Uttam Galva Steels Limited

Registered office: Uttam House, 69, P. D' Mello Road, Mumbai - 400 009
Phone: +91-22-66563500 • Fax: +91-22-23485025
CIN No.: L27104MH1985PLC035806
Website: www.uttamgalva.com

UTTAM

8th May, 2020

To,

BSE Limited
P.J. Towers,
Dalal Street,
Mumbai - 400001

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block, BKC,
Bandra (e), Mumbai – 400 051

Sub: Outcome of Board Meeting held today i.e. 8th May, 2020.

Dear Sir / Madam,

Pursuant to the provisions of Regulation 33 and Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the following as approved and taken on record by the Board of Directors in their Meeting held today i.e. 8th May, 2020.

1. Audited Financial Results (Standalone) for the quarter and financial year ended 31st March, 2020;

2. Audited Financial Results (Consolidated) for the financial year ended 31st March, 2020;

3. Statement of Assets and Liabilities (Standalone and Consolidated) for the period ended 31st March, 2020;

4. Auditors Report (Standalone) for the quarter and financial year ended 31st March, 2020; and

5. Auditors Report (Consolidated) for the financial year ended 31st March, 2020.

Thanking you,

For **UTTAM GALVA STEELS LIMITED**

Anuj Rajinder Miglani
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Date: 2020.05.08 16:29:03 +05'30'

Anuj R Miglani
Managing Director & CEO
DIN :00287097

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UTTAM

STANDALONE FINANCIAL RESULTS FOR THE PERIOD ENDED 31ST MARCH, 2020

(Rupees in Crores)

Sr.No	Particulars	For the Quarter Ended			Year Ended	
		31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
		Audited	Unaudited	Audited	Audited	Audited
1	**Income from Operations**					
(a)	Income from Operations (Net of GST)	116.58	147.69	256.13	490.96	556.44
(b)	Other Income	27.96	1.26	10.91	32.21	15.11
	Total Income (a+b)	**144.54**	**148.95**	**267.04**	**523.17**	**571.55**
2	**Expenses**					
	a) Cost of Materials Consumed	48.73	42.83	206.06	157.48	281.65
	b) Purchase of Traded Goods	-	-	-	-	0.18
	c) (Increase) / Decrease in FG, WIP & Stock In Trade	(2.21)	(0.66)	(0.23)	(4.54)	0.41
	d) Employee Benefits Expense	18.43	19.29	19.65	76.17	80.18
	e) Finance Costs	219.22	51.17	(5.50)	390.87	936.50
	f) Depreciation & Amortisation Expense	61.46	62.22	62.31	247.61	252.80
	g) Other Expenses	75.19	91.45	64.09	291.06	241.21
	Total Expenses (a to g)	**420.82**	**266.30**	**346.38**	**1,158.65**	**1,792.93**
3	Profit / (Loss) from Operations before Exceptional Items and Tax(1-2)	(276.28)	(117.35)	(79.34)	(635.48)	(1221.38)
4	Exceptional Items	255.73	155.66	569.35	765.44	904.81
5	Profit / (Loss) before Tax (3-4)	(532.02)	(273.01)	(648.69)	(1400.92)	(2126.19)
6	Tax Expense - Current Tax	-	-	-		-
	- Deferred Tax	-	-	-		-
	- Prior period Tax	-	-	-		-
7	Net Profit / (Loss) after Tax (5-6)	(532.02)	(273.01)	(648.69)	(1400.92)	(2126.19)
8	Share of Profit /(Loss) from Joint Venture					
9	Other Comprehensive Income / (Expense) - Net of Tax					
	Items that will be reclassified subsequently to the statement of profit and loss	1.21	-	2.43	1.21	2.43
	Income tax on items that will be reclassified subsequently to the statement of profit and loss	-	-	-		-
	Items that will not be reclassified subsequently to the statement of profit and loss	-	-	-		-
	Income tax on items that will not be reclassified subsequently to the statement of profit and loss	-	-	-		-
10	Total Comprehensive Income for the period (7+8+9)	(530.80)	(273.01)	(646.26)	(1399.72)	(2123.76)
11	Paid up Equity Share Capital (of Rs 10/-each)	142.26	142.26	142.26	142.26	142.26
12	EPS - Basic & Diluted (in Rs) (not annualised)	(37.40)	(19.19)	(45.60)	(98.48)	(149.46)

Anuj Rajinder Miglani

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UTTAM

CONSOLIDATED FINANCIAL RESULTS FOR THE PERIOD ENDED 31ST MARCH, 2020

(Rupees in Crores)

Sr.No	Particulars	For the Quarter Ended			Year Ended	
		31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
		Audited	Unaudited	Audited	Audited	Audited
1	**Income from Operations**					
(a)	Income from Operations (Net of GST)	118.66	150.00	277.12	521.18	756.81
(b)	Other Income	28.93	1.38	10.79	32.46	15.73
	Total Income (a+b)	**147.59**	**151.38**	**287.91**	**553.64**	**772.54**
2	**Expenses**					
	a) Cost of Materials Consumed	48.73	42.83	32.55	157.48	281.65
	b) Purchase of Traded Goods	1.88	3.21	191.59	17.96	191.77
	c) (Increase) / Decrease in FG, WIP & Stock In Trade	(1.77)	(1.32)	3.80	5.25	4.44
	d) Employee Benefits Expense	20.26	21.28	21.56	84.89	89.63
	e) Finance Costs	219.23	51.17	(5.39)	390.89	937.74
	f) Depreciation & Amortisation Expense	61.55	62.24	62.37	247.75	252.90
	g) Other Expenses	78.02	93.26	68.31	301.97	255.61
	Total Expenses (a to g)	**427.90**	**272.67**	**374.79**	**1,206.19**	**2,013.74**
3	Profit / (Loss) from Operations before Exceptional Items and Tax(1-2)	(280.31)	(121.29)	(86.88)	(652.55)	(1241.20)
4	Exceptional Items	255.73	155.66	569.35	765.44	904.81
5	Profit / (Loss) before Tax (3-4)	(536.04)	(276.95)	(656.23)	(1417.99)	(2146.01)
6	Tax Expense - Current Tax	-	-	-	(5.470)	-
	- Deferred Tax	-	-	-		-
	- Prior period Tax	-	-	-		-
7	Net Profit / (Loss) after Tax (5-6)	(536.04)	(276.95)	(656.23)	(1412.52)	(2146.01)
8	Share of Profit /(Loss) from Joint Venture		0.07	0.19	(1.71)	0.43
9	Other Comprehensive Income / (Expense) - Net of Tax					
	Items that will be reclassified subsequently to the statement of profit and loss	-	-	18.80	10.62	18.80
	Income tax on items that will be reclassified subsequently to the statement of profit and loss	-	-	-		-
	Items that will not be reclassified subsequently to the statement of profit and loss	-	-	-		-
	Income tax on items that will not be reclassified subsequently to the statement of profit and loss	-	-	-		-
10	Total Comprehensive Income for the period (7+8+9)	(536.04)	(276.88)	(637.25)	(1403.61)	(2126.78)
11	Paid up Equity Share Capital (of Rs 10/-each)	142.26	142.26	142.26	142.26	142.26
12	EPS - Basic & Diluted (in Rs) (not annualised)	(37.68)	(19.46)	(46.12)	(99.41)	(150.82)

Notes :

1 The above financial results were reviewed by the Audit Committee and approved at the meeting of Board of Directors held on 8th May, 2020.

2 Previous year's figures have been regrouped / rearranged wherever necessary.

3 The Company is in manufacturing of Steel Products and also has a Captive Power Plant, Hence it is reporting its results in single segment.

4 Finance cost for the quarter ended 31st March 2020 includes exchange difference (Loss) on mark-to-market : a) Rs. 90.56 Crores on ECB US$ 241.94 Mios, b) Rs. 89.08 Crores on Other Liabilities of US$ 218.80 Mios, and c) Rs.13.68 Crores booked on conversion of 12.50 Mios ECB to RTL by State Bank of India.

5 During the quarter ended 31.03.2020, State Bank of India has converted ECB Loan amounting US$ 12.50 Mios to Rupee Term Loan.

6 Exceptional item consists of Rs. 250.31 Crores provisions against doubtful advances to vendors, Rs. 1.56 Crores provision against bank balances in PMC bank accounts, and Rs. 3.87 Cores Input Tax Credit disallowed in Sales Tax Assessments of the past periods.

7 The figures for the quarter ended 31st March 2020 and 31st March 2019 are arrived at as difference between audited figures for the respective full financial year and reviewed figures up to 9 months ended 31st December 2019 and 31st December 2018 respectively.

Anuj Rajinder Miglani
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Anuj R Miglani
Managing Director & CEO
(DIN:00287097)

PLACE : MUMBAI
DATE : 8th May, 2020.

Uttam Galva Steels Limited

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UTTAM

STATEMENT OF ASSETS AND LIABILITIES (STANDALONE & CONSOLIDATED) AS ON 31.03.2020

Rupees in Crores

Particulars	Standalone		Consolidated	
	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019
ASSETS				
Non-Current Assets				
(a) Property, Plant and Equipment	4,691.28	4,938.79	4,691.29	4,938.94
(b) Intangible Assets	0.17	0.27	0.17	0.27
(c) Capital Work in Progress	102.02	117.70	102.01	117.70
(d) Financial Assets				-
(i) Investments	74.83	74.83	4.44	6.16
(ii) Trade Receivables	36.42	17.23	36.43	17.23
(iii) Loans	0.09	0.06	0.09	0.06
(iv) Other Financial Assets	0.00	717.30	0.00	717.30
(e) Income Tax Asset(net)	24.19	14.69	31.27	19.35
(f) Deferred Tax Assets	853.55	853.55	853.55	853.63
(g) Other non-current Assets	1.06	1.08	7.59	6.70
Total Non Current Assets	**5,783.61**	**6,735.50**	**5,726.84**	**6,677.31**
Current Assets				
(a) Inventories	382.66	372.21	387.20	386.53
(b) Financial Assets				
(i) Trade Receivables	5.75	30.91	134.03	158.37
(ii) Cash and Cash Equivalent	10.04	5.29	26.82	21.94
(iii) Bank Balances Other than (ii) above	0.46	6.82	0.46	6.82
(iv) Other Financial Assets	0.69	0.76	0.69	0.76
(c) Other Current Assets	102.22	167.17	108.32	171.13
Total Current Assets	**501.83**	**583.16**	**657.52**	**745.55**
TOTAL ASSETS	**6,285.44**	**7,318.66**	**6,384.36**	**7,422.86**
EQUITY AND LIABLITIES				
Equity				
(a) Equity Share Capital	142.26	142.26	142.26	142.26
(b) Other Equity	(3,816.72)	(2,417.00)	(3,743.59)	(2,339.98)
	(3,674.46)	**(2,274.74)**	**(3,601.33)**	**(2,197.72)**
Liabilities				
Non Current Liabilities				
(a) Financial Liabilities				
(i) Long-term Borrowings	6,719.47	6,816.79	6,719.47	6,816.79
(ii) Trade and other Payables	1,103.52	1,017.37	1,103.52	1,017.37
(iii) Other Financial Liabilities	-	-	-	-
(b) Provisions	10.23	11.05	10.35	11.15
(c) Deferred Tax Liabilities	412.34	412.34	412.34	412.34
(d) Other non-current Liabilities	622.38	571.79	622.38	571.79
Total Non Current Liabilities	**8,867.93**	**8,829.34**	**8,868.05**	**8,829.44**
Current Liabilities				
(a) Financial Liabilities				
(i) Short-term Borrowings	-	0.50	-	0.50
(ii) Trade and other Payables	29.40	34.79	52.43	56.82
(iii) Other Financial Liabilities	1,013.52	665.05	1,013.52	665.05
(b) Provisions	21.42	36.97	24.07	42.03
(c) Other Current Liabilities	27.62	26.75	27.62	26.74
Total Current Liabilities	**1,091.96**	**764.06**	**1,117.64**	**791.14**
TOTAL EQUITY AND LIABILITIES	**6,285.44**	**7,318.66**	**6,384.36**	**7,422.86**

Anuj Rajinder Miglani
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Anuj R Miglani
Managing Director & CEO
(DIN:00287097)

Place : Mumbai
Date : 8th May, 2020.

Independent Auditors Report

To the Board of Directors of Uttam Galva Steels Ltd.

Report on the Audit of the Standalone Annual Financial Results

Opinion

We have audited the accompanying statement of quarterly and year to date standalone financial results of Uttam Galva Steels Limited (hereinafter referred to as the "Company") for the year ended 31st March 2020, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial results:

1. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
2. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of the net loss and other comprehensive income and other financial information for the year ended 31st March 2020.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Annual Financial Results* section of our report. We are independent of the Company, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our opinion on the Standalone annual financial results.

Management's and Board of Directors' Responsibilities for the Standalone Financial Results

These standalone financial results have been prepared on the basis of the standalone annual financial statements.

The Company's Management and the Board of Directors are responsible for the preparation and presentation of these standalone annual financial results that give a true and fair view of the net loss and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design,

implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone annual financial results, the Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process

Auditor's Responsibilities for the Audit of the Standalone Annual Financial Results

Our objectives are to obtain reasonable assurance about whether the standalone annual financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone annual financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the standalone annual financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls_
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial results made by the Management and Board of Directors.
4. Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone annual financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the standalone annual financial results, including the disclosures, and whether the standalone annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Emphasis of Matters

ArcelorMittal Luxembourg and ArcelorMittal India Pvt. Ltd. have made payments of US$ 169.04 Mios and ₹4,922.30 crores to secured financial lenders to clear the foreign currency loans, over-due Rupee Term Loan and Working Capital Loan together with interest, acting as a lender providing financial support to UGSL due to financial difficulty. No interest has been charged on the said financial support during the year. ArcelorMittal Luxembourg assigned US$ 169.04 Mios to AMNS Holding Luxembourg SA during the financial year under audit. In addition, ArcelorMittal India Pvt. Ltd. has also provided Inter Corporate Deposit amounting to ₹362.63 crores as long term funding on which no interest has been charged. Ind AS 109 specifically deals with cases with respect to accounting of Financial Instruments on off-market terms. The company has elected not to follow the principles of IND AS 109 with respect to the accounting of interest-free financial support. Had the company followed the accounting treatment of IND AS 109, the company would be required to measure the financial liabilities at its fair value. However, the overall impact on the Profit and Loss Statement and Balance Sheet over the tenure of the amount extended at current estimates would be NIL.

Our opinion remains unmodified in respect of the matters above.

Other Matters

The standalone annual financial results include the results for the quarter ended 31st March 2020 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

For **TODARWAL & TODARWAL LLP**
Chartered Accountants
Reg. No: W100231

Sunil Todarwal
Partner
Membership No. - 032512
UDIN – 20032512AAAAAI9377

Place: Mumbai
Date: 8th May, 2020

Independent Auditors Report

To the Board of Directors of Uttam Galva Steels Ltd.

Report on the audit of the Consolidated Financial Results

Opinion

We have audited the accompanying consolidated year to date financial results of Uttam Galva Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and its Joint Ventures for the year ended 31st March 2020, attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of the other auditor on separate audited financial statements of the subsidiary, the aforesaid consolidated year to date financial results:

a. include the annual financial results of the following entities

Wholly Owned Subsidiaries:
- Uttam Galva International FZE
- Uttam Galva North America Inc
- Uttam Galva Holdings Limited
- Atlantis International Services Limited
- Uttam Galva Steels, Netherlands BV
- Neelraj International Trade Limited
- Uttam Export BVI Limited

Joint Ventures:
- Texturing Technology Private Limited (TTPL)
- Moira Madhujore Coal Limited

b. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and

c. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of consolidated net loss and other comprehensive income and other financial information of the Group for the year ended 31st March 2020.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Results* section of our report. We are independent of the Group and its associates in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements

that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated annual financial results.

Management's and Board of Directors' Responsibilities for the Consolidated Annual Financial Results

These consolidated year to date financial results have been prepared on the basis of the consolidated year to date financial statements.

The Holding Company's Management and the Board of Directors are responsible for the preparation and presentation of these consolidated annual financial results that give a true and fair view of the consolidated net loss and other comprehensive income and other financial information of the Group including its associates in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. 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 of the assets of each 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated annual financial results 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 annual financial results by the Management and the Directors of the Holding Company, as aforesaid.

In preparing the consolidated annual financial results, the respective Management and the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective management/Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its joint ventures is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Results

Our objectives are to obtain reasonable assurance about whether the consolidated annual financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the consolidated financial results made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual financial results, including the disclosures, and whether the consolidated annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group and its associates and joint ventures to express an opinion on the consolidated annual financial results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results of which we are the independent auditors. For the other entities included in the consolidated annual financial results, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled "Other Matters" in this audit report.

  We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated annual financial results of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

  We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

  We also performed procedures in accordance with the circular No CIR/CFD/CMD1/44/2019 issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.

Emphasis of matter

(A) In the Independent Auditor's Report of Uttam Galva North America Inc., one of the subsidiaries not audited by us, the Company has been assessed certain penalties on imports by the U. S. Department of Commerce. The CVD penalty rate has been assessed at 588.43% for imports made during the period of review from 6th November, 2015 to 31st December, 2016. The AD penalty rate has been assessed at 71.05% for the period of review from 1st July, 2017 to 30th June, 2018, with the Company currently appealing. An adverse result in this proceeding could have a material effect upon the Company's financial position, result of operation and cashflows.

Our opinion on the consolidated annual financial results is not modified in respect of the above matters which is consistent with the opinion of the other auditor as submitted in the subsidiary's audit report and the financial results/financial information certified by the Board of Directors.

(B) ArcelorMittal Luxembourg and ArcelorMittal India Pvt. Ltd. have made payments of US$ 169.04 Mios and ₹4,922.30 crores to secured financial lenders to clear the foreign currency loans, over-due Rupee Term Loan and Working Capital Loan together with interest, acting as a lender providing financial support to UGSL due to financial difficulty. No interest has been charged on the said financial support during the year. ArcelorMittal Luxembourg assigned US$ 169.04 Mios to AMNS Holding Luxembourg SA during the financial year under audit. In addition, ArcelorMittal India Pvt. Ltd. has also provided Inter Corporate Deposit amounting to ₹362.63 crores as long term funding on which no interest has been charged. Ind AS 109 specifically deals with cases with respect to accounting of Financial Instruments on off-market terms. The company has elected not to follow the principles of IND AS 109 with respect to the accounting of interest-free financial support. Had the company followed the accounting treatment of IND AS 109, the company would be required to measure the financial liabilities at its fair value. However, the overall impact on the Profit and Loss Statement and Balance Sheet over the tenure of the amount extended at current estimates would be NIL.

Our opinion remains unmodified in respect of the matters above.

(C) Since in one of the subsidiary namely Uttam Galva Steels (BVI) Limited lenders have appointed receiver, due to default in repayment made by that subsidiary, the holding company is not able to exercise control in that subsidiary. Hence, financial statements of the said subsidiary is not consolidated.

Our opinion in respect of the above matter is not modified.

Other Matters

(a) The consolidated annual financial results include the audited financial results of 7 subsidiaries, whose financial statements/financial information reflect total assets (before consolidation adjustments) of Rs 193.93 Crores as at 31 March 2020, total revenue (before consolidation adjustments) of Rs 30.47 Crores and total net loss after tax (before consolidation adjustments) of Rs 11.61 Crores for year ended 31 March 2020 and net cash inflows of Rs 0.12 crores for the year ended on that date, as considered in the consolidated annual financial results, which have been audited by their respective independent auditors. These financial statements /

financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated annual financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates is based solely on the audit reports of the other auditors.

(b) The accompanying consolidated financial results include the Group's share of Net Loss after tax of Rs. 1.71 Crores for the year ended on that date, in respect two Joint Ventures, which have been audited by other auditors, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these jointly controlled entities and associates is based solely on the reports of such other auditors and the procedures performed by us are as stated in paragraph above.

(c) The consolidated annual financial results include the results for the quarter ended 31st March 2020 being the balancing figure between the audited figures in respect of the full financial year and the published audited year to date figures up to the third quarter of the current financial year.

For **TODARWAL & TODARWAL LLP**
Chartered Accountants
Reg. No: W100231

Sunil Todarwal
Partner
Membership No. - 032512
UDIN - 20032512AAAAAJ1933

Place: Mumbai
Date: 8th May, 2020