



February 10, 2021

BSE Limited  
Listing Department,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai 400 001

National Stock Exchange of India Limited  
Listing Department,  
Exchange Plaza, 5<sup>th</sup> Floor,  
Plot No. C/1, G Block,  
Bandra Kurla Complex,  
Bandra (East), Mumbai-400 051

Dear Sirs,

**Sub: 1. Audited Financial Results for the quarter and year ended 31 December 2020  
2. Recommendation of the Final Dividend**

**Ref: BSE Scrip Code: 500150, NSE Symbol: FOSECOIND, ISIN: INE519A01011**

We write to advise that the Board of Directors of the Company, at its Meeting held today i.e., February 10, 2021, have approved the following:

1. **Audited Financial Results of the Company for the quarter and year ended 31 December 2020:** Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, ("Listing Regulations") [SEBI (LODR)], we are submitting herewith the following documents:-
  - a) The Audited Financial Results of the Company for the quarter and year ended 31 December 2020; and
  - b) The Statutory Auditor's Report on the Financial Results.

In compliance with Regulation 33(3)(d) of the SEBI (LODR), as amended from time to time, the Board of Directors had declared that the Statutory Auditors of the Company, Price Waterhouse Chartered Accountants LLP (Firm Registration no. 012754N / N500016) have issued an Audit Report with unmodified opinion on the Audited Financial Results of the Company for the year ended 31 December 2020.

2. **Recommendation of the Final Dividend:** The Board of Directors has recommended payment of a final dividend of Rs. 10/- per equity share (100%) on a paid-up equity share of Rs. 10/- each, for the financial year ended 31 December 2020, subject to approval of the Shareholders' at the forthcoming Annual General Meeting of the Company.

The Meeting of the Board of Directors commenced at 1530 hours and concluded at 2045 hours.

You are requested to take the above information on record.

Yours faithfully,

**For Foseco India Limited**



**Mahendra Kumar Dutia  
Controller of Accounts and Company Secretary**

Enclosing: as above

Foseco is a brand of the Vesuvius Group.

Foseco India Limited

Gat Nos. 922 & 923, Sanaswadi, Taluka Shirur, District Pune 412 208. India

Tel.: +91 (0)2137 668100 / Fax: +91 (0)2137 668160 / Web: www.vesuvius.com/www.fosecointia.com, CIN : L24294PN1958PLC011052



**Foseco India Limited**

Registered Office: Gat Nos. 922 & 923, Sanaswadi, Taluka Shirur, District Pune – 412208  
 Tele: +91 2137 668100, Fax: +91 2137 668160  
 Website: www.fosecoindia.com, E-mail ID: investor.grievance@vesuvius.com  
 Corporate Identity Number: L24294PN1958PLC011052

**Statement of financials results for the quarter and year ended 31 December 2020**

(All figures in Rupees Lakhs)

Sr. No.	Particulars	Current 3 months ended	Preceding 3 months ended	Corresponding 3 months ended in the previous year	Current Accounting Year Ended	Previous Accounting Year Ended
		31-Dec-2020 Unaudited ( Refer note-2)	30-Sep-2020 Unaudited	31-Dec-2019 Unaudited ( Refer note-2)	31-Dec-2020 Audited	31-Dec-2019 Audited
<b>1</b>	<b>Income from Operations</b>					
	a Revenue from Operations	8,226.87	6,894.88	7,332.32	25,115.04	32,252.39
	b Other Income	180.04	89.43	236.20	620.92	781.26
	<b>Total Income from Operations (a to b)</b>	<b>8,406.91</b>	<b>6,984.31</b>	<b>7,568.52</b>	<b>25,735.96</b>	<b>33,033.65</b>
<b>2</b>	<b>Expenses</b>					
	a Cost of materials consumed	4,458.65	3,612.44	4,594.95	13,029.39	17,975.93
	b Purchase of Stock in Trade	221.48	121.14	108.37	555.35	523.36
	c Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	4.30	65.63	(557.95)	529.82	(489.40)
	d Employee benefit expense	884.07	890.98	694.13	3,518.68	3,413.44
	e Finance cost	-	0.05	-	0.07	0.13
	f Depreciation and amortisation expense	143.59	157.68	113.80	591.06	419.70
	g Other expenses	1,717.72	1,445.62	1,621.25	5,402.74	6,227.71
	<b>Total Expenses (a to g)</b>	<b>7,429.81</b>	<b>6,293.54</b>	<b>6,574.55</b>	<b>23,627.11</b>	<b>28,070.87</b>
<b>3</b>	<b>Profit before tax</b>	<b>977.10</b>	<b>690.77</b>	<b>993.97</b>	<b>2,108.85</b>	<b>4,962.78</b>
<b>4</b>	<b>Tax Expense</b>					
	- Current Tax (net)	332.71	98.00	263.20	641.30	1,362.03
	- Deferred Tax charge/ (credit)	(75.07)	84.73	88.79	(76.13)	147.46
	<b>Total Tax Expense</b>	<b>257.64</b>	<b>182.73</b>	<b>351.99</b>	<b>565.17</b>	<b>1,509.49</b>
<b>5</b>	<b>Net Profit for the Period / Year</b>	<b>719.46</b>	<b>508.04</b>	<b>641.98</b>	<b>1,543.68</b>	<b>3,453.29</b>
<b>6</b>	<b>Other comprehensive Income, net of Income tax</b>					
	a Items that will not be reclassified to profit or loss					
	i Remeasurement of defined employee benefit plans	(41.37)	(26.04)	(89.27)	(119.49)	(110.96)
	ii Tax relating to remeasurement of defined benefit plan	10.42	6.55	22.37	30.07	27.93
	<b>Total other comprehensive Income, net of tax</b>	<b>(30.95)</b>	<b>(19.49)</b>	<b>(66.90)</b>	<b>(89.42)</b>	<b>(83.03)</b>
<b>7</b>	<b>Total comprehensive income for the period / year (5 +/- 6)</b>	<b>688.51</b>	<b>488.55</b>	<b>575.08</b>	<b>1,454.26</b>	<b>3,370.26</b>
<b>8</b>	<b>Paid up Equity Share Capital (Face Value Rs. 10/- per share)</b>	<b>638.65</b>	<b>638.65</b>	<b>638.65</b>	<b>638.65</b>	<b>638.65</b>
<b>9</b>	<b>Earnings per equity share (not annualised)</b>					
	<b>Basic and diluted earnings per share (in INR)</b>	<b>11.27</b>	<b>7.95</b>	<b>10.05</b>	<b>24.17</b>	<b>54.07</b>
<b>10</b>	<b>Reserves excluding Revaluation Reserve as per Audited Balance Sheet of December 31, 2020 and December 31, 2019</b>				<b>17,626.06</b>	<b>16,500.18</b>



## Statement of Assets and Liabilities as at December 31, 2020

(All figures in Rupees Lakhs)

Particulars	Current Accounting Year Ended 31-Dec-2020 Audited	Previous Accounting Year Ended 31-Dec-2019 Audited
<b>A ASSETS</b>		
<b>1 Non-Current Assets</b>		
(a) Property, plant and equipment	3,068.31	3,432.37
(b) Capital work-in-progress	490.72	161.83
(c) Intangible assets	-	-
(d) Right of use assets	2.60	-
(e) Financial Assets		
i. Loans	74.35	81.35
(f) Deferred tax assets	261.73	185.60
(g) Income tax assets (net)	524.62	295.50
(h) Other non-current assets	-	94.48
<b>Total Non-Current Assets</b>	<b>4,422.33</b>	<b>4,251.13</b>
<b>2 Current assets</b>		
(a) Inventories	1,250.93	1,939.95
(b) Financial assets		
i. Trade receivables	6,490.52	7,284.64
ii. Cash and cash equivalents	13,630.02	11,107.60
iii. Bank balances other than cash and cash equivalents	70.69	77.79
iv. Loans	13.32	15.52
v. Other financial assets	65.78	55.92
(c) Income tax assets (net)	-	24.54
(d) Other current assets	364.31	108.82
<b>Total Current Assets</b>	<b>21,885.57</b>	<b>20,614.78</b>
<b>TOTAL ASSETS</b>	<b>26,307.90</b>	<b>24,865.91</b>

<b>B EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
(a) Equity share capital	638.65	638.65
(b) Other Equity	17,626.06	16,500.18
<b>Total Equity</b>	<b>18,264.71</b>	<b>17,138.83</b>
<b>LIABILITIES</b>		
<b>1 Non-Current Liabilities</b>		
(a) Financial liabilities		
i. Other financial liabilities	24.16	28.96
(b) Provisions	33.86	51.84
<b>Total Non-Current Liabilities</b>	<b>58.02</b>	<b>80.80</b>
<b>2 Current Liabilities</b>		
(a) Financial liabilities		
i. Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	0.07	1.08
- Total outstanding dues of creditors other than micro enterprises and small enterprises	6,681.65	6,418.22
iii. Other financial liabilities	742.91	711.38
(b) Other current liabilities	280.75	214.63
(c) Current tax liabilities	-	89.13
(d) Provisions	279.79	211.84
<b>Total Current Liabilities</b>	<b>7,985.17</b>	<b>7,646.28</b>
<b>Total Liabilities</b>	<b>8,043.19</b>	<b>7,727.08</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>26,307.90</b>	<b>24,865.91</b>



Statement of Cash Flow as at Financial Year Ended December 31, 2020

(All figures in Rupees Lakhs)

Particulars	Current Accounting Year Ended 31-Dec-2020	Previous Accounting Year Ended 31-Dec-2019
<b>A. Cash flow from Operating activities</b>		
Profit before tax	2,108.85	4,962.78
<b>Adjustments for :</b>		
Depreciation and Amortisation expense	591.06	419.70
Provision of Doubtful Debts	186.30	276.63
(Profit) / Loss on sale / disposal of property, plant and equipment	3.08	(8.92)
Finance Cost	0.07	0.13
Interest Income	(313.22)	(464.66)
Provision for doubtful debts written back	(88.53)	(201.77)
Unrealised exchange (gain) / loss (net)	0.99	(2.49)
Employee share based payment expense	26.65	35.71
<b>Operating profit before working capital changes</b>	<b>2,515.25</b>	<b>5,017.11</b>
<b>Working capital adjustments for :</b>		
(Increase) / Decrease in Trade Receivables	697.27	1,340.31
(Increase) / Decrease in Inventories	689.02	157.87
(Increase) / Decrease in Other financial assets	65.74	(44.42)
(Increase) / Decrease in Other assets	(255.49)	(3.85)
Increase / (Decrease) in Trade Payables	260.50	(111.61)
Increase / (Decrease) in Other financial liabilities	0.65	(433.99)
Increase / (Decrease) in Other liabilities	30.41	12.60
Increase / (Decrease) in Provisions	(69.52)	(124.56)
<b>Cash generated from operations</b>	<b>3,933.83</b>	<b>5,809.46</b>
Income taxes paid (net of refunds)	(904.94)	(1,125.87)
<b>Net cash generated from operating activities (a)</b>	<b>3,028.89</b>	<b>4,683.59</b>
<b>B. Cash flow from Investing activities</b>		
Payments for property, plant and equipment	(442.48)	(1,365.45)
Proceeds from disposal of property, plant and equipment	1.48	14.66
Redemption of bank deposits (with maturity more than three months)	-	0.40
Interest income	253.92	460.30
<b>Net cash used in investing activities (b)</b>	<b>(187.08)</b>	<b>(890.09)</b>
<b>C. Cash flow from Financing activities</b>		
Interest paid	(0.07)	(0.13)
Dividends paid	(319.32)	(1,596.62)
Tax on dividends	-	(328.23)
<b>Net cash used in financing activities (c)</b>	<b>(319.39)</b>	<b>(1,924.98)</b>
Net increase in cash and cash equivalents - (a+b+c)	2,522.42	1,868.52
Cash and cash equivalents at the beginning of the year	11,107.60	9,239.08
<b>Cash and cash equivalents at the end of the year</b>	<b>13,630.02</b>	<b>11,107.60</b>
<b>Cash and cash equivalents comprise of :</b>		
Cash on hand	1.01	1.30
Balances with banks		
- in current accounts	677.96	1,274.92
- in EEFC accounts	366.05	216.38
Deposit with maturity of less than three months	12,585.00	9,615.00
<b>Total cash and cash equivalents</b>	<b>13,630.02</b>	<b>11,107.60</b>

Note : The above Statement of Cash Flows has been prepared under the "Indirect Method" as set out in the Ind AS - 7 on Statement of Cash Flow.



**NOTES:**

- 1 The results have been reviewed by the Audit Committee and approved by the Company's Board of Directors at their respective meetings held on February 10, 2021. The statutory auditors have carried out the audit for the year ended 31 December 2020 and have issued an unmodified opinion.
- 2 Figures of the quarter ended 31 December 2020 and 31 December 2019 are the balancing figures between audited figures in respect of the relevant full financial year and the published year to date figures up to third quarter of relevant financial year.
- 3 The Company has only one reportable segment, metallurgical products and services, in accordance with Ind AS 108 - "Operating Segments", notified pursuant to the Companies (Indian Accounting Standards) Rules, 2015.
- 4 The Board of Directors of the Company has recommended payment of a final dividend of Rs. 10/- (100%) on a paid-up equity share of Rs. 10/- each for the financial year ended 31 December 2020, subject to the Shareholders' approval at the forthcoming Annual General Meeting. This in addition to the interim dividend aggregating to Rs. 5/- (50%) per share, brings the cumulative dividend for the financial year to Rs. 15/- (150%) per share.
- 5 The Company has considered the possible effects that may result from the COVID-19 pandemic in the preparation of the annual financial results including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, Management has taken into account internal and external sources of information including economic forecasts and related information and expects that the carrying amounts of these assets are fair and reasonable. The impact of the pandemic might be different from that estimated as on the date of approval of this results.
- 6 The managerial remuneration paid to the former Managing Director of the Company during the year ended December 31, 2020, amounted to Rs. 508.66 lakhs including retirement benefits of Rs 234.59 lakhs, which exceeds the prescribed limit under Section 197 read with Schedule V to the Companies Act, 2013 by Rs. 256.30 lakhs, in view of "inadequacy of profit" computed under Section 198 of the Act. As per the provisions of the Companies Act, 2013 the excess remuneration paid will be subject to the approval of the shareholders by way of a special resolution at the ensuing Annual General Meeting, which is being sought.
- 7 Previous period / year figures have been regrouped/rearranged wherever considered necessary.

Date : 10th February 2021  
Place : Pune



**For FOSECO INDIA LIMITED**



**Dr. Ujjal Bhattacharjee**  
Director  
DIN 08083932



# Price Waterhouse Chartered Accountants LLP

Independent auditor's report  
To the Members of Foseco India Limited  
Report on the audit of the financial statements

## Opinion

1. We have audited the accompanying financial statements of Foseco India Limited ("the Company"), which comprise the balance sheet as at December 31, 2020, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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 December 31, 2020, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

## Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements 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.

## Emphasis of Matter

4. We draw your attention to Note 29 (d) to the Financial Statements, which describes the remuneration amounting to Rs. 508.66 lakhs paid to the former Managing Director which exceeds the limits prescribed under section 197 read with Schedule V to the Act by Rs. 256.30 lakhs and accordingly, is subject to the approval of the shareholders by way of a special resolution in the ensuing annual general meeting. Our opinion is not modified in respect of this matter.



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Registered office and Head office Sucheta Bhawan, 11A Vishnu Digambar Marg, New Delhi 110 002

Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500918 (ICAI registration number before conversion was 012754N)

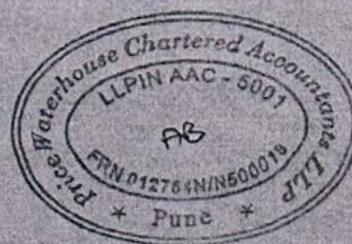
# Price Waterhouse Chartered Accountants LLP

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## Key audit matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue recognition</b></p> <p>Refer Note 1 (d) and 17 to the Financial Statements.</p> <p>The Company recognises revenue in accordance with Ind AS 115 "Revenue from Contracts with Customers".</p> <p>Revenue from the sale of products is recognized when control of products being sold is transferred to customer and there is no unfulfilled obligation and it is measured at fair value of the consideration received or receivable, after deduction of any discounts and taxes or duties collected on behalf of the government such as goods and services tax etc.</p> <p>We have considered revenue recognition as a key audit matter since there is a risk of material misstatement; and additional disclosures are required to be made in accordance with the applicable accounting standards.</p>	<p>Our testing of revenue transactions was designed to cover certain customer contracts. Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Understanding, evaluating the design and testing the operating effectiveness of controls over revenue recognition process including contract monitoring, billings and approvals;</li> <li>• Evaluating the contract terms for assessment of the timing of transfer of control to the customer to assess whether revenue is recognised appropriately;</li> <li>• Testing whether the revenue recognition is in line with the terms of customer contracts;</li> <li>• Assessing whether fair value of consideration received, or receivable has been determined appropriately in terms of the customer contract, reviewing customer correspondence and verifying pre and post year end cut-off had been appropriately applied;</li> <li>• Testing of journal entries for unusual/irregular revenue transactions; and</li> <li>• Evaluating adequacy of the presentation and disclosures</li> </ul> <p>Based on the above stated procedures, no significant exceptions were noted in revenue recognition including those relating to presentation and disclosures.</p>



# Price Waterhouse Chartered Accountants LLP

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## Other Information

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Directors report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

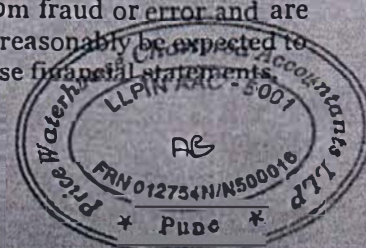
We have nothing to report in this regard.

## Responsibilities of management and those charged with governance for the financial statements

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## Auditor's responsibilities for the audit of the financial statements

9. Our objectives are to obtain reasonable assurance about whether the financial statements 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 financial statements.







# Price Waterhouse Chartered Accountants LLP

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## Report on other legal and regulatory requirements

14. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
15. 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 Changes in Equity and Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
  - e. On the basis of the written representations received from the directors as on December 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
  - g. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer Note 31 (a) to the financial statements;
    - ii. The Company has long-term contracts as at December 31, 2020 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at December 31, 2020.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
    - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended December 31, 2020.

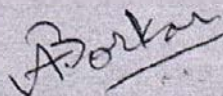


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16. As stated in the Note 29 (d) to the Financial Statements, the excess remuneration amounting to Rs. 250.30 lakhs paid to the former Managing Director is subject to the approval of the shareholders by way of a special resolution in the ensuing Annual General Meeting. (Also refer Emphasis of Matter paragraph above).

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/ N500016



Amit Borkar  
Partner  
Membership Number: 209846  
UDIN: 21109846AAAABF7248

Place: Pune  
Date: February 10, 2021

# Price Waterhouse Chartered Accountants LLP

## Annexure A to Independent Auditors' Report

Referred to in paragraph 15(f) of the Independent Auditors' Report of even date to the members of Foseco India Limited on the financial statements for the year ended December 31, 2020  
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### Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Foseco India Limited ("the Company") as of December 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

- a. 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

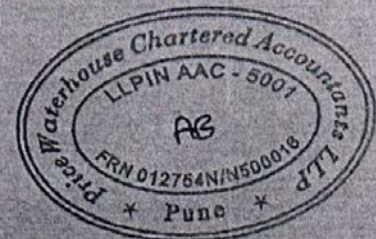
3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

#### Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements 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 with reference to financial statements

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



# Price Waterhouse Chartered Accountants LLP

## Annexure A to Independent Auditors' Report

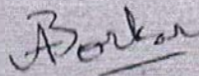
Referred to in paragraph 13(F) of the Independent Auditors' Report of even date to the members of Poseco India Limited on the financial statements for the year ended December 31, 2020

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### Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at December 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016



Amit Borkar  
Partner  
Membership Number: 109486  
UDIN:21109846AAAA617248

Place: Pune  
Date: February 10, 2021

# Price Waterhouse Chartered Accountants LLP

## Annexure B to Independent Auditors' Report

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of Fosco India Limited on the financial statements as of and for the year ended December 31, 2020

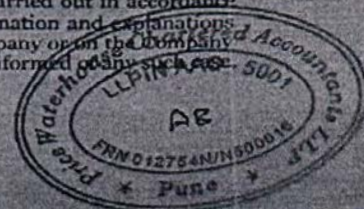
- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (c) The title deeds of immovable properties, as disclosed in Note 3(a) - Property, plant and equipment to the financial statements, are held in the name of the Company.
- ii. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been appropriately dealt with in the books of accounts.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities.

Further, for the month of March and April 2020, the Company has paid Goods and Service Tax and filed return in Form GSTR 3B and Form GSTR 1 after the due date but within the timelines allowed by Central Board of Indirect Taxes and Customs under the Notification No. 35/2020 - CT dated April 03, 2020 on fulfilment of conditions specified therein.

- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of sales tax and value added tax as at December 31, 2020 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where the dispute is pending
Value Added Tax Act	Value Added Tax	6.34	2015-16	Joint Commissioner of Sales Tax
The Central Sales Tax Act	Sales Tax	3.28	2015-16	Joint Commissioner of Sales Tax

- viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such fraud by the Management.



## Price Waterhouse Chartered Accountants LLP

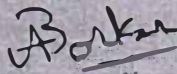
### Annexure B to Independent Auditors' Report

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of Foseco India Limited on the financial statements as of and for the year ended December 31, 2020

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- xi. Except for managerial remuneration amounting to Rs. 256.30 lakhs paid to the former managing director, the managerial remuneration paid by the Company is in accordance with the requisite approvals as mandated by the provisions of Section 197 read with Schedule V to the Act. The Company proposes to obtain approval of the shareholders by way of a special resolution in the ensuing Annual General Meeting in respect of the excess remuneration paid. (Also refer to paragraph 4 and 16 in the main audit report).
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 199 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016



Amit Borkar  
Partner  
Membership Number: 109846  
UDIN: 21109846AAAABF7248

Place: Pune  
Date: February 10, 2021