalent	16	**296.75**		383.66	
Other Bank Balances	17	**158.16**		384.67	
Current Loans and Advances	18	**330.47**		384.32	
Derivative Financial Assets	19	**0.23**		-	
Other Current Financial Assets	20	**2.83**		20.50	
			1,980.30		2,403.84
Other Current Asset	21		**2,425.13**		3,106.86
Current Tax Assets (Net)	22		**106.32**		44.35
TOTAL			**54,360.54**		61,830.99
Equity and Liabilities					
Equity					
Equity Share Capital	23	**3,109.63**		3,109.63	
Other Equity	24	**(21,335.77)**		(7,083.24)	
Non-Controlling Interest		**1.55**		1.56	
			(18,224.59)		(3,972.05)
Non Current Liabilities					
Financial Liabilities					
Non Current Borrowings	25	**828.41**		19,252.56	
Derivative Financial Liabilities	26	**-**		21.74	
			828.41		19,274.30
Other Non Current Liabilities	27		**207.93**		225.62
Non Current Provisions	28		**58.06**		380.58
Current Liabilities					
Financial Liabilities					
Current Borrowings	29	**15,493.77**		13,589.72	
Trade Payables	30	**5,503.44**		4,901.28	
Derivative Financial Liabilities	31	**22.19**		6.24	
Other Current Financial Liabilities	32	**47,945.93**		25,907.23	
			68,965.33		44,404.47
Other Current Liabilities	33		**2,467.95**		1,435.83
Current Provisions	34		**57.45**		82.24
TOTAL			**54,360.54**		**61,830.99**

Notes to Consolidated Financial Statements form an integral part of the Balance Sheet.

In terms of our report of even date attached
For M. M. Chaturvedi & Co.,
Chartered Accountants

Apurva Chaturvedi
Partner

Mumbai, 27th November, 2018

For Essar Steel India Limited

Jatinder Mehra
Chief Executive Officer

Dilip C. Oommen
Managing Director & Dy. CEO

Rajiv Kumar Bhatnagar
Director (Projects)

Suresh Jain
Chief Financial Officer

Pankaj S Chourasia
Company Secretary
Mumbai, 27th November, 2018

Consolidated Statement of Profit and Loss for the year ended 31st March, 2018

(₹ in Crore)

Particulars	Note No.	For Year ended 31st March, 2018		For Year ended 31st March, 2017	
Income					
Revenue from Operations	35		**27,125.68**		23,148.19
Other Income	36		**293.81**		184.13
			27,419.49		23,332.32
Expenses					
Cost of Materials Consumed	37	**16,963.06**		13,064.10	
Purchase of Traded Goods		**0.87**		150.27	
Energy Cost	38	**3,719.17**		3,075.66	
(Increase)/Decrease in Inventories of Finished Goods, Work in Progress and Stock in Trade	39	**(232.30)**		(487.66)	
Employee Benefits Expense	40	**465.19**		442.86	
Excise Duty on Sale of Goods		**565.10**		1,856.85	
Other Expenses :					
Manufacturing & Asset Maintenance	41	**1,619.38**		1,322.75	
Administrative Expenses	42	**341.20**		311.21	
Selling & Distribution Expenses	43	**1,040.57**		604.96	
			24,482.24		20,341.00
Profit before Finance Costs, Exchange Variation and Derivative Gains/ Losses, Depreciation / Amortisation, Exceptional and Tax			**2,937.25**		2,991.32
Finance Costs	44		**7,946.87**		5,957.60
Exchange Variation & Derivative Losses(net)	45		**(15.35)**		185.39
Depreciation / Amortization Expense			**1,927.42**		2,063.43
Profit / (Loss) before Exceptional and Tax			**(6,921.69)**		(5,215.10)
Exceptional Items Expense / (Income)	46		**2,343.82**		1,921.28
Profit / (Loss) before Tax			**(9,265.51)**		(7,136.38)
Tax Expense/ (Benefit)	47		**4,458.64**		(1,552.06)
Profit / (Loss) after Tax for the period			**(13,724.15)**		(5,584.32)
Add: Share of Profit / (Loss) from Associates			**(516.17)**		(35.87)
Profit / (Loss) for the period			**(14,240.32)**		(5,620.19)
Less: Non Controlling Interest			**(0.01)**		0.16
Profit / (Loss) for the period (Owners)			**(14,240.31)**		(5,620.35)
Other Comprehensive Income	48				
A (i) Items that will not be reclassified to profit or loss			**0.77**		(25.39)
(ii) Income tax relating to items that will not be reclassified to profit or loss			**(0.52)**		8.98
B (i) Items that will be reclassified to profit or loss			**-**		(9.99)
(ii) Income tax relating to items that will be reclassified to profit or loss			**-**		3.46
Total other comprehensive income			**0.25**		(22.94)
Total Comprehensive Income for the period (Comprising Profit/(Loss) and Other Comprehensive Income for the period)			**(14,240.06)**		(5,643.29)
Earning/(Loss) per Share (in Rupees)	59		**(45.80)**		(18.08)
Basic [Nominal value of Shares ₹ 10 each (Previous Year ₹ 10 each)]					
Diluted [Nominal value of Shares ₹ 10 each (Previous Year ₹ 10 each)]					

Notes to Consolidated Financial Statements form an integral part of the Statement of Profit and Loss.

In terms of our report of even date attached
For M. M. Chaturvedi & Co.,
Chartered Accountants

Apurva Chaturvedi
Partner

Mumbai, 27th November, 2018

For Essar Steel India Limited

Jatinder Mehra
Chief Executive Officer

Dilip C. Oommen
Managing Director & Dy. CEO

Rajiv Kumar Bhatnagar
Director (Projects)

Suresh Jain
Chief Financial Officer

Pankaj S Chourasia
Company Secretary
Mumbai, 27th November, 2018

Consolidated Statement of Changes in Equity for the year ended 31st March 2018

(₹ in Crore)

Particulars	Capital	Other Equity													Attributable to Owners of the Parent	Non-Controlling Interest	Total
	Equity shares Capital	Treasury shares	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	General Reserve	Foreign Currency Monetary Item Translation Difference	Foreign Currency Translation Reserve	Share in Reserve of Associates/ Subsidiaries	Consolidation Reserve	Revaluation Reserve	Retained Earnings	Fair Value through Other Comprehensive Income- Equity Instrument	Hedging Reserve			
Opening Balance as on 1st April, 2016	**3,109.63**	**(766.07)**	**12.73**	**202.92**	**7,814.61**	**77.51**	**(11.08)**	**(910.84)**	**1.10**	**-**	**4,455.39**	**(12,095.68)**	**2.91**	**(104.31)**	**1,788.82**	**-**	**1,788.82**
Profit / (Loss) for the year	-	-	-	-	-	-	-	-	-	-	-	(5,620.35)	-	-	(5,620.35)	0.16	(5,620.19)
Other Comprehensive Income / (Loss) for the year	-	-	-	-	-	-	-	-	-	-	-	-	(22.94)	-	(22.94)	-	(22.94)
Transfer to Retained Earnings	-	-	-	-	-	-	-	-	-	-	-	-	6.53	(6.53)	-	-	-
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**				**-**	**(5,620.35)**	**(16.41)**	**(6.53)**	**(5,643.29)**	**0.16**	**(5,643.13)**
Additional depreciation (transfer to Retained Earnings)	-	-	-	-	-	-	-	-	-	-	(133.14)	133.14	-	-	-	-	-
Effect of foreign exchange rate variations during the year	-	-	-	-	-	-	3.70	94.42	-	-	-	-	-	-	98.12	-	98.12
Addition on account of Acquisition of Subsidiaries		-	-	-	-	-	-	-	-	(329.16)	-	-	-	-	(329.16)	1.40	(327.76)
Transferred to statement of Profit and Loss during the year	-	-	-	-	-	-	1.06	-	-	-	-	-	-	110.84	111.90	-	111.90
Balance as on 31st March, 2017	**3,109.63**	**(766.07)**	**12.73**	**202.92**	**7,814.61**	**77.51**	**(6.32)**	**(816.42)**	**1.10**	**(329.16)**	**4,322.25**	**(17,582.89)**	**(13.50)**	**-**	**(3,973.61)**	**1.56**	**(3,972.05)**
Profit/ (Loss) for the year	-	-	-	-	-	-	-	-	-	-	-	(14,240.31)	-	-	(14,240.31)	(0.01)	(14,240.32)
Other Comprehensive Income (Loss) for the year	-	-	-	-	-	-	-	-	-	-	-	-	0.25	-	0.25	-	0.25
Transfer to Retained Earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(14,240.31)**	**0.25**	**-**	**(14,240.06)**	**(0.01)**	**(14,240.07)**
Additional depreciation (transfer to Retained Earnings)	-	-	-	-	-	-	-	-	-	-	(132.28)	132.28	-	-	-	-	-
Effect of foreign exchange rate variations during the year	-	-	-	-	-	-	(0.51)	3.16	-	-	-	-	-	-	2.65	-	2.65
Change in tax rate		-	-	-	-	-	-		-	-	(16.25)	-	-	-	(16.25)	-	(16.25)
Transferred to statement of Profit and Loss during the year	-	-	-	-	-	-	1.13	-	-	-	-	-	-	-	1.13	-	1.13
Balance as on 31st March, 2018	**3,109.63**	**(766.07)**	**12.73**	**202.92**	**7,814.61**	**77.51**	**(5.70)**	**(813.26)**	**1.10**	**(329.16)**	**4,173.72**	**(31,690.92)**	**(13.25)**	**-**	**(18,226.14)**	**1.55**	**(18,224.59)**

Notes to Consolidated Financial Statements form an integral part of the Statement of changes in equity.

In terms of our report of even date attached
For M. M. Chaturvedi & Co.,
Chartered Accountants

Apurva Chaturvedi
Partner

Mumbai, 27th November, 2018

For Essar Steel India Limited
Jatinder Mehra
Chief Executive Officer

Dilip C. Oommen
Managing Director & Dy. CEO

Rajiv Kumar Bhatnagar
Director (Projects)

Suresh Jain
Chief Financial Officer

Pankaj S Chourasia
Company Secretary
Mumbai, 27th November, 2018

Consolidated Cash Flow Statement for the year ended 31st March, 2018

(₹ in Crore)

Particulars	For the Year ended 31st March, 2018		For the Year ended 31st March, 2017	
A. Cash Flow from Operating Activities				
Net Profit/(Loss) before Taxation		**(9,265.51)**		(7,136.40)
Adjustments for -				
Depreciation / Amortisation	**1,927.42**		2,063.43	
Loss on Sale/Write off of Fixed Assets (Net)	**17.22**		-	
Liabilities written back	**(215.65)**		-	
Profit on Sale of Investment	**(1.43)**		(25.03)	
Exceptional Items Expense/ (Income)	**2,343.82**		1,918.40	
Finance Costs	**7,946.87**		5,957.61	
Exchange Variation & Derivatives (Net)	**(15.35)**		169.59	
Interest on Deposit with Banks and Others	**(34.87)**		(101.07)	
Amortisation of Deferred Gain	**(17.70)**		(17.70)	
		11,950.33		9,965.22
Operating Profit before Movements in Operating Assets and Liabilities		**2,684.82**		2,828.82
Movements in Operating Assets and Liabilities:				
Increase in Trade Payables	**683.62**		992.33	
Increase/ (Decrease) in Other Financial Current Liabilities	**25.82**		220.33	
Increase/ (Decrease) in Other Current Liabilities	**8.96**		(395.06)	
Increase/ (Decrease) in Long Term Provisions	**(342.08)**		3.11	
Increase /(Decrease) in Short Term Provisions	**(0.21)**		(0.50)	
(Increase) / Decrease in Inventories	**(1,133.08)**		(259.96)	
(Increase) / Decrease in Trade Receivables	**38.99**		(213.75)	
(Increase) / Decrease in Short Term Loans and Advances	**69.83**		(13.26)	
(Increase) / Decrease in Other Current Assets	**(338.02)**		(32.68)	
(Increase) / Decrease in Other Non Current Assets	**150.89**		(4.83)	
Decrease in other Other Current Financial Assets	**6.06**		7.12	
Foreign Currency Translation Reserve	**(7.27)**		(0.59)	
		(836.49)		302.26
Cash Generated from Operations		**1,848.33**		3,131.09
Direct Taxes (Paid)/Refunded (net)		**(49.62)**		(17.07)
Net Cash from / (used in) Operating Activities		**1,798.71**		3,114.01
B. Cash Flow from Investing Activities				
Purchase of Property, Plant and Equipment,intangible assets, Capital Work in Progress, Capital Advances	**(103.53)**		(172.86)	
Proceeds from Sale of Current Investments	**811.42**		-	
Proceeds from redemption of Non Current Investments	**-**		2.05	
Purchase of Current Investments -Other than Subsidiaries	**(815.03)**		-	
Interest Income	**33.81**		75.94	
Inter Corporate Deposit (Given)/ Refund (Net)	**(36.75)**		(4.38)	
Refund of Deposit Placed with Banks	**239.67**		82.00	
Net Cash from / (used in) Investing Activities		**129.59**		(17.25)

Consolidated Cash Flow Statement for the year ended 31st March, 2018

(₹ in Crore)

Particulars	For the Year ended 31st March, 2018		For the Year ended 31st March, 2017	
C. Cash Flow from Financing Activities				
Proceeds from Borrowings (net)	**-**		236.80	
Repayment of Borrowings	**(620.48)**		(86.13)	
Advance against Export Performance Bank Guarantee	**-**		(35.92)	
Finance Cost paid	**(1,413.21)**		(2,757.28)	
Exchange Variation & Derivatives (net)	**17.83**		(248.48)	
Net Cash from / (used in) Financing Activities		**(2,015.86)**		(2,891.01)
Net Increase in Cash and Cash Equivalents		**(87.56)**		205.75
Cash and Cash Equivalents at the beginning of the year (see Note 4 below)		**384.25**		109.02
Addition due to acquisition of Subsidiary		**-**		69.48
Cash and Cash Equivalents at the end of the year (see Note 4 below)		**296.69**		384.25
Net Increase in Cash and Cash Equivalents		**(87.56)**		205.75

Notes:

1 The above Cash Flow Statement has been prepared using the "indirect method" set out in IND AS 7 - Statement of Cash Flows.

2 Previous year's figures have been regrouped where necessary to conform with Current Year's classification.

3 Significant non cash movements in borrowings during the year include addition on account of amortisation of fees and exchange variation ₹ 152.77 Crore

4 Cash and Cash Equivalents included in the Cash Flow Statement comprise the following Balance Sheet amounts :

(₹ in Crore)

	As at 31st March, 2018	As at 31st March, 2017
Cash and Cash Equivalents (Refer Note 16)	**296.75**	383.66
Less: Exchange Variation	**0.06**	(0.59)
Cash and Cash Equivalents at the end of the year	**296.69**	384.25

In terms of our report of even date attached
For M. M. Chaturvedi & Co.,
Chartered Accountants

Apurva Chaturvedi
Partner

Mumbai, 27th November, 2018

For Essar Steel India Limited
Jatinder Mehra
Chief Executive Officer

Dilip C. Oommen
Managing Director & Dy. CEO

Rajiv Kumar Bhatnagar
Director (Projects)

Suresh Jain
Chief Financial Officer

Pankaj S Chourasia
Company Secretary
Mumbai, 27th November, 2018

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

1. Nature of Operations / Corporate Information

Essar Steel India Limited (the "Company") is a public limited Company incorporated in India with its registered office at 27th Km, Surat Hazira Road, Hazira, Dist- Surat. The Company owns and operates an integrated steel manufacturing facility comprising the unit for manufacturing of flat rolled products at Hazira, a Precoated facility at Pune, Beneficiation facilities at Kirandul and Dabuna, Slurry Pipelines, Pelletisation facilities at Vizag and Paradeep. The Company also operates Processing and Distribution centers, Hypermarts and Express Marts at various locations across India. Essar Steel Middle East FZE (A subsidiary of the Company) is engaged in activity of trading and processing of steel and construction material in Dubai, UAE.

The financial statements for the year ended 31st March 2018 were taken on record by the Resolution Professional on the certification, representation and confirmation of management and he has authorised to issue the same on 27th November, 2018.

2. Basis of Preparation

These Consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 (the "Act"). The financial statements have been prepared on historical cost basis except for certain financial instruments measured at fair value at the end of each reporting period as explained in the accounting policies below.

3 Principles of consolidation and equity accounting

Subsidiaries

Subsidiaries are entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of that entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company.

The Company combines the financial statements of its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intra-Company transactions, balances and unrealised gains on transactions between entities within the Company are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company. Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Consolidated Balance Sheet respectively.

Associates and equity method accounting

Associates are entities over which the Company has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses of the investee in the Consolidated Statement of Profit and Loss, and the Company's share of other comprehensive income of the investee in Other Comprehensive Income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. When the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the Company and its Associates and Joint Ventures are eliminated to the extent of the Company's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Company. The carrying amount of equity accounted investments are tested for impairment.

The financial statements of subsidiaries and associates consolidated are drawn upto the same reporting date as that of the Company.

Changes in ownership interests

The Company treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Company. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

When the Company ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in Other Comprehensive Income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in Other Comprehensive Income are reclassified to the Statement of Profit and Loss. If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in Other Comprehensive Income are reclassified to the Statement of Profit and Loss where appropriate.

4 Statement of Significant Accounting Policies

(i) Property, Plant & Equipment

An item of Property, Plant & Equipment is recognised as an assets if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Property, Plant & Equipment are stated at cost, less accumulated depreciation, amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of property, plant & equipment are also included to the extent they relate to the period till such assets are ready for their intended use. In respect of accounting periods commencing on or after 7th December, 2006, exchange differences arising on reporting of the long-term foreign currency monetary items which are recognised in the financial statements till the period ending 31st March 2016 at rates different from those at which they were initially recorded during the period, or reported in the previous Financial Statements are added to or deducted from the cost of the assets and are depreciated over the balance life of the asset, if these monetary items pertain to the acquisition of a depreciable property, plant & equipment.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

(ii) Capital Work-In-Progress

All expenditure, including interest cost during the project construction period, are accumulated and presented as Capital Work-in-Progress until the assets are ready for intended use. Assets under construction are not depreciated. Income earned from investments of surplus borrowed funds during the construction/trial run period is reduced from Capital Work-in-Progress. Expenditure/Income arising during trial run is added to/reduced from Capital Work-in-Progress. Interest cost is not added to Capital Work-in-Progress in case of project which are completed individually but not as part of an intended integrated facility.

(iii) Expenditure on Substantial Expansion

Both direct and indirect expenditure are capitalised if it increase the value of the asset beyond its original standard of performance. As regards indirect expenditures on expansion, only that portion of expenditure is capitalised that is attributable to the expansion.

(iv) Depreciation and Amortisation

Tangible Assets

Tangible assets are depreciated as per the useful life specified in Schedule II to the Companies Act, 2013 except Plant and Machinery which is as per useful life assessed by an independent Chartered Engineer & Valuer on straight-line method (SLM). Depreciation on additions to / deletions from property, plant & equipment is provided on pro-rata basis from the date of such addition and up to the date of deletion as the case may be. Depreciation on additions to assets due to exchange variation is provided over the remaining useful life of the assets. Depreciation is provided on individual project only after commencement of commercial production from intended integrated facility, to which such project belongs.

The difference in useful lives of Plant and Machinery as per Companies Act, 2013 and as assessed by independent Chartered Engineer & Valuer (who has assessed useful life after taking into account review of physical status of asset, usage of asset in terms of capacity or physical output, physical wear and tear which

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

depends on operational factors such as the number of shifts for which the asset is to be used and the repair and maintenance program and the care and maintenance of the asset, while idle, technical or commercial or commercial obsolescence arising from changes or improvement in production, or from a change in the market demand for the product or service output of the asset) is highlighted below:

Plant & Machinery	Useful life as per Companies Act, 2013 (Years)	Average useful life as per Technical Evaluation (Years)
Sinter Plant, Rolling Mill and Blast Furnace	20	30
Power Generation Plant	40	30
Others	25	30

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Intangible Assets

Costs relating to software's, which are acquired, are capitalised and amortised on straight-line method over estimated useful life of 3 to 6 years.

(v) Impairment of non-financial Assets

The carrying amounts of assets are reviewed at each reporting date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital which is a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If impairment loss is provided, depreciation is calculated on the revised carrying amount of the assets over its remaining useful life.

(vi) Revenue Recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue from operation are inclusive of excise duty, if any but excludes tax collected on behalf of government, sales returns, quality claims, volume discounts, trade allowances, rebates etc.

Export Benefits

Export benefits are accounted for in the year of exports based on eligibility and where there is certainty of realising the same.

Interest income

Interest income for debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering contractual terms of the financial instrument but does not consider the expected credit losses.

Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

(vii) Income Taxes

Tax expense comprises of current and deferred taxes. Current income tax is measured at the amount expected to be paid on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in accordance with the Income Tax Act, 1961. Current income tax and deferred tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or in equity.

Deferred tax is measured, using the Balance Sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The carrying amount of deferred tax asset is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each Balance Sheet date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

(viii) Inventories

Raw Materials, Production Consumables, Stores & Spares are valued at lower of cost and net realisable value. However, materials and other items 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 above cost. Cost is determined on a Weighted Average basis. Work-in-Progress and Finished Goods are valued at lower of cost and net realisable value. By-products are valued at net realisable value. Cost includes direct material, labour and a proportion of manufacturing and administrative overheads based on normal capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts. Value of finished goods also includes excise duty if any. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and cost to make the sale.

(ix) Financial Assets

Classification

The Company classifies its financial assets in the following measurement categories:

(a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

(b) those measured at amortised cost.

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are recorded in profit or loss or other comprehensive income. For investments in debt instruments, it depends on the business model in which the investment is held. The Company reclassifies debt investments only when its business model for managing those assets changes.

Measurement

At initial recognition, the Company measures a financial asset at its fair value. In case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset are added to the cost of acquisition to arrive at fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

(a) **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in Other Income using the effective interest rate method.

(b) **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method.

(c) **Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

Equity instruments

The Company subsequent measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in statement of Profit and Loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. Expected credit losses (ECL) are provided for based on the changes in credit risk of the counterparty.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original Effective Interest Rates (EIR).

Derecognition of financial assets

A financial asset is derecognised only when:

(a) The Company has transferred the rights to receive cash flows from the financial asset or

(b) Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where transfer of an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the substantial risks and rewards of ownership of the financial asset has not transferred, the financial asset is not derecognised.

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset.

On derecognition of the asset, cumulative gain or loss previously recognised in other comprehensive income (OCI) is reclassified from the equity to profit and loss (P&L).

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments measured at fair value through other comprehensive income and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company determines change in the business model as a result of external or internal changes which are significant to the company's operations.

(x) Financial Liabilities

Initial recognition & subsequent mesurement

All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest rate method, where time value of money is significant.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. This category includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in profit or loss as finance costs.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged or cancelled. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

(xi) Financial guarantee contracts

Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the counter party fails to make a payment when due in accordance with the terms of a debt instrument. The company accounts for financial guarantee contracts as per the principles of Ind AS 104 as it consider that such contracts are in the nature of insurance contracts. Once the arrangements are designated as insurance contracts, these are disclosed as contingent liabilities unless the obligations under guarantee become probable.

(xii) Foreign Currency Transactions

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is also the company's functional and presentation currency.

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

Initial Recognition

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at reporting date exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges. All foreign exchange gains and losses are presented in the statement of profit and loss.

Measurement of Foreign Currency Monetary Items at Balance Sheet Date

Foreign currency monetary items are reported using the closing exchange rates. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Treatment of Exchange Differences

Exchange differences, in respect of accounting periods commencing on or after 7th December, 2006, arising on reporting of long-term foreign currency monetary items which are recognised in the financial statements till the period ending 31st March, 2016 at rates different from those at which they were initially recorded during the period, or reported in previous Financial Statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, and in other cases, are accumulated in a “Foreign Currency Monetary Item Translation Difference Account (FCMITDA)” in the Financial Statements and are amortised over the balance period of such long-term asset/liability.

(xiii) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(xiv) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when there is a present legal or constructive obligation in respect of which a reliable estimate can be made as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are measured at the present value of best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities are not recognised but disclosed in the notes to the Financial Statements. Contingent assets are not recognised.

(xv) Cash and Cash Equivalents

Cash and cash equivalents in the Balance Sheet comprise cash in hand and at bank in current accounts Margin deposits and term deposits, which are not pledged, with an original maturity of three months or less are considered as cash equivalent.

(xvi) Derivative Instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The Company had Principal only swap (POS) contracts to hedge risks associated with foreign currency fluctuations relating to highly probable forecasted transactions. The company documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The company documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

The Company had designated certain POS contracts in a cash flow hedging relationship by applying the hedge accounting principles. These POS contracts are stated at fair value at each reporting date. Changes in the fair value of these POS contracts that are designated and effective as hedges of future cash flows are recognised in the other comprehensive income in cash flow hedging reserve within equity (net of applicable deferred taxes) and the ineffective portion is recognised immediately in the profit and loss.

Amounts accumulated in Hedging Reserve Account are reclassified to Statement of Profit and Loss in the same periods during which the forecasted transaction affects Statement of Profit and Loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognised in equity as Hedging Reserve is retained there until the forecasted transactions occur. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in Hedging Reserve Account is immediately transferred to the Profit and Loss.

Mark to market gains and losses on all other derivative contracts, other than forward contracts which are in the nature if long term foreign currency monetary items, outstanding at the balance sheet date are recognised in the profit and loss.

(xvii) Employee Benefits

Short term employee benefits

Liabilities for wages and salaries, including any non-monetary benefits that are expected to be settled within the next 12 months from the end of the reporting period in which the employees render the related service are recognised as employees cost up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Other long term employee benefits –

Compensated Absences

Provision for compensated absences is determined based on actuarial valuation. Therefore it is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of period ending 31st December 2014 using the projected unit credit method. Post this date, there are no compensated absences provided to the employees and hence not provided for. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Post-employment Benefits

Provident Fund

Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

Gratuity

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Remeasurements are not reclassified to profit or loss in subsequent periods.

(xviii) Borrowing Costs

Borrowing cost in ordinary course of business is recognised as an expense in the period in which these are incurred. Borrowing costs that are attributable to the acquisition/construction of qualifying assets are capitalised as part of cost of such asset up to the date the assets are ready for their intended use. However borrowing cost is not capitalised for projects which are completed individually but not as part of an intended integrated facility.

All expenditures, including interest cost during the project construction period, are accumulated and presented as Capital Work-in-Progress until the assets are ready for intended use. However borrowing costs incurred during extended period in which construction activities suspended, are capitalized only if substantial technical and administrative work is carried out and when a temporary delay is a necessary part of the process of getting an asset ready for its intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

(xix) Leases

Where the Company is the Lessee

Finance leases entered, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. The corresponding liability to the lessor is included in the balance sheet as finance lease obligation. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss on a straight-line basis over the lease term.

Where the Company is the Lessor

Assets subject to operating lease are included in property, plant & equipment. Lease income is recognised in the Statement of Profit and Loss on a straight line basis over the lease term. Costs including depreciation are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

(xx) Mining, Exploration and Development Expenditure

Expenditure in respect of mineral, exploration and evaluation is charged to the Statement of profit and loss as incurred except in following cases where it is capitalised:

- it is expected that the expenditure will be recouped by future exploitation or sale; or
- substantial exploration and evaluation activities have identified a mineral resource but these activities have not reached a stage which permits a reasonable assessment of the existence of commercially recoverable reserves.

(xxi) Measurement of EBIDTA

The company has elected to present earnings before finance costs, exchange variation and derivative gains & losses, depreciation and amortisation expenses and taxes (EBIDTA) as a separate line item on the face of the Statement of Profit and Loss. The company measures EBIDTA on the basis of Profit /(Loss) for the period and does not include finance costs, exchange variation and derivative losses, depreciation and amortisation expenses, exceptional items and taxes.

(xxii) Current versus non-current classification

All the assets and liabilities in the balance sheet are classified as current and non-current based on the below mentioned factors except deferred tax assets and liabilities which is always classified as non-current. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

(xxiii) Fair value measurement

The company measures financial instruments, such as, derivatives of equity investments at fair value at each balance sheet date. 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

(xxiv) Treasury shares

Own equity instruments (Treasury Shares) that are re-acquired pursuant to scheme of amalgamation of Essar Steel (Hazira) Limited and Essar Steel Orissa Limited are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity shares. Any difference between the carrying amount and the consideration, if reissued, is recognised in equity.

5 List of critical estimates and judgments:

The preparation of Financial Statements in conformity with Ind AS which requires management to make estimates, assumptions and exercise judgment in applying the accounting policies that affect the reported amount of assets, liabilities and disclosure of contingent liabilities and contingent assets at the date of financial statements and the reported amounts of income and expenses during the year.

The Management believes that these estimates are prudent and reasonable and are based upon the Management's best knowledge of current events and actions. Actual results could differ from these estimates and differences between actual results and estimates are recognised in the periods in which the results are known or materialised.

a) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the period up to five years. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

b) Control assessments for investment in associates

An entity is said to be an associate of an investor entity when the later has significant influence over the former. There is a rebuttable presumption that significant influence exist if an investor holds 20% or more voting rights in the investee entity. However demonstration of significant influence over an entity is a matter of judgment and is not always evident from the percentage of voting rights.

c) **Recognition of deferred tax assets for unused tax losses and unabsorbed depreciation**

Deferred Tax Assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. Accordingly, Deferred Tax Assets has been recognized/kept to the extent of taxable temporary differences on available unabsorbed depreciation. The Company has scaled up its operations in capacity utilization, sales and EBIDTA margins during the year, however the Company was facing several external challenges which had an adverse impact on its profitability and ability to repay its debt. The Ahmedabad bench of National Company Law Tribunal (NCLT) has admitted petition application filed by the lenders/Banks. Accordingly Corporate Insolvency Resolution Process (CIRP) was initiated on August 2, 2017 under IBC Act 2016 against the Company. The CIRP is to facilitate a sustainable resolution plan for the Company. The Company believes that financial position of the Company will improve upon implementation of approved resolution plan by committee of creditors and NCLT.

d) **Defined benefit obligation**

The cost of post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rate of return on assets, future salary increases and mortality rates. Due to the long term nature of these plans such estimates are subject to significant uncertainty.

e) **Impairment of financial assets**

The impairment provisions for financial assets disclosed are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

f) **Determination of functional currency**

The Company determines its functional currency as INR since it is the currency that mainly influences the prices of goods and also the prices are determined basis the economic environment prevalent in India. There are exports which are denominated in US Dollars, however this does not have a significant impact on the Company. Also, major financing of the Company is in INR.

g) **Arrangements in the nature of Lease**

The Company applies Appendix C to Ind AS 17, to contracts entered with some entities to determine whether the transaction is in the nature of lease or not. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that such contracts are in the nature of operating/finance leases.

The assessment is done where the term of the agreement is for the major part of the estimated economic life of the leased asset and present value of minimum lease payments amounts to at least substantially to all of the fair value of the leased assets. Therefore, risks and rewards have substantially been not/transferred to the Company, as a lessee, such arrangements are accounted for as finance lease.

6 Standards issued but not yet effective

Ind AS 115 – Revenue from Contracts with Customers

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company will adopt the standard on April 1, 2018 by using the cumulative catchup transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted.

The effect on adoption of Ind AS 115 is expected to be insignificant.

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

7. List of Direct and Indirect Subsidiaries considered for consolidation is as under:

Sr. No.	Name of the Company	Country of Incorporation	Proportion of Ownership Interest (%)	
			As at 31st March 2018	As at 31st March 2017
A.	**Direct Subsidiaries**			
1	Essar Steel Middle East FZE	UAE	**100**	100
2	Essar Steel Trading FZE	UAE	**100**	100
3	Essar Steel Offshore Limited	Mauritius	**100**	100
4	Essar Steel Logistics Limited	India	**100**	100
5	Paradeep Steel Company Limited	India	**100**	100
B.	**Step Down Subsidiaries**			
6	Essar Minerals Limited	Mauritius	**100**	100
7	Essar Mineral Cooperatief U.A.	Netherlands	**100**	100
8	Essar Minerals Canada Limited	Canada	**100**	100
9	Essar Steel (UAE) Limited	UAE	**100**	100
10	New Trinity Holdings LLC	USA	**100**	100
11	New Trinity Coal Inc.	USA	**100**	100
12	New Resources Inc.	USA	**100**	100
13	Essar Minerals INC	USA	**100**	100
14	Trinity Parent Corporation	USA	**100**	100
15	Trinity Coal Corporation	USA	**100**	100
16	Trinity Coal Partners LLC	USA	**100**	100
17	Bear Fork Resources LLC	USA	**100**	100
18	Deep Water Resources LLC	USA	**100**	100
19	Levisa Fork Resources LLC	USA	**100**	100
20	North Springs Resources LLC	USA	**100**	100
21	Little Elk Mining Company LLC	USA	**100**	100
22	Banner Coal Terminal LLC	USA	**100**	100
23	Hughes Creek Terminal LLC	USA	**100**	100
24	Trinity Coal Marketing LLC	USA	**100**	100
25	Frasure Creek Mining LLC	USA	**100**	100
26	Falcon Resources LLC	USA	**100**	100
27	Prater Branch Resources LLC	USA	**100**	100
28	Trinity RMG Holdings LLC	USA	**100**	100
29	RMG INC	USA	**100**	100
30	PT Essar Indonesia	Indonesia	**99.74**	99.74

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

List of Associates considered for consolidation is as under :

Sr. No.	Name of the Company	Proportion of Ownership Interest (%)	
		As at 31st March 2018	As at 31st March 2017
1	Bhander Power Limited	**26.00**	26.00
2	Essar Bulk Terminal Limited*	**26.00**	26.00
3	Essar Power Hazira Limited#	**26.00**	26.00
4	Essar Power Orissa Limited@	**26.00**	26.00
5	Essar Steel Chhattisgarh Limited	**47.38**	47.38
6	Essar Power MP Limited$	**26.00**	26.00
7	Essar Steel Processing FZCO	**40.00**	40.00

* The effective holding of the Group in this entity for net equity accounting is 0.50% which is calculated after considering Cumulative Convertible Participating Preference shares (CCPPS) issued by this entity and held outside the group.

\# The effective holding of the Group in this entity for net equity accounting is 0.45% which is calculated after considering Cumulative Convertible Participating Preference shares (CCPPS) issued by this entity and held outside the group.

@ The effective holding of the Group in this entity for net equity accounting is 0.70% which is calculated after considering Cumulative Convertible Participating Preference shares (CCPPS) issued by this entity and held outside the group.

$ The effective holding of the Group in this entity for net equity accounting is 3.07% which is calculated after considering Cumulative Convertible Participating Preference shares (CCPPS) issued by this entity and held outside the group.

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

8(a) Property, Plant and Equipment

(₹ in Crore)

Particulars	Freehold Land	Leasehold Land	Buildings	Leasehold Building	Plant and Machinery	Leasehold Plant and Machinery	Furniture and Fixtures	Minning Property	Office Equipment	Computers	Vehicles	Ships and Vessels	Railway Sidings and Wagons	Railway Sidings and Wagons under lease	Aircraft	Total
Cost / Deemed Cost																
At 1st April 2016	3,598.17	60.78	5,008.76	2.34	47,177.27	852.14	47.52	3,016.42	31.52	46.61	15.95	16.52	73.17	17.92	9.08	59,974.17
Additions	28.73	0.43	588.46	-	1,695.86	-	-	-	14.96	0.66	2.16	-	-	-	-	2,331.26
Deletions	-	-	-	-	-	-	7.67	-	8.64	0.01	0.39	-	-	-	-	16.71
Effect of foreign currency exchange differences	-	-	(0.09)	-	(166.58)	-	(0.01)	(64.04)	-	-	-	-	-	-	-	(230.72)
Borrowing cost capitalised	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 31st March 2017	**3,626.90**	**61.21**	**5,597.13**	**2.34**	**48,706.55**	**852.14**	**39.84**	**2,952.38**	**37.84**	**47.26**	**17.72**	**16.52**	**73.17**	**17.92**	**9.08**	**62,058.00**
Additions	0.94	-	73.46	-	182.63	-	0.08	-	0.78	1.16	0.41	-	-	-	-	259.46
Deletions	-	3.83	18.09	-	22.62	-	0.02	-	0.02	0.07	0.56	-	-	-	-	45.21
Effect of foreign currency exchange differences	(0.56)	-	7.71	-	32.86	-	(0.02)	5.21	(0.12)	-	(0.01)	-	-	-	-	45.07
Borrowing cost capitalised	-	-	-	-	9.50	-	-	-	-	-	-	-	-	-	-	9.50
At 31st March 2018	**3,627.28**	**57.38**	**5,660.21**	**2.34**	**48,908.92**	**852.14**	**39.88**	**2,957.59**	**38.48**	**48.35**	**17.56**	**16.52**	**73.17**	**17.92**	**9.08**	**62,326.82**
Accumulated depreciation																
At 1st April 2016	-	3.96	1,001.61	0.30	12,195.67	15.35	34.18	173.51	23.80	35.65	10.25	3.15	14.14	17.23	4.88	13,533.68
Charge for the year	-	0.63	189.91	0.04	1,794.00	56.72	4.14	-	2.93	3.53	1.76	0.56	1.92	-	0.38	2,056.52
Impairment	-	-	-	-	-	-	-	2,334.19	-	-	-	-	-	-	-	2,334.19
Acquisition due to business combination	-	-	143.66	-	556.51	-	-	-	14.25	-	1.24	-	-	-	-	715.66
Disposals	-	-	-	-	-	-	6.94	-	8.18	-	0.30	-	-	-	-	15.42
At 31st March 2017	**-**	**4.59**	**1,335.18**	**0.34**	**14,546.18**	**72.07**	**31.38**	**2,507.70**	**32.80**	**39.18**	**12.95**	**3.71**	**16.06**	**17.23**	**5.26**	**18,624.63**
Charge for the period	-	0.60	172.70	0.04	1,676.34	56.72	2.67	0.28	2.27	2.93	1.52	0.57	1.92	-	0.38	1,918.94
Impairment	-	-	-	-	133.56	-	-	403.71	-	-	-	-	-	-	-	537.27
Disposals	-	-	4.74	-	18.63	-	0.02	-	0.04	0.07	0.52	-	-	-	-	24.02
At 31st March 2018	**-**	**5.19**	**1,503.14**	**0.38**	**16,337.45**	**128.79**	**34.03**	**2,911.69**	**35.03**	**42.04**	**13.95**	**4.28**	**17.98**	**17.23**	**5.64**	**21,056.82**
Net book value																
At 31st March 2018	**3,627.28**	**52.19**	**4,157.07**	**1.96**	**32,571.47**	**723.35**	**5.85**	**45.90**	**3.45**	**6.31**	**3.61**	**12.24**	**55.19**	**0.69**	**3.44**	**41,270.00**
At 31st March 2017	**3,626.90**	**56.62**	**4,261.95**	**2.00**	**34,160.37**	**780.07**	**8.46**	**444.68**	**5.04**	**8.08**	**4.77**	**12.81**	**57.11**	**0.69**	**3.82**	**43,433.37**
Expected Useful Life of the assets (years)	NA	NA	3-60	18-60	3-42	15-30	10	NA	5	3-6	8-10	28	15-30	15	20	
Method of depreciation	NA	NA	SLM	SLM	SLM	SLM	SLM	UOP	SLM	SLM	SLM	SLM	SLM	SLM	SLM	

Notes:

1. Railway Sidings and Wagons under lease are the railway wagons (at Gross value) of ₹ 17.92 Crore given on operating lease to Railway Authorities under 'Own your Wagon' scheme.
2. Plant and machinery under lease includes equipments at Retail outlet of ₹ 1.05 Crore (at Gross Value) given on lease, depreciation debited to Statement of Profit and Loss ₹ 0.04 crore.
3. Certain property, plant and equipment are pledged against borrowings. The details relating to the same have been described in Note 64.
4. The following lands situated at Hazira (under possession of the Company) valued at provisional basis. The regularization and valuation from District Level Valuation Committee/State Level Valuation Committee is under process and cost of these land may change significantly:
   a. 81.1707 hectares land was allotted to Hazira Apbal Ganotia Kheti Sahkari Mandli limited by the State Government. Company acquired the land from the said Mandali by paying consideration of ₹ 108.18 Crore during year 2005 to 2011. However, the land was divested to the State Government on 24.06.2009 and the land continue to appear in the name of the State Government in the revenue records. The government granted permission to the Company to use this land based on payment on provisional valuation basis.
   b. As per the revenue record, 20.4569 hectares land is continue to appear in the name of State Government. Originally this land was reserved for Gujarat Maritime Board however, the State Government granted permission to the Company to use this land based on payment of ₹ 35.98 Crore in year 2010 on provisional valuation basis.
   c. 22.4905 hectares land was allotted to the land owner by the State Government and Company purchased the said land from the land owner by paying consideration of ₹ 5.56 Crore (during year 2005 and 2006). However, the land was divested to the State Government on 30.01.2008 and the land continue to appear in the name of the State Government in the revenue records.

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

8(b) Intangible Assets

(₹ in Crore)

Particulars	Software
Cost / Deemed Cost	
At 1st April 2016	85.39
Additions	7.77
Deletions	-
At 31st March 2017	**93.16**
Additions	0.02
Deletions	-
At 31st March 2018	**93.18**
Accumulated depreciation	
At 1st April 2016	67.91
Charge for the year	6.91
Disposals	-
At 31st March 2017	**74.82**
Charge for the period	8.48
Acquisition due to business combination	-
Disposals	-
At 31st March 2018	**83.30**
Net book value	
At 31st March 2018	**9.88**
At 31st March 2017	**18.34**
Expected Useful Life of the assets (years)	3-6
Method of depreciation	SLM

9 Non-Current Investments in Associates

	Particulars	Face Value	As at 31st March, 2018		As at 31st March, 2017	
			Units	₹ in Crore	Units	₹ in Crore
(A)	**Investment in Associates**					
	Unquoted Equity Shares					
	Bhander Power Limited	10	**96,905,000**	**104.77**	96,905,000	104.77
	Add: Share of Accumulated Reserves of Associates			**339.16**		373.25
	Add: Share of Profits/(Loss) from Associates for the current year			**(439.46)**		(34.09)
				4.47		443.93
	Essar Steel Chhattisgarh Limited	10	**5,781,944**	**5.78**	5,781,944	5.78
	Add: Share of Accumulated Reserves of Associates			**0.06**		0.06
	Add: Share of Profits/(Loss) from Associates for the current year			**(5.39)**		-
				0.45		5.84
	Essar Power MP Limited	10	**68,900,000**	**68.90**	68,900,000	68.90
	Add: Share of Accumulated Reserves of Associates			**(0.98)**		1.60
	Add: Share of Profits/(Loss) from Associates for the current year			**(67.92)**		(2.58)
				-		67.92

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

Particulars	Face Value	As at 31st March, 2018 Units	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 Units	As at 31st March, 2017 ₹ in Crore
Essar Steel Processing FZCO Dubai	AED 0.1 Mn	**2**	**0.25**	2	0.25
Add: Share of Accumulated Reserves of Associates			**(0.25)**		(0.25)
Add: Share of Profits/(Loss) from Associates for the current year			**-**		-
			-		-
Essar Bulk Terminal Limited	10	**1,300,000**	**1.30**	1,300,000	1.30
Add: Share of Accumulated Reserves of Associates			**6.73**		5.97
Add: Share of Profits/(Loss) from Associates for the current year			**(0.69)**		0.76
			7.34		8.03
Essar Power Hazira Limited	10	**2,600,000**	**2.60**	2,600,000	2.60
Add: Share of Accumulated Reserves of Associates			**(0.01)**		(0.02)
Add: Share of Profits/(Loss) from Associates for the current year			**(0.29)**		0.01
			2.30		2.59
Essar Power Orissa Limited	10	**2,600,000**	**2.60**	2,600,000	2.60
Add: Share of Accumulated Reserves of Associates			**(0.04)**		(0.07)
Add: Share of Profits/(Loss) from Associates for the current year			**(2.43)**		0.03
			0.13		2.56
Non-Current Investments in Associates			**14.69**		530.87

Investment in 96,905,000 equity shares of Bhander Power Limited have been pledged against rupee loan availed from SREI Infrastructure Finance Limited, as security for the borrowings.

10 Other Investments

Particulars	Face Value	As at 31st March, 2018 Units	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 Units	As at 31st March, 2017 ₹ in Crore
Non Current Investment					
Equity Instrument-Unquoted Equity Shares					
Essar Bulk Terminal Paradip Limited (*** ₹ 20,000)	10	2000	***	2000	***
Essar Commvision Limited (# ₹ 200)	10	20	#	20	#
Frontline Roll Forms Private Limited	10	250,000	0.25	250,000	0.25
Odisha Slurry Pipe Line Infrastructure Limited	10	2,595,000	25.50	2,595,000	25.50
Provision for Impairment			(25.50)		(25.50)
Equity Instrument- Quoted Equity Shares					
Essar Shipping Limited	10	1,273,611	2.90	1,273,611	3.56
Debentures (Unquoted)					
AMW Auto Component Limited (Compulsory Convertible and Cumulative)	1000	1,065,585	106.56	1,065,585	106.56
Odisha Slurry Pipe Line Infrastructure Limited (Comp. Conv. Debenture)	100	50,100,810	501.01	50,100,810	501.01
Provision for Impairment			(607.57)		(607.57)

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

Particulars	Face Value	As at 31st March, 2018 Units	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 Units	As at 31st March, 2017 ₹ in Crore
Investments in Unit Linked Insurance Policy (Quoted)					
ULIP Scheme of Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited		187,342	0.30	187,342	0.28
Non Current Investment			**3.45**		**4.09**
Current Investment					
Investments in Mutual Fund (Quoted)					
SBI Magnum Insta Cash Fund - Direct Plan - Growth		13,035	5.01	-	-
			5.01		**-**
Aggregate amount of Quoted Investments			**8.21**		3.84
Aggregate amount of Unquoted Investments			**633.32**		633.32
Aggregate amount of Impairment			**(633.07)**		(633.07)
			8.46		4.09

11 Other Non Current Financial Assets

(Unsecured unless otherwise stated)

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Security Deposit	**90.33**	151.82
Deposits with Banks with Maturity Period more than12 months (Refer note 17)	**5.18**	18.35
Inter Corporate Deposits (ICD)	**27.11**	50.86
Other Receivables	**2.86**	2.06
	125.48	223.09

12 Other Non-Current Assets

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Capital Advances	**498.02**	476.18
Prepaid Expenses	**0.30**	67.61
	498.32	543.79

13 Deferred Tax Assets (net)

Deferred Tax Asset/(Liability) Movement for FY 2017-18 (₹ in Crore)

Particulars	As at 1st April 2017	Recognised/ (reversed) through Profit and Loss	Recognised/ (reversed) through Other Comprehensive Income	Recognised in / reclassified from Equity	As at 31st March 2018
Property, plant and equipment	(7,959.98)	(203.99)	-	(16.25)	(8,180.22)
Carried forward business loss/ unabsorbed depreciation	11,854.79	(3,845.80)	-	-	8,008.99
Finance lease obligation	302.78	(16.24)	-	-	286.54
Deferred Gain on Finance Lease	84.21	(5.37)	-	-	78.84
Provision for doubtful Debts/ Advances	116.63	(116.63)	-	-	-
Cash Flow Hedge Reserve and FCMITDA	(2.19)	0.20	-	-	(1.99)
Others	298.20	(293.13)	(0.52)	-	4.55
Net Deferred Tax	**4,694.44**	**(4,480.96)**	**(0.52)**	**(16.25)**	**196.71**

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

Deferred Tax Asset/(Liability) Movement for FY 2016-17 (₹ in Crore)

Particulars	As at 1st April 2016	Recognised/ (reversed) through Profit and Loss	Recognised/ (reversed) through Other Comprehensive Income	Recognised in / reclassified from Equity	As at 31st March 2017
Property, plant and equipment	(7,514.83)	(378.21)	-	(66.94)	(7,959.98)
Carried forward business loss/ unabsorbed depreciation	10,152.46	1,702.33	-	-	11,854.79
Finance lease obligation	293.12	9.66	-	-	302.78
Deferred Gain on Finance Lease	90.33	(6.12)	-	-	84.21
Provision for doubtful Debts/ Advances	118.05	(1.42)	-	-	116.63
Cash Flow Hedge Reserve and FCMITDA	51.37	1.65	3.46	(58.67)	(2.19)
Others	37.90	247.99	8.98	3.33	298.20
Net Deferred Tax	**3,228.40**	**1,575.88**	**12.44**	**(122.28)**	**4,694.44**

14 Inventories[1]

(Valued at lower of cost and net realizable value)

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Raw Materials and components#	**656.82**	210.94
Goods-in transit#	**231.25**	91.09
Stock-in-trade	**-**	3.95
Stores and spares	**328.56**	328.87
Goods-in transit	**25.79**	19.55
Production Consumable	**183.25**	89.04
Goods-in transit	**93.97**	88.36
Fuel#	**231.19**	22.20
Work-in-progress	**1,623.47**	1,261.35
Finished goods	**512.96**	638.83
	3,887.26	2,754.18

[1]Current Assets are pledged against borrowings, the details relating to which have been described in Note 64 pertaining to borrowings.

Inventories include ₹ 789.48 Crore as on 31.03.2018 (₹ 163.96 Crore as on 31.03.2017) carried on ''cash and carry'' basis. Corresponding liability against the same is also appearing in the financials as Trade Payables.

15 Trade Receivables[1]

(Unsecured unless otherwise stated)

Particulars	As at 31st March, 2018 ₹ in Crore		As at 31st March, 2017 ₹ in Crore	
Considered Good*		**1,186.85**		1,230.69
Considered Doubtful		**259.00**		232.40
Less : Allowance for Expected credit loss				
Opening balance	**232.40**		224.20	
Charge in statement of profit & loss	**26.60**		8.20	
		259.00		232.40
		1,186.85		1,230.69

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

* Essar Steel India Ltd. (ESIL) has entered an agreement for long term supply of steel with M/S State Trading Corporation of India Ltd. (STC). Based on this agreement, STC has entered long term supply agreement with M/S Iranian Gas Engineering & Development Company (IGEDC). IGEDC is 100% subsidiary of National Iran Gas Corporation (NIGC); NIGC and National Iranian Oil Company (NIOC) are sister companies and part of Ministry of Petroleum of Iran. NIOC, who supply petroleum product to Nayara Energy Limited (fka Essar Oil Limited (EOL)), authorised EOL to pay advance to ESIL to start production and shipment readiness. Accordingly EOL has given advance to ESIL and the same was assigned to M/s Edwell Metal and Trading Limited (Edwell) (fka Essar Steel Jharkhand Ltd) by EOL and an amount of ₹ 2,257.50 Crore is appearing as payable to Edwell in ESIL books as on 31.03.2018. ESIL has an overdue receivable of ₹ 99.89 Crore from STC against sale of steel products as on 31.03.2018 and in turn STC has receivable from IGEDC.

Corporate insolvency resolution process ("CIRP") under the Insolvency and Bankruptcy Code, 2016 was initiated against ESIL. Consequent to the CIRP process on ESIL, Edwell submitted their claim to RP which has not been admitted by RP on account of non-submission of duty stamped assignment agreement. The Edwells's liability is appearing in ESIL's books and receivable from STC is adjustable against the same.

16 Cash and Cash Equivalents[1]

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Cash on hand	**0.02**	0.02
Balances with banks in Current Accounts	**296.73**	383.64
	296.75	383.66

17 Other Bank Balances[1]

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Deposits with original maturity of less than 3 months	**2.99**	14.84
Deposits with original maturity for more than 3 months but less than 12 months	**145.75**	151.10
Deposits with original maturity for more than 12 months	**9.42**	218.73
	158.16	384.67

a) Deposits (including long term deposits in Other Non Current Assets with balance maturity period of more than 12 months) of ₹ 161.60 Crore (Previous Year ₹ 401.41 Crore), have been pledged with banks as a security for opening Letters of Credit, Short Term Loans and against Bank Guarantee.

b) As per statement received from State Bank of India, a term deposit of ₹ 500 Crore appearing in the name of Essar Steel India Ltd. vide SBI account no. 37544496903 received from M/s Numetal Limited, Mauritius (one of the resolution applicant) as Earnest Money Deposit (EMD). The EMD of ₹ 500 Crore and accrued interest thereon ₹ 0.39 Crore as on 31.03.2018 has not been considered in these financials. .

[1]Current Assets are pledged against borrowings, the details relating to which have been described in Note 64 pertaining to borrowings.

18 Current Loans and Advances

(Unsecured and Considered good unless otherwise stated)

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Inter Corporate Deposits (ICD) - Related Parties	**47.02**	29.35
Security Deposits	**287.80**	353.18
Loans and Advances to Staff	**1.82**	1.79
Allowances for expected credit losses	**(6.17)**	-
	330.47	384.32

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

19 Derivative Financial Assets

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Derivative Financial Assets - Forward Contracts	**0.23**	-
	0.23	-

20 Other Current financial Assets

(Unsecured and Considered good unless otherwise stated)

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Interest Accrued on ICDs, Loans & Deposits	**1.20**	10.63
Other Receivables	**1.63**	9.87
	2.83	20.50

21 Other Current Assets

(Unsecured and Considered good unless otherwise stated)

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Deposits with Govt. & Semi Govt.	**398.15**	392.35
Loans and Advances to Suppliers- Related Parties	**171.07**	119.14
Loans and Advances to Suppliers	**1,051.55**	758.59
Claims Receivables	**1,518.84**	1,658.67
Export Benefit	**81.84**	121.30
Prepaid Expenses	**66.47**	60.04
Less: Provision for Doubtful Balances	**(862.79)**	(3.23)
	2,425.13	3,106.86

22 Current Tax Assets (Net)

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Advance Income Tax	**106.32**	44.35
	106.32	44.35

23 Equity Share Capital

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Authorised		
7,175,000,000 (Previous Year - 7,175,000,000) Equity Shares of ₹ 10 each	**7,175.00**	7,175.00
100,000,000 (Previous Year - 100,000,000) 10% Cumulative Redeemable Preference Shares of ₹ 10 each	**100.00**	100.00
	7,275.00	7,275.00
Issued, Subscribed and Paid-up		
3,108,957,660 (Previous Year 3,108,957,660) Equity Shares of ₹ 10 each	**3,108.96**	3,108.96
Add: 4,520,703 (Previous Year 4,520,703) shares Forfeited	**0.67**	0.67
	3,109.63	3,109.63

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

a **Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting period:**

Equity Shares	31st March, 2018		31st March, 2017	
	Number	₹ in Crore	Number	₹ in Crore
At the beginning of the year	**3,108,957,660**	**3,108.96**	3,108,957,660	3,108.96
Issued during the year	**-**	**-**	-	-
Outstanding at the end of the year	**3,108,957,660**	**3,108.96**	3,108,957,660	3,108.96

b **Rights, preferences and restrictions attached to shares**

Equity Shares

The Company has one class of Equity Shares having face value of ₹ 10 per share. Every shareholder is entitled to one vote for every one share held. In the event of liquidation, the equity share holders shall be entitled to receive remaining assets of the Company after distribution of all dues in proportion to their shareholdings.

c **Shares held by Holding Company**

Out of above equity shares, 2,240,939,040 equity shares (Previous year 2,240,939,040) are held by Essar Steel Asia Holdings Limited, Mauritius, the holding Company.

d **Details of shareholders holding more than 5% shares in the Company**

Particulars	31st March, 2018		31st March, 2017	
	Number	% of Holding	Number	% of Holding
Equity Shares				
Essar Steel Asia Holdings Limited[1]	**2,240,939,040**	**72.08**	2,240,939,040	72.08
Aegis Tech Limited[2]	**587,243,674**	**18.89**	-	-
Shares under Trust (Venkatraman Govind Raghavan Trustee)	**191,517,500**	**6.16**	191,517,500	6.16
Essar Steel Jharkhand Limited	**-**	**-**	490,000,000	15.76
	3,019,700,214	**97.13**	2,922,456,540	94.00

1. Out of these shares, the beneficial interest in 49,24,85,501 Equity Shares acquired from Essar Steel Limited, Mauritius on June 29, 2012 and August 26, 2013 and beneficial interest in 8,57,25,792 equity shares acquired from Imperial Consultants and Securities during the period from November 16, 2016 to March 25, 2017.
2. Out of these shares, the beneficial interest in 9,44,12,097 equity shares acquired from Essar Properties Private Limited (now known as Niwas Residential & Commercial Properties Pvt Ltd) and beneficial interest in 49,20,94,831 equity shares acquired from Imperial Consultants & Securities (firm) on March 23, 2018 and March 31, 2018 respectively.

24 Other Equity

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Capital Reserves	**12.73**	12.73
Capital Redemption Reserve	**202.92**	202.92
Securities Premium Account	**7,814.61**	7,814.61
Treasury Shares (Shares under Trust)	**(766.07)**	(766.07)
Revaluation Reserve	**4,173.72**	4,322.25
Foreign Currency Translation Reserve	**(813.26)**	(816.42)
Consolidation Reserve	**(329.16)**	(329.16)
Share in Reserve of Associates/Subsidiaries	**1.10**	1.10
General Reserve	**77.51**	77.51
Foreign Currency Monetary Item Translation Difference Account	**(5.70)**	(6.32)
Retained Earnings	**(31,690.92)**	(17,582.89)
Other Comprehensive Income	**(13.25)**	(13.50)
	(21,335.77)	(7,083.24)

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

Securities Premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

Treasury Shares (Shares under Trust)

Represents 191,517,500 equity shares allotted to a Trust created by the Company, against the Company's investment in the erstwhile companies namely Essar Steel (Hazira) Limited and Essar Steel Orissa Limited, in pursuant to the scheme of amalgamation. The Company is the sole beneficiary of this trust. Out of the above 121,558,650 equity shares (Previous Year 191,517,500 equity shares) have been pledged againest facility availed by Essar Infrastructure Services Pvt Ltd and Essar Services India Pvt Ltd.

General Reserve

The reserve is a distributable reserve maintained by the Company.

25 Non Current Borrowings

Particulars		**As at 31st March, 2018 ₹ in Crore**		As at 31st March, 2017 ₹ in Crore
Secured (Refer Note 64)				
Non Convertible Debentures of ₹ 10,00,000 each*		-		131.09
Term Loans*				
From Banks	-		14,577.19	
From Others	-		2,757.99	
		-		17,335.18
Unsecured				
Redeemable Preference Shares (Refer Note 64)		-		21.62
Sales Tax Deferral Loan (Refer Note 64)		**22.06**		28.44
Finance lease obligation		**806.35**		823.72
Inter corporate Deposit Received				
Related Parties		-		912.51
		828.41		19,252.56

* Pursuant to the defaults in repayment of debt of the Company, NCLT Ahmedabad bench has admitted the petition filed by the lenders on 2nd August 2017. Accordingly corporate insolvency resolution process ("CIRP") under the Insolvency and Bankruptcy Code, 2016 was initiated against the Company. Owing to the initiation of CIRP, the non-current borrowings have been reclassified as current liabilities pending approved resolution plan.

26 Non Current Derivative Financial Liability

Particulars	**As at 31st March, 2018 ₹ in Crore**	As at 31st March, 2017 ₹ in Crore
Cross Currency Interest Rate Swap	-	21.74
	-	21.74

27 Other Non Current Liabilities

Particulars	**As at 31st March, 2018 ₹ in Crore**	As at 31st March, 2017 ₹ in Crore
Deferred Gain	**207.93**	225.62
	207.93	225.62

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

28 Non Current Provisions

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Provision for Employee Benefits		
Gratuity	**45.28**	39.72
Leave Encashment	**12.78**	13.84
Assets Retirement Obligation	**-**	327.02
	58.06	380.58

29 Current Borrowings

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Secured (Refer Note 64)		
Loans From Banks	**202.32**	198.80
Loans From Others	**5.72**	5.81
Working Capital Loans - From Banks	**9,901.65**	8,764.82
Acceptance for Capital Expenditures	**0.14**	7.14
Acceptance for Goods and Expenses	**330.39**	828.12
Unsecured		
Inter corporate Deposit		
Related Parties	**4,902.45**	3,639.65
Others	**151.10**	145.38
	15,493.77	13,589.72

30 Trade Payables

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Trade Payables for Goods and Expenses	**4,507.18**	3,899.95
Accrued Liabilities and Provisions	**996.26**	1,001.33
	5,503.44	4,901.28

31 Current Derivative Financial Liability

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Forward Contracts	**0.01**	3.13
Cross Curency Interest Rate Swap	**22.18**	3.11
	22.19	6.24

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

32 Other Current Financial Liabilities

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Current maturities of long-term debt (Refer Note 64)	**32,447.56**	11,434.02
Current maturities of Preference Shares (Refer Note 64)	**72.51**	45.92
Current maturities of finance lease obligations	**58.76**	71.22
Current maturities of Sales Tax Deferral Loan (Refer Note 64)	**4.97**	3.30
Creditors for Capital Expenditures	**481.46**	696.11
Provision For Finance Expenses	**56.25**	151.58
Advance against Export Performance Bank Guarantee (Refer Note 64)	**-**	911.51
Security Deposits Received	**5.40**	5.53
Invoked Advance against Export Performance Bank Guarantee (Refer Note 64)	**9,111.78**	7,056.88
Invoked Standby Letter of Credit (Refer Note 64)	**728.07**	459.66
Other Liabilities	**4,979.17**	5,071.50
	47,945.93	25,907.23

33 Other Current Liability

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Advances from Customers	**1,214.53**	1,131.26
Deferred Gain	**17.70**	17.70
Statutory Liabilities (Including electricity duty)	**1,235.72**	286.87
	2,467.95	1,435.83

34 Current Provisions

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Provision for Employee Benefits - Leave Encashment	**2.83**	3.04
Indirect Taxes (Refer Note 62)	**19.73**	19.73
Provision for Assets Retirement Obligation	**34.89**	59.47
	57.45	82.24

35 Revenue from Operations*

Particulars	For the Year 31st March, 2018 ₹ in Crore	For the Year 31st March, 2017 ₹ in Crore
Sale of Products (Inclusive of Excise Duty)	**26,826.02**	22,987.45
Sale of Services	**92.05**	61.75
Other Operating Revenues	**207.61**	98.99
	27,125.68	23,148.19

* Goods and Service Tax (GST) has been implemented with effect from 1st July 2017 and revenue from operations for the year ended 31st March, 2018 are net of GST but inclusive of applicable freight . Freight Outward cost for the period of 1st July 2017 to 31st March 2018 is part of Selling & Distribution Expenses. However revenue from operation was inclusive of Excise Duty but excluding Freight Outward for the year ended 31st March, 2017 and Freight Outward cost was not the part of Selling & Distribution Expenses. Hence, Revenue from operation and Freight outward charges for the period ended 31st March, 2018 are not comparable with corresponding figures of the year ended 31st March, 2017.

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

36 Other Income

Particulars	For the Year 31st March, 2018 ₹ in Crore	For the Year 31st March, 2017 ₹ in Crore
Interest Income on Financial Instrument measured at Amortised Cost		
Inter Corporate Deposits	**-**	38.87
Bank Deposits	**18.95**	30.76
Others	**15.92**	31.45
Rent	**20.55**	22.58
Profit on Sale of Investments	**1.43**	25.03
Gain On Fair Valuation of Investments	**0.03**	0.02
Interest on Swaps	**-**	15.80
Amortisation of Deferred Gain	**17.70**	17.70
Liabilities written back	**215.65**	-
Profit on Sale of Property, Plant & Equipment	**0.09**	-
Miscellaneous Income	**3.49**	1.92
	293.81	184.13

37 Cost of Materials Consumed

Particulars	For the Year 31st March, 2018 ₹ in Crore	For the Year 31st March, 2017 ₹ in Crore
Raw Materials Consumed	**14,565.27**	11,378.61
Production Consumables	**2,397.79**	1,685.49
	16,963.06	13,064.10

38 Energy Cost

Particulars	For the Year 31st March, 2018 ₹ in Crore	For the Year 31st March, 2017 ₹ in Crore
Petroleum Products - Fuel	**1,125.59**	735.81
Power and Water Charges	**2,593.58**	2,339.85
	3,719.17	3,075.66

39 (Increase)/Decrease in Inventories of Finished Goods, Work in Progress and Stock in Trade

Particulars	For the Year 31st March, 2018 ₹ in Crore		For the Year 31st March, 2017 ₹ in Crore	
Opening Stock				
Finished Goods	**638.83**		444.94	
Work-in-Progress	**1,261.35**		967.42	
Traded Goods	**3.95**		4.11	
		1,904.13		1,416.47
Closing Stock				
Finished Goods	**512.96**		638.83	
Work-in-Progress	**1,623.47**		1,261.35	
Traded Goods	**-**		3.95	
		2,136.43		1 ,904.13
		(232.30)		(487.66)

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

40 Employee Benefits Expense

Particulars	For the Year 31st March, 2018 ₹ in Crore	For the Year 31st March, 2017 ₹ in Crore
Salaries	**359.13**	354.24
Contribution to Provident and Other Funds	**32.29**	25.53
Staff Welfare Expenses	**73.77**	63.09
	465.19	442.86

41 Manufacturing & Asset Maintenance

Particulars	For the Year 31st March, 2018 ₹ in Crore	For the Year 31st March, 2017 ₹ in Crore
Repairs, Maintenance and Equipment Hire Charges	**633.25**	540.90
Stores and Spares	**635.27**	512.62
Labour and Sub Contracting Charges	**331.52**	249.00
Plant Insurance	**19.34**	20.23
	1,619.38	1,322.75

42 Administrative Expenses

Particulars	For the Year 31st March, 2018 ₹ in Crore	For the Year 31st March, 2017 ₹ in Crore
Traveling, Conveyance and Vehicle Hire & Maintenance Charges	**32.12**	30.50
Printing, Stationery, Postage and Telephone	**12.78**	12.00
Professional Fees#	**130.03**	78.25
Operating Lease Rent	**40.69**	52.33
Repairs, Maintenance - Other than Plant	**14.95**	16.81
Insurance - Other than Plant	**6.77**	3.90
Rates and Taxes	**31.06**	15.78
Auditor's Remuneration*	**2.01**	2.16
Loss on sale/disposal/write off of Property Plant & Equipment	**17.22**	1.30
Allowance for Doubtfull Debt	**0.92**	8.20
Miscellaneous Expenses	**52.65**	89.98
	341.20	311.21
*Auditor's Remuneration		
Audit Fees	**2.00**	2.00
Other Services	**0.01**	0.16
	2.01	2.16

Professional Fees includes expenses incurred by the Company for corporate insolvency resolution process during the period.

43 Selling & Distribution Expenses

Particulars	For the Year 31st March, 2018 ₹ in Crore	For the Year 31st March, 2017 ₹ in Crore
Sales Commission	**7.42**	100.28
Freight Outward (net), Intercarting and Packing Charges*	**951.42**	481.18
Other Selling Expenses	**81.73**	23.50
	1,040.57	604.96

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

* Goods and Service Tax (GST) has been implemented with effect from 1st July 2017 and revenue from operations for the year ended 31st March, 2018 are net of GST but inclusive of applicable freight. Freight Outward cost for the period of 1st July 2017 to 31st March 2018 is part of Selling & Distribution Expenses. However revenue from operation was inclusive of Excise Duty but excluding Freight Outward for the year ended 31st March, 2017 and Freight Outward cost was not the part of Selling & Distribution Expenses. Hence, Revenue from operation and Freight outward charges for the period ended 31st March, 2018 are not comparable with corresponding figures of the year ended 31st March, 2017.

44 Finance Costs*

Particulars	For the Year 31st March, 2018 ₹ in Crore		For the Year 31st March, 2017 ₹ in Crore	
Guarantee and Other Bank Charges		**265.51**		228.46
Interest				
on Term Loans	**5,217.14**		3,842.80	
on Debentures	**64.33**		38.82	
on Export Performance Bank Guarantees	**6.26**		23.11	
on Finance Lease Obligations	**142.10**		143.95	
to Banks and Others	**2,231.07**		1,655.92	
		7,660.90		5,704.60
Dividend on Preference Shares		**4.97**		6.40
Exchange Variation on Borrowings		**15.49**		18.14
		7,946.87		5,957.60

*Pursuant to the defaults in repayment of debt of the Company, National Company Law Tribunal, Ahmedabad bench (NCLT) has admitted the petition filed by lenders on 2nd August, 2017. Accordingly corporate insolvency resolution process ("CIRP") under the Insolvency and Bankruptcy Code, 2016 was initiated against the Company. Pending resolution process, the Company has provided interest for full financial year including moratorium period amounting to ₹ 4,310.47 Crore to give a true and fair picture of the financials and comparative with previous period.

Amount of borrowing cost capitalised during the year NIL (previous year ₹ 310.66 Crore)

45 Exchange Variation & Derivative Losses(net)

Particulars	For the Year 31st March, 2018 ₹ in Crore	For the Year 31st March, 2017 ₹ in Crore
Exchange Variation (net)	**(9.57)**	49.00
Loss/(Gain) on cancellation of Derivative and Forward Exchange Contracts	**0.25**	176.75
Mark to Market on Derivative Contract	**(6.03)**	(40.36)
	(15.35)	185.39

46 Exceptional Items

Particulars	For the Year 31st March, 2018 ₹ in Crore	For the Year 31st March, 2017 ₹ in Crore
Exceptional Items (Refer Note 63)	**2,343.82**	1,921.28
	2,343.82	1,921.28

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

47 Income Tax Expense

Particulars	For the Year 31st March, 2018 ₹ in Crore		For the Year 31st March, 2017 ₹ in Crore	
Current Tax				
Current Tax Expenses	**7.30**		26.20	
Excess Provision of Earlier Years (Net)	**(29.62)**		(2.38)	
		(22.32)		23.82
Deferred Tax				
Effect of Tax of Earlier Years	**4,490.74**		(13.84)	
Deferred Tax Charge / (Credit)	**(9.78)**		(1,562.04)	
		4,480.96		(1,575.88)
		4,458.64		(1,552.06)

(a) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

Particulars	For the Year 31st March, 2018 ₹ in Crore	For the Year 31st March, 2017 ₹ in Crore
Loss before Tax as per Books	**(9,265.51)**	(7,136.38)
Tax expenses on above PBT(@ tax rate applicable for each subsidiary)	**(2,773.02)**	(2,315.50)
Deferred Tax Assets not recognised	**2,790.90**	752.65
Effect of Tax of earlier years	**4,461.12**	(16.22)
Tax Effect of amount which are not deductible in calculating taxable Income	**5.56**	25.42
Change in tax rate	**(18.64)**	-
Others	**(7.28)**	1.59
Income Tax Expenses - Charge / (Credit)	**4,458.64**	(1,552.06)

Deferred tax assets have not been recognised in respect of unabsorbed business losses/ other temporary differences aggregating to ₹ 25,568.45 Crore.

48 Other Comprehensive Income

		Particulars	For the Year 31st March, 2018 ₹ in Crore	For the Year 31st March, 2017 ₹ in Crore
A	(i)	**Items that will not be reclassified to profit or loss**		
		Fair Value Changes on Financial Assets	**(0.66)**	(25.16)
		Actuarial (Loss) / Gain on DBO	**1.43**	(0.23)
			0.77	(25.39)
	(ii)	**Income tax relating to items that will not be reclassified to profit or loss**		
		Fair Value Changes on Financial Assets	**(0.93)**	8.90
		Actuarial (Loss) / Gain on DBO	**0.41**	0.08
			(0.52)	8.98
B	(i)	**Items that will be reclassified to profit or loss**		
		Cash flow hedges - Effective portion of changes in fair value	**-**	(9.99)
			-	**(9.99)**
	(ii)	**Income tax relating to items that will be reclassified to profit or loss**		
		Cash flow hedges - Transfer to Profit & Loss	**-**	3.46
			-	3.46

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

49 Financial Instruments and Risk Management

A Financial Instruments - Categories

(₹ in Crore)

Particulars	As at 31st March, 2018			As at 31st March, 2017		
	FVOCI	FVTPL	Amortised Cost	FVOCI	FVTPL	Amortised Cost
Financial Assets:						
Investment in Equity Shares, Mutual Fund and ULIP	**2.90**	**5.56**	**-**	3.56	0.53	-
Trade Receivable	**-**	**-**	**1,186.85**	-	-	1,230.69
Cash and Bank balances	**-**	**-**	**454.91**	-	-	768.33
Other Financial Assets	**-**	**-**	**458.78**	-	-	627.91
Derivative Financial Assets	**-**	**0.23**	**-**	-	-	-
Total Financial Assets	**2.90**	**5.79**	**2,100.54**	3.56	0.53	2,626.93
Financial Liabilities:						
Borrowings incl. current maturities	**-**	**-**	**48,040.87**	-	-	43,501.80
Finance lease obligation	**-**	**-**	**865.11**	-	-	894.94
Trade and Other Payables	**-**	**-**	**5,984.90**	-	-	5,597.39
Other Financial Liabilities	**-**	**-**	**14,880.67**	-	-	13,656.66
Derivative Financial Liability	**-**	**22.19**	**-**	-	27.98	-
Total Financial Liabilities	**-**	**22.19**	**69,771.55**	-	27.98	63,650.79

B Fair Value Hierarchy

Level 1: It includes financial instruments measured using quoted prices. For the Company, the fair valuations in this level of hierarchy include listed equity instruments and mutual funds. The fair value of all equity instruments which are traded in the Stock Exchanges is valued using the closing price as at the reporting period and mutual funds are valued using closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The fair valuations in this level of hierarchy for the Company mainly include derivatives.

Level 3: The instrument is included in level 3 if one or more of the significant inputs is not based on observable market data. This includes investment in unquoted equity shares.

Fair Value Hierarchy for Financial Assets & Liabilities measured at Fair Value -

(₹ in Crore)

Particulars	As at 31st March, 2018			As at 31st March, 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial Assets						
Investment in Equity Shares, Mutual Fund and ULIP	**7.91**	**0.30**	**0.25**	3.56	0.28	0.25
Derivative Financial Assets	**-**	**0.23**	**-**	-	-	-
	7.91	**0.53**	**0.25**	3.56	0.28	0.25
Financial Liabilities						
Derivative Financial Liability	**-**	**22.19**	**-**	-	27.98	-
	-	**22.19**	**-**	-	27.98	-

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

Fair Value of Financial Assets and Liabilities measured at Amortised Cost for which Fair Values are disclosed-

(₹ in Crore)

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial Assets				
Other Non Current Financial Assets	**92.91**	**95.51**	168.80	170.17
	92.91	**95.51**	168.80	170.17
Financial Liabilities				
Borrowings	**48,040.87**	**48,040.87**	43,495.68	43,501.80
Finance Lease Obligation	**1,027.70**	**865.11**	1,140.25	894.94
	49,068.57	**48,905.98**	44,635.93	44,396.74

The carrying amounts of all other financial assets and liabilities are considered to be the approximately equal to their fair values.

The fair values as disclosed above are calculated based on discounted cash flows using a rate that reflects market risk. The fair values of borrowings are based on discounted cash flows using a current borrowing rate.

C Financial Risk Management

The Company is exposed to various risks in relation to financial instruments. The main types of risks are credit risk, liquidity risk and market risk. In order to minimise any adverse effects on the financial performance of the Company due to market risks, the Company enters into various derivative contracts. Derivatives are taken only to mitigate the risk and not for speculative purposes.

The Company's risk management is carried out by the Risk Department under policies approved by the Board of Directors.

- Credit risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. The Company is exposed to credit risk from investments measured at amortised cost, deposits with banks and other parties, trade receivables, inter-corporate deposits, loans and advances to staff and derivative contracts.

The Company periodically assesses the financial reliability of the counter party, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual limits are set accordingly. Investments at amortised cost are strategic investments in associated lines of business activity. The Company closely monitors the performance of these Companies. Bank deposits are placed as collateral/ margin money etc. to avail much larger fund & non-fund based facilities from Banks / Financial Institutions. Hence, there is no significant credit risk on such Fixed Deposits.

Trade Receivable: The Company trades with recognized and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. Also the Company does not enter in to sales transaction with customers having credit loss history.

The Company is exposed to credit risk in the event of non-payment by customers. Credit risk concentration with respect to trade receivables is mitigated by the Company's large customer base. Credit risk in majority of cases are mitigated by Letter of Credit/ advances from the customer.

- Liquidity risk

Liquidity risk is that the company might be unable to meet its obligations. Liquidity risk arises from mismatch in maturity profile of receipts and payments, funds locked in excess inventories and where no additional funds are obtained

The liquidity risks are dynamically managed through efficient scheduling of receipts and payments. The Treasury team is monitoring all the cash flows through Trust & Retention Account (TRA) mechanism and payments are pre-vetted by Resolution Professional Team appointed by the Committee of Creditors and National Company Law Tribunal in CIRP under Insolvency & Bankruptcy Code, 2016. Liquidity risks arising from excess inventory are managed through a mix of efficient supply chain management and just-in-time production schedules.

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

(₹ in Crore)

Particulars	As at 31st March, 2018				
	< 1 year	1-2 years	2-5 years	> 5 years	Total
Borrowings	48,018.82	6.35	6.35	9.36	48,040.88
Trade and Other Payables	5,984.90	-	-	-	5,984.90
Finance lease obligation	198.56	157.06	470.13	1,238.62	2,064.37
Other Financial Liabilities	14,880.68	-	-	-	14,880.68
Derivative Financial Liability	22.19	-	-	-	22.19
Total	**69,105.15**	**163.41**	**476.48**	**1,247.98**	**70,993.02**

Particulars	As at 31st March, 2017				
	< 1 year	1-2 years	2-5 years	> 5 years	Total
Borrowings	26,047.24	1,978.54	7,336.19	8,287.66	43,649.62
Trade and Other Payables	5,597.39	-	-	-	5,597.39
Finance lease obligation	214.24	157.06	470.13	1,395.33	2,236.76
Other Financial Liabilities	13,664.13	-	-	-	13,664.13
Derivative Financial Liability	6.24	3.11	14.91	3.73	27.98
Total	**45,529.24**	**2,138.71**	**7,821.23**	**9,686.71**	**65,175.88**

- Market risk

The Company is exposed to substantial Financial Market Risks in its operations on account of:

- Foreign currency exchange risk
- Interest rate risk
- Commodity price risk

The Board has put in place detailed Market Risk Management Policy (RMP) documents and the market risks are managed by various functionaries in terms of these Policy documents. The same policy is followed during the year.

- Foreign Currency risk

The Company is exposed to foreign exchange risk arising from export sales, operating and capital expenditure in foreign currency, foreign currency loans and economic exposure on account of mismatch between foreign currency and INR assets and liabilities. The risk is measured through a forecast of highly probable foreign currency cash flows.

The Company enters into hedging transactions mainly to hedge the significant foreign exchange risks from concluded and committed export sales, operating and capital expenditures and the foreign currency borrowings.

The Company is mainly exposed to exchange risk from foreign currencies - USD, EUR and AED.

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

(a) The company's exposure to foreign currency risk as the reporting date (expressed in ₹ in Crore) is as follows:

(₹ in Crore)

Particulars	As at 31st March, 2018					As at 31st March, 2017				
	USD	EUR	AED	Others	Total	USD	EUR	AED	Others	Total
Trade Receivables	232.23	32.74	-	-	264.97	451.08	30.94	-	-	482.02
Cash and Bank balances	60.88	-	-	-	60.88	77.61	-	-	-	77.61
Other Financial Assets	136.01	-	-	-	136.01	293.76	-	-	-	293.76
Financial Assets	429.12	32.74	-	-	461.86	822.45	30.94	-	-	853.39
Covered by Derivative Contracts	-	-	-	-	-	-	-	-	-	-
Net Exposure to Foreign Currency risk on Financial Assets	429.12	32.74	-	-	461.86	822.45	30.94	-	-	853.39
Borrowings	12,956.93	4.75	-	-	12,961.68	12,654.26	0.08	-	-	12,654.34
Trade and Other Payables	539.36	59.32	58.21	0.51	657.39	993.76	81.88	77.20	0.73	1,153.57
Other Financial Liabilities	-	-	-	-	-	919.42	-	-	-	919.42
Financial Liabilities	13,496.29	64.06	58.21	0.51	13,619.07	14,567.45	81.96	77.20	0.73	14,727.34
Covered by Derivative Contracts	22.76	-	-	-	22.76	57.52	-	-	-	57.52
Net Exposure to Foreign Currency risk on Financial Liabilities	13,473.53	64.06	58.21	0.51	13,596.31	14,509.93	81.96	77.20	0.73	14,669.82

(b) Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on Other Comprehensive Income arises from application of hedge accounting on certain derivative contracts.

₹ in Crore

Particulars	As at 31st March, 2018	As at 31st March, 2017
USD sensitivity		
Increase by 5%	(652.22)	(725.50)
Decrease by 5%	652.22	725.50
EUR sensitivity		
Increase by 5%	(1.57)	(2.55)
Decrease by 5%	1.57	2.55
AED sensitivity		
Increase by 5%	(2.91)	(3.86)
Decrease by 5%	2.91	3.86
Others sensitivity		
Increase by 5%	(0.03)	(0.04)
Decrease by 5%	0.03	0.04

Sensitivity impact on Profit/(Loss) includes increase/decrease of ₹ 316.78 Crore (Previous Year - ₹ 315.78 Crore) pertaining to exposures for which the company has the policy of capitalising exchange differences to reserves - FCMITDA or eligible items of Property, Plant and Equipment will be amortised to the statement of profit and loss over the period of the underlying borrowing or remaining useful life of Property, Plant and Equipment.

- Interest rate risk

The interest rate exposure is mainly on account of floating interest rates where the Company is exposed to upward movements in the interest rates. The Company explores possibility of interest rate swaps and interest rate structures to hedge its risks.

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

(a) **Interest rate risk exposure**

	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Variable Rate Borrowing	**34,844.38**	34,210.67
Other Financial Liabilities	**9,630.83**	9,438.65
Total Exposure	**44,475.21**	43,649.32

(b) **Sensitivity**

	For the Year 31st March, 2018 ₹ in Crore	For the Year 31st March, 2017 ₹ in Crore
Impact on Company's Profit/ Loss If interest rates had been 50 basis points higher / lower and all other variables were held constant.	**222.38**	218.25

1. The sensitivity analyses above have been determined based on the exposure to interest rates for floating rate liabilities assuming the amount of the liability outstanding at the year-end was outstanding for the whole year.
2. Sensitivity impact on Profit/Loss includes impact pertaining to exposures for which the Company capitalises the borrowing cost to items of Property Plant and Equipment, which will be amortised to the statement of profit and loss over the period of remaining useful life of property plant and equipments.

- Price risk

Commodity price risk

The Company has exposure to Commodity Price Risk on its raw materials required for Steel production and also on its finished products (Steel and its variants). The Risk Department reviews the exposures, evaluates and hedges the commodity price risks in close co-ordination with the Group Treasury in terms of the Board approved Policy document. The Company hedges directly with International Commodity Exchanges and / or through International counterparties using OTC derivative contracts based on appropriate Index / Exchange Listed Contracts, subject to availability of counterparty hedging limits.

During the FY17-18, the Company could not undertake any hedging deals due to non-avaialability of hedging limits with banks / counterparties. As at the reporting date, there are no outstanding commodity derivative contracts and hence the disclosures for sensitivity has not been given.

Other price risks

The Company's exposure to price risks from investments in equity shares is considered immaterial.

50 Capital Management

Consequent upon admission of petition by NCLT on 2nd August, 2017 filed by lenders, CIRP process was initiated under IBC. Being integrated steel producer, the company falls in a capital intensive industry. The objective of the Company's capital management policies is to ensure its ability to continue as a going concern. During the period the funding requirements were primarily met through internal accruals.

51 Segment Information

The Company is in the business of manufacturing steel products having similar economic characteristics, primarily operated in India. The information relating to revenue from external customers and location of non-current assets of its single reportable segment has been disclosed as below:

(₹ in Crore)

Geographical Information	Year ended 31st March, 2018			Year ended 31st March, 2017		
	India	Outside India	Total	India	Outside India	Total
Revenues (Income from operation)	**20,812.84**	**6,312.84**	**27,125.68**	16,836.05	6,312.14	23,148.19
Carrying amount of Non Current assets (other than financial instruments and deferred tax assets)	**45,059.40**	**561.80**	**45,621.20**	46,889.72	1,179.55	48,069.27

Concentration of revenues from one of Company's customer was 10.81 % of total revenue for the year ended 31st March, 2018.

52 Derivative Instruments

Sr. No.	Type of Transaction	Amount 31st March, 2018	Amount 31st March, 2017	Currency	Purpose
1	Cross Currency Interest Rate Swap	**875,000,000**	925,000,000	INR	To convert floating rate Rupee Term Loan into a floating rate synthetic USD Liability (equivalentof FC Loan)
2	Forward purchase contracts (USD / INR)	**3,498,963**	8,870,927	USD	To hedge the exchange risk on import Letter of credit/Acceptance.

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

53 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act 2013:

Company		Net Assets, i.e. total assets minus total liabilities		Share in profit or loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
		As at 31st March, 2018		Year Ended 31st March, 2018		Year Ended 31st March, 2018		Year Ended 31st March, 2018	
		As % of consolidated net assets	Amount (₹ in Crore)	As % of consolidated profit or loss	Amount (₹ in Crore)	As % of Other Comprehensive Income	Amount (₹ in Crore)	As % of Total Comprehensive Income	Amount (₹ in Crore)
Parent	Essar Steel India Limited	75.58%	(13,774.04)	88.27%	(12,569.71)	600.00%	1.50	88.26%	(12,568.21)
Indian Subsidiary	Paradeep Steel Company Limited	-0.00%	0.40	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
	Essar Steel Logistics Limited	-0.03%	5.14	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
Foreign Subsidiary	Essar Steel Trading FZE	0.00%	(0.66)	0.00%	(0.27)	0.00%	-	0.00%	(0.27)
	Essar Steel Middle East FZE	-2.47%	449.53	0.38%	(53.84)	0.00%	-	0.38%	(53.84)
	Essar Steel (UAE) Limited	0.03%	(5.11)	-	-	0.00%	-	0.00%	-
	PT Essar Indonesia	-3.37%	613.96	-0.10%	14.47	-500.00%	(1.25)	-0.09%	13.22
	Essar Steel Offshore Limited	21.95%	(3,999.90)	4.22%	(600.62)	0.00%	-	4.22%	(600.62)
	Essar Minerals Limited	0.01%	(1.39)	0.04%	(6.12)	0.00%	-	0.04%	(6.12)
	Essar Mineral Cooperatief U.A.	0.00%	(0.66)	0.00%	(0.10)	0.00%	-	0.00%	(0.10)
	Essar Minerals Canada Limited	3.20%	(583.30)	-0.29%	41.50	0.00%	-	-0.29%	41.50
	Essar Minerals Inc	2.50%	(455.29)	0.00%	-	0.00%	-	0.00%	-
	New Trinity Holdings LLC and Subsidiaries	2.69%	(489.51)	3.86%	(549.43)	0.00%	-	3.86%	(549.43)
Indian Associates (Investment as per the equity method)	Essar Bulk Terminal Limited	-0.04%	7.34	0.00%	(0.69)	0.00%	-	0.00%	(0.69)
	Essar Power MP Limited	0.00%	-	0.48%	(67.92)	0.00%	-	0.48%	(67.92)
	Bhander Power Limited	-0.02%	4.47	3.09%	(439.46)	0.00%	-	3.09%	(439.46)
	Essar Power Orissa Limited	0.00%	0.13	0.02%	(2.43)	0.00%	-	0.02%	(2.43)
	Essar Power Hazira Limited	-0.01%	2.30	0.00%	(0.29)	0.00%	-	0.00%	(0.29)
	Essar Steel Chhattisgarh Limited	0.00%	0.45	0.04%	(5.39)	0.00%	-	0.04%	(5.39)
Non Controlling Interest		-0.01%	1.55	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
Total		**100.00%**	**(18,224.59)**	**100.00%**	**(14,240.32)**	**100.00%**	**0.25**	**100.00%**	**(14,240.07)**

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

54 Related Party disclosures:

Corporate Insolvency Resolution Process (CIRP) was initiated against the Company w.e.f. 02.08.2017. The powers of the Board of Directors of the Company stand suspended effective from the CIRP commencement date and such powers along with the management of affairs of the Company are vested with the Resolution Professional.

List of related parties and relationships

(a) Holding Companies

1. Essar Steel Asia Holdings Limited (FKA Essar Resources Mauritius Ltd) Holding Company- (ESAHL)
2. Essar Steel Mauritius Limited – Intermediate Holding Company - (ESML)
3. Essar Global Fund Limited (FKA Essar Global Limited), Cayman Islands – Ultimate Holding Company (EGFL)

(b) Fellow Subsidiaries (with whom transactions have taken place)

1. Aegis Limited (AEGIS)
2. AGC Networks Limited (AGCNL)
3. Arkay Logistics Limited (ALL)
4. Edwell Metal and Trading Limited (EMT) (FKA Essar Steel Jharkhand Limited)
5. Energy II Limited (EII)
6. EPC Constructions India Limited (FKA Essar Project (India) Limited) (EPCC)
7. Equinox Business Parks Pvt Limited (EBPPL) (ceased to be fellow subsidiary from 13.12.2016)
8. Essar Bulk Terminal Paradip Limited (EBTPL)
9. Essar Electric Power Development Corporation Limited (EEPDCL)
10. Essar Energy Limited (FKA Essar Energy Plc) (EEPLC)
11. Essar Energy Overseas Limited (EEOL)
12. Essar Mineral Resources Limited (EMRL)
13. Essar Offshore Subsea Limited (EOSL)
14. Nayara Energy Limited (FKA Essar Oil Limited) (EOL)
15. Essar Ports Limited, Mauritius (FKA Essar Africa Holdings Limited) (EAHL)
16. Essar Power (Jharkhand) Limited (EPJL)
17. Essar Power Gujarat Limited (EPGL)
18. Essar Power Limited. (EPOL)
19. Essar Power Transmission Company Limited (EPTCL)
20. Essar Projects Limited (EPLD)
21. Essar Shipping & Logistics Limited (ESALL)
22. Essar Shipping DMCC (ESLD)
23. Essar Shipping Limited (ESL)
24. Essar Steel Algoma Inc (ESA-INC)
25. Essar Steel Limited (FKA Essar Steel Holdings Limited) (ESTLM)
26. Essar Steel Marketing Limited (EPML)
27. Essar Telecom Kenya Limited (ETKL)
28. Essar Vizag Terminal Limited (EVTL)
29. Ibrox Aviation and Trading Pvt. Ltd. (IV)
30. Jade Global Services FZE(FKA Essar Global Services FZE)(EGSF)
31. Peak Trading Overseas Limited (PTOL)
32. Peakom SA (PKOM) (Ceased to be fellow subsidiary w.e.f 24.02.2017)
33. The Mobilestore Services Private Limited. (TMSSL)
34. Vadinar Oil Terminal Limited (VOTL)
35. Vadinar Power Company Limited (VPOCL)
36. Pt. Manoor Bulatn Lestari (PTMBL)
37. PT Essar Minerals Indonesia (PTEMI)

(c) Associates

1. Bhander Power Limited. (BPOL)
2. Essar Bulk Terminal Limited. (EBTL)
3. Essar Power (Orissa) Limited. (EPOOL)
4. Essar Power Hazira Limited (EPHL)
5. Essar Power MP Limited(EPMPL)
6. Essar Steel Chhattisgarh Limited. (ESCL)
7. Essar Steel Processing FZCO (ESP-FZCO)

(d) Key Management Personnel (with whom transactions have taken place)

1 Mr. Jatinder Mehra (CEO) (JM)

2 Mr. Dilip Oommen, Managing Director & Dy. CEO (DO)

3 Mr. Suresh Jain (CFO) (SJ)

4 Mr. Rajiv Bhatnagar, Director (Projects) (RB)

5 Mr. Mahadev Iyer, Director (Finance) & CFO (MI) (ceased to be director w.e.f 01.07.2017)

6 Mr. Arvind Pande, Independent Director (ceased to be director w.e.f 02.04.2018)

7 Mr. V. G. Raghavan, Independent Director

8 Mr. Aloke Sengupta, Nominee Director (ceased to be director w.e.f 27.07.2017)

9 Mr. Sunit V Joshi. Nominee Director

10 Mr. Parveen Kumar Malhotra, Director (ceased to be director w.e.f 05.05.2018)

(e) Enterprise having influence over the Company

1 Imperial Consultants and Securities (ceased to be related party w.e.f 03.06.2016) (ICAS)

Terms and conditions

Sales/Purchases:

The related party transactions attracting the compliance under Section 177 of the Companies Act were placed before the management for necessary approval/review. These transactions are in the ordinary course of business and on prevailing pricing based on contractual terms and agreement

ICD Given/Taken:

The Company had given/taken ICDs to/from related parties for general corporate purposes.These ICDs are unsecured, carry an interest rate ranging from 3.5% to 16.25% and receivable/repayable on demand.

Guarantees to Related parties:

Guarantees given on behalf of related parties are for availing loan facilities from lenders and to government authorities for general business purposes.

Guarantees from Related parties:

Guarantees provided by the related parties to lender of the company are for availing bank loan facilities.

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

During the year, following transactions were carried out with the related parties in the ordinary course of business:
(excluding reimbursement)

(₹ in Crore)

Sr. No.	Particulars	Holding Companies	Fellow Subsidiaries	Associates	Key Management Personnel	Enterprise having influence
(a)	Sales (Net)	-	65.97	2.86	-	-
		-	(58.34)	(24.20)	-	-
(b)	Income-Lease Rentals/Rent building	-	2.58	13.73	-	-
		-	(4.85)	(14.00)	-	-
(c)	Interest Income-Others	-	1.78	-	-	-
		-	(41.74)	-	-	-
(d)	Purchase of Raw Materials,Stores and Spares, Production Consumables and Services	-	1,026.20	552.01	-	-
		-	(997.12)	(450.01)	-	-
(e)	Purchase of Petroleum Products (Fuel)	-	-	-	-	-
		-	(79.19)	-	-	-
(f)	Power Processing Charges / Recovery	-	-	1,271.78	-	-
		-	(-0.03)	(1,146.02)	-	-
(g)	Repairs and Maintenance	-	1.51	-	-	-
		-	(8.23)	-	-	-
(h)	Plant and Equipment Hire Charges	-	10.10	19.78	-	-
		-	(4.23)	(18.18)	-	-
(i)	Labour Sub Contract Charges	-	-	-	-	-
		-	(0.18)	-	-	-
(j)	Professional Fees	-	4.21	-	-	-
		-	(5.38)	-	-	-
(k)	Office Rent	-	-	-	-	-
		-	(-7.25)	-	-	-
(l)	Freight Outwards Expenses	-	602.31	57.76	-	-
		-	(283.43)	(45.14)	-	-
(m)	Sales Commission	-	-	-	-	-
		-	(-1.94)	-	-	-
(n)	Interest Expenses	15.65	40.49	67.96	-	-
		(34.10)	(128.67)	(93.23)	-	(1.86)
(o)	Capital Contract	-	-7.59	-	-	-
		-	(327.35)	-	-	-
(p)	Directors' Remuneration	-	-	-	12.73	-
		-	-	-	(6.46)	-
(q)	ICD Given	-	-	-	-	-
		-	-	-	-	-
(r)	Invocation of SBLC	-	-	-	-	-
		-	-	-	-	-
(s)	Repayment of ICD given	-	-	-	-	-
		-	(114.41)	-	-	-

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

(₹ in Crore)

Sr. No.	Particulars	Holding Companies	Fellow Subsidiaries	Associates	Key Management Personnel	Enterprise having influence
(t)	ICD taken	-	-	-	-	-
		-	(38.00)	-	-	-
(u)	Repayment of ICD taken	-	-	-	-	-
		-	(1.74)	(361.95)	-	-
(v)	Share Application Money Refunded	-	-	-	-	-
		-	-	-	-	-
(w)	Purchase of assets	-	0.01	-	-	-
		-	-	-	-	-
(x)	Miscellaneous Expenses	-	0.29	-	-	-
			-	-	-	-
(y)	Sitting Fees	-	-	-	0.18	-
		-	-	-	(0.27)	-

Balance outstanding at year end

(₹ in Crore)

Sr. No.	Particulars	Holding Companies	Fellow Subsidiaries	Associates	Key Management Personnel	Enterprise having influence
(a)	Long Term Investments	-	2.90	186.20	-	-
		-	(3.56)	(186.20)	-	-
(b)	Debtors	-	25.18	0.03	-	-
		-	(26.92)	(0.10)	-	-
(c)	Other Current Advance/Receivable	-	13.06	-	-	-
		-	(13.33)	-	-	-
(d)	Other Advance (Including Advance Towards Equity)	0.42	133.83	36.87	-	-
		(0.50)	(102.58)	(3.57)	-	-
(e)	Sundry Creditors /Other Payable	-	4,096.50	888.95	-	-
		-	(4,230.33)	(544.00)	-	-
(f)	Capital Advances (CWIP)	-	14.45	-	-	-
		-	(11.92)	-	-	-
(g)	Advance From Customer	-	250.41	441.24	-	-
		-	(131.99)	(411.66)	-	-
(h)	Inter Corporate Deposits Given	-	77.60	-	-	-
		-	(67.13)	-	-	-
(i)	Inter Corporate Deposits Taken	1,388.23	3,126.64	-	-	-
		(1,346.85)	(2,915.85)	-	-	-
(j)	Security Deposits Received	-	4.22	-	-	-
		-	(4.22)	-	-	-
(k)	Provision for doubtful debt / impairment	0.42	19.17	116.79	-	-
		-	-	-	-	-
(l)	Guarantees Given	-	49.23	182.99	-	-
		-	(49.23)	(182.99)	-	-
(m)	Guarantees Received	14,363.32	5,860.35	-	-	-
		(14,375.97)	(5,859.85)	-	-	-

Note : Figures mentioned in bracket are previous year figure

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

Details of Party wise transactions :

(₹ in Crore)

	Nature of Transaction	Name of Related Party								
		BPOL	EBTL	EPOL	EPHL	EOL	EPGL	EPMPL	AEGIS	ALL
(a)	Sales (Net)	-	2.86	-	-	-	-	-	-	1.09
		-	(24.20)	-	-	(1.93)	(0.06)	-	-	(6.26)
(b)	Income - Lease Rentals/Rent building	10.90	0.39	-	2.44	0.22	-	-	0.01	0.46
		(11.12)	(0.43)	(0.02)	(2.46)	(0.10)	-	-	(0.05)	(0.42)
(c)	Interest Income-Others	-	-	-	-	-	-	-	-	-
		-	-	-	-	(4.57)	-	-	-	-
(d)	Purchases of Raw Materials ,Stores and Spares, Prod. Consumables and services	-	552.01	-	-	0.16	-	-	-	263.00
		-	(450.01)	(0.01)	-	(8.46)	-	-	-	(375.07)
(e)	Purchase of Petroleum Products (Fuel)	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
(f)	Power Processing Charges / Recovery	25.69	-	-	416.00	-	-	706.79	-	-
		(18.87)	-	(-0.03)	(290.17)	-	-	(754.27)	-	-
(g)	Repairs and Maintenance	-	-	-	-	-	-	-	-	-
		-	-	(1.57)	-	-	-	-	-	-
(h)	Plant and Equipment Hire Charges	-	19.78	-	-	-	-	-	-	-2.04
		-	(18.18)	-	-	-	-	-	-	(1.48)
(i)	Labour Sub Contract Charges	-	-	-	-	-	-	-	-	0.00
		-	-	-	-	-	-	-	(0.18)	-
(j)	Professional Fees	-	-	-	-	-	-	-	-0.32	-
		-	-	-	-	-	-	-	(0.82)	-
(k)	Office Rent	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
(l)	Freight Outwards Expenses	-	57.76	-	-	-	-	-	-	524.23
		-	(45.14)	-	-	-	-	-	-	(239.81)
(m)	Sales Commission	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
(n)	Interest & Other Financial Expenses	12.43	38.68	-	6.83	-	-	-	-	-
		(12.55)	(67.67)	(0.51)	(3.76)	(7.78)	-	(1.57)	-	-
(o)	Capital Contract	-	-	-	-	-	-	-	-	5.12
		-	-	-	-	-	-	-	-	-
(p)	Directors Remuneration (including perquisites)	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
(q)	ICD Given	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
(r)	Invocation of SBLC	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
(s)	Refund of ICD Given	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
(t)	ICD taken	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
(u)	Repayment of ICD taken	-	-	-	-	-	-	-	-	-
		-	(361.95)	-	-	-	-	-	-	-
(v)	Share Application Money Refunded	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
(w)	Purchase of assets	-	-	-	-	0.01	-	-	-	-
		-	-	-	-	-	-	-	-	-
(x)	Miscellaneous Expenses	-	-	-	-	-	-	-	0.29	-
		-	-	-	-	-	-	-	-	-

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

Details of Party wise transactions :

(₹ in Crore)

	Nature of Transaction	Name of Related Party								
		EPCC	ESL	EBTPL	ESTLM	EAHL	EPML	EGFL	EOSL	EPOOL
(a)	Sales (Net)	47.34	-	-	-	-	-	-	-	-
		(49.62)	-	(0.38)	-	-	-	-	(0.01)	-
(b)	Income - Lease Rentals/Rent building	1.60	0.22	-	-	-	-	-	-	-
		(4.05)	(0.11)	-	-	-	-	-	-	-
(c)	Interest Income-Others	-	-	-	1.78	-	-	-	-	-
		-	(14.47)	-	(20.95)	(1.76)	-	-	-	-
(d)	Purchases of Raw Materials ,Stores and Spares, Prod. Consumables and services	2.77	460.34	117.09	-	-	-	-	-	-
		(19.65)	(351.56)	(63.63)	-	-	-	-	-	-
(e)	Purchase of Petroleum Products (Fuel)	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
(f)	Power Processing Charges / Recovery	-	-	-5.24	-	-	-	-	-	123.29
		-	-	(-4.04)	-	-	-	-	-	(82.71)
(g)	Repairs and Maintenance	1.51	-	-	-	-	-	-	-	-
		(6.66)	-	-	-	-	-	-	-	-
(h)	Plant and Equipment Hire Charges	10.10	-	-	-	-	-	-	-	-
		(2.75)	-	-	-	-	-	-	-	-
(i)	Labour Sub Contract Charges	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
(j)	Professional Fees	4.21	-	-	-	-	-	-	-	-
		(4.56)	-	-	-	-	-	-	-	-
(k)	Office Rent	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
(l)	Freight Outwards Expenses	-	11.83	29.19	-	-	-	-	-	-
		-	(9.19)	(24.64)	-	-	-	-	-	-
(m)	Sales Commission	-	-	-	-	-	-	-	-	-
		-	-	-	(-1.94)	-	-	-	-	-
(n)	Interest & Other Financial Expenses	-	-	8.33	-	-	6.18	15.65	-	10.03
		(59.07)	(-0.95)	(45.61)	-	-	(4.03)	(34.10)	(0.23)	(7.69)
(o)	Capital Contract	-13.71	-	-	-	-	-	-	-	-
		(339.35)	-	-	-	-	-	-	-	-
(p)	Directors Remuneration (including perquisites)	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
(q)	ICD Given	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
(r)	Invocation of SBLC	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
(s)	Refund of ICD Given	-	-	-	-	-	-	-	-	-
		-	(114.41)	-	-	-	-	-	-	-
(t)	ICD taken	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	(38.00)	-	-	-
(u)	Repayment of ICD taken	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	(1.74)	-
(v)	Share Application Money Refunded	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
(w)	Purchase of assets	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
(x)	Miscellaneous Expenses	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

Details of Party wise transactions :

(₹ in Crore)

Nature of Transaction		Name of Related Party									
		PTOL	EPTCL	AGCNL	EBPPL	JM	DO	MI	RB	SJ	EVTL
(a)	Sales (Net)	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	(0.07)
(b)	Income - Lease Rentals/Rent building	-	0.08	-	-	-	-	-	-	-	-
		-	(0.10)	-	-	-	-	-	-	-	-
(c)	Interest Income-Others	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
(d)	Purchases of Raw Materials ,Stores and Spares, Prod. Consumables and services	-	-	-	-	-	-	-	-	-	40.45
		-	-	-	-	-	-	-	-	-	(35.14)
(e)	Purchase of Petroleum Products (Fuel)	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
(f)	Power Processing Charges / Recovery	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
(g)	Repairs and Maintenance	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
(h)	Plant and Equipment Hire Charges	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
(i)	Labour Sub Contract Charges	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
(j)	Professional Fees	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
(k)	Office Rent	-	-	-	-	-	-	-	-	-	-
		-	-	-	(-7.25)	-	-	-	-	-	-
(l)	Freight Outwards Expenses	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
(m)	Sales Commission	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
(n)	Interest & Other Financial Expenses	1.77	-	-	-	-	-	-	-	-	-
		(1.39)	-	-	-	-	-	-	-	-	-
(o)	Capital Contract	-	-	1.00	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
(p)	Directors Remuneration (including perquisites)	-	-	-	-	3.81	3.73	0.86	1.44	2.90	-
		-	-	-	-	-	(3.38)	(2.50)	(0.58)	-	-
(q)	ICD Given	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
(r)	Invocation of SBLC	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
(s)	Refund of ICD Given	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
(t)	ICD taken	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
(u)	Repayment of ICD taken	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
(v)	Share Application Money Refunded	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
(w)	Purchase of assets	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
(x)	Miscellaneous Expenses	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

Details of Party wise transactions :

(₹ in Crore)

Nature of Transaction	Name of Related Party								
	EEOL	EII	PKOM	EPLD	ICAS	EMT	ESA-INC	ESLD	IV
(a) Sales (Net)	-	-	-	17.54	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
(b) Income - Lease Rentals/Rent building	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
(c) Interest Income-Others	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
(d) Purchases of Raw Materials ,Stores and Spares, Prod. Consumables and services	-	98.50	-	-	-	-	-	43.91	-
	-	(106.36)	(37.24)	-	-	-	-	-	-
(e) Purchase of Petroleum Products (Fuel)	-	-	-	-	-	-	-	-	-
	(79.19)	-	-	-	-	-	-	-	-
(f) Power Processing Charges / Recovery	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
(g) Repairs and Maintenance	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
(h) Plant and Equipment Hire Charges	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
(i) Labour Sub Contract Charges	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
(j) Professional Fees	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
(k) Office Rent	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
(l) Freight Outwards Expenses	-	-	-	-	-	-	-	37.06	-
	-	-	-	-	-	-	-	(9.78)	-
(m) Sales Commission	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
(n) Interest & Other Financial Expenses	-	-	-	-	-	3.29	9.66	-	11.27
	-	-	-	-	(1.86)	-	(10.06)	-	-
(o) Capital Contract	-	-	-	-	-	-	-	-	-
	-	-	-	(-12.00)	-	-	-	-	-
(p) Directors Remuneration (including perquisites)	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
(q) ICD Given	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
(r) Invocation of SBLC	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
(s) Refund of ICD Given	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
(t) ICD taken	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
(u) Repayment of ICD taken	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
(v) Share Application Money Refunded	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
(w) Purchase of assets	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
(x) Miscellaneous Expenses	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-

Note : Figures mentioned in bracket are previous year figure

(y) Details of Sitting Fees

(₹ in Crore)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
To Independent Directors	**0.13**	0.23
To Nominee Directors and other director	**0.05**	0.04

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

Balance Outstanding as at year end

(₹ in Crore)

Particulars	BPOL	ESTLM	ESAHL	ESML	ESCL	EPCC	ALL	EBTPL	EGFL	EOL	EBTL	EPOL
Long Term Investments	104.77	-	-	-	5.78	-	-	-	-	-	1.30	-
	(104.77)	-	-	-	(5.78)	-	-	-	-	-	(1.30)	-
Debtors	-	-	-	-	-	0.53	-	-	-	-	0.03	-
	-	-	-	-	-	(19.86)	-	(0.43)	-	(0.01)	(0.10)	-
Other Current Advance/ Receivable	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Other Advance(Including Advance Towards Equity)	-	-	-	-	4.17	0.02	94.61	-	0.42	0.04	-	-
	-	-	-	-	(3.57)	(0.07)	(0.08)	(0.87)	(0.50)	-	-	-
Sundry Creditors /Other Payable	192.09	5.61	-	-	-	400.47	242.51	375.19	-	0.02	344.83	19.48
	(198.69)	(5.61)	-	-	-	(428.97)	(157.46)	(322.17)	-	-	(245.30)	(19.48)
Capital Advances (CWIP)	-	-	-	-	-	14.45	-	-	-	-	-	-
	-	-	-	-	-	(11.92)	-	-	-	-	-	-
Advance From Customer	-	-	-	-	-	249.76	-	-	-	0.37	441.24	-
	-	-	-	-	-	(131.97)	-	-	-	-	(411.66)	-
Inter Corporate Deposits Given/ Invocation of SBLC	-	50.10	-	-	-	-	-	-	-	-	-	-
	-	(41.50)	-	-	-	-	-	-	-	-	-	-
Inter Corporate Deposits Taken	-	220.28	18.21	455.31	-	-	-	-	914.72	-	-	-
	-	(244.41)	(18.15)	(453.87)	-	-	-	-	(874.82)	-	-	-
Provision for doubtful debt / impairment	73.34	16.48	-	-	9.95	-	-	-	0.42	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Security Deposits Received	-	-	-	-	-	-	-	4.22	-	-	-	-
	-	-	-	-	-	-	-	(4.22)	-	-	-	-
Guarantees Given	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees Received	-	5,860.35	10,094.33	4,268.98	-	-	-	-	-	-	-	-
	-	(5,859.85)	(10,100.41)	(4,275.56)	-	-	-	-	-	-	-	-

Note : Figures mentioned in bracket are previous year figure

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

Balance Outstanding as at year end (₹ in Crore)

Particulars	AEGIS	EPGL	ESA-INC	EPJL	ESP-FZCO	EPOOL	EPHL	EAHL	EMRL	EEPDCL	VOTL	VPOCL
Long Term Investments	-	-	-	-	0.25	2.60	2.60	-	-	-	-	-
	-	-	-	-	(0.25)	(2.60)	(2.60)	-	-	-	-	-
Debtors	-	0.07	1.30	-	-	-	-	-	-	-	-	-
	-	(0.07)	(2.17)	-	-	-	-	-	-	-	-	-
Other Current Advance/ Receivable	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Other Advance(Including Advance Towards Equity)	-	-	0.14	-	-	-	-	0.18	0.38	-	-	-
	(0.01)	-	(0.16)	(0.54)	-	-	-	(0.18)	(0.38)	-	(0.17)	(0.01)
Sundry Creditors /Other Payable	28.00	-	-	0.18	9.11	143.04	139.38	-	-	-	-	0.01
	(28.02)	-	-	-	(9.15)	(56.13)	(28.43)	-	-	(0.01)	-	(0.02)
Capital Advances (CWIP)	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Advance From Customer	0.02	-	-	-	-	-	-	-	-	-	-	-
	(0.01)	-	-	-	-	-	-	-	-	-	(0.01)	-
Inter Corporate Deposits Given/ Invocation of SBLC	-	-	-	-	-	-	-	27.51	-	-	-	-
	-	-	-	-	-	-	-	(25.63)	-	-	-	-
Inter Corporate Deposits Taken	-	-	130.93	-	-	-	-	-	-	-	-	-
	-	-	(120.79)	-	-	-	-	-	-	-	-	-
Provision for doubtful debt / impairment	-	-	1.44	-	-	-	-	0.18	0.38	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Security Deposits Received	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees Given	-	49.23	-	-	-	26.05	43.93	-	-	-	-	-
	-	(49.23)	-	-	-	(26.05)	(43.93)	-	-	-	-	-
Guarantees Received	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-

Note : Figures mentioned in bracket are previous year figure

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

Balance Outstanding as at year end

(₹ in Crore)

Particulars	ESL	EPMPL	AGCNL	ETKL	EEPLC	EGSF	PTMBL	PTOL	EPML
Long Term Investments	2.90	68.90	-	-	-	-	-	-	-
	(3.56)	(68.90)	-	-	-	-	-	-	-
Debtors	-	-	-	-	-	-	5.59	-	-
	-	-	-	-	-	-	(4.39)	-	-
Other Current Advance/Receivable	13.02	-	-	-	-	-	-	-	-
	(13.02)	-	-	-	-	-	-	-	-
Other Advance(Including Advance Towards Equity)	-	32.70	0.02	0.06	0.55	-	-	-	34.18
	(60.35)	-	(0.11)	(0.06)	(0.55)	-	-	-	(34.18)
Sundry Creditors /Other Payable	22.30	60.50	0.05	-	-	-	-	38.25	9.02
	(74.63)	(6.30)	-	-	-	(1.06)	(0.15)	(37.37)	(3.46)
Capital Advances (CWIP)	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Advance From Customer	-	-	-	-	-	-	-	-	0.27
	-	(0.00)	-	-	-	-	-	-	-
Inter Corporate Deposits Given/Invocation of SBLC	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Inter Corporate Deposits Taken	-	-	-	-	-	-	-	-	38.00
	-	-	-	-	-	-	-	-	(38.00)
Provision for doubtful debt / impairment	-	33.50	-	-	0.55	-	-	-	-
	-	-	-	-	-	-	-	-	-
Security Deposits Received	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Guarantees Given	-	113.01	-	-	-	-	-	-	-
	-	(113.01)	-	-	-	-	-	-	-
Guarantees Received	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-

Note : Figures mentioned in bracket are previous year figure

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

Balance Outstanding as at year end

(₹ in Crore)

Particulars	EPTCL	ESALL	EII	TMSSL	EVTL	EPLD	IV	ESLD	EMT
Long Term Investments	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Debtors	-	-	-	-	-	17.70	-	-	-
	-	-	-	-	-	-	-	-	-
Other Current Advance/Receivable	0.01	0.04	-	-	-	-	-	-	-
	(0.27)	(0.04)	-	-	-	-	-	-	-
Other Advance(Including Advance Towards Equity)	0.10	-	-	-	3.53	-	-	-	-
	(0.10)	-	-	-	(2.80)	-	-	-	(1.95)
Sundry Creditors /Other Payable	-	-	24.13	-	0.55	18.04	90.89	6.07	2,815.72
	-	-	(15.01)	(0.34)	(0.14)	(15.25)	(305.53)	(0.18)	(2,815.34)
Capital Advances (CWIP)	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Advance From Customer	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Inter Corporate Deposits Given/Invocation of SBLC	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Inter Corporate Deposits Taken	-	-	-	-	-	-	224.78	-	2,512.65
	-	-	-	-	-	-	-	-	(2,512.65)
Provision for doubtful debt / impairment	0.10	0.04	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Security Deposits Received	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Guarantees Given	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Guarantees Received	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-

Note : Figures mentioned in bracket are previous year figure

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

55 Contingent Liabilities not provided for

	Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
(a)	**Claims against the Company not acknowledged as debt in respect of:**		
(i)	Disputed Sales Tax/VAT/ Entry Tax matters in respect which the Company has gone in appeal [including amount paid ₹ 83.95 Crore]	**573.63**	17.01
(ii)	Disputed Excise Duty /Custom Duty / Export Duty matters in respect which the Company has gone in appeal [including amount paid ₹ 35.99 Crore]	**564.49**	74.06
(iii)	Tax on sale of Electricity demanded by collector of electricity duty on Essar Power Limited	**-**	45.91
(iv)	Electricity Duty demand (Including Interest)[1]	**-**	1,321.48
(v)	Wheeling Charges demanded by GETCO[2] [including amount paid ₹ 27.23 Crore (Previous year ₹ 27.23 Crore)] [Claim submitted under CIRP - ₹ 827.18 Crore]	**393.01**	393.01
(vi)	Freight Claim by Railway [including amount paid ₹ 28.04 Crore (Previous year ₹ 27.80 Crore)]	**205.41**	205.41
(vii)	Railway- Take or Pay liability[3]	**372.44**	-
(viii)	Differential Electricity Duty	**-**	49.39
(ix)	Electricity Charges by DGVCL[4] (including amount paid ₹ 184.09 Crore) [Claim submitted under CIRP - ₹ 4,047 Crore]	**192.58**	192.58
(x)	Cross Subsidy[5] (Including Amount Paid ₹ 79.23 Crore) [Claim Submitted under CIRP - ₹ 1,136 Crore]	**702.13**	534.97
(xi)	Inter Connection Charges (including amount paid ₹ 150.28 Crore)	**150.28**	-
(xii)	Take or Pay liability[6] (including amount paid ₹ 186.78 Crore) [Claim submitted under CIRP - ₹ 3,762.59 Crore]	**574.10**	574.10
(xiii)	Wharfage charges [Claim submitted under CIRP - ₹ 64.67 Crore]	**60.32**	-
(xiv)	Fixed Power Charges as per PPA[7]	**2,321.69**	-
(xv)	Right to Use Charges - OSPIL[8]	**200.00**	-
(xvi)	Take or Pay Claim - BPCL/GAIL[9]	**387.09**	-
(xvii)	Others (including amount paid ₹ 43.01 Crore)	**99.78**	16.37
(b)	**Share in Contingent Liability of Associates**	**5.01**	29.58

1. A Show Cause Notice (SCN) dated 10th March, 2010 was issued by the Collector Electricity Duty, Gandhinagar, demanding Electricity Duty ₹ 585.31 Crore and Interest ₹ 528.48 Crore for the period April 2000 to February 2010. The Company has claimed that it is exempt from paying the Electricity Duty for a period of 15 years from the date of commissioning of the captive power project i.e. from 8th August, 1995 to 7th August, 2010. The Company filed an appeal to the Division Bench of Gujarat High Court against the same which was admitted by the Court and a stay was granted vide order dated 5th April, 2010. As per the conditions of stay, the Company has paid under protest ₹ 612.79 Crore towards the arrears of the principal amount of electricity duty. The review petition filed by the Company has been dismissed by the Supreme court on 05.10.2017. The Company has filed Curative Petition on 21.11.2017.

   National Company Law Tribunal (NCLT), Ahmedabad has ordered the commencement of corporate insolvency resolution process against the Company on August 2, 2017 and creditors of Company called upon to submit their claim to the Resolution Professional (RP). Collector of Electricity Duty has also submitted their claim for ₹ 708.69 Crore towards interest which has been admitted and the Company has provided for the principle amount of Electricity Duty ₹ 612.79 Crore (already paid) and interest claim of ₹ 708.69 Crore during the year. In the opinion of the Company, circumstances exist for the State Government to pass an order waiving the whole of interest amount of ₹ 708.69 Crore in exercise of its statutory power under Section 12(5) of the Bombay Electricity Act, 1958. It was appearing as contingent liability as on 31.03.2017.

2. In January 2006, the Dakshin Gujarat Vij Company Limited (“DGVCL”) claimed from Essar Steel India Limited (“ESIL”) for payment of wheeling charges on the ground that ESIL is using its distribution system for conveyance of electricity

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

generated by its two captive power plants to the manufacturing units. In so claiming, the contention of DGVCL was that Bus Bars engineered, procured and constructed by ESIL at its own cost is a part of its service line and since the electricity of ESIL is conveyed through the service line, ESIL is liable to pay wheeling charges. ESIL denied the said claim by contending that Bus Bars are an integral part of its switchyard, which is constructed, operated and maintained by ESIL and the same cannot be a service line or extension thereof laid down by the Gujarat Electricity Board ("GEB"). Thereafter, in June 2006, DGVCL served a further demand-cum-disconnection notice on ESIL, which ESIL challenged before the Gujarat High Court by filing a writ petition. The petition was dismissed by the Ld. Single Judge of the Hon'ble High Court on 15th January 2007. After the said judgment, DGVCL abandoned its said claim for payment of wheeling charges and in lieu thereof, the Gujarat Electricity Transmission Corporation Limited ("GETCO") raised a demand on ESIL for payment of transmission charges on the ground that ESIL is, inter alia, is using its transmission system for conveyance of its electricity. GETCO claimed that the Bus Bars are a part of its transmission line and since the same are used, inter alia, by ESIL for conveyance of its electricity, it is liable to pay transmission charges to GETCO. ESIL denied the said claim of GETCO and further filed an appeal before the Division Bench of the Gujarat High Court, which rejected ESIL's application for interim stay of recovery of the transmission charges pending hearing and final disposal of the appeal. Consequently, ESIL approached the Supreme Court, which stayed the recovery of transmission charges by GETCO subject to ESIL paying 30% of the transmission charges demanded in February 2007, which was complied with by ESIL. Finally, the Division Bench dismissed the appeal filed by ESIL by Judgment dated 30th August 2011. ESIL has preferred a Special Leave Petition (Civil) No.27540 of 2011 before the Hon'ble Supreme Court, which has stayed recovery of the transmission charges, vide its order dated 5th December, 2011 and the matter is pending for final hearing.

Bus Bars are, inter alia, ESIL's installation situated within its own premises beyond the Delivery Point. The same are thus, not a part of transmission line or an extension thereof of GETCO. There is no provision in law providing for vesting of any transmission line constructed by one person in another. GETCO, being the transmission licensee has not granted any open access to its transmission system to ESIL and thereby one of the conditions of the charging Section 40 of the Electricity Act, 2003 has not been fulfilled and GETCO is, therefore, not entitled to receive payment of any transmission charges from ESIL.

As per the Memorandum of Minutes dated 1st February 2010, ESIL has shifted the Ichhapore service line to another location. Thereafter, GETCO has stopped billing transmission charges to ESIL. As per the view of the reputed Counsel, ESIL is not liable to pay any transmission charges to GETCO and hence no provision is required to be made in the books for the same. However, ESIL has disclosed ₹ 393.01 Crore (Previous Year ₹ 393.01 Crore) as contingent liability as on 31st March 2018 towards demand of transmission charges and has considered demand for interest as a remote liability.

GETCO has filed a claim under CIRP for ₹ 827.18 Crore which includes principal amount ₹ 393.01 Crore and Interest ₹ 461.41 Crore excluding payment already made by the company ₹ 27.23 Crore The claim has been classified under disputed category, pending before various legal forums.

3. East Coast Railway, in their letter dt 23.10.2017 had claimed payment of ₹ 372.44 Crore from Company towards compensation against shortfall of assured traffic during 2014 -15 to 2016-17 (3 years) in terms of the Agreement executed between Company and Railway on 05.08.2005 regarding Way Leave granted to Company for laying of Slurry Pipeline through the Railway land. The Company by its letter dated 07.11.2017 repudiated the claim on various grounds, however Railway advised Company to deposit ₹ 50 Crore being the first instalment. Since Company did not agree, Railway issued notice to Company to deposit the amount or face removal of the slurry pipeline. Since no relief was received, Company filed the WP.No:44471 of 2017 before the Hon'ble High Court of Andhra Pradesh at Hyderabad.

   The Hon'ble High Court after hearing both the parties, passed order on 27.12.2017 suspending the decision of the Railways to remove the Slurry Pipeline for a period of six weeks subject to the condition that ESIL will approach the Ahmedabad Bench of NCLT within four weeks seeking direction regarding the deposit of ₹ 50 Crore. demanded by the Railways in view of the moratorium imposed by the Hon'ble NCLT on payments / recoveries from Company by order dated 02.08.2017. Company has filed interlocutory application before the NCLT, Ahmedabad Bench, on 25.01.2018.

   The Hon'ble NCLT, Ahmedabad Bench passed order on 16.02.2018 directing the Railways to maintain status quo in respect of Slurry Pipeline in the Railway land till the expiry of Corporate Insolvency Resolution Process or until further order whichever is earlier. The matter is pending for disposal. This claim has not been submitted to RP under CIRP however it has been disclosed as contingent liability.

4. By Order dated 30th June, 2010, the Hon'ble High Court of Gujarat had sanctioned the scheme for amalgamation, inter alia, of Essar Steel (Hazira) Limited, ("ESHL") with Essar Steel India Limited ("ESIL"). The amalgamation became effective from 5th August, 2010. The undertaking (i.e. properties and liabilities) of ESHL became the undertaking of ESIL from the appointed date i.e. 1st April, 2009. Thereafter, ESIL has used the electricity, including the electricity supplied by the Dakshin Gujarat Vij Company Limited ("DGVCL"), for manufacturing goods through the undertaking of the erstwhile ESHL. Such use of electricity amounts to use of electricity by ESIL itself.

   DGVCL raised a Supplementary Bill dated 22nd September, 2011 claiming ₹ 2,311.02 Crore from ESIL on the ground that ESIL has used the electricity in breach of the agreed terms of MOM dated 1st February, 2010 for ESIL has used

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

electricity beyond the approved power boundary. Subsequently, DGVCL raised a revised Supplementary Bill dated 25th January, 2012 for payment of a sum ₹ 192.58 Crore, and same has been paid by ESIL to DGVCL under protest to obtain certain pending permissions from DGVCL. As per the facts, use of electricity by ESIL beyond the approved power boundary has not caused any loss or prejudice to DGVCL. In any case, DGVCL cannot apply the increased rate of tariff in respect of electricity generated by the captive power plants of ESIL. ESIL has filed an appeal before Appellate Authority on 19th Nov, 2012 challenging the claim of ₹ 192.58 Crore raised by DGVCL and same has been shown as contingent liability. The Appellate Authority and Chief Electrical Inspector (CEI) has ruled that DGVCL can claim only to the extent of DGVCL's power supplied in the concerned period which amounts to 25.23 million units and DGVCL shall refund the balance.

According to such ruling of the CEI, approx. ₹ 28.60 Crore stands payable out of which ₹ 14.30 Crore is already paid by way of regular energy bill raised by DGVCL and ESIL is entitled to a refund of about ₹ 184.09 Crore. DGVCL has challenged the Order of the Appellate Authority in Hon'ble High Court of Gujarat by way of Special Civil Application. ESIL has also filed Special Civil Application in Gujarat High court mentioning that there is no unauthorized use of power considering merger Order dated 30.06.2010 passed by the Hon'ble High Court of Gujarat or assuming without admitting that there has been unauthorized use of power, the same ought to have been only for 6.63 MU on the basis of proportionate of 25.23 MU supplied by DGVCL during 15.06.11 to 30.07.2011. Ld Single Judge of High Court of Gujarat by way of Judgment dated 22.01.2015 held that the Court did not find any arbitrariness, perversity or illegality in the impugned order dated 01.11.2013, passed by the Appellate Authority directing the refund of the excess amount paid by Essar pursuant to the revised supplementary bills over and above the quantity of unauthorized power used by ESIL. DGVCL by way of LPA no 465 and 466 of 2015 challenged the Judgment of Single Judge dated 22.01.2015 before the Div. Bench of Gujarat High Court, the Div. Bench without going in to the merits of case passed order on the point of maintainability and allowed the LPAs. The Company has filed SLP No 27920 and 27921 of 2015 before the Supreme Court of India against the Order dated 17.07.2015 of the Div. Bench of Gujarat High Court, which is pending for hearing. Meanwhile DGVCL has also filed a civil suit No. 373 of 2016 against ESIL in the Court of Senior Civil Judge, Surat for recovery of their dues. ESIL has challenged the maintainability of suit on the ground of limitation and statutory bar under the Electricity Act. Hearing is pending against the same.

DGVCL has filed a claim of ₹ 4,047 Crore under CIRP which includes claim amount ₹ 2311.02 Crore, delayed payment charges thereon ₹ 1,928.57 Crore less payment already made by the company ₹ 192.58 Crore. The claim has classified under disputed category, pending before various legal forums.

5. The Company has been granted the status of a Regional Entity, vide order dated 08.06.2013 by the Central Electricity Regulatory Commission (CERC). The Company disconnected itself from the 220 KV STU network on 23.06.2013 and upon shifting of the connectivity from the State Load Dispatch Centre Gujarat (SLDC) to Western Regional Load Dispatch Centre (WRLDC) Company has ceased to be an embedded customer of Gujarat for all intent and purposes and it is treated as a regional entity independent of the State of Gujarat in the matter of scheduling, dispatch, energy accounting etc.

   In view of the above, supported by opinion from a Senior Advocate, the Company has informed Dakshin Gujarat Vij Company Ltd. (DGVCL) about wrongfully levied cross subsidy surcharge upon the regional entity and claimed the refund of cross subsidy paid during June 2013 to June 2015 vide letter dated July 27, 2015. Accordingly, the amount of cross subsidy surcharge levied during the period from June 2013 to March 2018 amounting to ₹ 702.13 Crore has not been recognized. The Company had filed Petition No.216/MP/2015 in CERC on 08.09.2015 challenging claims of DGVCL as cross subsidy. The CERC vide its Order dated 06.07.2016 dismissed the Petition holding that the GERC has jurisdiction to decide the issue, accordingly, the Company has filed Petition No 1601 of 2016 before GERC challenging the levy of Cross subsidy. The hearing of the parties before the GERC has been concluded and the parties have filed their written submissions in the matter. The GERC has reserved its judgment. In the meantime, on a petition filed by DGVCL for recovery of cross subsidy charge from the Company, the CERC has passed an Order on 06.11.2018 directing DGVCL to approach NCLT, Ahmedabad Bench, Ahmedabad in view of the moratorium declared prohibiting any enforcement action against the Company, the corporate debtor. Since the CERC has made certain unjustified observations on the liability of the Company to pay cross subsidy surcharge to DGVCL, knowing it full well that the issue relating to the said liability of the Company is pending before the GERC for decision as per the CERC's earlier Order dated 06.07.2016 holding that the dispute in relation thereto falls within the jurisdiction of the GERC, the Company has been advised to prefer an appeal before the Appellate Authority for Electricity, New Delhi, which the Company would file in due course.

   DGVCL has filed a claim of ₹ 1,136 Crore under CIRP towards the above claim including delayed payment charges. The claim has classified under disputed category, pending before various legal forums.

6. M/s Indian Oil Corporation Limited (IOCL) has submitted a claim of ₹ 3,762.59 Crore as Take or Pay (ToP) for FY 2014-15 to FY 2017-18 under the provision of the Gas Sales Agreement (GSA) dated 15th January 2009 and the Assignment Agreement dated 14th November 2013 and 25th September 2014. The claim has been kept under dispute and challenged by the Company on the following grounds:

   a) The agreement between Company and IOCL is a back to back agreement flowing from the agreement between Rasgas and PLL and PLL and IOCL. Since IOCL has not received any Take or Pay claims from PLL, IOCL

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

cannot claim same from the Company. Further IOCL has been able to sell all the gas it received under the contract and has not incurred any loss due to non-offtake by ESIL and as such cannot claim "Take or Pay" from ESIL.

b) IOCL has been in breach of the provisions of the contract by not been able to supply gas at the contractual terms for more than 180 days in FY 2014. Further ESIL is eligible for raising Liquidated Damage claim on IOCL due to the non- performance of IOCL under the Gas Sales Agreement.

c) Further, as per the Provisions of the contract (Clause 6.3 of the GSA between Company and IOCL) the Take or Pay payment has to be compensated through supply of Make-up Gas in the subsequent period of the contract. Further, under Clause 19.9 (b) once the "Make Up" rights are accrued on payment of the Take or Pay amount, it survives the termination of the contract.

An amount of ₹ 186 Crore have been recovered by IOCL through invocation of Bank Guarantee on 16.02.2017. Under above circumstances, the amount recovered as "Take or Pay" is an advance paid to IOCL towards future supply/ receivables, hence shown as receivable in Company's books.

The Company and IOCL have executed a side letter dated 4th May 2016 wherein IOCL has agreed to exercise the downward flexibility for FY 2015 and deferring the downward flexible quantity to subsequent years as make good quantity. IOCL for the period from 23rd May 2016 to 16th February 2017 failed to supply gas aggregating to more than 50% of the nominated quantity during the period due to pressure issues. As IOCL, in the past also failed to supply gas as per the contractual delivery provisions, Company has terminated the contract as per provisions under clause 19.1 of the contract vide its letter dated 10th March 2018. Therefore no Take or pay is payable for the period FY 2015-16 to FY 2017-18. The claimed amount of ₹ 574.10 Crore for FY 2014-15 shown as contingent liability.

7. a) Essar Steel India Ltd. (the Company) and Bhander Power Limited (BPOL) entered into a Power Purchase Agreement (PPA) on 8th March 2010 which was valid till 31st March 2030, wherein BPOL has agreed to supply power from the facility to the Company. As per the agreement, the Company was liable to pay monthly charges as per the agreed terms and supply fuel (Gas) to BPOL towards supply of power. In year 2010, due to change in Government policy, supply of gas to Steel Sectors was curtailed, resulting into nil supply of gas from the suppliers, which resulted in multifold increase in the cost of gas. The Company has sent a letter dated 11th November, 2014 communicating its inability to perform obligations under the PPA on account of increase in gas price. BPOL has not raised any invoice under the said PPA since issuance of letter dated 11th November, 2014. However BPOL has submitted its claim for ₹ 1,617.85 Crore before the RP under CIRP which has not been admitted by the RP as no such amount was payable by the company as per the reconcilliation statement signed by both the parties. BPOL has filed an application in NCLT Ahmedabad against the same. The Company is not liable to pay this claim as per the reconcilliation statement signed by both the parties and no provision is required to be made in the books, however disclosed ₹ 1,617.85 Crore as contingent liability as at 31st March, 2018.

b) Essar Steel India Ltd. (the Company) and Essar Power Limited (EPOL) entered into a Power Purchase Agreement (PPA) on 20th June 1996 which was valid for 20 years, wherein EPOL has agreed to supply power from the facility to the Company. As per the agreement, the Company was liable to pay monthly charges as per the agreed terms and supply fuel (Gas) to EPOL towards supply of power. In year 2010, due to change in Government policy, supply of gas to Steel Sectors was curtailed, resulting into nil supply of gas from the suppliers, which resulted in multifold increase in the cost of gas. The Company has sent a letter dated 11th November, 2014 communicating its inability to perform obligations under the PPA on account of increase in gas price. EPOL has not raised any invoice under the said PPA since issuance of letter dated 11th November, 2014. However EPOL has submitted its claim for ₹ 912.70 Crore before the RP under CIRP includes claim towards take or pay charges ₹ 703.84 Crore which has not been admitted by the RP as no such amount was payable by the company as per the reconcilliation statement signed by both the parties. EPOL has filed an application in NCLT Ahmedabad against the same. The Company is not liable to pay this claim as per the reconcilliation statement signed by both the parties and no provision is required to be made in the books. However disclosed ₹ 703.84 Crore as contingent liability as on 31st March, 2018.

The EPOL's claim also includes Tax on sale of Electricity and interest thereon ₹ 189.37 Crore (tax on supply of electrcity by EPOL to the company) as a disputed outstanding which has been rejected as the same claim has been raised by the Collector of Electricity Duty, Government of Gujarat, Gandhinagar also for ₹ 152.50 Crore which has been admitted and provided by the Company as at 31st March 2018.

8. Essar Steel India Ltd. (the Company) and Odisha Slurry Pipeline Infrastructure Ltd. (OSPIL) entered into a Business Transfer Agreement (BTA) dated 27th February 2015 pursuant to which a business undertaking of the Company, viz. Slurry Pipeline was agreed to be transferred to OSPIL for a total consideration of ₹ 4,000 Crore. The purchase consideration was proposed to be paid in a phased manner, however the Company had the right to exercise an option for transfer of the Slurry Pipe Line back to it from OSPIL, in the event that OSPIL fails to pay the instalments of the Purchase Consideration. The Company and OSPIL have also entered into a Right to Use agreement (RTUA) dated March 30, 2015 wherein OSPIL allowed the Company to use the allocated capacity of the Slurry Pipe Line

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

in consideration of payment of usage charges. The RTUA was further amended by the addendum dated August 31, 2015, wherein it was inter alia agreed that the usage charges will be in proportions of the payment of purchase consideration.

OSPIL paid a part of the purchase consideration to the Company, however, in January 2016, the RBI issued a clarification to banks stating that such sale and lease back transactions will be treated as an event of restructuring for the debt of the seller as well as the buyer. Thus, OSPIL could not raise the envisaged debt and equity for making the payment of the full amount of purchase consideration to the Company for the transaction, thus effectively frustrating the transaction. Therefore mutually entered into an agreement dated 24th June 2016 (Cancellation Deed) agreeing inter-alia to unwind the transaction w.e.f. 30th June 2016 and re-transfer the Slurry Pipeline, along with loans availed by OSPIL (for funding the purchase of Slurry Pipe Line) to the Company. The Company has reversed the unrealized profit of ₹ 2,793.04 Crore (including ₹ 1,543.28 Crore against outstanding receivable from OSPIL towards sale of business undertaking) consequent to entering the cancellation deed.

To give effect of cancellation deed, some of the Company's lenders and OSPIL's lenders granted in-principal approval to the Company and OSPIL respectively, however SREI Infrastructure Finance Ltd. (SREI), the holding company of OSPIL, objected and filed a suit before the Civil Judge (Senior Division) at Sealdah. SREI also filed an application seeking interim reliefs which was refused by the Hon'ble Civil Judge at Sealdah. SREI filed an appeal in Calcutta High Court, seeking injunction in relation to unwinding of the RTUA as set out in the Cancellation Deed. The Hon'ble Calcutta High Court vide its order dated 22nd December 2016 passed an ex-parte order for status-quo with regard to alienation, transfer in respect of the Slurry Pipeline which has been extended from time to time and is still in force.

On 2nd August 2017, the Company was admitted into CIRP by Hon'ble NCLT, Ahmedabad Bench. An application was filed before NCLT for seeking reliefs towards declare the slurry pipeline as the asset of the Company and allow Company to apply before the Calcutta HC for disposal of the appeal in light of the admission of application. The NCLT vide its order dated 7th February 2018, did not grant any relief and stipulated that the title of pipeline asset is subject to the proceeding before the Hon'ble High Court of Calcutta.

On 15th June, 2018, OSPIL requested payment of RTUA charges for use of Pipeline during the CIRP period commencing from 2nd August 2017 and claimed that ownership and possession of the Slurry Pipe Line remains with OSPIL pending final decision by the Hon'ble Calcutta High Court. The Company has denied the request of OSPIL's claim vide letter dated 13th July 2018 mentioning that since the matter is sub-judice before the Hon'ble court of Calcutta and have not declared the deed of cancellation as invalid, the question of payment under the RTUA does not arise.

On 1st August 2018, SREI had sought clarifications from Calcutta High Court on the status quo order dated 22nd December, 2016 for the payment of rental. However, the matter is subjudice.

The Company has charged depreciation on the above asset and provided interest on liability taken from OSPIL, however in the event of Calcutta HC passing order as above, then the liability towards RTUA charges will be approx. ₹ 800 Crore and the differential amount of ₹ 200 Crore approx. (between RTUA charges liability and expenditure already accrued) will arise due to this change, shown as contingent liability as on 31.03.2018. However this transaction will be considered as Finance Lease under Ind AS (applicable from 1st April 2016), in the books of the Company and under Finance Lease, the assets will be appeared as Financial Lease Asset at sale value i.e. ₹ 4,000 Crore and corresponding liability will be appeared as Finance Lease Obligation. Further loan liability taken in Company's books will be transferred back to OSPIL. The unrealized profit will be accounted as deferred gain under Ind AS. Outstanding receivable amount ₹ 1,543.28 Crore will also be recouped in Company's books.

9 (a) Essar Steel India Ltd. (the Company) has a long term agreement with M/s Bharat Petroleum Corporation Limited (BPCL) for supply of RLNG. BPCL has submitted a claim of ₹ 261.55 Crore towards Take or Pay claim to the Resolution Professional under the CIRP process against the Company. In view of the Company, BPCL has sold RLNG to other buyer and have not incurred losses due to quantity shortfall. The RP has rejected the claim because even after several oppportunities, BPCL did not confirm that it has not sold gas to third parties as alleged by the Company.

BPCL has filed an interlocutory application before the Ahmedabad Bench of the NCLT for recognition and admission of a claim of ₹ 443.05 Crore (₹ 261.55 Crore made in Form B dated 13th December 2017 and ₹ 181.51 Crore claimed through an affidavit dated 13th February 2018).

(b) Essar Steel India Ltd. (the Company) has a long term agreement with M/s GAIL (India) Limited for supply of RLNG. Under the contract GAIL has raised take or pay claims on the Company amounting to ₹ 125.54 Crore. GAIL and Company entered into an agreement for the mitigation of the Take or Pay quantities through offtake of gas, and in this regard a side letter was executed by the parties. Pursuant to this, Company off-took some quantity but because of pipeline hydraulic constraint at GAIL end, Company couldn't off-take total shortfall quantity. Company envisage to mitigate the Take or Pay claim through suitable offtake or get exempted because of inability of GAIL to supply gas when nominated by ESIL. Further, the Take or Pay payment if any has to be returned by the Seller as Make up Gas so as such there is no liability against Take or Pay. In view of the Company, GAIL has sold RLNG to other buyer and have not incurred losses due to quantity shortfall.

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

Particulars		As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
(c)	Guarantees given to various Banks, Financial Institutions, Finance Companies, etc. on behalf of others to the extent of outstanding balance of liabilities as at the year-end against the said guarantees	232.22	232.22

56 Commitments

Particulars		As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
(a)	Estimated amount of contracts remaining to be executed on capital account and not provided for	**99.98**	287.70
(b)	Share in Commitments of Associates	**0.19**	62.55
(c)	Custom Duty on pending export obligation under EPCG scheme*	**1,629.17**	2,017.89

* Includes duty of ₹ 1,104.03 Crore (excluding interest) on export obligation of EPCG Authorization which expired on 31st August 2018, for which the company has made a representation to Ministry of Steel & Ministry of Commerce through Indian Steel Association for granting extension of Export Obligation period by 5 Years. In this context Finance Ministry has asked information from Indian Steel Association for further necessary action.

57 Employee Benefits

(i) Defined Contribution Plan

The company has a defined contribution plan whereby contribution are made to provident fund in India for employees at a percentage of basic salary as per regulations. Contributions are made to registered provident fund administerred by government. The obligation of the company is limited to the amount contributed and it has no further contractual or constructive obligation. Company's contribution to Provident Fund aggregating to ₹ 15.30 Crore (Previous year ₹ 15.22 Crore) are recognised in the Statement of Profit and Loss and capital work in progress, as applicable.

(ii) Defined Benefit Plan

The Company has a defined benefit Gratuity plan. Every employee who has completed five years or more of service gets a Gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The plan is funded through a Gratuity Scheme administered by a separate fund that is legally separated from the entity.

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Particulars	Year Ended 31st March, 2018 ₹ in Crore	Year Ended 31st March, 2017 ₹ in Crore
Net employee benefit expense recognised		
Current Service Cost	**6.30**	5.89
Exchange Variation Impact	**(0.46)**	(0.47)
Past Service Cost	**7.72**	-
Net Interest/(Income) on net defined benefit	**2.45**	2.70
Immediate recognition of (gains)/losses - other long term employee benefit plans	**(0.01)**	(0.01)
Expenses Recognised in the Statement of Profit and Loss	**16.00**	8.11
Other Comprehensive Income		
Actuarial (gain)/loss recognised in the year due to liability experience changes	**(0.70)**	(3.35)
Actuarial (gain)/loss recognised in the year due to liability assumption changes	**(0.92)**	3.18
Actuarial (gain)/loss arising on the liability during the period	**(1.62)**	(0.17)
Add: Return on Plan Assets (greater)/less than discount rate	**0.19**	0.26
Actuarial Loss/(Gain) recognised in OCI	**(1.43)**	0.09

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

Particulars	Year Ended 31st March, 2018 ₹ in Crore	Year Ended 31st March, 2017 ₹ in Crore
Defined Benefit Cost		
Service Cost	**14.02**	5.89
Exchange variation Impact	**(0.46)**	(0.47)
Net interest/(income) on net defined benefit liability/(asset)	**2.45**	2.70
Immediate recognition of (gains)/losses - other long term employee benefit plans	**(0.01)**	(0.01)
Actuarial (gain)/loss arising recognised in OCI	**(1.43)**	0.09
Defined Benefit Cost	**14.57**	8.20
Balance Sheet		
Details of provision for Gratuity		
Defined Benefit Obligation	**(88.02)**	(76.86)
Fair value of Plan Assets	**42.74**	37.14
Funded Status [Surplus/(Deficit)]	**(45.28)**	(39.72)
Net Defined Benefit Asset/(Liability)	**(45.28)**	(39.72)

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Reconciliation of Net Balance Sheet Position		
Net defined benefit asset/(liability) at the end of prior period	**(39.72)**	(37.80)
Service cost	**(14.02)**	(5.89)
Net interest on net defined benefit (liability)/asset	**(2.45)**	(2.70)
Gain/(Loss) recognised in OCI	**1.43**	(0.08)
Employer Contribution	**8.41**	5.94
Exchange Variation Impact	**0.46**	0.47
Benefits paid	**0.61**	0.34
Net Defined Benefit (Liability)/Asset at the end of reporting period	**(45.28)**	(39.72)
Changes in the present value of the defined benefit obligation are as follows:		
Projected Benefit Obligations (PBO) at the beginning of the year	**76.86**	71.81
Service Cost	**14.02**	5.89
Interest Cost	**5.16**	5.38
Actuarial (gain)/loss on obligations	**-**	(0.15)
Actuarial (gain)/loss - experience	**(0.86)**	(3.17)
Actuarial (gain)/loss - financial assumptions	**(0.76)**	3.14
Exchange Variation Impact	**(0.46)**	(0.47)
Benefits paid	**(5.94)**	(5.57)
PBO at the end of the year	**88.02**	76.86
Changes in the fair value of plan assets are as follows:		
Fair Value of Plan Assets at the beginning of the year	**37.14**	34.01
Acquisition Adjustment	**-**	-
Interest Income on Plan Assets	**2.71**	2.68
Contributions/Transfers	**8.41**	5.94
Benefits paid	**(5.33)**	(5.23)
Return on Plan Assets greater/(less) than discount rate	**(0.19)**	(0.26)
Fair Value of Plan Assets at the end of the year	**42.74**	37.14

The Company expects to contribute ₹ 18 Crore (previous year ₹ 7.92 Crore) to its gratuity plan for the next year.

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

Expected benefits payment for the year ending

Particulars	31st March, 2018 ₹ in Crore	31st March, 2017 ₹ in Crore
Less than 1 year	**8.07**	7.92
Between 2 to 5 years	**34.34**	30.44
Over 5 years	**47.34**	39.26
Weighted Average duration of the defined benefit obligation	8 years	

Investment details of plan assets

Plan assets comprise of Schemes of Insurance - Conventional products

Particulars	31st March, 2018 ₹ in Crore		31st March, 2017 ₹ in Crore	
	Increase	**Decrease**	**Increase**	**Decrease**
Sensitivity Analysis - Impact on DBO				
Discount Rate (0.5% movement)	**(2.27)**	**2.42**	(2.00)	2.13
Salary Escalation Rate (0.5% movement)	**1.99**	**(1.93)**	1.45	(1.44)
Withdrawal Rate (3% movement)	**0.61**	**(0.92)**	1.03	(1.52)
Assumptions				
Discount Rate		**7.50%**		7.00%
Salary Escalation Rate		**7.50%**		7.50%
Withdrawal Rate		**10.00%**		10.00%
Mortality	**Indian Assured Lives Mortality (2006 - 08) Ult. Modified**			
(iii) Compensated Absences				
Present Value of Unfunded Obligation		**(15.61)**		(16.87)
Expense recognised in Statement of Profit and Loss		**1.68**		2.36
Discount rate (p.a.)		**7.50%**		7.00%
Salary Escalation Rate (p.a.)		**7.50%**		7.50%

58 Leases

Finance Lease

The Company has recognized certain assets under finance leases. The lease arrangement for Plant & Machinery is for 15 years. At the end of non cancellable period, the lessors have a put option to sell the underlying assets to the Company.

Operating Lease

i) Embedded operating leases: The Company has recognized certain arrangements based on facts and circumstances and have identified them in the nature of lease as the fulfilment of the arrangements depend upon a specific asset and the Company has right to use the asset. After separating lease payments from the other elements in these arrangements, the Company has recognized these leases as operating leases. The lease arrangements are for 5 years.

ii) Other leases: Residential houses for staff accommodation , offices and equipments are obtained on operating lease. Lease rent is payable as per the lease term. The lease term is generally for 11 months and renewable for a further period at the option of the Company. There are no restrictions imposed by lease arrangements.

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

Particulars	As at 31st March, 2018 ₹ in Crore		As at 31st March, 2017 ₹ in Crore	
	Finance lease	Operating lease	Finance lease	Operating lease
Total minimum lease payments at the year end	**2,064.37**	**-**	2,236.76	-
Less: amount representing finance charges	**1,199.24**	**-**	1,341.82	-
Present value of minimum lease payments	**865.13**	**-**	894.94	-
Lease payments for the year (accrual)	**157.53**	**514.60**	156.36	387.55
Not later than one year	**198.56**	**509.43**	214.24	530.07
Later than one year but not later than five years	**627.20**	**943.71**	627.20	1,468.74
Later than five years	**1,238.62**	**15.08**	1,395.33	21.74

59 Earning Per Share

Particulars	For the year 31st March, 2018 ₹ in Crore	For the year 31st March, 2017 ₹ in Crore
Net Profit/(Loss) as per statement of Profit & Loss	**(14,240.31)**	(5,620.35)
Weighted average number of shares for the purpose of calculating Basic & Diluted earning per share (in nos.)	**3,108,957,660**	3,108,957,660
Basic & Diluted earning/(loss) per Equity share of ₹ 10 each (in Rupees)	**(45.80)**	(18.08)

60 Pursuant to the defaults in repayment of debt of the Company, NCLT Ahmedabad bench has admitted the petition filed by the lenders on 2nd August, 2017. Accordingly corporate insolvency resolution process ("CIRP") under the Insolvency and Bankruptcy Code, 2016 was initiated against the Company. Creditors of the Company were called upon to submit a proof of their claims in the prescribed forms, to the Resolution Professional (RP) including suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSME). Based on valid documents along with the claim submitted to the Company, the dues to MSME's as on 31.03.2018 are given below:

Particulars	As at 31st March, 2018 ₹ in Crore	
	Claimed	Accepted
Principal	14.88	5.97
Interest	2.18	0.13

61 Current Liabilities includes current maturity of long term debt and long term Export Performance Bank Guarantee (EPBG) crystalized into a fund based liability. Pursuant to the defaults in repayment of debt of the Company, NCLT Ahmedabad bench has admitted the petition filed by the lenders on 2nd August, 2017. Accordingly corporate insolvency resolution process ("CIRP") under the Insolvency and Bankruptcy Code, 2016 was initiated against the Company. Owing to the initiation of CIRP, the non-current borrowings have been reclassified as current liabilities pending approved resolution plan. The Company believes that upon implementation of approved resolution plan, financial position of the Company shall improve and the financial statements for the year ended March 31, 2018 have been prepared on a going concern basis.

62 Current Provisions

Provision for Indirect Tax Matter:

In respect of SEZ matter, the Company had paid custom duty (Basic duty, countervailing duty and cess) ₹ 180.73 Crore towards clearance made for the period 27th October, 2006 to 11th April, 2007 against Show Cause Notice (SCN) dated 7th April, 2008 issued by DGCEI pending investigation. Subsequently the Company availed CENVAT credit of ₹ 140.35 Crore towards countervailing duty and cess out of the said deposit paid which was disputed by Commission

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

of Central Excise and issued a show cause notice dated 18.11.2008 alleging wrong availment of the CENVAT by the company. A provision has been made for ₹ 19.73 Crore being non cenvatable portion of Custom duty paid for the period 11th January, 2007 to 20th March, 2007.

Both the above show cause notices have been adjudicated by the Commissioner of Central Excise vide order dated 31.03.2017 wherein it has been held that DGCEI has no jurisdiction to investigate into the matters related to SEZ. Further a demand of customs duty of ₹ 24.82 Crore for the period 21.03.2007 to 11.04.2007 has been confirmed, CVD portion of Custom Duty ₹ 140.35 Crore which was availed by the company as Cenvat credit has been appropriated and also appropriated the remaining amount of ₹ 20.99 Crore and credited it to Consumer welfare fund. The Commissioner further held that the cenvat credit of ₹ 140.35 Crore is correctly availed by the company. The Company has filed an appeal on 07/07/2017 at CESTAT Ahmedabad , against the Commissioner's Order towards confirming the demand of ₹ 24.82 Crore and appropriation of amount of ₹ 20.99 Crore.

63 Exceptional Items

Particulars	For the year 31st March, 2018 ₹ in Crore	For the year 31st March, 2017 ₹ in Crore
Provision for expected liability/doubtful claim[1]	**1,650.63**	-
Diminution in the carrying values of assets[2]	**537.27**	2,334.19
Others[3]	**155.92**	(412.91)
	2,343.82	1,921.28

Note::

1) It includes claims for Electricity Duty ₹ 612.79 Crore alredy paid. Further claims admitted towards Interest on Electricty Duty ₹ 708.69 Crore and Tax on sale of Electricity ₹ 152.50 Crore.

2) The Company has recognized provision towards diminution in the carrying values of assets in the consolidated financial statement as exceptional Item based on estimate of value of the businesses of M/s New Trinity Coal Inc., a subsidiary company (through a series of holding companies) of Essar Steel Offshore Limited (a wholly owned subsidiary of the Company) by an independent External Valuer.

3) Others includes Impairment in CWIP ₹ 30.82 Crore, provision against doubtful advances to supplier ₹ 69.22 Crore and the claims raised by the respective parties/lenders which were under contractual restriction/litigation. (Pursuant to the order from National Company Law Tribunal (NCLT), corporate insolvency resolution process has been initiated for the Company in accordance with the provision of the Insolvency and Bankruptcy Code, 2016 with effect from 2nd August 2017, during this process, certain claims have been raised by the respective parties/lenders, which were under contractual restrictions/litigation.)

Company has not made provision towards certain overdue deposits given to Group Companies as overall payable is more than these deposits.

64 Borrowings Note

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
Long Term Borrowings Note		
(1) 13.4% Non Convertible Debentures		
Secured by *pari passu* first charge on movable fixed assets and mortgage of immovable properties of the Company (except leasehold rights on the Visakhapatnam Port Trust land and Orissa ISP land).	**405.62**	342.21
	405.62	342.21
(2) Term Loans From Banks and Others		
Secured by *pari passu* first charge on movable fixed assets and mortgage of immovable properties of the Company (except leasehold rights on the Visakhapatnam Port Trust land and Orissa ISP land) and second *pari passu* charge on the current assets of the Company.		
(A) Loans carrying interest @Bank Base rate plus 3.75%.	**5,643.44**	4,972.41

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

Particulars		As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
(B)	Loans carrying interest @ Bank Base Rate plus 4.25%.	**493.99**	449.36
	Secured by *pari passu* first charge on movable fixed assets and mortgage of immovable properties of the Company (except leasehold rights on the Visakhapatnam Port Trust land and Orissa ISP land) and second *pari passu* charge on the current assets of the Company. Loans carrying interest @6M Libor plus 4.30% p.a.	**629.41**	580.54
	Secured by *pari passu* first charge on fixed assets (except assets forming part of Nandniketan Township, Service Centers and 19 MW waste heat recovery power plant) and *pari passu* second charge on current assets of the Company. Loans carrying interest @ Bank Base Rate plus 4.5 %.	**40.41**	33.63
	First *pari passu* charge on all present and future fixed assets of the Borrower including all land available with the borrower (except leasehold rights on the Visakhapatnam Port Trust land and Orissa ISP land), second *pari passu* charge on the current assets of the Company. Loans carrying interest @6M Libor plus 5% p.a.	**577.15**	523.82
	Secured by *pari passu* first charge on movable fixed assets and mortgage of immovable properties of the Company (except leasehold rights on the Visakhapatnam Port Trust land and Orissa ISP land) and second *pari passu* charge on the current assets of the Company.		
	a) Loans carrying interest @6M Libor plus 4.80% p.a.	**151.97**	141.04
	b) Loans carrying interest @6M Libor plus 4.80% p.a.	**461.25**	429.69
	(c) Loans carrying interest @6M Libor plus 5.00% p.a.	**36.61**	33.53
	(d) Loans carrying interest @6M Libor plus 5.00% p.a.	**277.70**	249.38
	(e) Loans carrying interest @6M Libor plus 5.00% p.a.	**1,231.59**	1,106.78
	(f) Loans carrying interest @6M Libor plus 5.00% p.a.	**916.00**	812.90
	g) Loans carrying interest @6M Libor plus 5.00% p.a.	**163.85**	148.85
	h) Loans carrying interest @6M Libor plus 5.00% p.a.	**101.52**	93.54
	i) Loans carrying interest @6M Libor plus 4.75% p.a.	**144.93**	143.34
	j) Loans carrying interest @6M Libor plus 5.00% p.a.	**303.33**	284.39
	k) Loans carrying interest @6M Libor plus 5.00% p.a.	**105.58**	98.49
	(l) Loans carrying interest @Bank Base rate plus 3.75%.	**601.38**	520.18
	(m) Loans carrying interest @Bank Base rate plus 3.75%.	**300.61**	259.98
	Secured by *pari passu* first charge on movable fixed assets and mortgage of immovable properties of the Company (except leasehold rights on the Visakhapatnam Port Trust land and Orissa ISP land), second *pari passu* charge on the current assets of the Company and pledge over certain shares held in the company by its shareholders.		
	a) Loans carrying interest @6M Libor plus 4.90% p.a.	**612.83**	587.10
	b) Loans carrying interest @6M Libor plus 4.90% p.a.	**343.15**	326.74
	Secured by *pari passu* first charge on movable fixed assets and mortgage of immovable properties of the Company (except leasehold rights on the Visakhapatnam Port Trust land and Orissa ISP land) and second *pari passu* charge on the current assets of the Company.		-
	(A) Loans carrying interest @ Bank Base Rate plus 3%.	**969.62**	842.80
	(B) Loans carrying interest @ Bank Base Rate plus 1.25%.	**566.32**	504.16
	(C) Loans carrying interest @ Bank Base Rate plus 3.5%.	**260.42**	224.58

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
(D) Loans carrying interest @ Bank Base Rate plus 3.25%.	**96.33**	86.11
Secured by *pari passu* first charge on movable fixed assets and mortgage of immovable properties of the Company (except leasehold rights on the Visakhapatnam Port Trust land and Orissa ISP land), second *pari passu* charge on the current assets of the Company and pledge over certain shares held in the company by its shareholders, Corporate Guarantee of Essar Steel Asia Holding Limited & Essar Steel Mauritius Limited and personal guarantee of a promoter. .		
(A) Loans carrying interest @ Bank Base Rate plus 2.50%.	**3,441.86**	3,033.63
(B) Loans carrying interest @ Bank Base Rate plus 2.00%.	**318.81**	277.47
Secured by *pari passu* first charge on movable fixed assets and mortgage of immovable properties of the Company (except leasehold rights on the Visakhapatnam Port Trust land and Orissa ISP land), second *pari passu* charge on the current assets of the Company and pledge over certain shares held in the company by its shareholders, Corporate Guarantee of Essar Steel Asia Holding Limited & Essar Steel Limited and personal guarantee of a promoter.		
(A) Loans carrying interest @ Bank Base Rate plus 2.50%.	**6,622.53**	5,849.52
(B) Loans carrying interest @ Bank Base Rate plus 2.30%.	**633.51**	568.61
Secured by *pari passu* first charge on movable fixed assets and mortgage of immovable properties of the Company (except leasehold rights on the Visakhapatnam Port Trust land and Orissa ISP land), second *pari passu* charge on the current assets of the Company and pledge over certain shares held in the company by its shareholders, Corporate Guarantee of Essar Steel Asia Holding Limited & Essar Steel Limited and personal guarantee of a promoter. Loan carries interest @ 6M LIBOR plus 6.25% p.a.	**173.07**	162.60
Secured by Pledge of Shares held in Bhander Power Limited as investments by the company, subservient charge on all moveable fixed assets & current assets of the company, Corporate Guarantee of Essar Steel Limited ,Essar Steel Asia Holding Limited & Essar Steel Mauritius Limited and pledge of certain shares held in the company by its shareholders. Loan carries Interest rate base rate plus 4.0%.	**71.21**	47.20
"Secured by *pari passu* first charge on movable fixed assets and mortgage of immovable properties of the Company (except leasehold rights on the Visakhapatnam Port Trust land and Orissa ISP land), second *pari passu* charge on the current assets of the Company and pledge over certain shares held in the company by its shareholders, Corporate Guarantee of Essar Steel Asia Holding Limited & Essar Steel Mauritius Limited and personal guarantee of a promoter.	**688.15**	617.40
Secured by *pari passu* first charge on movable fixed assets and mortgage of immovable properties of the Company (except leasehold rights on the Visakhapatnam Port Trust land and Orissa ISP land), second *pari passu* charge on the current assets of the Company and pledge over certain shares held by pledge providers in ESIL, Corporate Guarantee of Essar Steel Asia Holding limited & Essar Steel Mauritius Limited and personal guarantee of a promoter . Loan carries interest @ 6M LIBOR plus 4.80% p.a.	**823.29**	735.51

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

Particulars		As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
	Secured by *pari passu* first charge on entire fixed assets of the company (except leasehold rights on the Visakhapatnam Port Trust land and Orissa ISP land), Second *pari passu* charge on entire present and future current assests of the company. Loan carries Bank Interest rate base rate plus 4.75%.	**207.64**	176.48
	Investment of 71,830,001 shares in Essar Steel Offshore Limited have been pledged.	**3,763.65**	3,168.96
	One of the Subsidiaries has taken loan from Bank which is secured by unconditional and irrevocable standby letter of credit (organised by the company)and margin deposits of the said subsidiary	**-**	178.09
	Secured by First lien on Financed Mining Equipments purchased by one of its Subsidiary, New Trinity Holding LLC	**46.83**	50.36
		31,819.93	28,319.16
(3)	**Dollar Notes / Rupee Notes**		
	Rupee Notes principal carry interest @ 8% p.a. Dollar Notes principal carry interest @ 0.25% p.a.	**219.93**	218.13
(4)	Payment of the Deferred Sales Tax Benefit shall be made during financial year 2018-19 (18.38%), 2019-20 (23.49%), 2020-21 (23.49%), 2021-22 (17.66%), 2022-23 (11.87%), 2023-24 (5.11%)for each year's collection (i.e. collection from 2005-06 to 2008-09) starting from April, 2018.	**27.03**	31.74
(5)	The Company has issued 43,598,951 10% Cumulative Redeemable Preference Shares (CRPS) of ₹ 10 each. The Company shall have option to redeem the CRPS at par in one or more tranches from any or all of the existing holders, anytime after the date of allotment together with arrears of dividend if any and the Board shall give one month's notice for any such redemption to the registered holders of the CRPS.	**72.51**	67.55
Current Borrowings			
(1)	**Loans from Banks**		
	Loan carries interest @ Bank Base Rate plus 4.75% p.a. Secured by subservient charge on all fixed assets of the company.	**138.63**	118.03
	One of the Subsidiaries has taken loan which is secured on a *pari passu* basis among the lender, with trade rececivable, inventories, property plant & equiment of the subsidiary, pledge of the subsidiary's share and an insurance claims proceeds	**63.69**	80.77
(2)	**Loans from Others**		
	One of the Subsidiaries has taken loan which is secured by way of hyphotecation of it's receivable, book debts, operating cash flows etc.	**5.72**	5.81
(3)	**Working Capital Loans - From Banks**		
	Working Capital Loans are secured by *pari passu* first charge on the current assets of the Company, second charge on fixed assets of the Company (except leasehold rights on the Visakhapatnam Port Trust land and Orissa ISP land) and Corporate Guarantee of Essar Investments Limited & Personal Guarantee of Promoters up to ₹ 1,320 Crore (This Guarantee amount includes ₹ 1,120 Crore Guarantee provided to all consortium members)	**9,901.65**	8,764.82

Notes to Consolidated Financial Statements for the year ended 31st March, 2018

Particulars	As at 31st March, 2018 ₹ in Crore	As at 31st March, 2017 ₹ in Crore
(4) Acceptance under Letter of credit		
Secured by margin deposits with the banks & secured by first charge on the current assets, second charge on the fixed assets (except leasehold rights on the Visakhapatnam Port Trust land and Orissa ISP land), Corporate Guarantee of Essar Investments Limited and Personal guarantee of Promoters upto ₹ 1,320 Crore (This Guarantee amount includes ₹ 1,120 Crore Guarantee provided to all consortium members)	**247.39**	740.15
	10,357.08	9,709.58
Other Current Financial Liabilities :		
(1) Invoked Advance against Export Performance Bank Guarantee		
Secured by *pari passu* first charge on movable fixed assets and mortgage of immovable properties of the Company (except leasehold rights on the Visakhapatnam Port Trust land and Orissa ISP land), second *pari passu* charge on the current assets of the Company. This was due for repayment on devolvement of EPBG.	**9,111.78**	7,056.89
(2) Invoked Standby Letter of Credit		
Secured by *pari passu* first charge on all present and future fixed assets of the Company including all the land of Company (except leasehold rights on the Vishakhapatnam Port Trust land and Orissa ISP land).	**551.39**	315.96
Secured by *pari passu* first charge on all present and future fixed assets of the Company including all the land of Company (except leasehold rights on the Vishakhapatnam Port Trust land and Orissa ISP land) also secured by second *pari passu* charge on the present and future current assets of the Company.	**176.68**	143.63
(3) Advance against Export Performance Bank Guarantee		
Secured by *pari passu* first charge on movable fixed assets and mortgage of immovable properties of the Company (except leasehold rights on the Visakhapatnam Port Trust land and Orissa ISP land), second *pari passu* charge on the current assets of the Company.	**-**	911.50
	9,839.85	8,427.99

65 The figures of the previous year has been regrouped where necessary to conform to current year's classification.

For Essar Steel India Limited

Jatinder Mehra
Chief Executive Officer

Dilip C. Oommen
Managing Director & Dy. CEO

Rajiv Kumar Bhatnagar
Director (Projects)

Suresh Jain
Chief Financial Officer

Pankaj S Chourasia
Company Secretary
Mumbai, 27th November, 2018

ESSAR STEEL INDIA LIMITED

Registered Office: 27th KM, Surat Hazira Road, Hazira, Dist. Surat, Pin-394270, Gujarat
Tel. : 0261-668 2400 **Fax :** 0261-668 5731 **email :** estlinvestors@essar.com
CIN: U27100GJ1976FLC013787

Attendance Slip

Folio No. / DP ID No. & Client ID No.*	
No. of Equity Shares held	

I hereby record my presence at the 42nd Annual General Meeting of **ESSAR STEEL INDIA LIMITED** being held at Utsav Community Hall, Nandniketan Township, Hazira, Dist.: Surat, Gujarat, Pin-394270 on Friday, December 28, 2018 at 10:30 a.m.

Name of Shareholder (In Block Letters)	
Name of the Proxy holder / Authorised Representative	

* Applicable for investors holding shares in Electronic Mode

** Strike out whichever is not applicable

Signature of the Shareholder/Proxy/Authorised Representative

NOTE:

1. A member / proxy / authorised representative wishing to attend the Meeting must complete this Admission Slip before coming to the Meeting and hand it over at the entrance.
2. If you intend to appoint a proxy, please complete, stamp, sign and deposit the Proxy Form given below at the Company's Registered Office at least 48 hours before the Meeting.

ESSAR STEEL INDIA LIMITED

Registered Office: 27th KM, Surat Hazira Road, Hazira, Dist. Surat, Pin-394270, Gujarat
Tel. : 0261-668 2400 **Fax :** 0261-668 5731 **email :** estlinvestors@essar.com
CIN: U27100GJ1976FLC013787

ESSAR STEEL

PROXY FORM

(Form MGT. 11)

[Pursuant to Section 105(6) of the Companies Act, 2013 and
Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s)	
Registered Address	
Email ID	
Folio No. / DP ID No. & Client ID No.	

I / We, being the member(s) of ________________________________ shares of the above named Company hereby appoint:

1. Name...Address..

   ....

   Email id..Signature..

   or failing him

2. Name...Address..

   ....

   Email id..Signature..

   or failing him

3. Name...Address..

   ....

   Email id..Signature..

as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 42nd Annual General Meeting of ESSAR STEEL INDIA LIMITED to be held on Friday, December 28, 2018 at 10:30 a.m. and at any adjournment thereof in respect of such resolutions as are indicated below.

Item No.	Particulars	Type of Resolution	Vote (Optional See note 2)		
			For	Against	Abstain
1	Adoption of Financial Statements for FY 2017-18.	Ordinary			
2	Re-appointment of Shri Rajiv Kumar Bhatnagar (DIN 07018252) as Director.	Ordinary			
3	Re-appointment of Statutory Auditors.	Ordinary			
4	Ratify the remuneration of the Cost Auditors for the financial year ending 31st March, 2019.	Ordinary			

Signed this .... day of ....…… 2018.

Signature Affix Revenue Stamp

Signature of the Shareholder ....

Signature of the Proxy Holder(s) ....

* Strike out whichever is not applicable.

Notes:

1. The proxy, in order to be effective, should be duly completed, stamped, signed and must be deposited at the Registered Office of the Company not less than **48 hours** before the time fixed for the Meeting

2. This is only optional. Please put 'X' in the Box in the appropriate column against the respective resolution. If you leave the "For" or "Against" column blank against any or all the resolutions. Your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

ESSAR STEEL INDIA LIMITED

42nd Annual General Meeting Venue - Route Map

Utsav Community Hall, Nandniketan Township, Hazira, Dist.: Surat, Gujarat, Pin-394270

Notes

ESSAR
STEEL

Essar Steel India Limited
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