

ELECTROSTEEL CASTINGS LIMITED

H.O. : G.K. Tower, 19, Camac Street, Kolkata 700 017, India

Regd. Office : Rathod Colony, Rajgangpur, Sundergarh, Odisha 770 017

Tel : +91 33-2283 9900, 7103 4400

CIN : L27310OR1955PLC000310

Web : www.electrosteelcastings.com



9 August, 2021

BSE Limited

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

National Stock Exchange of India Limited

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

Scrip Code: 500128

Symbol: ELECTCAST

Dear Sir / Madam,

Sub: Submission of the Notice of the Tribunal Convened Meeting of the Secured Creditors of the Company and intimation of cut-off date for e-voting

The Hon'ble National Company Law Tribunal, Cuttack Bench ("Tribunal"), vide its Order dated 26 July, 2021 ('Tribunal Order'), has directed to convene and hold a Meeting of the Secured Creditors ("Meeting") of Electrosteel Castings Limited ("Transferee Company" or "Company"), to be held for the purpose of their considering and if thought fit, approving the proposed Scheme of Amalgamation of Srikalahasthi Pipes Limited ("Transferor Company") with the Company and their respective shareholders and creditors, on a going concern basis, under the provisions of Sections 230 to 232 of the Companies Act, 2013 ("Scheme"), on Friday, 10 September, 2021 at 1:00 p.m. (IST).

In accordance with Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), please find enclosed herewith, a copy of the Notice of the aforesaid Meeting of the Secured Creditors of the Company.

In terms of the Tribunal Order and as directed therein, the Meeting will be held on Friday, 10 September, 2021 through Video Conferencing / Other Audio Visual Means ("Virtual Mode"), in compliance with the applicable provisions of the Companies Act, 2013, read with General Circular No. 14/2020 dated 8 April, 2020, General Circular No. 17/2020 dated 13 April, 2020, General Circular No. 22/2020 dated 15 June, 2020, General Circular No. 33/2020 dated 28 September, 2020, General Circular No. 39/2020 dated 31 December, 2020 and General Circular No. 10/2021 dated 23 June, 2021, issued by the Ministry of Corporate Affairs, and the Listing Regulations. No physical meeting will be held.

Further, pursuant to the Tribunal Order and as directed therein, and in terms of the aforesaid Circulars, the aforesaid Notice has been despatched only through electronic mode (e-mail) to the Secured Creditors of the Company who have registered their e-mail IDs with the Company. The Notice has also been uploaded in the 'Investors' section on the website of the Company at www.electrosteel.com.

Follow the Electrosteel Group on



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H.O. : G.K. Tower, 19, Camac Street, Kolkata 700 017, India
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Please be informed that 31 December, 2020 has been fixed by the Tribunal as the cut-off date to determine the entitlement of voting rights of the Secured Creditors eligible to vote either through remote e-voting or through e-voting during the Meeting and for attending the Meeting. The Company has engaged the services of National Securities Depository Limited as the Agency to provide e-voting platform to the Secured Creditors of the Company.

The remote e-voting period will commence from Sunday, 5 September, 2021 (9:00 a.m., IST) and end on Thursday, 9 September, 2021 (5:00 p.m., IST).

This is for your information and records.

Thanking you.

Yours faithfully,
For Electrosteel Castings Limited

A handwritten signature in black ink, appearing to read 'Indranil Mitra'.

Indranil Mitra
Company Secretary



Encl.: As above

Follow the Electrosteel Group on





ELECTROSTEEL CASTINGS LIMITED

CIN: L27310OR1955PLC000310

Registered Office: Rathod Colony, Rajgangpur, Sundergarh, Odisha 770 017

Phone: +91 06624 220 332; Fax: +91 06624 220 332

Corporate Office: G. K. Tower, 19 Camac Street, Kolkata 700 017

Phone: +91 33 2283 9000; Fax: +91 33 2289 4339

E-mail ID: companysecretary@electrosteel.com | Website: www.electrosteel.com

NOTICE CONVENING MEETING OF SECURED CREDITORS OF ELECTROSTEEL CASTINGS LIMITED PURSUANT TO ORDER DATED 26 JULY 2021 OF THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, CUTTACK BENCH, CUTTACK

| MEETING | |
|-------------------------------------|---|
| Day | Friday |
| Date | 10 September 2021 |
| Time | 1.00 PM (IST) |
| Mode of Meeting | Through video conferencing / other audio-visual means |
| Mode of Voting | Remote e-voting and e-voting at the Meeting |
| Cut Off Date | Thursday, 31 December 2020 |
| Remote e-voting start date and time | Sunday, 5 September 2021, at 9.00 AM (IST) |
| Remote e-voting end date and time | Thursday, 9 September 2021, at 5.00 PM(IST) |

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| 4. | Audited Standalone Financial Statements for the financial year ended 31 March 2020 and audited standalone Financial Results for financial year ended 31 March 2021, of the Transferor Company. | Annexure II. A 56 |
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| 6. | Report adopted by the Board of Directors of the Transferor Company, pursuant to Section 232(2)(c) of the Act. | Annexure III. A 470 |
| 7. | Report adopted by the Board of Directors of the Company, pursuant to Section 232(2)(c) of the Act. | Annexure III. B 478 |
| 8. | Valuation Report dated 3 October 2020 issued jointly by Sharp & Tannan, Independent Chartered Accountants and R V Shah & Associates, Independent Chartered Accountants. | Annexure IV. A 485 |
| 9. | Fairness Opinion dated 3 October 2020 issued by Finshore Management Services Limited, Independent Merchant Banker, on the fairness of the Share Exchange Ratio. | Annexure IV. B 502 |
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| 11. | Recommendation Report of the Audit Committee of the Company. | Annexure V 521 |
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THE NOTICE OF THE MEETING, EXPLANATORY STATEMENT UNDER SECTIONS 230 AND 232 READ WITH SECTION 102 AND OTHER APPLICABLE PROVISIONS OF THE ACT AND RULE 6 OF THE CAA RULES (PAGE NOS. 2 TO 24) AND ANNEXURE I TO ANNEXURE VII (PAGE NOS. 25 TO 538) CONSTITUTE A SINGLE AND COMPLETE SET OF DOCUMENTS AND SHOULD BE READ TOGETHER AS THEY FORM AN INTEGRAL PART OF THIS DOCUMENT.

**BEFORE THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, CUTTACK BENCH
CA (CAA) No 3/CB/2021**

**IN THE MATTER OF SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013
AND**

**IN THE MATTER OF THE SCHEME OF AMALGAMATION OF SRIKALAHASTHI PIPES LIMITED WITH ELECTROSTEEL CASTINGS LIMITED AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

Electrosteel Castings Limited, a company incorporated under)
provisions of Indian Companies Act, VII of 1913 having)
Corporate Identity Number: L27310OR1955PLC000310 and its)
registered office at Rathod Colony, Rajgangpur, Sundergarh, Odisha 770 017)
) ... Company / Transferee Company

NOTICE CONVENING MEETING OF SECURED CREDITORS

**To,
All the Secured Creditors of
Electrosteel Castings Limited**

1. NOTICE is hereby given that by an Order dated 26 July 2021 ("**Tribunal Order**") in the above mentioned Company Application, the Hon'ble National Company Law Tribunal, Cuttack Bench ("**Tribunal**") has directed a meeting of the secured creditors of the Company, to be held for the purpose of their considering and if thought fit, approving the proposed scheme of Amalgamation of Srikalahasthi Pipes Limited ("**Transferor Company**") with Electrosteel Castings Limited ("**Transferee Company**" or "**Company**") and their respective shareholders and creditors, on a going concern basis, under the provisions of Sections 230 to 232 of the Companies Act, 2013 ("**Scheme**"), on Friday, 10 September 2021 at 1.00 PM (IST).
2. Pursuant to the Tribunal Order and as directed therein, the meeting of the secured creditors of the Company ("**Meeting**") will be held on Friday, 10 September 2021 through video conferencing/ other audio visual means ("**Virtual Mode**"), in compliance with the applicable provisions of the Companies Act, 2013 ("**Act**") to consider, and if thought fit, pass, the following resolution for approval of the Scheme by requisite majority as prescribed under Section 230(1) and (6) read with Section 232(1) of the Act:

*"RESOLVED THAT pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, the rules, circulars and notifications made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to the provisions of the Memorandum and Articles of Association of the Company and subject to the approval of Hon'ble jurisdictional National Company Law Tribunal ("**NCLT**") and subject to such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary and subject to such conditions and modifications as may be deemed appropriate by the Parties to the Scheme, at any time and for any reason whatsoever, or which may otherwise be considered necessary, desirable or as may be prescribed or imposed by the NCLT or by any regulatory or other authorities, while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company [hereinafter referred to as the "**Board**", which term shall be deemed to mean and include one or more Committee(s) constituted/to be constituted by the Board or any other person authorised by it to exercise its powers including the powers conferred by this Resolution], the arrangement embodied in the Scheme of Amalgamation of Srikalahasthi Pipes Limited with Electrosteel Castings Limited and their respective shareholders and creditors on a going concern basis ("**Scheme**"), be and is hereby approved;*

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem requisite, desirable, fit, appropriate or necessary to give effect to this Resolution and effectively implement the arrangement embodied in the Scheme and to make any modifications or amendments to the Scheme at any time and for any reason whatsoever, and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the NCLT while sanctioning the arrangement embodied in the Scheme or by any authorities under law, or as may be required for the purpose of resolving any questions or doubts or difficulties that may arise including passing of such accounting entries and /or making such adjustments in the books of accounts as considered necessary in giving effect to the Scheme".

3. Take further notice that the secured creditors shall have the facility and option of voting on the aforesaid resolution for approval of the Scheme by casting their votes electronically (a) through e-voting system available during the Meeting to be held virtually or (b) by remote electronic voting ("**remote e-voting**") during the period as stated below:

| REMOTE E-VOTING PERIOD | |
|-------------------------------|--|
| Commencement of Voting | Sunday, 5 September 2021 at 9.00 AM (IST) |
| End of Voting | Thursday, 9 September 2021 at 5.00 PM(IST) |

4. Secured creditors, whose name appears in the list of secured creditors as on the cut-off date, i.e., Thursday, 31 December 2020 (“**Cut-off Date**”) only shall be entitled to exercise his/her/its voting rights on the resolution proposed in the Notice and attend the Meeting. A person who is not a secured creditor as on the Cut-Off Date, should treat the Notice for information purpose only. The value of the votes cast shall be reckoned and scrutinized with reference to the said Cut-off Date in accordance with the books and records of the Company and where entries in the books are disputed, the Chairperson shall determine the value for purposes of the said meetings.
5. A copy of the Scheme, Explanatory Statement under Sections 230 and 232 read with Section 102 and other applicable provisions of the Act and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (“**CAA Rules**”) along with all annexures to such statement are enclosed herewith. A copy of this Notice and the accompanying documents are also placed on the website of the Company viz., www.electrosteel.com the website of National Securities Depositories Limited (‘NSDL’), viz., www.evoting.nsdl.com, being the agency appointed by the Company to provide the e-voting and other facilities for convening of the Meeting; and the website of the Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. A copy of this Notice and the accompanying documentation can also be obtained free of charge between 10.30 a.m. to 12.30 p.m. on all working days, at the registered office of the Company at Rathod Colony, Rajgangpur, Sundergarh, Odisha 770 017.
6. The Tribunal has appointed Mr. Shailendra Jain, Advocate (Mobile No.: 9831836383, Email: sjain_law@yahoo.co.in) to be the Chairperson for the Meeting. Further, the Tribunal has appointed Mrs. Rashmi Bihani, Practicing Chartered Accountant (Mobile No.: 9874177730; E-mail ID: rashmi@bihanico.in) to be the Scrutinizer for the Meeting.
7. The Scrutiniser will, after the conclusion of e-voting at the Meeting, scrutinise the votes cast at the Meeting and votes cast through remote e-voting, make a consolidated Scrutiniser’s Report and submit the same to the Chairperson of the Meeting within forty-eight hours of the conclusion of the Meeting. The Chairperson shall declare the results of the Meeting after submission of the report of the Scrutinizer. The declaration of results by the Chairperson shall be displayed on the Notice Board of the Company at its registered office as well as corporate office at Rathod Colony, Rajgangpur, Sundergarh, Odisha 770 017 and G. K. Tower, 19 Camac Street, Kolkata 700 017 respectively and will also be placed on the website of the Company: www.electrosteel.com and on the website of NSDL at: www.evoting.nsdl.com. The result will simultaneously be communicated to the stock exchanges. The Chairperson shall submit its report to the Tribunal in Form No CAA 4 verified by an Affidavit, the result of the Meeting within four weeks from the date of the conclusion of the Meetings.
8. The abovementioned Scheme, if approved at the aforesaid Meeting, will be subject to the subsequent sanction of the jurisdictional tribunal and such other approvals, permissions and sanctions of regulatory or other authorities, as may be necessary.

Sd/-
Mr. Shailendra Jain, Advocate
Chairperson appointed by
Tribunal for the Meeting

Dated: 7 August 2021
Place: Kolkata

Notes:

1. Pursuant to the directions of the Hon'ble National Company Law Tribunal, Cuttack Bench ("Tribunal") vide its Order dated 26 July 2021 as attached hereto as **Annexure VII**, the Meeting of the secured creditors of the Company is being conducted through Video Conferencing / other audio visual means ("**Virtual Mode**") facility to transact the business set out in the Notice convening this Meeting. As such, there shall be no physical attendance of secured creditors at the meeting in view of the present circumstances on account of the COVID-19 pandemic. The deemed venue for the Meeting shall be the Registered Office of the Company.
2. The Explanatory Statement pursuant to Sections 230 and 232 read with Section 102 and other applicable provisions of the Companies Act, 2013 ("Act") and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 in respect of the business set out in the Notice of the Meeting is annexed hereto.
3. A person, whose name appears in the list of secured creditors as on the Cut-Off Date only shall be entitled to exercise his/ her/ its voting rights on the resolution proposed in the Notice and attend the Meeting. A person who is not a secured creditor as on the Cut-Off Date, should treat the Notice for information purpose only.
4. **SINCE THIS MEETING IS BEING HELD THROUGH VIRTUAL MODE, THERE WILL NOT BE ANY PHYSICAL ATTENDANCE OF SECURED CREDITORS. ACCORDINGLY, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE SECURED CREDITORS WILL NOT BE AVAILABLE FOR THE MEETING AND HENCE THE PROXY FORM AND ATTENDANCE SLIP ARE NOT ANNEXED HERETO.**
5. No route map of the venue of the Meeting is annexed hereto, since this Meeting is being held through Virtual Mode.
6. Corporate Secured Creditors, intending to send their authorised representatives to attend and vote by e-voting at the Meeting held in Virtual Mode or via e-voting are requested to send a duly certified scanned copy of the Board / Managing Committee Resolution, Authority Letter (PDF / JPG Format), authorised under the said Resolution to attend and vote on their behalf at the Meeting, to the Scrutinizer by e-mail to rashmi@bihanico.in, with a copy marked to companysecretary@electrosteel.com./e-voting@nsdl.co.in.
7. The attendance of the Secured Creditors attending the Meeting through Virtual Mode will be counted for the purpose of reckoning the quorum, which shall be 2 (two) as per the terms of the Order of the NCLT. Attendance at such meetings shall be recorded in the minutes of the meeting(s) instead of taking physical attendance slips. Further, the Order also directs that in case the required quorum for the Meeting is not present within half an hour from the time appointed of the Meeting, then the persons present shall be deemed to constitute the quorum.
8. The Secured Creditors can join the Meeting through Virtual Mode, 15 minutes before and 30 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in this Notice. The Secured Creditors will be able to view the proceedings and participate at the Meeting by logging into the NSDL's e-Voting website at www.evoting.nsdl.com.
9. The Notice of the Meeting and the accompanying documents mentioned in the Index are being sent through electronic mode to the Secured Creditors at their respective last known email addresses as per the records of the Company. The secured creditors whose email addresses are not registered with the Company, shall be provided an opportunity by way of notice in the advertisement in the newspapers namely, (**Financial Express**' in English language; and '**Lokakatha**' in Odia to register their e-mail addresses.
10. The secured creditors may note that the aforesaid documents are also available on the website of the Company and can be accessed / downloaded from: www.electrosteel.com and on the websites of SEBI, i.e., sebi.gov.in and the Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively. If so desired, secured creditors may obtain a physical copy of the Notice and the accompanying documents, i.e., Scheme and the Explanatory Statement, etc., free of charge. A written request in this regard, may be addressed to the Company Secretary at the registered office of the Company at Rathod Colony, Rajgangpur, Sundergarh, Odisha 770 017.
11. In accordance with the provisions of Sections 230 to 232 of the Act, the Scheme shall be acted upon only if majority of persons representing three fourth in value of the secured creditors of the Company, voting by electronic means, agree to the Scheme.
12. The Notice convening the Meeting in Form CAA-2, the date of dispatch of the Notice and the Explanatory Statement and other requisite details will be published through advertisement in the following newspapers, namely, (i) '**Financial Express**' in English language; and (ii) translation thereof in '**Lokakatha**', in Odia language.
13. Secured Creditors who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communications including Annual Reports, Notices, Circulars, etc. from the Company electronically.
14. **Instructions for Secured Creditors for Remote e-Voting are as under:**
 - a. In compliance with the provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, Regulation 44 of the SEBI Listing Regulations and MCA Circulars, the Company is pleased to provide to its Secured Creditors, facility to exercise their right to vote on resolution proposed to be passed in the Meeting by electronic means.

- b. National Securities Depositories Limited ('NSDL') will be providing facility for remote E-Voting, participation in the Meeting through Virtual Mode and e-voting during the Tribunal Convened Meeting.
- c. The voting by Secured Creditors through remote e-voting shall commence on Sunday, 5 September 2021 (9:00 a.m., IST) and end on Thursday, 9 September 2021 (5:00 p.m., IST). During this period, Secured Creditors may cast their vote, electronically. The remote e-voting module shall be disabled by NSDL upon expiry of the aforesaid period. Those Secured Creditors, who will be present in the Meeting through Virtual Mode facility and have not cast their vote on the resolution through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the Meeting. Secured Creditors who cast their votes through remote e-voting may attend the Meeting but shall not be entitled to cast their vote during the Meeting. Once the vote on a resolution is cast by a Secured Creditor, the Secured Creditor shall not be allowed to change it, subsequently.
- d. The details of the process and manner for remote e-voting are explained herein below:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsd.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

- I. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsd.com/> either on a Personal Computer or on a mobile.
- II. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
- III. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.
- IV. Your User ID details is being sent in the email along with this Notice.
- V. Your password details are being sent in the email along with this Notice.
- VI. If you are unable to retrieve or have not received the "Initial password" you can send a request at evoting@nsdl.co.in or at companysecretary@electrosteel.com, mentioning your name, PAN and your registered address.
- VII. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
- VIII. Now, you will have to click on "Login" button.
- IX. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

- I. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
 - II. After click on Active Voting Cycles, you will be able to see the Company "EVEN" in which you are a Secured Creditor, who's voting cycle is in active status.
 - III. Select "EVEN" of the Company.
 - IV. Now you are ready for e-Voting as the Voting page opens.
 - V. Cast your vote by selecting appropriate options, i.e., assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and "Confirm" when prompted.
 - VI. Upon confirmation, the message "Vote cast successfully" will be displayed.
 - VII. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
 - VIII. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.
- e. In case of any query/grievance with respect to remote E-Voting, Secured Creditors may refer to the Frequently Asked Questions (FAQs) for Shareholders and remote E-Voting User Manual for Shareholders available under the Downloads section of NSDL's e-voting website or contact Mr. Amit Vishal, AVP/ Ms. Pallavi Mhatre, Manager, NSDL, Trade World, "A" Wing, 4th Floor, Kamala Mills Compound, Lower Parel, Mumbai 400 013 at toll free no. 11800 1020 990 / 1800 22 44 30 or at E-mail ID: evoting@nsdl.co.in.

Process for those Secured Creditors whose e-mail IDs are not registered for procuring user id and password and registration of email ids for e-Voting on the resolutions set out in this Notice:

- a. Those Secured Creditors, who have not registered their email address with the Company and who wish to participate in the Tribunal Convened Meeting or cast their vote through remote E-Voting or through the E-Voting system during the Tribunal Convened Meeting, may obtain the login ID and password by sending scanned copy of:
- (i) a signed request letter mentioning your name and complete address,
 - (ii) self-attested scanned copy of the PAN Card, and
 - (iii) a self-attested document supporting the address to the email address companysecretary@electrosteel.com.

- b. Alternatively, Secured Creditors may send an email request to evoting@nsdl.co.in for obtaining User ID and Password by providing the details mentioned in point (a) above.

Instructions for Secured Creditors for participating in the Tribunal Convened Meeting through Virtual Mode are as under:

- a. A person, whose name appears in the list of Secured Creditors of the Company as on 31 December 2020, only shall be entitled to avail the facility of remote e-voting or for participation at the Meeting. A person who is not a Secured Creditor as on the aforementioned date, should treat the Notice for information purpose only.
- b. Any person who is a Secured Creditor of the Company as on 31 December 2020, will be assigned a User ID and Password which will be communicated along with the Notice being sent through e-mail at the last known e-mail address as available with the Company. Please also see details under remote e-voting instructions below regarding User ID and Password.
- c. Secured Creditors will be required to use Internet with a good speed to avoid any disturbance during the meeting.
- d. Please note that Secured Creditors connecting from mobile devices or tablets or through laptops, etc. connecting *via* mobile hotspot, may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
- e. Secured Creditors can submit questions in advance with regard to the resolution to be placed at the Meeting, from their registered e-mail address, mentioning their name, PAN and mobile number, to reach the Company's email address: companysecretary@electrosteel.com, by 6 September 2021 by 5:00 p.m., IST. Such questions by the Secured Creditors shall be taken up during the meeting and replied by the Company, suitably.
- f. Secured Creditors, who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request, mentioning their name, PAN, email ID, mobile number at companysecretary@electrosteel.com, between 3 September 2021 (9:00 a.m., IST) and 6 September, 2021 (5:00 p.m., IST)
- g. Only those Secured Creditors who have registered themselves as a speaker, as aforesaid, and who are a Secured creditor of the Company, as on the cut-off date, will be allowed to express their views/ask questions during the Meeting.
- h. The Company reserves the right to restrict the number of questions and number of speakers, depending upon availability of appropriate time for the Meeting.

Instructions for Secured Creditors for e-Voting during the Meeting are as under:

- a. Secured Creditors may follow the same procedure for e-Voting during the Meeting as mentioned above for remote E-Voting.
- b. Only those Secured Creditors, who will be present in the Meeting through Virtual Mode Facility and have not cast their vote on the Resolution through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through E-Voting system in the Meeting.
- c. The Secured Creditors who have cast their vote by remote E-Voting prior to the Meeting may also participate in the Meeting through Virtual Mode Facility but shall not be entitled to cast their vote again.
- d. The Helpline details of the person who may be contacted by the Secured Creditors needing assistance with the use of technology, before or during the Meeting shall be the same persons mentioned for remote e-Voting.

15. PROCEDURE FOR INSPECTION OF DOCUMENTS:

- (i) Documents for inspection as referred to in the Notice will be available electronically for inspection without any fee by the secured creditors from the date of circulation of this Notice up to the date of Meeting. Secured creditors seeking to inspect such documents can visit the "Investor" section on the website of the Company at www.electrosteel.com.
- (ii) Secured creditors are requested to carefully read all the Notes set out herein and in particular, instructions for joining the Meeting, manner of casting vote through remote e-voting or e-voting at the Meeting.

**BEFORE THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, CUTTACK BENCH
CA(CAA) No 3/CB/2021**

**IN THE MATTER OF SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013
AND**

**IN THE MATTER OF THE SCHEME OF AMALGAMATION OF SRIKALAHASTHI PIPES LIMITED WITH ELECTROSTEEL CASTINGS LIMITED
AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

Electrosteel Castings Limited, a company incorporated under)
provisions of Indian Companies Act, VII of 1913 having)
Corporate Identity Number: L27310OR1955PLC000310 and its)
registered office at Rathod Colony, Rajgangpur, Sundergarh, Odisha 770 017)
) ... **Company / Transferee Company**

EXPLANATORY STATEMENT UNDER SECTIONS 230 TO 232 READ WITH SECTION 102 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 ("ACT") AND RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016 ("CAA RULES") TO THE NOTICE OF THE MEETING OF SECURED CREDITORS OF ELECTROSTEEL CASTINGS LIMITED CONVENED PURSUANT TO ORDER OF THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, CUTTACK BENCH ("TRIBUNAL") DATED 26 JULY 2021 ("TRIBUNAL ORDER")

I. Meeting for the Scheme

This is a Statement accompanying the Notice convening the meeting of secured creditors of Electrosteel Castings Limited ("**Transferee Company**" or "**Company**"), for the purpose of their considering and if thought fit, approving the proposed Scheme of Amalgamation of Srikalahasthi Pipes Limited ("**Transferor Company**") with Electrosteel Castings Limited and their respective shareholders and creditors on a going concern basis ("**Scheme**"), which involves, inter alia, (a) the amalgamation of the Transferor Company with the Company and dissolution of the Transferor Company without winding up and consequent issuance of equity shares of the Company to the shareholders of the Transferor Company in accordance with the Scheme (b) Various other matters incidental, consequential or otherwise integrally connected therewith pursuant to Sections 230 to 232 and other relevant provisions of the Companies Act, 2013 in the manner provided for in the Scheme. The Appointed date for Amalgamation under the Scheme is 1 October 2020. A copy of the Scheme is attached hereto and marked **Annexure I**.

Capital terms not defined herein and used in the Notice and this Statement shall have the same meaning as ascribed to them in the Scheme.

II. Rationale and benefits of the Scheme:

The circumstances which justify and/or have necessitated the said Scheme and the benefits of the same are, inter alia, as follows:

- (i) The Transferor Company and Transferee Company are under the control of common promoter group. The Transferee Company along with its promoter group of companies are in a position to and do exercise control over the Transferor Company. The Transferor Company and Transferee Company are engaged in the same line of business, i.e., manufacture and sale of ductile iron pipes and both have common economic objective and strategic goals. It would be advantageous to combine the activities and operations in a single company leading to strong capability in effectively meeting future challenges of competitive business environment.
- (ii) The Amalgamation will enable the Companies to streamline their business activities into a single combined entity, thereby resulting in economies of scale and avoidance of undue duplication in work, reduction in common expenditure otherwise incurred by the two entities within common group, better and more productive utilization of financial, human and other resource and enhancement of overall business efficiency.
- (iii) The Amalgamation will result in significant reduction in multiplicity of legal and regulatory compliances which at present is required to be made separately by the Companies.
- (iv) The Amalgamation will result in simplification of the group structure and management structure with only one listed company in group leading to better administration and reduction in administrative and other costs from more focused operational efforts, rationalization, standardization and simplification of business processes.
- (v) The Amalgamation will enable the combined entity to leverage their consolidated resources to: (a) increase production capacities; (b) undertake research and development initiatives to improve manufacturing processes and final product; (c) serve the needs of a larger customer base leading to overall business domestically as well as overseas, (d) improved alignment of debt repayments with cash flow, and (d) improved credit rating.
- (vi) The synergies that exist between the two companies in terms of services and resources can be put to the best advantage of all stakeholders.

(vii) The Scheme is envisaged to be in the best interests of the shareholders, employees and the creditors of the Transferor Company and the Transferee Company.

Thus, the Scheme of Amalgamation, as envisaged, would enable seamless access to strong business relationships, closer and better focused attention being given to the businesses which would get integrated, aligned and streamlined, leading to achievement of their full business and growth potential.

“Companies” shall collectively mean the Transferor Company and the Transferee Company.

III. Background of the Companies:

(i) Particulars of the Transferor Company

(a) Srikalahasthi Pipes Limited (CIN:L74999AP1991PLC013391) is a listed public company, limited by shares, incorporated under the provisions of the Companies Act, 1956 under the name “Lanco Ferro Limited” on 1 November 1991 with the Assistant Registrar of Companies, Hyderabad, under Company Registration Number 01- 13391 of 1991-92. The name of the Transferor Company was subsequently changed to “Lanco Industries Limited” on 6 July 1994. The name was further changed to “Srikalahasthi Pipes Limited” on 29 September 2014. Presently, the registered office of the Transferor Company is located at Rachagunneri Village, Srikalahasthi Mandal, Chittoor District, Andhra Pradesh: 517641. The Transferor Company is engaged in the business of manufacture and sale of ductile iron pipes. The equity shares of the Transferor Company are listed on BSE Limited and National Stock Exchange of India Limited. The PAN of the Transferor Company is AAACL4108M. The email address of the Transferor Company is companysecretary@srikalahasthipipes.com and website is www.srikalahasthipipes.com. During the last five years, there has been no change in the name and registered office of the Transferor Company.

(b) Main objects of the Transferor Company have been summarized as below for the perusal of the shareholders:

“iii (A) 1. To carry on trade and/or produce, manufacture, refine, make, contract, fabricate, shape treat, cure, process, prepare, import, export, purchase, sell & deal in all type and grades of composition of Iron & Steel including non-ferrous and ferrous materials such as pig iron, sponge iron / hot briquetted iron by any type of blast furnace, rotary vertical kiln or in any other methods, ductile iron pipes, flange pipes, flanges, special steel including stainless steel, iron masters, smelters, manganese and/or ferro alloys with technologies either developed departmentally, indigenously or with collaboration or using technology developed by independent persons, association of persons, institutions using indigenous or imported raw materials and fuels being either purchased & procured from local and other indigenous sources or obtained by exploiting and mining such material & fuel by the Company.

(B) 2. To acquire or amalgamate with any other Company whose objects include objects similar to those of this Company, whether by sale purchase (for fully or partly paid up shares or otherwise) of the undertaking, subject to liabilities of this or any such other company as aforesaid with or without winding up or by sale or purchase (for fully or partly paid up shares or otherwise) of all the shares or stock of this or any such other Company as aforesaid or by partnership or in any other manner.”

During the last 5 years, there has been no change in the objects clause of the Transferor Company.

(c) The share capital structure of the Transferor Company as on 30 June 2021 is as under:

| Authorised Share Capital | Amount (Rs.) |
|--|--------------|
| 5,30,00,000 Equity Shares of Rs. 10/- each | 53,00,00,000 |
| Total | 53,00,00,000 |
| Issued, Subscribed and Paid up Share Capital | Amount (Rs.) |
| 4,66,98,407 Equity Shares of Rs. 10/- each | 46,69,84,070 |
| Total | 46,69,84,070 |

As on the date of this Notice, the share capital structure of the Transfer or Company remains the same as stated hereinabove. The latest annual Financial Statements of the Transferor Company have been audited for the financial year ended on 31 March 2020. Audited Standalone Financial Statements for the financial year ended 31 March 2020 and audited standalone Financial Results for financial year ended 31 March 2021, of the Transferor Company is attached hereto as **Annexure II. A.**

(d) The details of the promoter (including promoter group) of the Transferor Company as on 30 June 2021 are as follows:

| Sl. No. | Name of Promoter/Promoter Group | Address |
|---------|--|---|
| 1. | Electrosteel Castings Limited | 19 Camac Street, G K Tower, Kolkata 700017 |
| 2. | G K and Sons Private Limited | 71, Park Street, Park Plaza Building, 4th Floor, Room No. 4D (South Block), Kolkata - 700 016 |
| 3. | Murari Investment & Trading Company Ltd. | 71, Park Street, Park Plaza Building, 4th Floor, Room No. 4D (South Block), Kolkata - 700 016 |
| 4. | G.K. Investments Ltd. | 71, Park Street, Park Plaza Building, 4th Floor, Room No. 4D (South Block), Kolkata - 700 016 |

| Sl. No. | Name of Promoter/Promoter Group | Address |
|---------|---------------------------------|---|
| 5. | Uttam Commercial Company Ltd. | 71, Park Street, Park Plaza Building, 4th Floor, Room No. 4D (South Block), Kolkata - 700 016 |

(e) The details of the Directors and Key Managerial Personnel ('KMP') of the Transferor Company as on 30 June 2021 are as follows:

| Sl. No. | Name of the Director/KMP | DIN/PAN | Designation | Address |
|---------|---------------------------------|------------|--------------------------------------|--|
| 1. | Mr. Rajkumar Khanna | 05180042 | Chairman, Independent Director | 3A/503, Green Acres, Lokhandwala Complex, Andheri West, Azad Nagar, Mumbai - 400 053 |
| 2. | Mr. Mayank Kejriwal | 00065980 | Managing Director | Navnikunj, 13, Gurusaday Road, Kolkata - 700 019 |
| 3. | Mr. Gouri Shankar Rathi | 00083992 | Whole-time Director | Brindavan", 3/285, V V Subramaniam Salai, Nainar Kuppam, Uthandi Chennai-600119 |
| 4. | Mr. Ashutosh Agarwal | 00115092 | Non-Executive Director | 33, Raja Santosh Road, Alipore, Kolkata - 700 027 |
| 5. | Mr. T Venkatesan | 00124050 | Non- Executive Director | Floor 1, 2 nd Street, Prithvi Avenue, Abhiramapuram Teynampet Chennai – 600 018 |
| 6. | Mrs. Priya Manjari Todi, | 01863690 | Non-Executive Director | Todi Niket, 2 Queens Park, Kolkata - 700 019 |
| 7. | Mr. Satyanarayana Mavireddy, | 08604390 | Nominee Director | 5-5-79, Plot No.166, Near Park, Vanasthalipuram, Vanasthali Hills, LB Nagar, Hayath Nagar, Hyderabad – 500070, Telangana |
| 8. | Dr. Mohua Banerjee | 08350348 | Independent Director | South City, Flat 31 C, Tower 1, 375, Prince Anwar Shah Road, Jodhpur Park, Kolkata - 700 068 |
| 9. | Mr. Santanu Nandan Goswami | ADHPG9379C | Chief Executive Officer | D/404, Peerless Nagar, 27, FBT Road, Kolkata Traffic More, Sodepur, Panihati (M), North 24 Paraganas, Panihati, West Bengal – 700 114 |
| 10. | Mr. N Sivalai Senthilnathan | ALMPS6255Q | Chief Financial Officer | Plot No.5055, T2, Lakshmivel Apartments, 21 st Main Road, Anna Nagar, Chennai – 600 040 |
| 11. | Mr. G. Kodanda Pani, | AFUPG7480B | Company Secretary | 11-62, S.V.Nagar, M.R. Palli, Tirupati - 517502 |

(ii) Particulars of the Company

(a) Electrosteel Castings Limited (CIN: L27310OR1955PLC000310) is a listed public company, limited by shares, incorporated under the Indian Companies Act, VII of 1913 under the name "Dalmia Iron and Steel Limited" on 26 November, 1955 with the Registrar of Companies, Orissa under Company Registration Number 000310 and subsequently, the name of the Company was changed to "Electrosteel Castings Limited" on 19 October, 1965. Presently, the registered office of the Company is located at Rathod Colony, Rajgangpur, Sundergarh, Odisha – 770 017. The PAN of the Company is AAACE4975B. The email address of the Company is companysecretary@electrosteel.com and website is www.electrosteel.com. During the last five years, there has been no change in the name and registered office of the Company. The Company is engaged in the business of manufacture and sale of ductile iron pipes and cast-iron pipes and ductile iron fittings. The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited. As on 30 June 2021, the Company holds 41.33% of the equity share capital of the Transferor Company.

- (b) Main objects of the Company have been summarized as below for the perusal of the shareholders:

“III. (1) To carry on the business of Iron foundries, steel foundries, non-ferrous metal foundries, mechanical engineers, structural engineers, electrical engineers, manufacturers of pipes, manufacturers of grinding medias, manufacturers of agricultural implements and other machineries, tool makers, metal workers, boiler makers, mill wright, mechanists, iron and steel converters, smiths, wood workers, builders, painters, metallurgists, water supply engineers, gas makers, farmers, printers, carriers and merchants, and to buy, sell, manufacture, repair, convert, alter let on hire and deal in machineries, implements, rolling stocks and hardware of all kinds, and to carry on any other business (manufacturing or otherwise) which may seem to the company capable of being conveniently carried on in connection with the above, or otherwise calculated directly or indirectly, to enhance the value of any of the company’s property and rights for the time being.

III. (2) To carry on any business relating to the mining and working of minerals, mines, ores, mineral oils and mineral substances of all kinds, the production and working of metals, and the productions, manufacture, and preparation of any other materials which may be usefully or conveniently combined with the engineering or manufacturing business of the company, or any contracts undertaken by the company, and either for the purpose only of such contracts or as an independent business.

III. (18) To enter into partnership or into any arrangement for sharing profits, co-operation, joint adventure, reciprocal concessions or otherwise with the Government of India or any State Government in India or foreign state or any municipal or local authority, partnership, person, firm or company carrying on or engaged in or about to carry on or engage in any business or transaction which the Company is authorized to carry on or engage in or any business of transaction capable of being conducted so as directly or indirectly to benefit this company.”

During the last 5 years, there has been no change in the objects clause of the Company.

- (c) The share capital structure of the Company as on 30 June 2021 is as under:

| Authorised Share Capital | Amount (Rs.) |
|---|---------------------|
| 50,02,00,000 Equity Shares of Re. 1/- each | 50,02,00,000 |
| Total | 50,02,00,000 |
| Issued, Subscribed and Paid up Share Capital | Amount (Rs.) |
| 43,29,54,709 Equity Shares of Re. 1/- each | 43,29,54,709 |
| Total | 43,29,54,709 |

As on the date of this Notice, the share capital structure of the Company remains the same as stated hereinabove. The latest annual financial statements and annual financial results of the Company have been audited for the financial year ended on 31 March 2020 and on 31 March 2021 respectively. Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended 31 March 2020, and audited standalone and consolidated financial results for financial year ended 31 March 2021 are attached hereto as **Annexure II. B**.

- (d) The Post Scheme share capital structure of the Company is as under*:

| Authorised Share Capital | Amount (Rs.) |
|---|---------------------|
| 103,02,00,000 Equity Shares of Re. 1/- each | 103,02,00,000 |
| Total | 103,02,00,000 |
| Issued, Subscribed and Paid up Share Capital | Amount (Rs.) |
| 59,46,05,446 Equity Shares of Re. 1/- each | 59,46,05,446 |
| Total | 59,46,05,446 |

**Computed on the basis of shareholding pattern of the Transferee Company, as on 30 June 2021. The actual post scheme shareholding pattern of the Company shall be computed after scheme becoming effective as per shareholding as on Record Date in terms of the Scheme.*

(e) The details of the promoter (including promoter group) of the Company as on 30 June 2021 are as follows:

| Sl. No. | Name of Promoter/Promoter Group | Address |
|---------|---|---|
| 1. | Mr. Umang Kejriwal / Mr. Mayank Kejriwal - Trustee of Sreeji Family Benefit Trust | G. K. Tower, 19, Camac Street, 5 th Floor, Kolkata - 700 017 |
| 2. | Mr. Uddhav Kejriwal | Nav-Nikunj, 13, Gurusaday Road, Kolkata - 700 019 |
| 3. | Mr. Mayank Kejriwal | Nav-Nikunj, 13, Gurusaday Road, Kolkata - 700 019 |
| 4. | Mrs. Asha Kejriwal | Nav-Nikunj, 13, Gurusaday Road, Kolkata - 700 019 |
| 5. | Uddhav Kejriwal (HUF) | Nav-Nikunj, 13, Gurusaday Road, Kolkata - 700 019 |
| 6. | Mr. Shashwat Kejriwal | Nav-Nikunj, 13, Gurusaday Road, Kolkata - 700 019 |
| 7. | Mrs. Pallavi Kejriwal | Nav-Nikunj, 13, Gurusaday Road, Kolkata - 700 019 |
| 8. | Ms. Samridhi Kejriwal | Nav-Nikunj, 13, Gurusaday Road, Kolkata - 700 019 |
| 9. | Mrs. Priya Manjari Todi | Todi Niket, 2 Queens Park, Kolkata - 700 019 |
| 10. | Mr. Mayank Kejriwal, Mrs. Aarti Kejriwal - Trustee of Priya Manjari Trust | Nav-Nikunj, 13, Gurusaday Road, Kolkata - 700 019 |
| 11. | Mr. Uddhav Kejriwal, Mrs. Pallavi Kejriwal- Trustee of Samridhi Trust | Nav-Nikunj, 13, Gurusaday Road, Kolkata - 700 019 |
| 12. | G K and Sons Private Limited | 71, Park Street, Park Plaza Building, 4th Floor, Room No. 4D (South Block), Kolkata - 700 016 |
| 13. | Electrocast Sales India Limited | 71, Park Street, Park Plaza Building, 4th Floor, Room No. 4D (South Block), Kolkata - 700 016 |
| 14. | Murari Investment & Trading Company Ltd. | 71, Park Street, Park Plaza Building, 4th Floor, Room No. 4D (South Block), Kolkata - 700 016 |
| 15. | G.K. Investments Ltd. | 71, Park Street, Park Plaza Building, 4th Floor, Room No. 4D (South Block), Kolkata - 700 016 |
| 16. | Uttam Commercial Company Ltd. | 71, Park Street, Park Plaza Building, 4th Floor, Room No. 4D (South Block), Kolkata - 700 016 |
| 17. | Sree Khemisati Constructions Pvt. Ltd | 71, Park Street, Park Plaza Building, 4th Floor, Room No. 4D (South Block), Kolkata - 700 016 |
| 18. | Malay Commercial Enterprises Ltd. | 71, Park Street, Park Plaza Building, 4th Floor, Room No. 4D (South Block), Kolkata - 700 016 |
| 19. | Sri Gopal Investments Ventures Ltd. | 8, Camac Street, Shantiniketan Building, 6th Floor, Room No. 7, Kolkata - 700 017 |
| 20. | Global Exports Ltd. | 19, Camac Street, 5 th Floor, Kolkata - 700 017 |
| 21. | Quinline Dealcomm Private Limited | 71, Park Street, Park Plaza Building, 4th Floor, Room No. 4D (South Block), Kolkata - 700 016 |
| 22. | Escal Finance Services Ltd. | 8, Camac Street, Shantiniketan Building, 6th Floor, Room No. 3, Kolkata - 700 017 |
| 23. | Ellenbarrie Developers Pvt. Ltd. | 71, Park Street, Park Plaza Building, 4th Floor, Room No. 4D (South Block), Kolkata - 700 016 |
| 24. | Greenchip Trexim Pvt. Ltd. | 8, Camac Street, Shantiniketan Building, 6th Floor, Room No. 7, Kolkata - 700 017 |
| 25. | Calcutta Diagnostics Centre (P) Ltd | 8, Camac Street, Shantiniketan Building, 6th Floor, Room No. 7, Kolkata - 700 017 |
| 26. | Cubbon Marketing Pvt Ltd | 71, Park Street, Park Plaza Building, 4th Floor, Room No. 4D (South Block), Kolkata - 700 016 |

(f) The details of the Directors and Key Managerial Personnel ('KMP') of the Company as on 30 June 2021 are as follows:

| Sl. No. | Name of the Director/KMP | DIN/PAN | Designation | Address |
|---------|---------------------------------------|------------|---|--|
| 1. | Mr. Pradip Kumar Khaitan | 00004821 | Chairman, Independent Director | B-103 Rai Enclave, 7/1A Sunny Park, Ballygunge, Kolkata - 700 019 |
| 2. | Mr. Umang Kejriwal | 00065173 | Managing Director | Navnikunj, 13, Gurusaday Road, Kolkata - 700 019 |
| 3. | Mr. Mayank Kejriwal | 00065980 | Joint Managing Director | Navnikunj, 13, Gurusaday Road, Kolkata - 700 019 |
| 4. | Mr. Uddhav Kejriwal | 00066077 | Whole-time Director | Navnikunj, 13, Gurusaday Road, Kolkata - 700 019 |
| 5. | Mr. Shermadevi Yegnaswami Rajagopalan | 00067000 | Non-Executive Director | Udayan, UD-08-1003 1050/1, Survey Park, Kolkata - 700 075 |
| 6. | Mr. Binod Kumar Khaitan | 00128502 | Independent Director | 5, Queens Park, Ballygunge, Kolkata - 700 019 |
| 7. | Mr. Amrendra Prasad Verma | 00236108 | Independent Director | 304, Sheela Residency, East Boring Canal Road, Ps Budha Colony, Patna - 800 001 |
| 8. | Mr. Rajkumar Khanna, | 05180042 | Independent Director | 3A/503, Green Acres, Lokhandwala Complex, Andheri West, Azad Nagar, Mumbai - 400 053 |
| 9. | Mr. Vyas Mitre Ralli | 02892446 | Non-Executive Director | Silver Spring, Flat-13B, Block-3, 5, JBS Halden Avenue, Kolkata - 700 105 |
| 10. | Mr. Mahendra Kumar Jalan | 00311883 | Whole-time Director | Flat 6B, 3C, National Library Avenue, Alipur, Kolkata - 700 027 |
| 11. | Mr. Sunil Katial | 07180348 | Chief Executive Officer and Whole-time Director | 5J, Tower I, South City Residency, 375, Prince Anwar Shah Road, Kolkata - 700 068 |
| 12. | Dr. Mohua Banerjee | 08350348 | Independent Director | South City, Flat 31 C, Tower 1, 375, Prince Anwar Shah Road, Jodhpur Park, Kolkata - 700 068 |
| 13. | Mr. Ashutosh Agarwal | ADBPA9564H | Executive Director (Group Finance) and CFO | 33, Raja Santosh Road, Alipore, Kolkata - 700 027 |
| 14. | Mr. Indranil Mitra | APEPM4790C | Company Secretary | Prantik Housing Estate, Block A, Flat – 4, 60/67 B. T. Road, Kolkata – 700 002 |

IV. Salient Extracts of the Scheme

(i) Definitions

“Act” means the Companies Act, 2013 and the rules and regulations made thereunder, and includes any alterations, modifications, amendments made thereto and/or any re-enactment thereof.

“Amalgamation” means amalgamation of the Transferor Company with the Transferee Company, on a going concern basis

in accordance with Sections 230 to 232 of the Act and Section 2(1B) of the Income-Tax Act, 1961, in terms of Chapter 2 of the Scheme.

“Applicable Laws” shall mean any statute, notification, bye-laws, rules, regulations, guidelines, rule of common law, policy, code, directives, ordinance, orders or instructions having the force of law enacted or issued by any Governmental Authority including any statutory modification or re-enactment thereof for the time being in force.

“Appointed Date” means opening business hours of 1 October 2020, or such other date as may be determined by the Board of Directors of the Transferor Company and the Transferee Company or directed by the NCLT and is the date with effect from which the Scheme shall, upon sanction of the same by the NCLT, be deemed to have become operative.

“Effective Date” means the last of the dates on which all the conditions and matters as referred to in Clause 22 of the Scheme occur or have been fulfilled, obtained or waived in accordance with this Scheme. Further, the reference in the Scheme to “upon the Scheme becoming effective” or “effectiveness of the Scheme” or “upon coming into effect of the Scheme” shall mean the Effective Date.

“NCLT” means the National Company Law Tribunal, Amaravati Bench and/or the National Company Law Tribunal, Amaravati Bench, as applicable, including Principal Bench of National Company Law Tribunal at New Delhi.

“Record Date” means the date to be fixed by the Board of Directors of the Transferor Company and the Transferee Company for the purpose of determining the shareholders of the Transferor Company to whom shares of the Transferee Company will be allotted pursuant to this Scheme.

“Registrar of Companies” means the Registrar of Companies at Andhra Pradesh for the Transferor Company and the Registrar of Companies at Odisha for the Transferee Company.

“SEBI Circular” means the Circular CFD/DIL3/CIR/2017/21 dated 10 March 2017 issued by SEBI, as amended, modified or replaced from time to time.

(ii) **Date of taking effect and Operative Date**

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by any authority, unless otherwise specified in the Scheme, shall become operative from the Appointed Date but shall come into effect from the Effective Date. Therefore, for all regulatory and tax purposes, the Amalgamation would be deemed to be operative from the Appointed Date of this Scheme.

(iii) **Amalgamation of the Transferor Company with the Transferee Company**

- a) Upon coming into effect of the Scheme and with effect from the Appointed Date, the Transferor Company (including the entire Undertaking(s) of the Transferor Company) shall, pursuant to the sanction of the Scheme by the NCLT and pursuant to the provisions of Sections 230 to 232 of the Act, stand transferred to and vested in and/or be deemed to have been transferred to and vested in the Transferee Company, as a going concern, in accordance with Section 2(1B) of the Income Tax Act without any further act, instrument, deed, matter or thing, so as to become, as and from the Appointed Date, part of the Transferee Company by virtue of and in the manner provided in this Scheme.
- b) Pending the Scheme coming into effect, the Transferor Company and the Transferee Company may continue to provide security for each other's commitments provided however, the Scheme shall not operate to enlarge the security for any loan, deposit or facility availed of either by the Transferor Company or by the Transferee Company and the Transferee Company shall not in any manner be obliged to create further or additional security there for after the Effective Date or otherwise.
- c) Upon the Scheme coming into effect the assets and liabilities of the Transferor Company shall stand pooled with the assets and liabilities of the Transferee Company in accordance with the relevant Indian accounting standard on business combinations.
- d) All Liabilities, whether or not provided in the books of the Transferor Company, shall, under the provisions of Sections 230 and 232 of the Act, without any further act, instrument, deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company as a part of the transfer of the Undertaking as a going concern and the same shall be assumed by the Transferee Company, to the extent they are outstanding on the Effective Date so as to become on and from the Appointed Date, the Liabilities of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company, and the Transferee Company shall meet, discharge and satisfy the same. Further, it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such Liabilities have arisen in order to give effect to the provisions of this Clause.

- e) Upon coming into effect of this Scheme, all permanent employees, who are on the payrolls of the Transferor Company, including key managerial personnel engaged on contract basis and contract laborers and interns/trainees of the Transferor Company, as on the Effective Date,, shall become employees of the Transferee Company with effect from the Effective Date, on such terms and conditions as are no less favourable than those on which they are currently engaged by the Transferor Company, without any interruption of service as a result of this Amalgamation and transfer. With regard to provident fund, gratuity, leave encashment and any other special scheme or benefits created or existing for the benefit of such employees of the Transferor Company, upon this Scheme becoming effective, the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever, including with regard to the obligation to make contributions to relevant authorities, in accordance with the provisions of Applicable Laws or otherwise. It is hereby clarified that upon this Scheme becoming effective, the aforesaid benefits or schemes shall continue to be provided to the transferred employees and the services of all the transferred employees of the Transferor Company for such purpose shall be treated as having been continuous.
- f) The existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme and any other special scheme (including without limitation any employees stock option plan) or benefits created by the Transferor Company for its employees shall be continued on the same terms and conditions or be transferred to the existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme, etc., being maintained by the Transferee Company or as may be created by the Transferee Company for such purpose. It is the intent that all rights, duties, powers and obligations of Transferor Company in relation to such fund or funds shall stand transferred to the Transferee Company without need of any fresh approval from any statutory authority. Pending such transfer, the contributions required to be made in respect of such employees shall continue to be made by the Transferee Company to the existing funds maintained by the Transferor Company.
- g) All proceedings of whatsoever nature (legal and others, including any suits, appeals, arbitrations, execution proceedings, revisions, writ petitions, if any) by or against the Transferor Company shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the Undertaking or anything contained in this Scheme but the said proceedings, shall, till the Effective Date be continued, prosecuted and enforced by or against the Transferor Company, as if this Scheme had not been made.
- h) Upon the coming into effect of this Scheme, all suits, actions, and other proceedings including legal and taxation proceedings, (including before any statutory or quasi-judicial authority or tribunal) by or against the Transferor Company, whether pending and/or arising on or before the Effective Date shall be continued and / or enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as if the same had been instituted and/or pending and/or arising by or against the Transferee Company.

(iv) **Conduct of Business**

With effect from the Appointed Date and up to and including the Effective Date:

- a) the Transferor Company shall carry on and be deemed to have carried on all business and activities and shall hold and stand possessed of and shall be deemed to hold and stand possessed of the of all its estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions and the entire business for and on account of, and in trust for, the Transferee Company.
- b) all profits and income accruing or arising to the Transferor Company, and losses and expenditure arising or incurred by the Transferor Company for the period commencing from the Appointed Date shall, for all purposes, be treated as and be deemed to be the profits, income, losses or expenditure, as the case may be, of the Transferee Company.

(v) **Consideration**

- a) Upon the coming into effect of this Scheme, the share certificates, if any, and/or the shares in electronic form representing the shares held by the Transferee Company in the Transferor Company shall be deemed to be cancelled without any further act or deed for cancellation thereof by the Transferee Company, and shall cease to be in existence accordingly.
- b) Upon the Scheme coming into effect and in consideration of the Amalgamation, the shareholders of the Transferor Company (other than for shares already held by the Transferee Company in the Transferor Company), whose name appear in the Register of Members as on the Record Date (as defined in the Scheme), or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title as the case may be, shall be eligible to receive 59 (fifty nine) fully paid up equity shares of Re. 1/- each of the Transferee Company for every 10 (ten) fully paid up equity shares of Rs. 10/- each of the Transferor Company held by such shareholder.
- c) Fractional entitlements to which the members of the Transferor Company may be entitled on issue and allotment of equity shares in the Transferee Company, shall be rounded off to the nearest upward integer for the purposes of determining the number of equity shares in the Transferee Company to be allotted by the Transferee Company to the

members of the Transferor Company pursuant to Clause 18.2 of the Scheme. The Board of Directors of the Transferee Company, if it deems necessary, in the interest of allottees, approve such other method in this behalf as it may, in its absolute discretion, deem fit.

- d) The equity shares of Transferee Company to be issued to the shareholders of the Transferor Company under Clause 18.2 of the Scheme will be listed with BSE and NSE and admitted for trading and the Transferee Company shall comply with the requirements of the SEBI Circular and take all steps to get the equity shares to be issued pursuant to the Scheme listed on BSE and NSE on which the equity shares of the Transferor Company are listed, in accordance with relevant regulations. The Transferee Company shall enter into such arrangement and issue such confirmations and/or undertakings as may be necessary in accordance with the Applicable Laws or regulation for the above purpose.
- e) The equity shares of the Transferee Company issued in terms of this Scheme shall pursuant to the SEBI Circular and subject to compliance with requisite formalities be listed and/or admitted to trading on the relevant Stock Exchange(s) where the existing equity shares of the Transferor Company are listed and/or admitted to trading, i.e., BSE and NSE. The Transferee Company shall enter into such arrangement and issue such confirmations and/or undertakings as may be necessary in accordance with the Applicable Laws or regulation for the above purpose. On such formalities being fulfilled, the Stock Exchanges shall list and/or admit such equity shares issued pursuant to this Scheme, for the purpose of trading.

(vi) **Accounting Treatment**

- a) The Transferee Company shall record the assets, liabilities and reserves of the Transferor Company, as on Appointed Date, vested in it pursuant to the Scheme at their respective carrying values as per 'Pooling of Interest Method' of accounting as per Indian Accounting Standard (Ind AS) 103 (Business Combination) in accordance with Appendix C of 'Business Combinations of entities under common control' under the Companies (Indian Accounting Standards) Rules, 2015. No adjustment shall be made to reflect the fair values, or recognise any new assets or liabilities.
- b) The identity of the reserves of Transferor Company shall be preserved and shall appear in the financial statements of the Transferee Company in the same form, in which they appeared in the financial statements of the Transferor Company.
- c) Upon coming into effect of this Scheme, the Transferee Company shall issue new equity shares to the shareholders of the Transferor Company (other than for shares, if any, held by Transferee Company into the Transferor Company). These new equity shares shall be issued and recorded at face value and accordingly the aggregate face value of the shares to be issued shall be credited to Transferee Company's share capital account.
- d) The carrying value of investments in the financial statements of the Transferee Company in the equity share capital of the Transferor Company shall stand cancelled pursuant to the Scheme becoming effective and there shall be no further obligation in that behalf.
- e) Upon coming into effect of this Scheme, to the extent there are inter-corporate loans / advances, deposits balances or other obligations as between Transferor Company and the Transferee Company, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of accounts and records of the Transferee Company for the reduction of any assets or liabilities, as the case may be.
- f) The amount of difference between, (i) the face value of new shares issued and allotted to the shareholders of the Transferor Company and cancellation of the investments, if any, held by Transferee Company into the Transferor Company and (ii) the carrying value of net assets (including the reserves), would be adjusted against capital reserves.

(vii) **Dissolution**

Upon the coming into effect of the Scheme, the Transferor Company shall, without any further act, instrument or deed, stand dissolved without winding-up.

(viii) **Reorganisation and combination of Authorised Share Capital**

- a) Upon this Scheme becoming effective, pursuant to the applicable provisions of the Act and Article V of the Memorandum of Association of the Transferor Company and Transferee Company, the authorized share capital of the Transferor Company as on the Effective Date shall be transferred to the Transferee Company. Immediately thereafter, as an integral part of this Scheme, the authorized share capital of the Transferor Company comprising of equity shares of face value of Rs 10 (Rupees Ten) each, shall be split and be reclassified as equity share of face value of Re 1 (Rupee One) each and get combined with the authorized share capital of the Transferee Company. Pursuant immediately to the reclassification and consolidation of authorized share capital as envisaged above, the Memorandum of Association of the Transferee Company shall automatically stand amended and altered.

- b) The filing fees (including registration fees, if any) paid on the authorised share capital of the Transferor Company shall be set-off against any filing fees payable by the Transferee Company on increase of its authorised share capital pursuant to the amalgamation. The Transferee Company shall file the requisite documents with the Registrar of Companies, which has jurisdiction over the Transferee Company, for the increase of the authorised share capital of the Transferee Company, as aforesaid.

(ix) **Conditions to effectiveness of the Scheme**

The coming into effect of this Scheme is conditional upon and subject to:

- a) pursuant to provisions of the Competition Act, 2002 (including any statutory modification or re-enactment thereof) and the rules and regulations thereunder, the first of the CCI (or any appellate authority in India having appropriate jurisdiction) having either:
1. granted approval to the Scheme; or
 2. been deemed to have granted approval to the Scheme through the expiration of time periods available for their investigation.
- b) the Stock Exchanges having issued their observation / no-objection letter as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with the SEBI Circular.
- c) the Scheme being approved by the respective requisite majorities of the various classes of members (passed through postal ballot / e-voting as applicable) and secured and unsecured creditors (as applicable) of the Transferor Company and the Transferee Company as required under the Act and as applicable under SEBI Circular, subject to any dispensation that may be granted by the NCLT.
- d) pursuant to the para I(A)(9)(b) of Annexure I to SEBI Circular, the Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it in relation to both the Transferor Company and the Transferee Company. The term 'public' shall carry the same meaning as defined in Rule 2 of the Securities Contracts (Regulation) Rules, 1957.
- e) sanctions and Order under provisions of the Sections 230 to 232 of the Act being obtained from NCLT.
- f) the certified copy of the Orders of NCLT approving this Scheme being uploaded and filed at the portal of Ministry of Corporate Affairs.

(x) **Compliance with Tax Laws**

This Scheme is in compliance with the conditions relating to "Amalgamation" as specified under Section 2(1B) of the Income Tax Act. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section at any time including resulting from a retrospective amendment of law or for any other reason whatsoever, till the time the Scheme becomes effective, the provisions of the said Section of the Income Tax Act shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income Tax Act.

V. Relationship subsisting between Parties to the Scheme

As on 30 June 2021, the Company holds 41.33% of the equity share capital of the Transferor Company. Further, the Transferor Company is a subsidiary of the Company, since the Company exercises control over the Transferor Company.

VI. Board approvals

- (i) The Board of Directors of the Transferor Company at its Meeting held on 5 October 2020 approved the Scheme, as detailed below:

| Sl. No. | Name of Director | Voted in favour / against / did not participate or vote |
|---------|------------------------------|---|
| 1. | Mr. Rajkumar Khanna | Voted in favour |
| 2. | Mr. Mayank Kejriwal | Voted in favour |
| 3. | Mr. Gouri Shankar Rathi | Voted in favour |
| 4. | Mr. Ashutosh Agarwal | Voted in favour |
| 5. | Mr. T Venkatesan | Voted in favour |
| 6. | Mrs. Priya Manjari Todi, | Voted in favour |
| 7. | Mr. Satyanarayana Mavireddy, | Did not Vote |

- (ii) The Board of Directors of the Company at its Meeting held on 5 October 2020 approved the Scheme, as detailed below:

| Sl. No. | Name of Director | Voted in favour / against / did not participate or vote |
|---------|---------------------------------------|---|
| 1. | Mr. Pradip Kumar Khaitan | Voted in favour |
| 2. | Mr. Umang Kejriwal | Absent |
| 3. | Mr. Mayank Kejriwal | Voted in favour |
| 4. | Mr. Uddhav Kejriwal | Voted in favour |
| 5. | Mr. Shermadevi Yegnaswami Rajagopalan | Voted in favour |
| 6. | Mr. Binod Kumar Khaitan | Voted in favour |
| 7. | Mr. Amrendra Prasad Verma | Voted in favour |
| 8. | Mr. Rajkumar Khanna, | Voted in favour |
| 9. | Mr. Vyas Mitre Ralli | Voted in favour |
| 10. | Mr. Mahendra Kumar Jalan | Voted in favour |
| 11. | Mr. Sunil Katial | Voted in favour |
| 12. | Dr. Mohua Banerjee | Voted in favour |

VII. Interest of Directors, Key Managerial Personnel (KMPs), their relatives and Debenture Trustee

- (i) None of the Directors, KMPs (as defined under the Act and rules framed thereunder) of the Company and their respective relatives (as defined under the Act and rules framed thereunder) has any interest in the Scheme except to the extent of their shareholding in the Company, if any. Save as aforesaid, none of the said Directors or the KMPs or their respective relatives has any material interest in the Scheme.
- (ii) The Company has no outstanding debentures and hence, does not have Debenture Trustee
- (iii) None of the Directors, KMPs (as defined under the Act and rules framed thereunder), as applicable, of the Transferor Company and their respective relatives (as defined under the Act and rules framed thereunder), has any interest in the Scheme except to the extent of their shareholding in the Transferor Company, if any. Save as aforesaid, none of the said Directors or the KMPs, as applicable, or their respective relatives has any material interest in the Scheme.
- (iv) The Transferor Company has no outstanding debentures and hence, does not have Debenture Trustee.

VIII. Effect of Scheme on stakeholders

- (i) The Report of the Board of Directors of the Transferor Company, pursuant to Section 232(2) (c) of the Act is attached hereto as **Annexure III. A**. The effect of the Scheme on various stakeholders is summarized below:

| Sl No | Category of Stakeholders | Effect of the Scheme on the Stakeholder |
|-------|--|---|
| 1. | Equity Shareholders: Promoters and Non-Promoters of the Transferor Company | <p>(a) Under the Scheme, an arrangement is sought to be entered into between the Transferor Company and the Transferee Company and their respective shareholders and creditors.</p> <p>(b) Upon the coming into effect of this Scheme, the share certificates, if any, and/or the shares in electronic form representing the shares held by the Transferee Company in the Transferor Company shall be deemed to be cancelled without any further act or deed for cancellation thereof by the Transferee Company, and shall cease to be in existence accordingly</p> <p>(c) Upon the sanctioning of the Scheme and in terms of Clause 18 of the Scheme, the Transferee Company shall issue and allot its equity shares to the equity shareholders (both Promoter (except ECL) and Non-Promoter shareholders) of the Transferor Company.</p> <p>(d) Upon the Scheme coming into effect and in consideration of the Amalgamation, the shareholders of the Transferor Company (other than for shares already held by the Transferee Company in the Transferor Company), whose name appear in the register of member as on the Record Date (as defined in the Scheme) or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title as the case may be, shall be eligible to receive 59 fully paid up equity shares of Re 1/- each of the Transferee Company for every 10 fully paid up equity shares of Rs 10/- each of the</p> |

| Sl No | Category of Stakeholders | Effect of the Scheme on the Stakeholder |
|-------|--------------------------|--|
| | | <p>Transferor Company held by such shareholder.</p> <p>(e) The Share Exchange Ratio mentioned above has been arrived at based on the valuation report jointly issued by M/s Sharp & Tannan, an independent Chartered Accountant and M/s R.V. Shah and Associates, an independent Chartered Accountant. Finshore Management Services Limited and Ashika Capital Limited, SEBI Registered independent merchant bankers have provided fairness report on the fairness of the Share Exchange Ratio determined for the amalgamation of Transferor Company with Transferee Company. Based on the recommendations of the Audit Committees of Transferor Company and that of Transferee Company, the valuation report and fairness report as aforesaid have been duly approved by the Board of Directors of both, Transferor Company and Transferee Company.</p> <p>(f) The equity shares to be issued on Amalgamation shall rank <i>pari passu</i> with the existing equity shares of the Transferee Company.</p> <p>(g) The equity shares to be issued and allotted by the Transferee Company in terms of the Scheme shall be subject to the provisions of the Memorandum and Articles of Association of Transferee Company.</p> <p>(h) The equity shares to be issued to the shareholders of the Transferor Company will be listed with BSE Limited and National Stock Exchange of India Limited and admitted for trading.</p> <p>(i) The equity shares to be issued by the Transferee Company pursuant to this Scheme in respect of any equity shares of the Transferor Company which are held in abeyance under the Companies Act, 2013 or otherwise shall, pending allotment or settlement of dispute by order of a court or otherwise, also be kept in abeyance by the Transferee Company.</p> <p>(j) The promoters of the Transferor Company are also promoters of Transferee Company and shall continue to be promoters of the Transferee Company after the effectiveness of the Scheme.</p> <p>(k) Since the Promoter and Non-Promoter shareholders of the Transferor Company are being issued shares in the same proportion, the rights of non-promoter shareholders of the Transferor Company are not being affected under the Scheme of Amalgamation.</p> |
| 2. | Employees | <p>(a) Under Clause 11 of the Scheme on and from the Effective Date (as defined in the Scheme), the Transferee Company shall engage all employees, including key managerial personnel of the Transferor Company on the same terms and conditions on which they are engaged by the Transferor Company without any interruption of service and in the manner provided under the Scheme. In the circumstances, the rights of the employees of the Transferor Company would in no way be affected by the Scheme. The employees of the Transferee Company shall continue to remain employees in the Transferor Company on the same terms and conditions. The services of the employees of the Transferor Company will not be retrenched due to amalgamation</p> <p>(b) Please refer to Sl No 1 above for details regarding the effect of the Scheme on the employees who are also shareholders of the Transferee Company.</p> <p>(c) The contributions made by Transferor Company in respect of its employees under applicable law, to the provident fund, gratuity fund, leave encashment fund and any other special scheme or benefits</p> |

| Sl No | Category of Stakeholders | Effect of the Scheme on the Stakeholder |
|-------|--|---|
| | | created, for the period after the Appointed Date (as defined in the Scheme) shall be deemed to be contributions made by Transferee Company. |
| 3. | Key Managerial Personnel | <p>(a) Under Clause 11 of the Scheme on and from the Effective Date (as defined in the Scheme), the Transferee Company shall engage all the key managerial personnel, who are also employees of the Transferor Company, on the same terms and conditions on which they are engaged by the Transferor Company without any interruption of service and in the manner provided under the Scheme.</p> <p>(b) Under the Scheme on and from the Effective Date, the Transferor Company will stand dissolved without winding up. In the circumstances, the Key Managerial Personnel of the Transferor Company will cease to be the Key Managerial Personnel of the Transferor Company.</p> <p>(c) Please refer to Sl. No. 1 above for details regarding the effect of the Scheme on the Key Managerial Personnel who are also shareholders of the Transferor Company.</p> <p>(d) The contributions made by Transferor Company in respect of its employees under applicable law, to the provident fund, gratuity fund, leave encashment fund and any other special scheme or benefits created, for the period after the Appointed Date (as defined in the Scheme) shall be deemed to be contributions made by Transferee Company.</p> <p>(e) Thus, there will no adverse effect of the Scheme on the Key Managerial Personnel of the Company.</p> |
| 4. | Creditors | <p>(a) Under the Scheme no arrangement is sought to be entered into between the Transferor Company and its secured and unsecured creditors.</p> <p>(b) As per Clause 9 of the Scheme, all liabilities of the Transferor Company shall stand transferred to the Transferee Company</p> <p>(c) The interest of the creditors of the Transferor Company shall not be impacted in any manner.</p> |
| 5. | Board of Directors of the Transferor Company | Under the Scheme on and from the Effective Date, the Transferor Company will stand dissolved without winding up and accordingly the Board shall cease to exist. |
| 6. | Debenture Holders and Debenture Trustee | As on date, the Transferor Company has no outstanding debentures and therefore, the effect of the Scheme on any such debenture holders and debenture trustee does not arise |
| 7. | Depositors and Deposit Trustee | As on date, the Transferor Company has no outstanding public deposits and therefore, the effect of the Scheme on any such public deposit holders or deposit trustee does not arise |

(ii) The Report of the Board of Directors of the Company, pursuant to Section 232(2)(c) of the Act is attached hereto as **Annexure III. B**. The effect of the Scheme on various stakeholders is summarized below:

| Sl. No. | Category of Stakeholders | Effect of the Scheme on the Stakeholder |
|---------|--|---|
| 1. | Equity Shareholders: Promoters and Non-Promoters of the Transferee Company | <p>(a) Under the Scheme, an arrangement is sought to be entered into between the Transferor Company and the Transferee Company and their respective shareholders and creditors.</p> <p>(b) Upon the coming into effect of this Scheme, the share certificates, if any, and/or the shares in electronic form representing the shares held by the Transferee Company in the Transferor Company shall be</p> |

| Sl. No. | Category of Stakeholders | Effect of the Scheme on the Stakeholder |
|---------|--------------------------|---|
| | | <p>deemed to be cancelled without any further act or deed for cancellation thereof by the Transferee Company, and shall cease to be in existence accordingly</p> <p>(c) Upon the sanctioning of the Scheme and in terms of Clause 18 of the Scheme, the Transferee Company shall issue and allot equity shares of the Transferee Company to the equity shareholders (both Promoter (except ECL) and Non-Promoter shareholders) of the Transferor Company.</p> <p>(d) Upon the Scheme coming into effect and in consideration of the Amalgamation, the shareholders of the Transferor Company (other than the shares already held by the Transferee Company in the Transferor Company), whose name appear in the Register of Members as on the Record Date (as defined in the Scheme) or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title as the case may be, shall be eligible to receive 59 fully paid up equity shares of Re. 1/- each of the Company for every 10 fully paid up equity shares of Rs. 10/- each of the Transferor Company held by such shareholder.</p> <p>(e) The Share Exchange Ratio mentioned above has been arrived at based on the valuation report (i) jointly issued by M/s Sharp & Tannan, an independent Chartered Accountants and M/s R.V. Shah and Associates, an independent Chartered Accountants and (ii) Ms Rashmi Shah, FCA, Registered Valuer. Finshore Management Services Limited and Ashika Capital Limited, independent SEBI Registered merchant bankers have provided fairness report on the fairness of the Share Exchange Ratio determined for the amalgamation of Transferor Company with Transferee Company. Based on the recommendations of the Audit Committees of Transferor Company and that of Transferee Company, the valuation report and fairness report as aforesaid have been duly approved by the Board of Directors of both, Transferor Company and Transferee Company.</p> <p>(f) The equity shares to be issued on Amalgamation shall rank <i>pari passu</i> with the existing equity shares of the Transferee Company.</p> <p>(g) The equity shares to be issued and allotted by the Transferee Company in terms of the Scheme shall be subject to the provisions of the Memorandum and Articles of Association of the Transferee Company.</p> <p>(h) The equity shares to be issued to the shareholders of the Transferor Company will be listed with BSE Limited and National Stock Exchange of India Limited and admitted for trading.</p> <p>(i) The equity shares to be issued by the Transferee Company pursuant to this Scheme in respect of any equity shares of the Transferor Company which are held in abeyance under the Companies Act, 2013 or otherwise shall, pending allotment or settlement of dispute by order of a court or otherwise, also be kept in abeyance by the Transferee Company.</p> <p>(j) Post the issue of shares, there shall be no change in the shareholding pattern or control in the Transferee Company between the Record Date (as defined in the Scheme) and the listing which may affect the status of the approval by the Stock Exchanges.</p> <p>(k) The promoters of the Transferee Company shall continue to remain the promoters even after the effectiveness of the Scheme.</p> <p>(l) Since the Promoter and Non-Promoter shareholders of the Transferor Company are being issued shares in the same proportion, the rights of</p> |

| Sl. No. | Category of Stakeholders | Effect of the Scheme on the Stakeholder |
|---------|---|---|
| | | non-promoter shareholders of the Transferor Company shall not be affected under the Scheme of Amalgamation. |
| 2. | Employees | <p>(a) Under Clause 11 of the Scheme on and from the Effective Date (as defined in the Scheme), the Transferee Company shall engage all employees, including key managerial personnel of the Transferor Company on the same terms and conditions on which they are engaged by the Transferor Company without any interruption of service and in the manner provided under the Scheme. The employees of the Transferee Company shall continue to remain employees in the Transferee Company on the same terms and conditions. The services of the employees of the Transferee Company will not be retrenched due to amalgamation.</p> <p>(b) Please refer to Sl. No. 1 above for details regarding the effect of the Scheme on the employees who are also shareholders of the Transferee Company.</p> <p>(c) The contributions made by Transferor Company in respect of its employees under applicable law, to the provident fund, gratuity fund, leave encashment fund and any other special scheme or benefits created, for the period after the Appointed Date (as defined in the Scheme) shall be deemed to be contributions made by Transferee Company.</p> <p>(d) Under the Scheme, no rights of the employees of the Transferee Company are being affected.</p> |
| 3. | Key Managerial Personnel | <p>(a) The Key Managerial Personnel of the Transferee Company shall continue as the Key Managerial Personnel of the Transferee Company after effectiveness of the Scheme on the same terms and conditions.</p> <p>(b) Please refer to Sl. No. 1 above for details regarding the effect of the Scheme on the Key Managerial Personnel who are also shareholders of the Transferee Company.</p> <p>(c) The contributions made by Transferor Company in respect of its employees under applicable law, to the provident fund, gratuity fund, leave encashment fund and any other special scheme or benefits created, for the period after the Appointed Date (as defined in the Scheme) shall be deemed to be contributions made by Transferee Company.</p> <p>(d) Under the Scheme, no rights of the Key Managerial Personnel of the Transferee Company are being affected.</p> |
| 4. | Creditors | <p>(a) Under the Scheme, no arrangement is sought to be entered into between the Transferee Company and its secured and unsecured creditors.</p> <p>(b) The interest of the creditors of the Transferee Company shall not be impacted in any manner.</p> |
| 5. | Board of Directors of the Company | Under the Scheme there is no effect on the Directors. |
| 6. | Debenture Holders and Debenture Trustee | As on date, the Company has no outstanding debentures and therefore, the effect of the Scheme on any such debenture holders and debenture trustee does not arise. |
| 7. | Depositors and Deposit Trustee | As on date, the Company has no outstanding public deposits and therefore, the effect of the Scheme on any such public deposit holders or deposit trustee does not arise. |

IX. Amounts due to Secured Creditors and Unsecured Creditors

- (i) As on 31 December 2020, the Transferor Company has 12 secured creditor amounting to Rs. 4,66,33,06,394 and 1,346 unsecured creditor amounting to Rs. 1,54,12,99,876.
- (ii) As on 31 December 2020, the Company has 20 secured creditor amounting to Rs. 13,58,84,88,239 and 1,700 unsecured creditor amounting to Rs. 5,26,25,61,779.

X. AUDITORS' CERTIFICATE ON CONFORMITY OF ACCOUNTING TREATMENT IN THE SCHEME WITH ACCOUNTING STANDARD

The Auditors of the Company vide their certificate dated 5 October 2020 have confirmed that the accounting treatment specified in the Scheme is in conformity with the accounting standards prescribed under Section 133 of the Act. The certificate issued by the Statutory Auditor of the Company, Messrs. Singhi & Co, Chartered Accountants is open for inspection.

XI. APPOINTED DATE, EFFECTIVE DATE, SHARE EXCHANGE RATIO AND OTHER CONSIDERATIONS

- (i) **Appointed Date:** The opening business hours of 1 October 2020, or such other date as may be determined by the Board of Directors of the Transferor Company and the Company or directed by the NCLT and is the date with effect from which the Scheme shall, upon sanction of the same by the NCLT, be deemed to have become operative.
- (ii) **Effective Date:** The last of the dates on which all the conditions and matters as referred to in Clause 22 of the Scheme occur or have been fulfilled, obtained or waived in accordance with this Scheme Any reference in this Scheme to "upon the Scheme becoming effective" or "effectiveness of the Scheme" or "upon coming into effect of the Scheme" shall be construed accordingly.
- (iii) **Share Exchange Ratio:** 59 (Fifty Nine) equity shares of Re 1/- each credited as fully paid-up of the Transferee Company for every 10 (Ten) equity shares of Rs 10/- each fully paid-up held by the shareholders in the Transferor Company as on the Record Date.
- (iv) **Record Date:** The date to be fixed by the Board of Directors of the Transferor Company and the Company for the purpose of determining the shareholders of the Transferor Company to whom shares of the Company will be allotted pursuant to this Scheme.
- (v) **Details of capital/debt restructuring:** There shall be no debt restructuring of the Transferor Company and the Company pursuant to the Scheme.
- (vi) **Other Scheme details:** The equity shares held by the Company in the Transferor Company shall stand cancelled.
- (vii) No investigation proceedings have been instituted and/or are pending against the Company and the Transferor Company under the Act.
- (viii) No cash or other consideration is proposed under the Scheme.

XII. SUMMARY OF THE VALUATION REPORT

The Share Exchange Ratio mentioned has been arrived at based on the Valuation Report dated 3 October 2020 issued jointly by Sharp & Tannan, Independent Chartered Accountants and R V Shah & Associates, Independent Chartered Accountants. Finshore Management Services Limited and Ashika Capital Limited, Independent SEBI Registered Merchant Bankers, have provided fairness opinions on the fairness of the Share Exchange Ratio determined for the amalgamation of the Transferor Company with the Company and have also confirmed that the share entitlement ratio is fair and proper by their fairness opinion thereon.

Finshore Management Services Limited has concluded the following:

"Subject to the caveats as detailed herein, based on our review as above and the information and explanation furnished to us, we as a Merchant Banker hereby certify that we have reviewed the valuation report recommending the swap ratio for the proposed scheme of amalgamation of Transferor Company with Transferee Company and are of the opinion that following share exchange ratio - "59 (Fifty Nine) equity shares of Electrosteel Castings Limited of INR 1/- each fully paid up for every 10 (Ten) equity shares of Srikalahasthi Pipes Limited of INR 10/- each fully paid up is fair and reasonable to the equity shareholders of transferee company."

Ashika Capital Limited has inter alia stated the following:

"Based on our examination of the documents mentioned in point 2, our discussions with the management of SPL and ECL and other intermediaries as appointed by them in this regard and subject to the foregoing, including various assumptions and limitations set forth herein, to the best of our knowledge and belief, we are of the opinion on the date hereof that from a financial point of view, the Share Exchange Ratio recommended by the Valuers is fair to the shareholders of SPL"

Copies of Valuation Report of Sharp & Tannan, Independent Chartered Accountants and R V Shah & Associates, Independent Chartered Accountants and Fairness Opinion of Finshore Management Services Limited and Ashika Capital Limited, Independent SEBI Registered

Merchant Bankers, are attached hereto as **Annexure IV. A**, **Annexure IV. B**, and **Annexure IV. C**, respectively, and are available for inspection at the registered office of the Company, on all working days between 10:30 am to 12:30 pm, up to and including the date of the Meeting of the Company.

XIII. APPROVALS AND ACTIONS TAKEN IN RELATION TO THE SCHEME

- (i) The Scheme was placed before the Audit Committee of the Company at its meeting held on 5 October 2020. The Audit Committee, inter alia, recommended the Scheme to the Board of Directors of the Company for its favourable consideration, by its report dated 5 October 2020 annexed as **Annexure V**.
- (ii) The Scheme was placed before the Audit Committee of the Transferor Company at its meeting held on 5 October 2020. The Audit Committee, inter alia, recommended the Scheme to the Board of Directors of the Transferor Company for its favourable consideration, by its report dated 5 October 2020.
- (iii) The Scheme was placed before the Board of Directors of the Company, at its meeting held on 5 October 2020. Based on the report submitted by the Audit Committee recommending the draft Scheme, the Board of Directors of the Company approved the Scheme.
- (iv) The Scheme was also placed before the Board of Directors of the Transferor Company, at its meeting held on 5 October 2020. Based on the report submitted by the Audit Committee recommending the draft Scheme, the Board of Directors of the Transferor Company approved the Scheme.
- (v) BSE Limited was appointed as the designated stock exchange by the Company for the purpose of co-ordinating with the Securities and Exchange Board of India ('SEBI'), pursuant to the 'SEBI Circular'.
- (vi) The Company and the Transferor Company had filed application before the Competition Commission of India seeking approval for the proposed Amalgamation of the Transferor Company with the Company. The Competition Commission of India has, vide its Order dated 27 November 2020, granted approval for the said proposed Amalgamation of the Transferor Company with the Company, which was communicated to the Advocates of the applicant companies vide their letter dated 14 January 2021. A copy of the said letter dated 14 January 2021, enclosing therewith the Certified Copy of the Order dated 27 November 2020 issued by the Competition Commission of India, is attached hereto as **Annexure VI**.
- (vii) In addition to the approval of the Tribunal and the Amaravati Bench of the Hon'ble National Company Law Tribunal, the Company and / or the Transferor Company will obtain such necessary approvals/sanctions/no objection(s) from the regulatory or other governmental authorities in respect of the Scheme in accordance with the applicable laws, as may be required.
- (viii) A copy of the Scheme was filed by the Transferor Company with the Amaravati Bench of the Hon'ble National Company Law Tribunal. As per the Order dated 30 April 2021 of the National Company Law Tribunal, Amaravati Bench, meetings of the equity shareholders, secured creditors and unsecured creditors of the Transferor Company were held on 16th June 2021, where the Scheme of Amalgamation of the Transferor Company with the Company was passed with the requisite majority of the equity shareholders and unanimously by the secured creditors and unsecured creditors of the Transferor Company. The Company Petition for sanction of the Scheme of Amalgamation of the Transferor Company with the Company under Sections 230(1) and 232(1) of the Companies Act, 2013 has been filed before the National Company Law Tribunal, Amaravati Bench on 26 June 2021.
- (ix) A copy of the Scheme has been filed with the Registrar of Companies, Cuttack.

XIV. Inspection of Documents

Any secured creditor who wishes to inspect the following documents which will be available for online inspection, may do so by writing to the Company at companysecretary@electrosteel.com, up to and including the date of the Meeting of the Company.

- (i) Copy of Order dated 26 July 2021 passed in the Company Scheme Application No. CA(CAA) No 3/CB/2021 by the Hon'ble National Company Law Tribunal, Cuttack Bench directing, inter alia, the calling, convening and conducting of the meeting of the secured creditors of the Company.
- (ii) Memorandum and Articles of Association of the Transferor Company and the Company.
- (iii) Audited Financial Statements of the Transferor Company and the Company, as applicable, for the financial year ended 31 March 2019 and 31 March 2020.
- (iv) Certificates issued by the Statutory Auditors of the Company stating that the accounting treatment proposed in the Scheme is in conformity with the Accounting Standards prescribed under Section 133 of the Act.

- (v) Copies of Valuation Report dated 3 October 2020 issued jointly by Sharp & Tannan, Independent Chartered Accountants and R V Shah & Associates, Independent Chartered Accountants and Valuation Report dated 3 October 2020 issued by Ms. Rashmi Shah, FCA, Registered Valuer on the Share Exchange Ratio and filed before the National Company Law Tribunal, Cuttack Bench and Fairness Opinions of Finshore Management Services Limited and Ashika Capital Limited, Independent SEBI Registered Merchant Bankers.

A copy of the Scheme, Explanatory Statement, may be downloaded from the website of the Company at www.electrosteel.com

After the Scheme is approved by the equity shareholders, secured creditors and unsecured creditors of the Company, it will be subject to the approval/sanction by the Tribunal.

Sd/-
Mr. Shailendra Jain, Advocate
Chairperson appointed by
Tribunal for the Meeting

Date: 7 August 2021

Place: Kolkata

SCHEME OF AMALGAMATION

**(UNDER SECTIONS 230 TO 232 OF THE COMPANIES ACT, 2013 AND OTHER APPLICABLE PROVISIONS,
IF ANY, OF THE COMPANIES ACT, 2013 READ WITH RULES MADE THEREUNDER)**

AMONGST

SRIKALAHASTHI PIPES LIMITED

AND

ELECTROSTEEL CASTINGS LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS



1.0 DESCRIPTION OF COMPANIES

- 1.1 Srikalahasthi Pipes Limited ("**Transferor Company**"/"**SPL**") (CIN:L74999AP1991PLC013391) is a listed public company, limited by shares, incorporated under the provisions of the Companies Act, 1956 under the name "Lanco Ferro Limited" on 1 November 1991 with the Assistant Registrar of Companies, Hyderabad, under Company Registration Number 01- 13391 of 1991-92. The name of the Transferor Company was subsequently changed to "Lanco Industries Limited" on 6 July 1994. The name was further changed to "Srikalahasthi Pipes Limited" on 29 September 2014. Presently, the registered office of the Transferor Company is located at Rachagunneri Village, Srikalahasthi Mandal, Chittoor District, Andhra Pradesh: 517641. The Transferor Company is engaged in the business of manufacture and sale of ductile iron pipes. The equity shares of the Transferor Company are listed on BSE Limited and National Stock Exchange of India Limited.
- 1.2 Electrosteel Castings Limited ("**Transferee Company**"/"**ECL**") (CIN: L27310OR1955PLC000310) is a listed public company, limited by shares, incorporated under the Indian Companies Act, VII of 1913 under the name "Dalmia Iron and Steel Limited" on 26 November, 1955 with the Registrar of Companies, Orissa under Company Registration Number 000310 and subsequently, the name of the Transferee Company was changed to "Electrosteel Castings Limited" on 19 October, 1965. Presently, the registered office of the Transferee Company is located at Rathod Colony, Rajgangpur, Sundergarh, Odisha – 770 017. The Transferee Company is engaged in the business of manufacture and sale of ductile iron pipes and cast-iron pipes and ductile iron fittings. The equity shares of the Transferee Company are listed on BSE Limited and National Stock Exchange of India Limited. As on 30 September 2020 the Transferee Company holds 41.33% of the equity share capital of the Transferor Company.

2.0 RATIONALE FOR THE SCHEME OF AMALGAMATION

- 2.1 The rationale for the proposed Scheme is set out below:
- (i) The Transferor Company and Transferee Company are under the control of common promoter group. The Transferee Company along with its promoter group of companies are in a position to and do exercise control over the Transferor Company. The Transferor Company and Transferee Company are engaged in the same line of business, i.e., manufacture and sale of ductile iron pipes and both have common economic objective and strategic goals. It would be advantageous to combine the activities and operations in a single company leading to strong capability in effectively meeting future challenges of competitive business environment.
 - (ii) The Amalgamation (as defined hereunder) will enable the Companies (as defined hereinafter) to streamline their business activities into a single combined entity, thereby resulting in economies of scale and avoidance of undue duplication in work, reduction in common expenditure otherwise incurred by the two entities within common group, better and more productive utilization of financial, human and other resource and enhancement of overall business efficiency.
 - (iii) The Amalgamation will result in significant reduction in multiplicity of legal and regulatory compliances which at present is required to be made separately by the Companies.



- (iv) The Amalgamation will result in simplification of the group structure and management structure with only one listed company in group leading to better administration and reduction in administrative and other costs from more focused operational efforts, rationalization, standardization and simplification of business processes.
- (v) The Amalgamation will enable the combined entity to leverage their consolidated resources to: (a) increase production capacities; (b) undertake research and development initiatives to improve manufacturing processes and final product; (c) serve the needs of a larger customer base leading to overall business domestically as well as overseas, (d) improved alignment of debt repayments with cash flow, and (d) improved credit rating.
- (vi) The synergies that exist between the two companies in terms of services and resources can be put to the best advantage of all stakeholders.
- (vii) The Scheme is envisaged to be in the best interests of the shareholders, employees and the creditors of the Transferor Company and the Transferee Company.

Thus, the Scheme of Amalgamation, as envisaged, would enable seamless access to strong business relationships, closer and better focused attention being given to the businesses which would get integrated, aligned and streamlined, leading to achievement of their full business and growth potential.

- 2.2 Consequently, the Board of Directors (as hereinafter defined) of the Transferor Company and the Transferee Company have considered and approved this Scheme of Amalgamation and have, accordingly, proposed the Amalgamation (as hereinafter defined) of the Transferor Company with the Transferee Company as an integral part of the Scheme.

3.0 CHAPTERS IN THE SCHEME

The Scheme is divided into 3 chapters, the details of which are as follows:

- 3.1 **Chapter 1:** Chapter 1 of this Scheme contains definitions, interpretation and share capital of the companies to the Scheme which shall be applicable on all chapters of the Scheme;
- 3.2 **Chapter 2:** Chapter 2 provides for clauses in relation to Amalgamation of the Transferor Company with the Transferee Company;
- 3.3 **Chapter 3:** Chapter 3 are general terms and conditions applicable to all parts of the Scheme which includes reorganisation of capital.



CHAPTER 1– DEFINITIONS, INTERPRETATIONS AND SHARE CAPITAL

4.0 GENERAL DEFINITIONS AND INTERPRETATION

4.1 In the Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meanings:

“Act” means the Companies Act, 2013 and the rules and regulations made thereunder, and includes any alterations, modifications, amendments made thereto and/or any re-enactment thereof;

“Amalgamation” means amalgamation of the Transferor Company with the Transferee Company, on a going concern basis in accordance with Sections 230 to 232 of the Act and Section 2(1B) of the Income-Tax Act, 1961, in terms of Chapter 2 of the Scheme;

“Applicable Laws” shall mean any statute, notification, bye-laws, rules, regulations, guidelines, rule of common law, policy, code, directives, ordinance, orders or instructions having the force of law enacted or issued by any Governmental Authority including any statutory modification or re-enactment thereof for the time being in force;

“Appointed Date” means opening business hours of 1 October 2020, or such other date as may be determined by the Board of Directors of the Transferor Company and the Transferee Company or directed by the NCLT and is the date with effect from which the Scheme shall, upon sanction of the same by the NCLT, be deemed to have become operative;

“Board of Directors” or **“Board”** in relation to each of the Companies, as the case may be, means the board of directors of such company and shall include a committee duly constituted and authorised for the purposes of matters pertaining to the Scheme and/ or any other matter relating thereto;

“BSE” means BSE Limited;

“Companies” shall collectively mean the Transferor Company and the Transferee Company;

“Effective Date” means the last of the dates on which all the conditions and matters as referred to in Clause 22 of the Scheme occur or have been fulfilled, obtained or waived in accordance with this Scheme. Further, the reference in the Scheme to “upon the Scheme becoming effective” or “effectiveness of the Scheme” or “upon coming into effect of the Scheme” shall mean the Effective Date;

“Encumbrance” means any options, pledge, mortgage, lien, security, interest, claim, charge, pre-emptive right, easement, limitation, attachment, restraint or any other encumbrance of any kind or nature whatsoever, and the term **“Encumbered”** shall be construed accordingly;

“Governmental Authority” means any applicable central, state or local government, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau, instrumentality, judicial or arbitral body, statutory body or stock exchange, including but not limited to the Competition Commission of India, and the Securities and Exchange Board of India, Registrar of Companies (*defined hereinafter*), income tax authorities or the National Company Law Tribunal or any other organization to the extent that the rules, regulations and standards, requirements, procedures or orders of such authority, body or other



organization have the force of law as may be relevant in this context;

"Income Tax Act" means the Income-tax Act, 1961 and shall include any statutory modifications, re-enactments or amendments thereof for the time being in force and the rules, regulations, circulars and notifications issued thereunder, each as amended from time to time and to the extent in force;

"Liabilities" means all debts and liabilities, both present and future, whether or not provided in the books of accounts or disclosed in the balance sheet of the Transferor Company, including all secured and unsecured debts, liabilities (including deferred tax liabilities, contingent liabilities), duties and obligations (including under any licenses or permits or schemes of every kind) of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilised for its business activities and operations along with any charge, Encumbrance, including any bank guarantees thereon;

"NCLT" means the National Company Law Tribunal, Amaravati Bench and/or the National Company Law Tribunal, Cuttack Bench, as applicable, including Principal Bench of National Company Law Tribunal at New Delhi;

"Order" means the order of NCLT sanctioning the Scheme under Sections 230 to 232 of the Act, and other applicable provisions, if any of the Act, including any alterations, modifications, amendments, made thereto and supplementary orders/directions in relation thereto;

"NSE" means National Stock Exchange of India Limited;

"Record Date" means the date to be fixed by the Board of Directors of the Transferor Company and the Transferee Company for the purpose of determining the shareholders of the Transferor Company to whom shares of the Transferee Company will be allotted pursuant to this Scheme;

"Registrar of Companies" means the Registrar of Companies at Andhra Pradesh for the Transferor Company and the Registrar of Companies at Odisha for the Transferee Company;

"Scheme", "the Scheme", "this Scheme" or "Scheme of Amalgamation" means this Scheme of Amalgamation pursuant to Sections 230 to 232 and all other applicable provisions of the Act, in its present form submitted to NCLT or any other Governmental Authority (along with any annexures, schedules, etc., attached hereto) with such modification(s) and amendment(s) as may be made from time to time;

"SEBI" means the Securities and Exchange Board of India, established under the Securities and Exchange Board of India Act, 1992;

"SEBI Circular" means the SEBI Circular dated March 10 2017, bearing reference number CFD/DIL3/CIR/2017/21, issued by SEBI, as amended, modified or replaced from time to time";

"Stock Exchanges" shall mean BSE Limited and National Stock Exchange of India Limited, where the equity shares of the Companies are listed;

"Transferee Company" means Electrosteel Castings Limited, a listed public company limited by shares, incorporated on 26 November 1955 under the provisions of the Indian Companies Act, VII of 1913 and having its registered office at Rathod Colony, Rajgangpur, Sundergarh, Odisha 770 017;



“Transferor Company” means Srialahasthi Pipes Limited, a listed public company limited by shares, incorporated on 1 November 1991 under the provisions of the Companies Act, 1956 and having its registered office at Rachgunneri village, Srialahasthi Mandal, Chittoor District, Andhra Pradesh: 517 641;

“Undertaking” shall mean and include all the business, properties, investments and liabilities of whatsoever nature and kind and wheresoever situated, of the Transferor Company, on a going concern basis, together with all its assets, liabilities and employees and which, without being limited to, shall include the following::

- (i) all assets and properties (whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, corporeal or incorporeal, present, future or contingent of whatsoever nature) whether or not recorded in the books of accounts of the Transferor Company, including, without limitation, land and building (freehold or leasehold), factory, plant and machinery, pipeline, furniture, fixtures, fittings, office equipment, computer, laptop, server, fixed assets, vehicle, shed, warehouse, railway track, work in progress, goodwill, know-how, trade mark, current assets, cash and bank accounts (including cash and bank balances), deposits, investments of all kinds (i.e., shares, scrips, stocks, bonds, debenture stocks, units or pass through certificates), reserves, provisions, funds, insurance policies, leases, tenancy rights, licenses, registrations, certificates, permissions, pollution control board approvals (if any), consents, approvals from state, central, municipal or any other authority for time being in force, mining rights / lease, concessions, remissions, remedies, subsidies, incentives, guarantees, bonds, rights, premises, hire purchase, lending arrangements, benefits of security arrangements, contracts, contingent rights or benefits, benefits of any deposits, policies, receivables, advances or deposits paid by or deemed to have been paid by the Transferor Company, all kind of financial assets, telephones, telexes, facsimile connection, email, internet, leased line connections and installations, all kind of communication facilities, utilities, electricity, water connection and other services, tax and other credits/balances [including but not limited to credits in respect of income-tax, , advance tax, tax deducted at source, tax collected at source, self-assessment tax, Goods and Services tax ('GST'), value added tax, central sales tax, sales tax, CENVAT, excise duty, service tax, etc.], all losses (including but not limited to brought forward tax losses, tax unabsorbed depreciation, brought forward book losses, unabsorbed depreciation as per books), including Goods and Services Tax (GST) credits all tax holiday benefits/exemptions (if any) and other claims and powers, any deferred revenue expenditure, all books of accounts, documents and records of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Company, benefits of assets or properties or other interest held in trust, registrations, engagements, memberships with various bodies, certificates awarded by organisations/bodies, arrangements of all kind, privileges and all other rights, easements, privileges, liberties and advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Company or in connection with or relating to the Transferor Company and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Company, whether in India or elsewhere;
- (ii) all permissions, permits, sanctions, approvals, authorizations, qualifications, consents, subsidies, quotas, rights, allotments, registrations, draw backs, privileges, incentives and concessions under incentive schemes and policies, subsidy receivables from Government, grants from any Governmental Authority, all other rights, liberties, advantages, no-



objection certificates, certifications, easements, benefits and liabilities related thereto including licenses, powers and facilities of every kind, nature and description whatsoever, provisions and benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Transferor Company;

- (iii) all contracts, agreements, engagements, licenses, leases, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, letters of agreed points, arrangements, undertakings, whether written or otherwise, deeds, bonds, schemes, privileges and benefits of all contracts, agreements and all other rights, including license rights, lease rights, powers and facilities of every kind and description whatsoever or other understandings, deeds and instruments of whatsoever nature to which the Transferor Company are parties, including lease agreements, leave and license agreements, equipment purchase agreements, hire purchase agreements, lending agreements and other agreements with the customers, sales orders, purchase orders and other agreements/contracts with the supplier of goods and/or service providers and all rights, title, interests, claims and benefits there under of whatsoever nature to which the Transferor Company is party;
- (iv) all intellectual property rights (including intangible assets and business or commercial rights), registrations, trademarks, trade names, service marks, copyrights, patents, designs, logo, domain names, including applications for trademarks, trade names, service marks, copyrights, patents, designs and domain names, used by or held for use by the Transferor Company, whether or not recorded in the books of accounts of the Transferor Company, and other intellectual rights of any nature whatsoever, books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), drawings, computer programs, manuals, data, catalogues, quotations, list of present and former customers and suppliers, other customer information, customer credit information, customer pricing information and all other records and documents, whether in physical or electronic form relating to the business activities and operations of the Transferor Company, whether used or held for use by it;
- (v) all letters of intent, request for proposal, prequalification, bid acceptances (including benefit arising out of or in relation to any bank guarantees submitted to any authority in respect thereof by the Transferor Company), tenders, contracts, deeds, memorandum of understanding, bonds, agreements, arrangements, track-record, technical know-how, technical experience (including experience in executing projects), experience, goodwill and all other rights, claims and powers and any other instrument of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Company for all intents and purposes and specifically including but not limited to, the turnover, the profitability, performance, and market share, prequalification, net worth and reserves of the Transferor Company;
- (vi) all balances with government, quasi-government, municipal, local and other authorities and bodies, customers and any other persons, earnest moneys and/or security deposits paid or received by the Transferor Company;
- (vii) all books, records, files, papers, product specifications and engineering and process information, records of standard operating procedures, computer programs along with their licenses, manuals and backup copies, drawings, other manuals, data catalogues, emails, presentation, correspondences/communications with third parties/authorities, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records

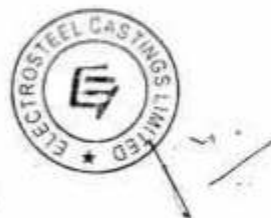


whether in physical or electronic form;

- (viii) all liabilities, lien or security thereon, whether in Indian rupees or in foreign currency and whether or not provided for in the books of account or disclosed in the balance sheet of the Transferor Company;
- (ix) all debts (secured and unsecured), liabilities including contingent liabilities, duties, leases of the Transferor Company and all other obligations of whatsoever kind, nature and description;
- (x) all incentives, benefits, exemptions, payments deferrals, subsidies, concessions, grants, taxes, duties, cess, levies, etc., that are allocable, referable or related to Transferor Company, including all or any refunds, interest due thereon, credits and claims relating thereto, including input credit on any tax, set-offs and any benefit, exemption, refund and like;
- (xi) all legal (whether civil or criminal), taxation or other proceedings or investigations of whatsoever nature (including those before any Governmental Authority) initiated by or against Transferor Company or proceedings or investigations to which Transferor Company is party to, that pertain to Undertaking, whether pending/ongoing as on the Appointed Date or which may be instituted any time in the future;
- (xii) any and all employees of Transferor Company as on the Effective Date, whether permanent employees, who are on the payrolls of the Transferor Company, or employees/personnel engaged on contract basis and contract labourers and interns/trainees, engaged by the Transferor Company, at its respective offices, mills, plants, branches or otherwise, and any other employees/personnel and contract labourers and interns/trainees hired by the Transferor Company;
- (xiii) all other obligations of whatsoever kind, including liabilities of the Transferor Company with regard to their employees with respect to the payment of gratuity, pension benefits and the provident fund or compensation, if any, in the event of resignation, death, voluntary retirement or retrenchment.

It is intended that the definition of Undertaking set out above would enable the transfer of all properties, assets, liabilities, employees, etc. of the Transferor Company to the Transferee Company pursuant to this Scheme.

- 4.2 All terms and words used in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Income Tax Act, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992, the Depositories Act, 1996 and other Applicable Laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof for the time being in force.



4.3 In this Scheme, unless the context otherwise requires:

- (a) References to clauses and recitals, unless otherwise provided, are to clauses and recitals of and to this Scheme;
- (b) The headings herein shall not affect the construction of this Scheme;
- (c) Words denoting singular shall include plural and vice versa; and references to one gender include all genders;
- (d) Any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;
- (e) Reference to a document includes an amendment or supplement to, or replacement or novation of that document;
- (f) References to a person include any individual, firm, Limited Liability Partnership, body corporate (whether incorporated or not), government, state or agency of a state or any joint venture, association, partnership, works council or employee representatives' body (whether or not having separate legal personality);
- (g) References to any of the terms on taxes, duty, levy, cess in the Scheme shall be construed as reference to all of them whether jointly or severally; and
- (h) Any reference to any statute or statutory provision shall include:
 - (i) All subordinate legislations made from time to time under that provision (whether or not amended, modified, re-enacted or consolidated from time to time) and any retrospective amendment; and
 - (ii) Such provision as from time to time amended, modified, re-enacted or consolidated (whether before or after the filing of this Scheme) to the extent such amendment, modification, re-enactment or consolidation applies or is capable of applying to the matters contemplated under this Scheme and (to the extent liability there under may exist or can arise) shall include any past statutory provision (as amended, modified, re-enacted or consolidated from time to time) which the provision referred to has directly or indirectly replaced.

5.0 DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by any authority, unless otherwise specified in the Scheme, shall become operative from the Appointed Date but shall come into effect from the Effective Date. Therefore, for all regulatory and tax purposes, the Amalgamation would be deemed to be operative from the Appointed Date of this Scheme.



6.0 SHARE CAPITAL

6.1 The Transferor Company

The share capital structure of the Transferor Company as on 30 September, 2020 is as under:

| Authorised Share Capital | Amount (Rs.) |
|---|---------------------|
| 5,30,00,000 Equity Shares of Rs. 10/- each | 53,00,00,000 |
| Total | 53,00,00,000 |
| Issued, Subscribed and Paid up Share Capital | Amount (Rs.) |
| 4,66,98,407 Equity Shares of Rs. 10/- each | 46,69,84,070 |
| Total | 46,69,84,070 |

As on date, the share capital structure of the Transferor Company remains the same as stated hereinabove.

6.2 The Transferee Company

The share capital structure of the Transferee Company as on 30 September, 2020 is as under:

| Authorised Share Capital | Amount (Rs.) |
|---|---------------------|
| 50,02,00,000 Equity Shares of Re. 1/- each | 50,02,00,000 |
| Total | 50,02,00,000 |
| Issued, Subscribed and Paid up Share Capital | Amount (Rs.) |
| 43,29,54,709 Equity Shares of Re. 1/- each | 43,29,54,709 |
| Total | 43,29,54,709 |

As on date, the share capital structure of the Transferee Company remains the same as stated hereinabove.



CHAPTER 2– AMALGAMATION OF THE TRANSFEROR COMPANY WITH THE TRANSFEREE COMPANY

- 7.1 Upon coming into effect of the Scheme and with effect from the Appointed Date, the Transferor Company (including the entire Undertaking(s) of the Transferor Company) shall, pursuant to the sanction of the Scheme by the NCLT and pursuant to the provisions of Sections 230 to 232 of the Act, stand transferred to and vested in and/or be deemed to have been transferred to and vested in the Transferee Company, as a going concern, in accordance with Section 2(1B) of the Income Tax Act without any further act, instrument, deed, matter or thing, so as to become, as and from the Appointed Date, part of the Transferee Company by virtue of and in the manner provided in this Scheme.
- 7.2 Pending the Scheme coming into effect, the Transferor Company and the Transferee Company may continue to provide security for each other's commitments provided however, the Scheme shall not operate to enlarge the security for any loan, deposit or facility availed of either by the Transferor Company or by the Transferee Company and the Transferee Company shall not in any manner be obliged to create further or additional security there for after the Effective Date or otherwise.
- 7.3 Upon the Scheme coming into effect the assets and liabilities of the Transferor Company shall stand pooled with the assets and liabilities of the Transferee Company in accordance with the relevant Indian accounting standard on business combinations.

Transfer of assets

- 8 Without prejudice to the generality of Clause 7.0 above, upon coming into effect of the Scheme and with effect from the Appointed Date:
- (i) all the estates, assets (including intangible assets), properties, investments of all kinds (i.e., shares, scripts, stocks, bonds, debenture stocks, units or pass through certificates), rights, claims, title, interest, powers and authorities including accretions and appurtenances comprised in the Undertaking of whatsoever nature and wheresoever situated shall, under the provisions of Sections 230 to 232 of the Act, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be transferred to and vested in the Transferee Company and/or deemed to be transferred to and vested in the Transferee Company, as a going concern, so as to become, on and from the Appointed Date, the estate, assets (including intangible assets), properties, investments of all kinds (i.e., shares, scripts, stocks, bonds, debenture stocks, units or pass through certificates), rights, claims, title, interest, powers and authorities including accretions and appurtenances of the Transferee Company.
- (ii) such of the assets and properties of the Transferor Company as are movable in nature or incorporeal property or are otherwise capable of transfer by physical or constructive delivery or possession, or by endorsement and/or delivery shall, without requiring any cost or charge and without any deed or instrument of conveyance or notice or other intimation to any third party for the transfer of the same, be and stand transferred by delivery to the Transferee Company and/or be deemed to have been transferred to the Transferee Company as a part of the transfer of the Undertaking as a going concern, so as to become, on and from the Appointed Date, the assets and properties of the Transferee Company.



- (iii) all other movable properties of the Transferor Company, including investments of all kinds (i.e., shares, scrips, stocks, bonds, debenture stocks, units or pass through certificates), sundry debtors, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, deposits with any Governmental Authority including any tax authority, quasi government, local or other authority or body or with any company or other person, shall, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, stand transferred to and vested in the Transferee Company and/or deemed to be transferred to and vested in the Transferee Company by way of delivery of possession of the respective documents, as applicable, as a part of the transfer of the Undertaking as a going concern, so as to become from the Appointed Date, the assets and properties of the Transferee Company.
- (iv) the Transferee Company may, if it so deems appropriate, give notice in such form as it deems fit and proper, to each such debtor or obligor that pursuant to the sanction of this Scheme by the NCLT, such debt, loan, advance, claim, bank balance, deposit or other asset be paid or made good or held on account of the Transferee Company as the person entitled thereto, to the end and intent that the right of the Transferor Company to recover or realize all such debts (including the debts payable by such debtor or obligor to the Transferor Company) stands transferred and assigned to the Transferee Company and that appropriate entries shall be passed in the books of accounts of the relevant debtors or obligors to record such change. It is hereby clarified that investments, if any, made by the Transferor Company and all the rights, title and interest of the Transferor Company in any licensed properties or leasehold properties shall, pursuant to Sections 230 to 232 of the Act and the provisions of this Scheme, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company.
- (v) all immovable properties of the Transferor Company, including land together with the buildings and structures standing thereon or under construction and rights and interests in immovable properties of the Transferor Company, whether freehold or leasehold or licensed or otherwise, any tenancies in relation to warehouses, all rights, covenants, continuing rights, title and interest in connection with the said immovable properties and all documents of title, rights and easements in relation thereto shall stand transferred to and be vested in and/or be deemed to have been transferred to and vested in the Transferee Company, without any further act or deed done or being required to be done by the Transferor Company and/or the Transferee Company. The Transferee Company shall be entitled to exercise all rights and privileges attached to the aforesaid immovable properties and shall be liable to pay the ground rent and taxes and fulfill all obligations in relation to or applicable to such immovable properties. The mutation of the ownership or title or interest in the immovable properties shall, upon this Scheme becoming effective, be made and duly recorded in the name of the Transferee Company by the appropriate authorities pursuant to the Order of NCLT in accordance with the terms hereof.
- (vi) all lease/license or rent agreement / tenancy agreement entered into by the Transferor Company with various landlords, owners and lessors in connection with the use of the assets of the Transferor Company, together with security deposits and advance/prepaid lease/license fee, etc., shall stand automatically transferred to and vested in favour of the Transferee Company on the same terms and conditions without any further act, instrument, deed, matter or thing being made, done or executed. The Transferee



Company shall continue to pay rent or lease or license fee as provided for in such agreements and the Transferee Company and the relevant landlords, owners and lessors shall continue to comply with the terms, conditions and covenants thereunder. Without limiting the generality of the foregoing, the Transferee Company shall also be entitled to refund of security deposits paid, advance rent paid under such agreements by the Transferor Company. All the rights, title, interest and claims of Transferor Company in any such leasehold properties shall be transferred to and vested in or be deemed to have been transferred to and vested in Transferee Company.

- (vii) all permissions, permits, sanctions, approvals, authorizations, consents, entitlements, subsidies, quotas, rights, allotments, registrations, privileges, incentives and concessions under incentive schemes and policies including under customs, excise, goods and services tax, VAT, sales tax, income tax benefits and exemptions/deductions, deferment, subsidy receivables from Government, grants from any Governmental Authority, indirect tax benefits and exemptions, all other rights, liberties, advantages, no-objection certificates, certifications, easements, benefits and liabilities related thereto, licenses, powers and facilities of every kind, nature and description whatsoever, provisions and benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Transferor Company enjoyed or conferred upon or held or availed of by the Transferor Company and all rights and benefits that have accrued or which may accrue to the Transferor Company, whether on or before or after the Appointed Date, if any, shall, under the provisions of Sections 230 and 232 of the Act, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company as a part of the transfer of the Undertaking as a going concern, so as to become, as and from the Appointed Date or after the Appointed Date, as the case may be, the permissions, permits, sanctions, approvals, authorizations, consents, entitlements, sales tax deferrals, liberties, special status, subsidies, quotas, rights, allotments, registrations, privileges, incentives, income tax benefits and exemptions, indirect tax benefits and exemptions, all other rights, benefits and liabilities related thereto, licenses, powers and facilities of every kind, nature and description whatsoever, provisions and benefits of all agreements, contracts and arrangements of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions. For the avoidance of doubt, it is further clarified that they shall be deemed to have originally been given by, issued to or executed in favour of the Transferee Company and the Transferee Company shall be bound by the terms thereof and the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company.
- (viii) upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments, permits, rights, entitlements, licenses (including the licenses granted by any Governmental, statutory or regulatory bodies) for the purpose of carrying on the business of the Transferor Company, and in relation thereto, and those relating to tenancies, privileges, powers, facilities of every kind and description of whatsoever nature, to which the Transferor Company is a party, or to the benefit of which the Transferor Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall continue to be in full force and effect on or against or in favour, as the case may be, of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligor thereto. In relation to the same, any procedural requirements



required to be fulfilled solely by the Transferor Company (and not by any of its successors), shall be fulfilled by the Transferee Company as if it is the duly constituted attorney of that Transferor Company.

Any inter-se contracts between the Transferee Company and the Transferor Company shall stand cancelled and cease to operate upon this Scheme becoming effective.

All guarantees provided by any bank in relation to the Transferor Company outstanding as on the Effective Date, shall vest in the Transferee Company and shall ensure to the benefit of the Transferee Company and all guarantees issued by the bankers of the Transferor Company at their request favouring any third party shall be deemed to have been issued at the request of the Transferee Company and continue in favour of such third party till its maturity or earlier termination.

- (ix) without prejudice to the generality of the foregoing, all leave and license agreements/deeds, lease agreements/deeds, bank guarantees, corporate guarantees, performance guarantees and letters of credit, hire purchase agreements, lending agreements and such other agreements, deeds, documents and arrangements pertaining to the business of the Transferor Company or to the benefit of which the Transferor Company may be eligible and which are subsisting or having effect immediately before the Effective Date, including all rights and benefits (including benefits of any deposit, advances, receivables or claims) arising or accruing therefrom, shall, with effect from Appointed Date and upon this Scheme becoming effective, by operation of law pursuant to the vesting orders of the NCLT, be deemed to be contracts, deeds, bonds, agreements, schemes, arrangements and other instruments, permits, rights, entitlements, licenses, leases, guarantees, letter of credit of the Transferee Company. All such property and rights shall stand vested in the Transferee Company and shall be deemed to have become the property and rights of the Transferee Company by operation of law, whether the same is implemented by endorsement or delivery and possession or recorded in any other manner.
- (x) all the intellectual property rights of any nature whatsoever, including but not limited to intangible assets including registrations, licenses, trademarks, logos, service marks, copyrights, domain names, trade names, various business or commercial rights and applications relating thereto, goodwill, know-how and trade secrets appertaining to the Transferor Company, whether or not provided in books of accounts of the Transferor Company, shall under the provisions of Sections 230 and 232 of the Act, and all other provisions of the Applicable Laws, if any, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred and vested in the Transferee Company as a part of the transfer of the Undertaking as a going concern, so as to become, as and from the Appointed Date, the intellectual property and rights of the Transferee Company.
- (xi) All intangible assets including various business or commercial rights, etc. belonging to but not recorded in books of the Transferor Company shall be transferred to and vested with the Transferee Company.
- (xii) all taxes (including but not limited to advance tax, tax deducted at source, tax collected at source, self-assessment tax, banking cash transaction tax, securities transaction tax, input tax credit, CENVAT credit, taxes withheld/paid in a foreign country, value added tax, excise, sales tax, goods and services tax, cess, as applicable) payable by or refundable to



or being the entitlement of the Transferor Company, including all or any refunds or claims shall be treated as the tax liability or refunds/credits/claims, as the case may be, of the Transferee Company, and any tax incentives, advantages, privileges, exemptions, credits, tax holidays, remissions, reductions, rebates, etc., as would have been available to the Transferor Company, shall pursuant to this Scheme becoming effective, be available to the Transferee Company.

- (xiii) the Transferee Company shall be entitled to claim refunds or credits, including input tax credits, CENVAT credit, etc., with respect to taxes paid by, for, or on behalf of, the Transferor Company under Applicable Laws, including but not limited to goods and services tax, sales tax, value added tax, service tax, excise duty, cess or any other tax, whether or not arising due to any inter se transaction, even if the prescribed time limits for claiming such refunds or credits have lapsed. Any inter-se transactions amongst Transferor Company and Transferee Company between the Appointed Date and Effective Date shall be considered as transactions from Transferee Company to itself, and Transferee Company shall be entitled to claim refund of tax paid, if any, on these inter-se transactions, as per Applicable Laws. For the avoidance of doubt, input tax credits already availed of or utilized by the Transferor Company and the Transferee Company in respect of inter-se transactions between the Appointed Date and the Effective Date shall not be adversely impacted by the cancellation of inter-se transactions pursuant to this Scheme.
- (xiv) all statutory rights and obligations of Transferor Company would vest in/accrue to Transferee Company. Hence, obligation of the Transferor Company, prior to the Effective Date, to issue or receive any statutory declaration or any other forms by whatever name called, under the State VAT Acts or the Central Sales Tax Act or Goods and Services Tax Act or any other act for the time being in force, would be deemed to have been fulfilled if they are issued or received by Transferee Company and if any form relating to the period prior to the said Effective Date is received in the name of the Transferor Company, it would be deemed to have been received by the Transferee Company in fulfillment of its obligations.
- (xv) benefits of any and all corporate approvals as may have already been taken by the Transferor Company, whether being in the nature of compliances or otherwise, shall under the provisions of Sections 230 and 232 of the Act, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred and vested in the Transferee Company as a part of the transfer of the Transferor Company as a going concern, and the said corporate approvals and compliances shall be deemed to have originally been taken / complied with by the Transferee Company.
- (xvi) the resolutions, if any, of the Transferor Company, which are valid and subsisting on the Effective Date, shall, under the provisions of Applicable Laws, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have any monetary limits approved under the provisions of the Act or any other applicable statutory provisions, then the said limits shall, subject to the provisions of the Act, be added to the limits, if any, under like resolutions passed by the Transferee Company and shall constitute the aggregate of the said limits in the Transferee Company.



- (xvii) upon the coming into effect of this Scheme and subject to the other provisions of this Scheme, the Transferee Company may enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which the Transferor Company will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required or if so considered necessary. The Transferee Company shall be deemed to be authorized to execute any such deeds, writings or confirmations on behalf of the Transferor Company and to implement or carry out all formalities required on the part of the Transferor Company to give effect to the provisions of this Scheme.
- (xviii) in relation to the above, any procedural requirements required to be fulfilled solely by Transferor Company (and not by its successors), shall be fulfilled by Transferee Company as if it is the duly constituted attorney of Transferor Company.
- (xix) the above shall not affect any transaction or proceedings or contracts or deeds already concluded by the Transferor Company on or before the Appointed Date and after the Appointed Date till the Effective Date. The Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto as done and executed on behalf of itself.
- (xx) upon the Scheme becoming effective, the Transferee shall be entitled to without limitation, operate the bank accounts, including transacting in cash, cheque, National Electronic Funds Transfer, Real Time Gross Settlement or any other electronic mode, intra company, inter company, other settlements, availing of and utilizing any limits, issuing or receiving any guarantee of the Transferor Company or carry out any other transaction as it deems fit.
- (xxi) upon coming into effect of this Scheme and till such time that the names of the bank accounts of the Transferor Company is replaced with that of the Transferee Company, the Transferee Company shall be entitled to operate the bank account of the Transferor Company, in their names, in so far as may be necessary. Further, until the transfer and vesting of rights and obligations of the Transferor Company to the Transferee Company under this Scheme is formally effected by the parties concerned, the Transferee Company, shall be entitled to complete and enforce all pending contracts and transactions in the name of Transferor Company insofar as may be necessary.
- (xxii) such of the assets which are acquired by the Transferor Company on or after the Appointed Date but prior to the Effective Date, shall under the provisions of Sections 230 to 232 of the Act, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred to and vested in and/or be deemed to have been transferred to and vested in the Transferee Company as a part of the transfer of the Undertaking as a going concern, so as to become, the assets and properties of the Transferee Company.
- (xxiii) since the Transferor Company falls within the jurisdiction of the NCLT, Amravati Bench, the transfer and vesting of the properties of the Transferor Company into the Transferee Company under the Scheme is dependent upon and subject to the sanction accorded to the Scheme by the NCLT, Amravati Bench and accordingly, the sanction accorded to the Scheme by the NCLT, Cuttack Bench will not be effective until the sanction of the Scheme by the NCLT, Amravati Bench. In the event, upon direction of NCLT, Principal Bench, New Delhi, no application for sanctioning of the Scheme is required to be made before NCLT,



Amravati Bench, then joint application for the Scheme shall be filed by the Transferor Company and the Transferee Company before the NCLT, Cuttack Bench, having jurisdiction over Transferee Company and the order passed by NCLT, Cuttack Bench shall be conclusive and binding on both the Transferor Company and the Transferee Company and their respective shareholders and creditors. In such a scenario, there will not be any requirement for filing separate application and obtaining order from NCLT, Amravati Bench for sanction of the Scheme.

Transfer of Liabilities

- 9 Without prejudice to the generality of Clause 7.0 above, upon coming into effect of this Scheme and with effect from the Appointed Date,
- (i) All Liabilities, whether or not provided in the books of the Transferor Company, shall, under the provisions of Sections 230 and 232 of the Act, without any further act, instrument, deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company as a part of the transfer of the Undertaking as a going concern and the same shall be assumed by the Transferee Company, to the extent they are outstanding on the Effective Date so as to become on and from the Appointed Date, the Liabilities of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company, and the Transferee Company shall meet, discharge and satisfy the same. Further, it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such Liabilities have arisen in order to give effect to the provisions of this Clause.
 - (ii) All Liabilities which are incurred or which arise or accrue to the Transferor Company on or after the Appointed Date but prior to the Effective Date, shall under the provisions of Sections 230 and 232 of the Act and all other provisions of Applicable Laws, if any, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred to and vested in and/or be deemed to have been transferred to and vested in the Transferee Company as a part of the transfer of the Undertaking as a going concern and the same shall be assumed by the Transferee Company to the extent they are outstanding on the Effective Date on the same terms and conditions as were applicable to the Transferor Company, and the Transferee Company shall meet, discharge and satisfy the same.
 - (iii) Any Liabilities of the Transferor Company as on the Appointed Date that are discharged by the Transferor Company on or after the Appointed Date but prior to the Effective Date, shall be deemed to have been discharged for and on account of the Transferee Company, upon the coming into effect of the Scheme.
 - (iv) All loans raised and utilized, liabilities, duties and taxes and obligations incurred or undertaken by or on behalf of the Transferor Company on or after the Appointed Date but prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferee Company and shall, under the provisions of Sections 230 and 232 of the Act and all other provisions of Applicable Laws, if any, without any further act, instrument, deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred to and vested in and/or be deemed to have been transferred to and vested in the Transferee



Company as a part of the transfer of the Undertaking as a going concern and the same shall be assumed by the Transferee Company and to the extent they are outstanding on the Effective Date, the Transferee Company shall meet, discharge and satisfy the same.

- (v) Loans, advances and other obligations (including any arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future immediately before the Effective Date become due or remain outstanding between the Transferor Company and the Transferee Company shall, under the provisions of Sections 230 and 232 of the Act, without any further act, instrument, deed, cost or charge, stand cancelled and be deemed to have been discharged by such cancellation and consequently, there shall remain no inter-se liability between them as of Effective Date and the corresponding appropriate effect shall be given in the books of accounts and records of the Transferee Company.

10 Encumbrances:

- (i) Upon the coming into effect of this Scheme and with effect from the Appointed Date, all Encumbrances which are in the nature of the fixed charge and relate to specific fixed assets existing prior to the Effective Date over the fixed assets of the Transferor Company or the Transferee Company which secure or relate to the Liabilities shall, without any further act, instrument, deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, continue to relate and attach to such specific fixed assets or any part thereof to which they were related or attached prior to the Effective Date even where transferred under the Scheme to the Transferee Company. All Encumbrances which are in the nature of floating charge and relate generally over all current assets existing prior to the Effective Date over the current assets of the Transferor Company or the Transferee Company (as the case may be) shall, however, extend to and shared by all the working capital lenders of the Transferee Company on the Scheme becoming effective. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of this Clause.
- (ii) Any reference in any security documents or arrangements (to which the Transferor Company is a party) to the Transferor Company and its assets and properties, shall be construed as a reference to the Transferee Company and the assets and properties of the Transferor Company transferred to the Transferee Company pursuant to this Scheme.
- (iii) Without prejudice to the foregoing provisions, the Transferee Company may execute any instruments or documents or do all the acts and deeds as may be considered appropriate, including the filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies to give formal effect to the above provisions, if required.
- (iv) The provisions of this clause shall operate notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document; all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.

11 Employees:

- (i) Upon coming into effect of this Scheme, all permanent employees, who are on the payrolls of the Transferor Company, including key managerial personnel engaged on contract basis and contract laborers and interns/trainees of the Transferor Company, as



on the Effective Date,, shall become employees of the Transferee Company with effect from the Effective Date, on such terms and conditions as are no less favourable than those on which they are currently engaged by the Transferor Company, without any interruption of service as a result of this Amalgamation and transfer. With regard to provident fund, gratuity, leave encashment and any other special scheme or benefits created or existing for the benefit of such employees of the Transferor Company, upon this Scheme becoming effective, the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever, including with regard to the obligation to make contributions to relevant authorities, in accordance with the provisions of Applicable Laws or otherwise. It is hereby clarified that upon this Scheme becoming effective, the aforesaid benefits or schemes shall continue to be provided to the transferred employees and the services of all the transferred employees of the Transferor Company for such purpose shall be treated as having been continuous.

- (ii) The existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme and any other special scheme (including without limitation any employees stock option plan) or benefits created by the Transferor Company for its employees shall be continued on the same terms and conditions or be transferred to the existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme, etc., being maintained by the Transferee Company or as may be created by the Transferee Company for such purpose. It is the intent that all rights, duties, powers and obligations of Transferor Company in relation to such fund or funds shall stand transferred to the Transferee Company without need of any fresh approval from any statutory authority. Pending such transfer, the contributions required to be made in respect of such employees shall continue to be made by the Transferee Company to the existing funds maintained by the Transferor Company.
- (iii) The Transferee Company undertakes that for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits to the employees of the Transferor Company, the past services of such employees with the Transferor Company shall also be taken into account and it shall pay the same accordingly, as and when such amounts are due and payable. Upon this Scheme becoming effective, the Transferor Company will transfer/handover to the Transferee Company, copies of employment information of all such transferred employees of Transferor Company, including but not limited to, personnel files (including hiring documents, existing employment contracts, and documents reflecting changes in an employee's position, compensation, or benefits), payroll records, medical documents (including documents relating to past or ongoing leaves of absence, on the job injuries or illness, or fitness for work examinations), disciplinary records, supervisory files relating to its and all forms, notifications, orders and contribution/identity cards issued by the concerned authorities relating to benefits transferred pursuant to this sub-clause.
- (iv) The contributions made by Transferor Company in respect of its employees under Applicable Laws, to the provident fund, gratuity fund, leave encashment fund and any other special scheme or benefits created, for the period after the Appointed Date shall be deemed to be contributions made by Transferee Company.
- (v) The Transferee Company shall continue to abide by any agreement(s)/settlement(s) entered into by the Transferor Company with any of its employees prior to Appointed Date and from Appointed Date till the Effective Date.



12 **Legal Proceedings:**

- (i) All proceedings of whatsoever nature (legal and others, including any suits, appeals, arbitrations, execution proceedings, revisions, writ petitions, if any) by or against the Transferor Company shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the Undertaking or anything contained in this Scheme but the said proceedings, shall, till the Effective Date be continued, prosecuted and enforced by or against the Transferor Company, as if this Scheme had not been made.
 - (ii) Upon the coming into effect of this Scheme, all suits, actions, and other proceedings including legal and taxation proceedings, (including before any statutory or quasi-judicial authority or tribunal) by or against the Transferor Company, whether pending and/or arising on or before the Effective Date shall be continued and / or enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as if the same had been instituted and/or pending and/or arising by or against the Transferee Company.
 - (iii) The Transferee Company undertakes to have accepted on behalf of itself, all suits, claims, actions and legal proceedings initiated by or against the Transferor Company transferred to its name and to have the same continued, prosecuted and enforced by or against the Transferee Company.
 - (iv) On and from the Effective Date, the Transferee Company shall have a right, if required, to initiate any legal proceedings in relation to any transactions entered into by the Transferor Company in the same manner and to the same extent as would or might have been initiated by the Transferor Company.
- 13 All books, records, files, papers, information, databases, and all other books and records, whether in physical or electronic form, of the Transferor Company, to the extent possible and permitted under Applicable Law, be handed over to the Transferee Company.
- 14 Without prejudice to the provisions of Clause 6.0 to 13.0 above, with effect from the Appointed Date, all inter-party transactions amongst the Transferor Company and the Transferee Company shall be considered as intra-party transactions for all purposes.
- 15 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Undertaking occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of the Scheme, in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or arrangements with any party to any contract or arrangement to which the Transferor Company are party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. It is hereby clarified that if the consent of any third party or authority is required to give effect to the provisions of this clause, the said third party or authority shall be obligated to, and shall make and duly record the necessary substitution/endorsement in the name of the Transferee Company pursuant to the Order of NCLT, and upon this Scheme becoming effective in accordance with the terms hereof. For this purpose, the Transferee Company shall file appropriate applications/documents with relevant authorities concerned for information and record purposes. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company to be



carried out or performed.

16 Conduct of Business

16.1 With effect from the Appointed Date and up to and including the Effective Date:

- (i) the Transferor Company shall carry on and be deemed to have carried on all business and activities and shall hold and stand possessed of and shall be deemed to hold and stand possessed of the of all its estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions and the entire business for and on account of, and in trust for, the Transferee Company;
- (ii) all profits and income accruing or arising to the Transferor Company, and losses and expenditure arising or incurred by the Transferor Company for the period commencing from the Appointed Date shall, for all purposes, be treated as and be deemed to be the profits, income, losses or expenditure, as the case may be, of the Transferee Company;
- (iii) any of the rights, powers, authorities or privileges exercised by the Transferor Company shall be deemed to have been exercised by the Transferor Company for and on behalf of, and in trust for and as an agent of the Transferee Company. Similarly, any of the obligations, duties and commitments that have been undertaken or discharged by the Transferor Company shall be deemed to have been undertaken for and on behalf of and as an agent of the Transferee Company;
- (iv) all taxes, where applicable, (including but not limited to advance income tax, tax deducted at source, self-assessment tax, minimum alternate tax, wealth tax, fringe benefit tax, tax collected at source, taxes withheld/paid in a foreign country, sales tax, excise duty, customs duty, service tax or Goods and Services Tax, as applicable, Value Added Tax, cess, tax refunds) payable by or refundable to the Transferor Company, including all or any tax refunds or tax liabilities or tax claims arising from pending tax proceedings, under any law, on or before the Effective Date, shall be treated as or deemed to be treated as the tax liability or tax refunds/tax claims (whether or not recorded in the books of the Transferor Company) as the case may be, of the Transferee Company, and any unabsorbed tax losses and depreciation, etc., as would have been available to the Transferor Company on or before the Effective Date, shall be available to the Transferee Company upon the Scheme coming into effect;
- (v) The Transferor Company shall not without the concurrence of Transferee Company alienate, charge or otherwise deal with any of its assets, except in the ordinary course of its business.

17 Saving of Concluded Transactions

Subject to the terms of the Scheme, the transfer and vesting of the Undertaking as per the provisions of the Scheme shall not affect any transactions or proceedings already concluded by the Transferor Company on or before the Appointed Date or after the Appointed Date till the Effective Date. The Transferee Company accepts and adopts all acts, deeds and things made, done and executed by the Transferor Company or its predecessors as acts, deeds and things made, done and executed by or on behalf of the Transferee Company.



18 Consideration

- 18.1 Upon the coming into effect of this Scheme, the share certificates, if any, and/or the shares in electronic form representing the shares held by the Transferee Company in the Transferor Company shall be deemed to be cancelled without any further act or deed for cancellation thereof by the Transferee Company, and shall cease to be in existence accordingly.
- 18.2 Upon the Scheme coming into effect and in consideration of the Amalgamation, the shareholders of the Transferor Company (other than for shares already held by the Transferee Company in the Transferor Company), whose name appear in the Register of Members as on the Record Date (as defined in the Scheme), or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title as the case may be, shall be eligible to receive 59 (fifty nine) fully paid up equity shares of Re. 1/- each of the Transferee Company for every 10 (ten) fully paid up equity shares of Rs. 10/- each of the Transferor Company held by such shareholder.
- 18.3 The Share Exchange Ratio mentioned above has been arrived at based on the valuation report jointly issued by M/s Sharp & Tannan, an Independent Chartered Accountants and M/s R.V. Shah and Associates, an Independent Chartered Accountants. Finshore Management Services Limited and Ashika Capital Limited, Independent Merchant Bankers have provided fairness report on the fairness of the Share Exchange Ratio determined for the amalgamation of Transferor Company with Transferee Company. Based on the recommendations of the Audit Committees of Transferor Company and that of Transferee Company, the valuation report and fairness opinions as aforesaid have been duly approved by the Board of Directors of both, Transferor Company and Transferee Company.
- 18.4 The equity shares to be issued and allotted by the Transferee Company in terms of Clause 18.2 shall be subject to the provisions of the Memorandum and Articles of Association of Transferee Company.
- 18.5 Further, the equity shares to be issued in terms of Clause 18.2 on Amalgamation shall rank *pari passu* with the existing equity shares of the Transferee Company.
- 18.6 Fractional entitlements to which the members of the Transferor Company may be entitled on issue and allotment of equity shares in the Transferee Company, shall be rounded off to the nearest upward integer for the purposes of determining the number of equity shares in the Transferee Company to be allotted by the Transferee Company to the members of the Transferor Company pursuant to Clause 18.2 above. The Board of Directors of the Transferee Company, if it deems necessary, in the interest of allottees, approve such other method in this behalf as it may, in its absolute discretion, deem fit
- 18.7 The equity shares to be issued pursuant to this Scheme shall be issued to the shareholders of the Transferor Company in such form, physical or dematerialised, as permitted under Applicable Laws.
- 18.8 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Transferor Company, the Board of Directors or any committee thereof, of the Transferor Company, at the sole discretion, shall be empowered in appropriate cases, prior to or even subsequent to the Effective Date as the case may be to effectuate such a transfer in Transferor Company as if such changes in registered holder were operative as on the Effective Date in order to remove any difficulties in relation to the new shares after the Scheme becomes



effective and the Board of Directors of the Transferee Company shall be empowered to remove such difficulties as may arise in the course of implementation of the Scheme and registration of new members in the Transferee Company on account of difficulties faced in the transition period.

- 18.9 The equity shares of Transferee Company to be issued to the shareholders of the Transferor Company under Clause 18.2 will be listed with BSE and NSE and admitted for trading and the Transferee Company shall comply with the requirements of the SEBI Circular and take all steps to get the equity shares to be issued pursuant to the Scheme listed on BSE and NSE on which the equity shares of the Transferor Company are listed, in accordance with relevant regulations. The Transferee Company shall enter into such arrangement and issue such confirmations and/or undertakings as may be necessary in accordance with the Applicable Laws or regulation for the above purpose.
- 18.10 The equity shares of the Transferee Company issued in terms of this Scheme shall pursuant to the SEBI Circular and subject to compliance with requisite formalities be listed and/or admitted to trading on the relevant Stock Exchange(s) where the existing equity shares of the Transferor Company are listed and/or admitted to trading, i.e., BSE and NSE. The Transferee Company shall enter into such arrangement and issue such confirmations and/or undertakings as may be necessary in accordance with the Applicable Laws or regulation for the above purpose. On such formalities being fulfilled, the Stock Exchanges shall list and/or admit such equity shares issued pursuant to this Scheme, for the purpose of trading.
- 18.11 The equity shares in the Transferee Company allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange.
- 18.12 Post the issue of shares pursuant to Clause 18.2, there shall be no change in the shareholding pattern or control in the Transferee Company between the Record Date and the listing which may affect the status of the approval by the Stock Exchanges.
- 18.13 In the event that the companies restructure their equity share capital by way of share split/consolidation/issue of bonus shares during the pendency of the Scheme, the share exchange ratio shall be adjusted accordingly to take into account the effect of any such corporate actions.
- 18.14 The issue and allotment of equity shares by the Transferee Company to the equity shareholders of Transferor Company under this Scheme shall be deemed to have been carried out without any further act or deed by the Transferee Company as if the procedure laid down under Section 62(1)(c) of the Act and/or any other applicable provisions of the Act, if applicable, were duly complied with.
- 18.15 The equity shares to be issued by the Transferee Company pursuant to this Scheme in respect of any equity shares of the Transferor Company which are held in abeyance under the Act or otherwise shall, pending allotment or settlement of dispute by order of a court or otherwise, also be kept in abeyance by the Transferee Company.



19 Accounting Treatment

- 19.1 The Transferee Company shall record the assets, liabilities and reserves of the Transferor Company, as on Appointed Date, vested in it pursuant to the Scheme at their respective carrying values as per 'Pooling of Interest Method' of accounting as per Indian Accounting Standard (Ind AS) 103 (Business Combination) in accordance with Appendix C of 'Business Combinations of entities under common control' under the Companies (Indian Accounting Standards) Rules, 2015. No adjustment shall be made to reflect the fair values, or recognise any new assets or liabilities.
- 19.2 The identity of the reserves of Transferor Company shall be preserved and shall appear in the financial statements of the Transferee Company in the same form, in which they appeared in the financial statements of the Transferor Company.
- 19.3 Upon coming into effect of this Scheme, the Transferee Company shall issue new equity shares to the shareholders of the Transferor Company (other than for shares, if any, held by Transferee Company into the Transferor Company). These new equity shares shall be issued and recorded at face value and accordingly the aggregate face value of the shares to be issued shall be credited to Transferee Company's share capital account;
- 19.4 The carrying value of investments in the financial statements of the Transferee Company in the equity share capital of the Transferor Company shall stand cancelled pursuant to the Scheme becoming effective and there shall be no further obligation in that behalf.
- 19.5 Upon coming into effect of this Scheme, to the extent there are inter-corporate loans / advances, deposits balances or other obligations as between Transferor Company and the Transferee Company, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of accounts and records of the Transferee Company for the reduction of any assets or liabilities, as the case may be.
- 19.6 The amount of difference between, (i) the face value of new shares issued and allotted to the shareholders of the Transferor Company and cancellation of the investments, if any, held by Transferee Company into the Transferor Company and (ii) the carrying value of net assets (including the reserves), would be adjusted against capital reserves.
- 19.7 In case of any difference in accounting policy between the Transferee Company and the Transferor Company, the impact of the same will be quantified and the same shall be appropriately adjusted against the capital reserves of the Transferee Company.
- 19.8 The costs and expenses relating to the Scheme shall be accounted for in the profit & loss account.
- 19.9 Comparative accounting period presented in the financial statements of the Transferee Company shall be restated for the accounting impact of Amalgamation, as stated above, as if the Amalgamation had occurred from the beginning of the comparative period in the financial statement. In case the business combination had occurred after that date, the prior period information shall be restated only from that date.
- 19.10 The Board of Directors may adopt any other accounting treatment for the Amalgamation in consultation with the auditors which is in accordance with Accounting Standards notified under the Act.



20 **Dissolution of the Transferor Company**

Upon the coming into effect of the Scheme, the Transferor Company shall, without any further act, instrument or deed, stand dissolved without winding-up.



CHAPTER 3 – OTHER TERMS AND CONDITIONS

21 Reorganisation and combination of Authorised Share Capital

- 21.1 Upon this Scheme becoming effective, pursuant to the applicable provisions of the Act and Article V of the Memorandum of Association of the Transferor Company and Transferee Company, the authorized share capital of the Transferor Company as on the Effective Date shall be transferred to the Transferee Company. Immediately thereafter, as an integral part of this Scheme, the authorized share capital of the Transferor Company comprising of equity shares of face value of Rs 10 (Rupees Ten) each, shall be split and be reclassified as equity share of face value of Re 1 (Rupee One) each and get combined with the authorized share capital of the Transferee Company. Pursuant immediately to the reclassification and consolidation of authorized share capital as envisaged above, the Memorandum of Association of the Transferee Company shall automatically stand amended and altered.
- 21.2 Accordingly, Clause V of the Memorandum of Association of the Transferee Company shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Sections 13, 61, 64 and Section 232 of the Act and other applicable provisions of the Act, as the case may be and be replaced by the following clause:

“The Authorised Share Capital of the Company is Rs. 103, 02,00,000/- (Rupees One Hundred and Three Crore Two Lakh only) divided into 103, 02,00,000/- (One Hundred and Three Crore Two Lakh only) equity shares of Re. 1/- (Rupee One only) each with power to increase and reduce the capital of the Company and consolidate, divide or sub-divide the shares in capital for the time being into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in connection with the Articles of the Company for the time being and to modify or abrogate any such rights, privileges or conditions in accordance with the provisions of the Act, or provided by the Articles of the Company for the time being.”

- 21.3 The filing fees (including registration fees, if any) paid on the authorised share capital of the Transferor Company shall be set-off against any filing fees payable by the Transferee Company on increase of its authorised share capital pursuant to the amalgamation. The Transferee Company shall file the requisite documents with the Registrar of Companies, which has jurisdiction over the Transferee Company, for the increase of the authorised share capital of the Transferee Company, as aforesaid.
- 21.4 It is further clarified that the approval of the members of the Transferee Company to the Scheme shall be deemed to be their consent/approval for the increase of the authorized capital and amendment of the capital clause of the Memorandum of Association of the Transferee Company, under the provisions of the Act..

22 Conditions to effectiveness of the Scheme

- 22.1 The coming into effect of this Scheme is conditional upon and subject to:
- (i) pursuant to provisions of the Competition Act, 2002 (including any statutory modification or re-enactment thereof) and the rules and regulations thereunder, the first of the CCI (or any appellate authority in India having appropriate jurisdiction) having either:



- (a) granted approval to the Scheme; or
 - (b) been deemed to have granted approval to the Scheme through the expiration of time periods available for their investigation;
- (ii) the Stock Exchanges having issued their observation / no-objection letter as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with the SEBI Circular;
 - (iii) the Scheme being approved by the respective requisite majorities of the various classes of members (passed through postal ballot / e-voting as applicable) and secured and unsecured creditors (as applicable) of the Transferor Company and the Transferee Company as required under the Act and as applicable under SEBI Circular, subject to any dispensation that may be granted by the NCLT;
 - (iv) pursuant to the para I(A)(9)(a) of Annexure I to SEBI Circular, the Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it in relation to both the Transferor Company and the Transferee Company. The term 'public' shall carry the same meaning as defined in Rule 2 of the Securities Contracts (Regulation) Rules, 1957.
 - (v) sanctions and Order under provisions of the Sections 230 to 232 of the Act being obtained from NCLT;
 - (vi) the certified copy of the Orders of NCLT approving this Scheme being uploaded and filed at the portal of Ministry of Corporate Affairs.
- 22.2 The Transferor Company and the Transferee Company shall be at liberty to withdraw the Scheme any time as per their discretion.

23 Dividend

- 23.1 During the pendency of the Scheme, the companies shall be entitled to declare and pay dividends, whether interim and/or final, to their members in respect of the accounting period prior to the Effective Date as per their past practice.
- 23.2 The holders of the shares of the Companies shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends.
- 23.3 On and from the Effective Date, the profits and losses of Transferor Company for the period beginning from the Appointed Date shall belong to and be deemed to be the profits and losses of Transferee Company and will be available to Transferee Company, for being disposed of in any manner as it deems fit.
- 23.4 It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of the companies to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of the Companies and subject to the approval, if required, of the respective members of the companies.



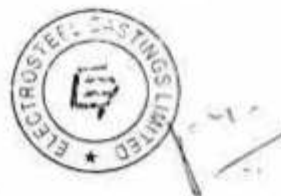
24 Applications

- 24.1 The Companies shall make necessary applications before the NCLT for the sanction of this Scheme under Sections 230 to 232 and other applicable provisions of the Act, seeking orders for holding and/or conducting of the meetings of their respective shareholders, secured creditors and unsecured creditors, as applicable and for sanctioning this Scheme with such modifications, as may be approved by the NCLT.
- 24.2 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority, if required, under any law for such consents and approvals which the Transferee Company may require.

25 Modifications to the Scheme

The Companies may, in their full and absolute discretion, jointly and as mutually agreed in writing:

- (i) assent to any alteration(s) or modification(s) to this Scheme or any clause of this Scheme which NCLT/or any other Governmental Authority (including but not limited to CCI, SEBI and Stock Exchange) may deem fit to approve or impose, and/or effect any other modification or amendment jointly and mutually agreed in writing;
- (ii) give such directions (acting jointly) as they may consider necessary to settle any question or difficulty arising under the Scheme or in regard to and of the meaning or interpretation of this Scheme or implementation hereof or in any matter whatsoever connected therewith, or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to any of those (to the extent permissible under law);
- (iii) modify or vary this Scheme prior to the Effective Date in any manner at any time as per the sole discretion of the Transferor Company and the Transferee Company;
- (iv) if any clause or part of this Scheme is invalid, ruled illegal by any court / governmental authority, or unenforceable under present or future laws or withdrawn, then it is the intention of the Transferee Company and the Transferor Company that such part shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to either the Transferee Company or the Transferor Company, in which case the Transferee Company and Transferor Company may, through mutual consent and acting through their respective Board of Directors, attempt to bring about appropriate modification to this Scheme, as will best preserve for each of them, the benefits and obligation of this Scheme, including but not limited to such part;
- (v) that if any clause or part of this Scheme is found to be unworkable for any reasons by the Transferor Company and/or the Transferee Company whatsoever, then the Transferor Company and / or the Transferee Company have a right to withdraw that clause or part of the Scheme or the entire Scheme prior to the Effective Date in any manner at any time; or
- (vi) determine jointly whether any asset, liability, employee, legal or other proceedings pertains to the Transferor Company or not, on the basis of any evidence that they may deem relevant for this purpose.



26 When the Scheme comes into operation

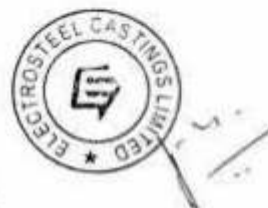
- 26.1 The Scheme shall come into operation from the Appointed Date but the same shall become effective on and from the Effective Date but shall be subject to the conditions set out in Clause 22.
- 26.2 With effect from the Effective Date, the Transferee Company shall carry on and shall be authorized to carry on the businesses of the Transferor Company. The Transferee Company is and shall always be deemed to have been authorized to execute any pleadings, applications, forms, etc., as may be required to remove any difficulties and carry out any formalities or compliance as are necessary for the implementation of the Scheme. For the purposes of giving effect to the Order of NCLT, Transferee Company shall at any time pursuant to such order be entitled to get the recordal of change in the legal right(s) upon the amalgamation of Transferor Company, in accordance with the provisions of the Sections 230 to 232 and/or the other applicable provision of the 2013 Act, as case may be.

27 COMPLIANCE WITH TAX LAWS

- 27.1 This Scheme is in compliance with the conditions relating to "Amalgamation" as specified under Section 2(1B) of the Income Tax Act. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section at any time including resulting from a retrospective amendment of law or for any other reason whatsoever, till the time the Scheme becomes effective, the provisions of the said Section of the Income Tax Act shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income Tax Act.
- 27.2 On or after the Effective Date, the Transferor Company and Transferee Company shall have the right to revise their financial statements and tax returns (including withholding tax returns), along with the prescribed forms, filings and annexures under the provisions of the Income Tax Act (including for the purpose of re-computing income tax under the normal provisions, minimum alternative tax, and claiming other tax benefits), Wealth Tax Act, 1957, customs duty law, central sales tax, applicable state value added tax, service tax laws, excise duty laws, Goods and Services tax, VAT law or other tax laws, and to claim refunds and/or credits for taxes paid (including tax deducted at source, goods and services tax, etc.) and to claim tax benefits, etc., and for matters incidental thereto, if required to give effect to the provisions of the Scheme.
- Without prejudice to the generality of the foregoing, upon the coming into effect of this Scheme, Transferor Company and the Transferee Company are expressly permitted to file/ revise/ reopen their respective tax returns / computation of total income after giving effect of Amalgamation electronically and if the electronic filing is not enabled in the official website of the income tax department, it can be filed manually before the income tax authorities holding jurisdiction over the Transferor Company and the Transferee Company even if the time limit prescribed for filing revised return of income / computation of total income, as applicable has lapsed and/or assessment proceedings has been completed and no further approval for filing revised return / revised computation of total income after giving effect of the Amalgamation shall be required from CBDT or any other Appropriate Authority and also revise related withholding tax certificates, including withholding tax certificates relating to transactions between Transferor Company and the Transferee Company, to the extent required and to claim refunds, advance tax and withholding tax credits, and benefit of credit for minimum alternate tax, or tax related deductions, or any other tax related compliances or filings of forms.



- 27.3 As and from the Appointed Date, all tax proceedings shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company. Further, all tax proceedings shall not in any way be prejudicially affected by reason of the Amalgamation of the Transferor Company with the Transferee Company or anything contained in the Scheme.
- 27.4 Any tax liabilities under the Income Tax Act, Wealth Tax Act, 1957, customs duty laws, central sales tax, applicable state value added tax, service tax laws, excise duty laws, Goods and Services tax, VAT law or other Applicable Laws/regulations dealing with taxes, duties, levies allocable or related to the Transferor Company to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date shall be transferred or stand transferred to Transferee Company. Any surplus in the provision for taxation/duties/levies account including advance tax and tax deducted at source and MAT credit as on the date immediately preceding the Appointed Date will also be transferred to the account of the Transferee Company.
- 27.5 Any refund under the Income Tax Act, Wealth-tax Act, 1957, customs duty laws, central sales tax, applicable state value added tax, service tax laws, excise duty laws, Goods and Services tax, VAT law or other Applicable Laws/regulations dealing with taxes/duties/levies allocable or related to the business of the Transferor Company due to Transferor Company consequent to the assessment made on Transferor Company and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.
- 27.6 Any tax payment (including, without limitation, income-tax, minimum alternate tax, taxes withheld/paid in a foreign country, dividend distribution tax, buy-back tax, securities transaction tax, sales tax, excise duty, custom duty, service tax, value added tax, Goods and Services tax, etc.) whether by way of deduction at source, advance tax or otherwise, howsoever, by the Transferor Company in respect of the profits or activities or operation of the business on or after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company and shall, in all proceedings, be dealt with accordingly. Without prejudice to the generality of the foregoing, on and from the Appointed Date, if any certificate for tax deducted or collected at source or any other tax credit certificate relating to the Transferor Company is received in the name of Transferor Company, or tax credit relating to the Transferor Company is appearing in Form 26AS of the Transferor Company, it shall be deemed to have been received by and in the name of the Transferee Company which alone shall be entitled to claim credit for such tax deducted or paid.
- 27.7 Obligation for deduction of tax at source on any payment made by or to be made by the Transferor Company under the Income Tax Act, Wealth Tax Act, 1957, customs duty laws, central sales tax, applicable state value added tax, service tax laws, excise duty laws, Goods and Services tax, VAT law or other Applicable Laws / regulations dealing with taxes / duties / levies shall be made or deemed to be have been made and duly complied with by the Transferee Company.
- 27.8 All deductions otherwise admissible to the Transferor Company including payment admissible on actual payment or on deduction of appropriate taxes or on payment or tax deducted at source (such as, under Sections 40, 40A, 43B, etc., of the Income Tax Act) shall be available for deduction to the Transferee Company as it would have been available to the Transferor Company.



27.9 The accumulated losses and the allowances for unabsorbed depreciation of the Transferor Company shall be deemed to be the loss and allowance for unabsorbed depreciation of the Transferee Company in accordance with Section 72A of the Income Tax Act.

27.10 Without prejudice to the generality of the above, accumulated losses and allowance for unabsorbed depreciation as per Section 72A of the Income Tax Act, losses brought forward and unabsorbed depreciation as per books of accounts, credits (including, without limitation, income tax, minimum alternate tax, tax deducted at source, taxes withheld/ paid in a foreign country, wealth tax, service tax, excise duty, central sales tax, applicable state value added tax, customs duty drawback, Goods and Services tax, etc.) to which the Transferor Company are entitled to in terms of Applicable Laws, shall be available to and vest in / deemed to be carried out by the Transferee Company, upon coming into effect of this Scheme.

28 Severability

28.1 If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Companies, affect the validity or implementation of the other parts and/or provisions of this Scheme.

28.2 In the event of any inconsistency between any of the terms and conditions of any earlier arrangement between the Companies and their respective shareholders, and the terms and conditions of this Scheme, the latter shall prevail.

29 Costs

29.1 In the event of the Scheme not being sanctioned by the NCLT, the Scheme shall become null and void and each party shall bear and pay its respective costs, charges and expenses for and/or in connection with the Scheme.

29.2 Subject to clause 29.1 above, all taxes including duties (including the adjudication charges/fees and stamp duty, if any, applicable in relation to this Scheme), levies and all other similar expenses, if any (save as expressly otherwise agreed) of the Transferor Company and the Transferee Company arising out of or incurred in carrying out and implementing this Scheme / Amalgamation and matters incidental thereto shall be borne and paid by the Transferee Company. Transferee Company shall be entitled to claim deduction on the expenses incurred by Transferor Company in relation to the Scheme.





INSPIRING GROWTH

Srikalahasthi Pipes Limited
28th Annual Report 2019-20



INSPIRING GROWTH

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CORPORATE INFORMATION

DIRECTORS

Mr R.K. Khanna, DIN 05180042
 Mr Gouri Shankar Rathi, Whole-time Director, DIN 00083992
 Mr T. Venkatesan, DIN 00124050
 Mrs S. Hemamalini, DIN 01947327
 Mr X.J.J. Abraham, DIN 01743445
 Mrs Priya Manjari Todi, DIN 01863690
 Mr Ashutosh Agarwal, DIN 00115092
 Mr M. Satyanarayana (Nominee of APIDC), DIN 08604390

MANAGING DIRECTOR Mr Mayank Kejriwal, DIN 00065980

CHIEF FINANCIAL OFFICER Mr N. Sivalai Senthilnathan

COMPANY SECRETARY Mr G. Kodanda Pani

AUDITORS M/s. Lodha & Co.,

SOLICITORS Khaitan & Co.

BANKERS
 ICICI Bank Ltd.
 HDFC Bank Ltd.
 IDBI Bank Ltd.
 Axis Bank Limited
 Punjab National Bank
 Bank of India
 Union Bank of India
 Yes Bank Limited
 Indusind Bank Limited

REGISTERED OFFICE & WORKS
 Rachagunneri-517 641
 Srikalahasthi Mandal
 Chittoor District
 Andhra Pradesh
 Website : www.srikalahasthipipes.com
 E-mail : companysecretary@srikalahasthipipes.com
 CIN : L74999AP1991PLC013391

SHARE TRANSFER AGENTS
 Cameo Corporate Services Limited
 #1, Club House Road,
 Chennai 600 002
 Ph:044-40020718(Direct)/28460390(Gen)
 E-mail : investor@cameoindia.com
 Website:www.cameoindia.com

VISION

We aim to be world class, committed to customer satisfaction and to encourage the spirit of leadership amongst our dedicated team by creating a healthy environment for continuous growth, profit and prosperity.



CORPORATE OVERVIEW

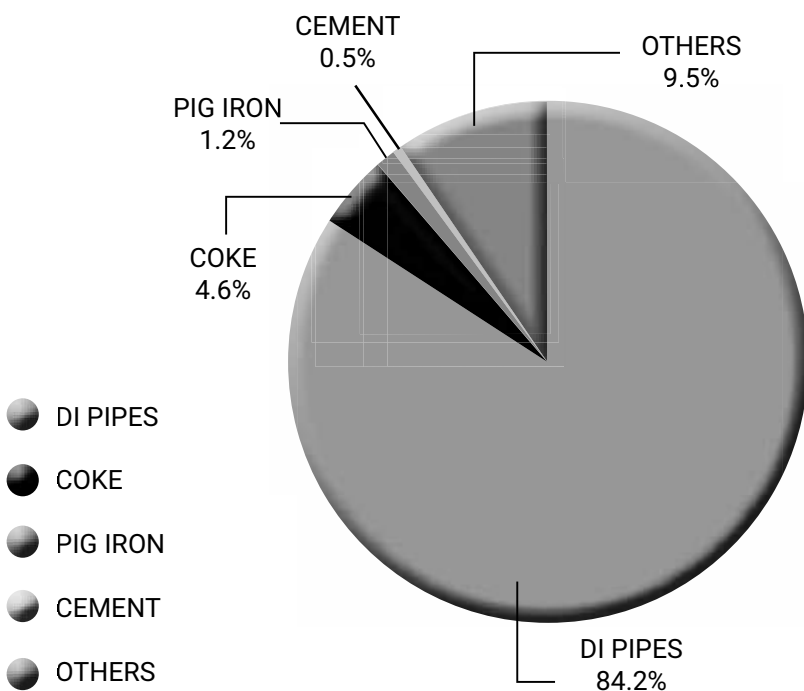
Srikalahasthi Pipes Ltd (SPL) is one of the leading players in the DI pipe industry in India and was established in 1991. SPL's plant is located at Rachagunneri, Srikalahasthi, Chittoor District, Andhra Pradesh near Tirupati and its key products include DI Pipes, Pig Iron, Coke & and Cement. Srikalahasthi Pipes has a backward integrated manufacturing facility which includes a sinter plant, coke oven plant, power plant and a Sewage Treatment facilities in the same complex spread over 330 acres, giving the company a significant competitive advantage.

Srikalahasthi Pipes Limited (SPL) is an Associate Company of Pipes major Electrosteel Castings Limited (ECL), which is a five-decade old water infrastructure company providing techno- economic solutions for water supply and sewerage systems. ECL is India's largest and one of the few manufacturers in the world to make Ductile Iron (DI) Pipes, DI Fittings and CI Pipes, having its facilities in Khardah & Haldia in West Bengal and Elavur in Tamil Nadu.

The company supplies DI pipes to various Water Boards, Municipal Corporations and Turnkey Contractors across the country for their Water Infrastructure Projects which is the thrust area of the Govt of India. Some of our marquee clients are Larsen & Toubro, NCC Limited, Indian Hume Pipes Ltd, Megha Engineering & Infrastructures Ltd and Sriram EPC Ltd.

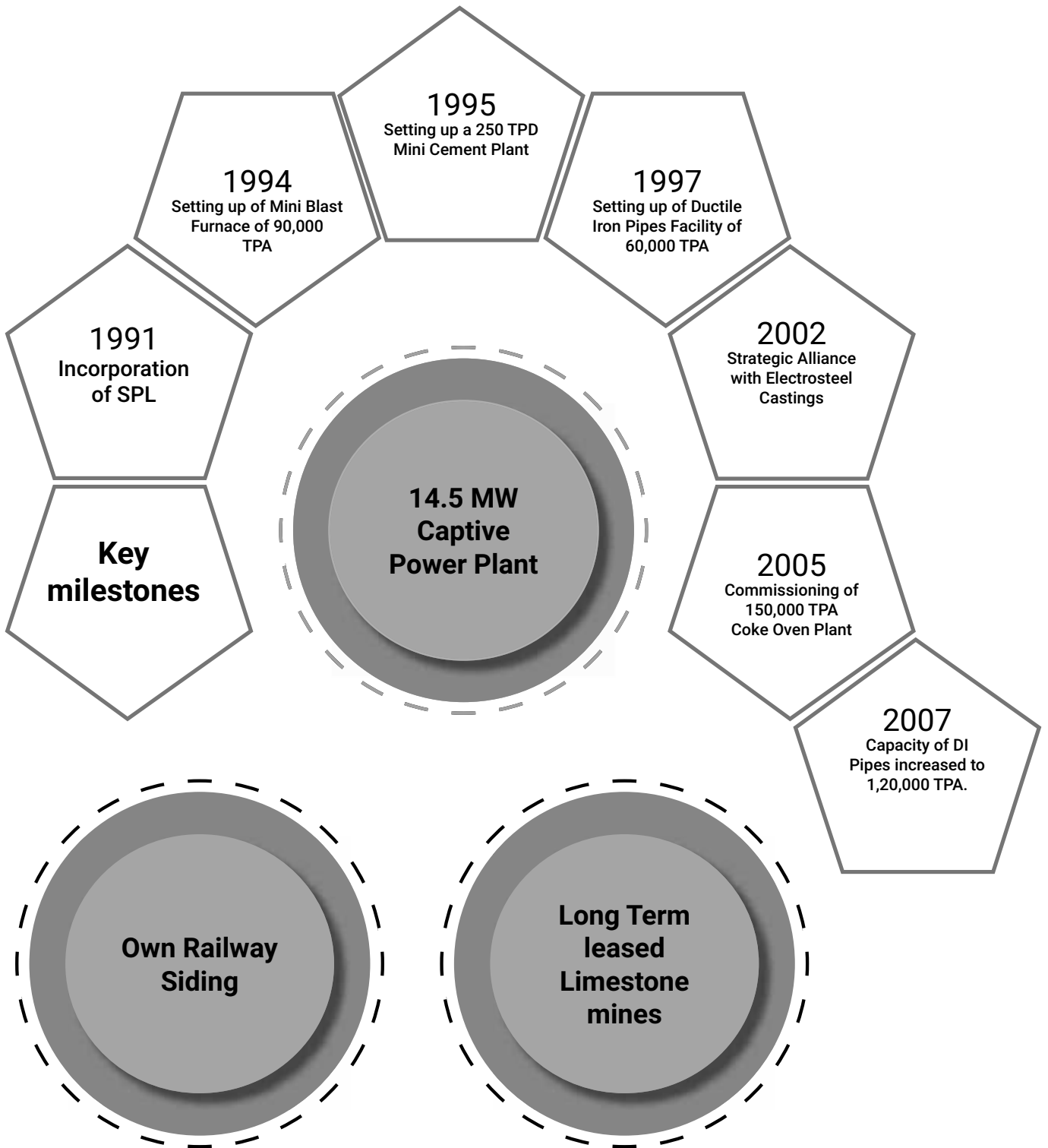
The impetus given by the Central Government in the Union Budget to various centrally sponsored schemes like National Rural Drinking Water Programme, Swatch Bharath, urban and rural development projects, augur well for the Ductile Iron Pipe industry in terms of boosting demand for DI Pipes in the medium to long term which helps us keep the order book stable.

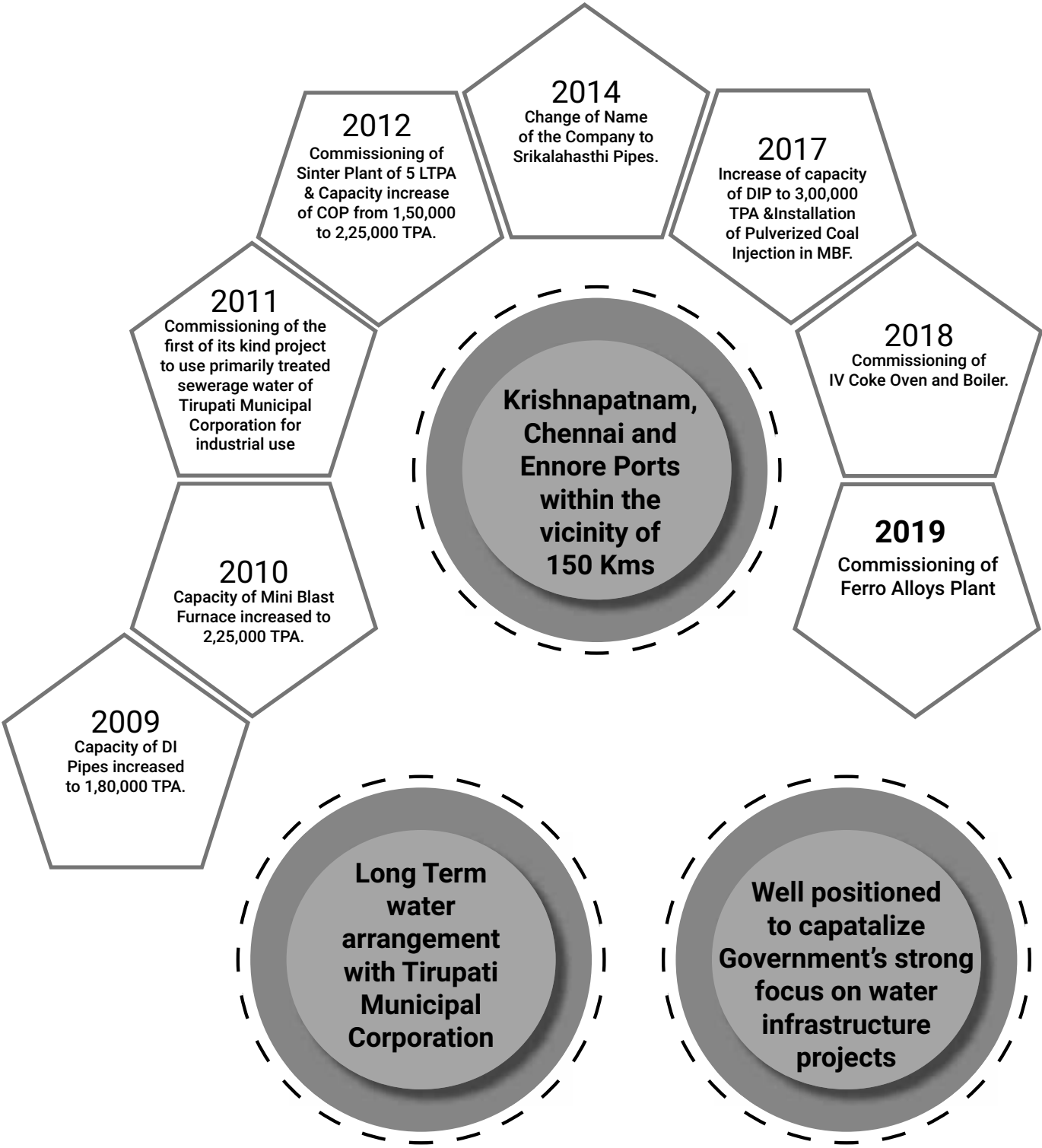
Revenue Distribution FY 20 (%)

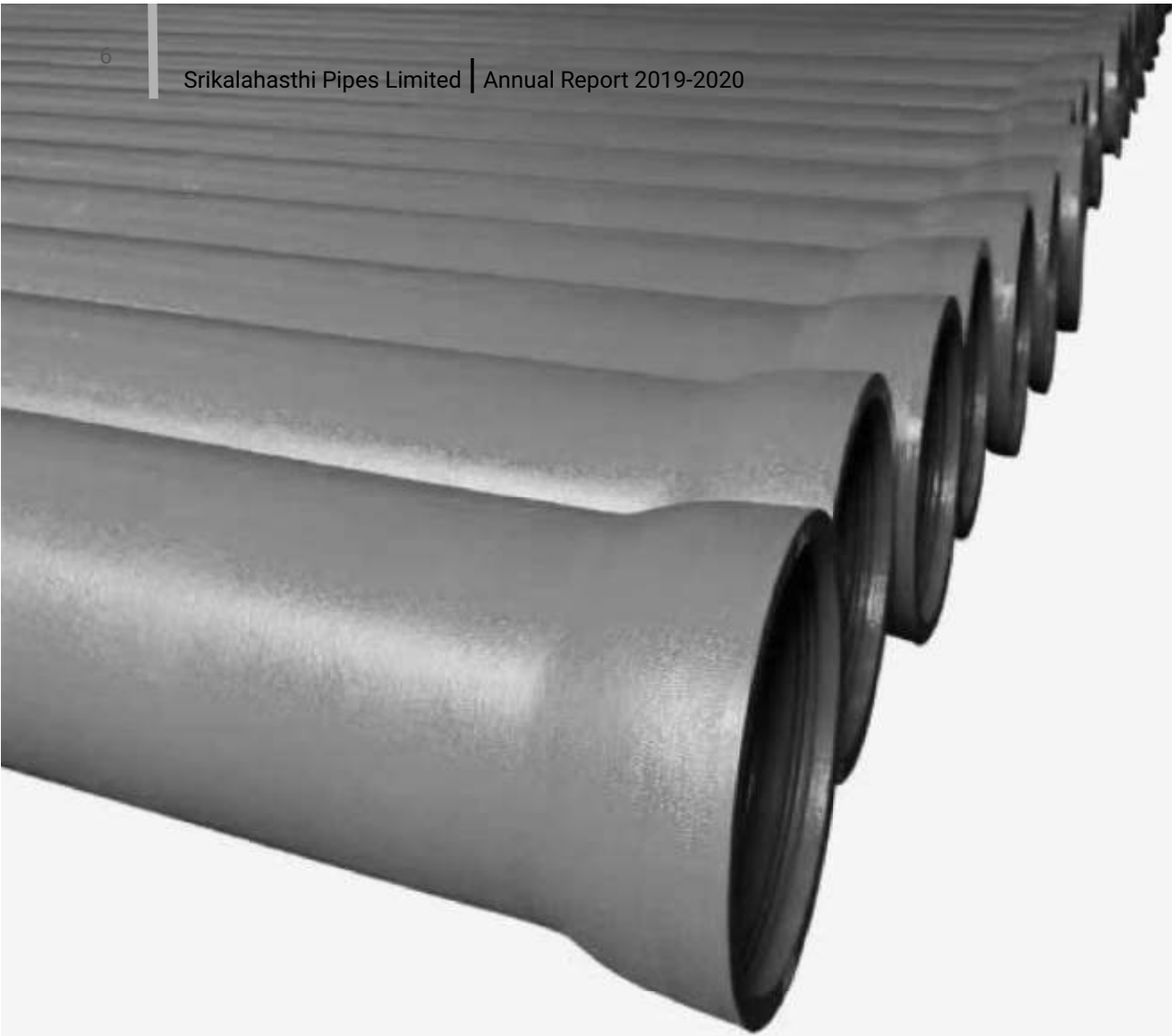


Installed Capacity

| CAPACITY | MTPA |
|-----------------|----------|
| DI Pipe | 3,00,000 |
| Pig Iron | 2,75,000 |
| Coke Oven Plant | 2,70,000 |
| Power | 14.5 MW |
| Cement | 90,000 |
| Sinter Plant | 5,00,000 |







DUCTILE IRON PIPES

Ductile Iron (also known as Spheroidal Graphite Iron or Nodular Cast Iron) retains the corrosion resistance of Cast Iron but has more than double the tensile strength. The essential difference between Ductile and Cast Iron lies in the shape of the graphite in the microstructure of the metal. DI Pipes have external metallic zinc/epoxy/bituminous coating and internal cement mortar lining using large centrifugal force to provide excellent anti-corrosive properties. DI Pipes are used for transmission of raw & potable water, transmission of domestic & industrial effluents, fire fighting systems, piling ash-slurry handling Systems. SPL manufactures and markets DI Pipes under the brand name "SRIPIPES" and the product size ranges from 100 mm to 1,100 mm.

Strengths:

Higher Tensile Strength: Is strong enough to withstand the most severe conditions, from high-pressure applications, to heavy earth and traffic loads, to unstable soil conditions.

Corrosion Resistant: It is resistant to corrosion in most soils, and typically requires only effective, economical polyethylene encasement in aggressive environments.

Longer Service Life: Projected service life is 70-90 Years.

Flexible and Leak Tight Joints: It has flexible push on joints which do not leak at high or low pressure.



COKE

Coke is a fuel with few impurities and a high carbon content, usually made from coal. SPL is one of the largest manufacturers of Low Ash Metallurgical coke (LAMCOKE) in the country. Superior technology, high quality Australian coking coal and outstanding blending help the company to produce one of the best quality cokes in the country. The company adapts different types of blending, which enhances the quality of the coke.



PIG IRON

Srikalahasthi Pipes Limited (SPL) manufactures basic and foundry grade Pig Iron from the surplus liquid metal. SPL's Pig Iron is ideal for specialized applications such as engine blocks, crankshafts, steel mills, pump housing, machine tools, etc. The company caters to specific customer requirement of precision products manufacturers. The company is one of the low cost Pig iron manufacturers with almost total backward integration.



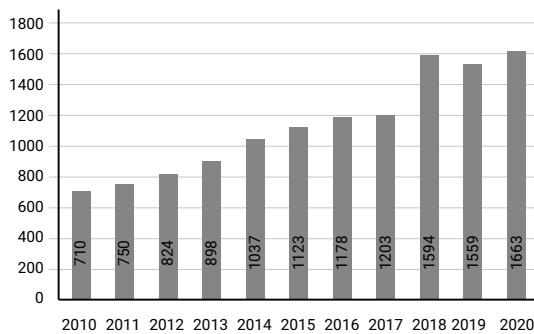
CEMENT

Srikalahasthi sells the cement manufactured under the name "SPL Gold". The company produces Portland slag cement conforming to BIS 455 of 2015. The cement is used extensively in coastal areas where it will safeguard against corrosion due to chlorates and sulphates which are present in the sea breeze

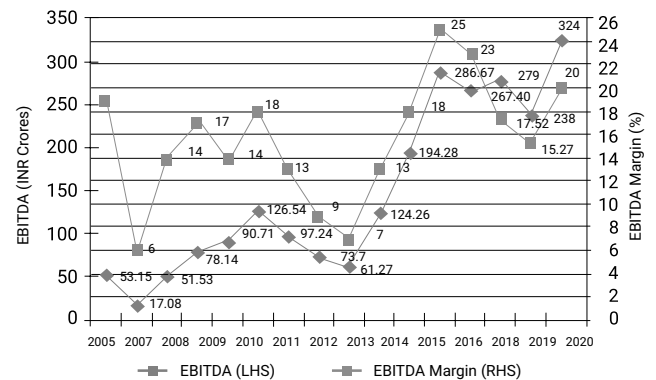
PERFORMANCE HIGHLIGHTS

| Particulars | Unit | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------|------------|-------|-------|-------|-------|-------|--------|--------|--------|--------|--------|--------|
| Revenue | Rs.Cr | 710 | 750 | 824 | 898 | 1037 | 1123 | 1178 | 1203 | 1594 | 1559 | 1663 |
| EBITDA | Rs.Cr | 127 | 97 | 74 | 61 | 124 | 194 | 287 | 267 | 279 | 238 | 324 |
| EBITDA Margin | % | 18.32 | 13.39 | 9.36 | 7.09 | 12.56 | 17.92 | 24.34 | 22.23 | 17.52 | 15.27 | 19.48 |
| PBT | Rs.Cr | 88 | 56 | -4 | -21 | 41 | 119 | 210 | 191 | 201 | 160 | 236 |
| PAT | Rs.Cr | 58 | 42 | -4 | -13 | 39 | 83 | 155 | 140 | 147 | 117 | 188 |
| EPS | Rs. | 14.57 | 10.57 | -0.99 | -3.29 | 9.73 | 20.87 | 39.01 | 35.25 | 35.53 | 25.17 | 40.19 |
| Dividend | % | 15 | 15 | 0 | 0 | 15 | 30 | 50 | 60 | 60 | 60 | 70 |
| Book Value | Rs./ Share | 44.49 | 53.17 | 52.02 | 48.73 | 56.71 | 139.96 | 175.36 | 204.51 | 252.42 | 270.33 | 303.44 |

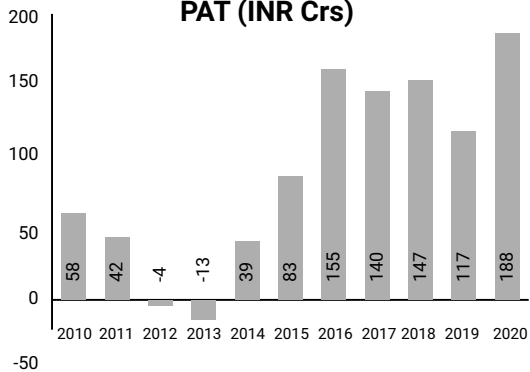
Revenue (INR Crs)



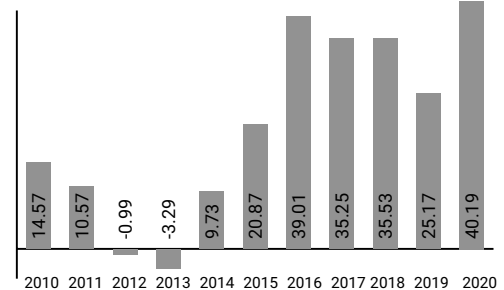
EBITDA (INR Crs) & EBITDA Margin(%)



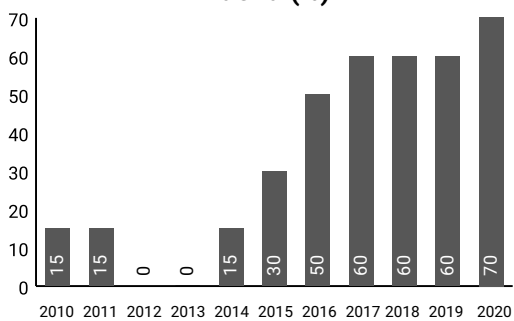
PAT (INR Crs)



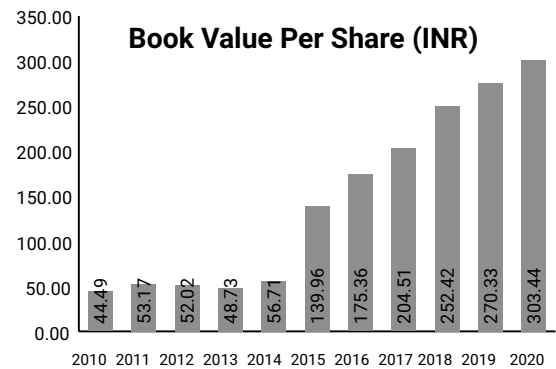
EPS (INR)



Dividend (%)



Book Value Per Share (INR)





directors' report

Dear Shareholders,

Your Directors take pleasure in presenting the 28th Annual Report on the business and operations of the Company together with the audited financial statements for the Financial Year ended 31st March, 2020.

STATE OF COMPANY'S AFFAIRS:

| FINANCIAL HIGHLIGHTS | Rs. in Lakhs | |
|--|--------------|-------------|
| | 2019-20 | 2018-19 |
| Particulars | | |
| Revenue from operations | 1,66,290.16 | 1,55,880.44 |
| Other income | 6,369.32 | 5,064.63 |
| Total Revenue | 1,72,659.48 | 1,60,945.07 |
| Earnings Before Interest, Depreciation, Taxation & Amortisation (EBITDA) | 32,388.92 | 23,759.83 |
| Finance Costs | 4,620.06 | 4,050.23 |
| Depreciation | 4,116.71 | 3,704.62 |
| Profit/(Loss) Before Taxation | 23,652.15 | 16,004.98 |
| Less: Tax including Deferred Tax | 4,884.53 | 4,251.25 |
| Profit/(Loss) After Taxation | 18,767.62 | 11,753.73 |

DIVIDEND:

Your directors recommend payment of dividend of Rs. 7/- (70%) per equity share of Rs.10/- each for the financial year ended 31st March, 2020 (previous year Rs.6.00 per share) amounting to Rs.3,268.89 lakhs. The dividend payout is subject to approval of members at the ensuing Annual General Meeting.

RESERVES :

During the year under review, the Company proposes to transfer Rs.5,000 lakhs to the General Reserve

SHARE CAPITAL

The paid up equity share capital of your Company as on 31 March 2020 was Rs.46.70 Crores. There was no fresh issue of capital during the year under review. The Company has neither issued shares with differential voting rights, sweat equity shares, nor has it granted any stock options.

REVIEW OF OPERATIONS:

During the FY 2019-20, your company has produced 2,93,491 MT of Ductile Iron Pipes, which is marginally lower by 5,023 MT compared to the FY 2018-19, which is attributable to loss of production for 9 days during March,

2020, due to temporary suspension of operations, owing to nationwide lockdown declared by the Government to prevent the spread of COVID-19.

Your Company continues to play a constructive role in the nation building movement by contributing to water supply and infrastructure development in the country, which are the thrust areas of the Government. During the FY 2019-20, your company's Ductile Iron Pipes of about **7,300 KM** have been used for transportation of potable water and sewerage under its brand name "**SRIPIPES**" for various prestigious water projects across the country, thus increasing its market share further.

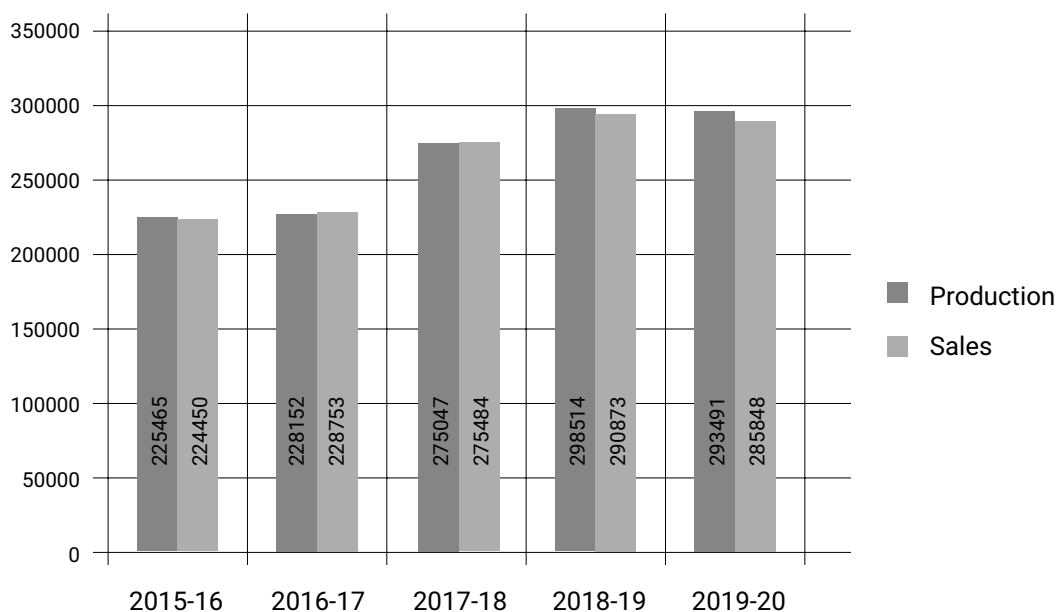
Production at a glance:

| Product | 2019-20 | | 2018-19 | | % of Change | |
|----------------------------|----------|----------|----------|----------|-------------|--------|
| | Prod. | Sales * | Prod. | Sales * | Prod. | Sales |
| Ductile Iron Pipes (MT) | 2,93,491 | 2,85,848 | 2,98,514 | 2,90,873 | -1.68 | -1.73 |
| Liquid metal from MBF (MT) | 2,99,477 | 2,98,326 | 2,88,215 | 2,87,915 | 3.91 | 3.62 |
| LAM Coke (MT) \$ | 1,67,240 | 1,75,101 | 1,70,607 | 1,59,700 | -1.97 | 9.64 |
| Cement (MT) | 60,654 | 60,719 | 77,394 | 76,496 | -21.63 | -20.62 |

*Sales include captive consumption also.

\$ Company has changed weightment pattern from wet to dry basis. Accordingly, previous year's figures also changed in line with dry weightment pattern.

Production/Sales of Ductile Iron Pipes (2016 - 2020):

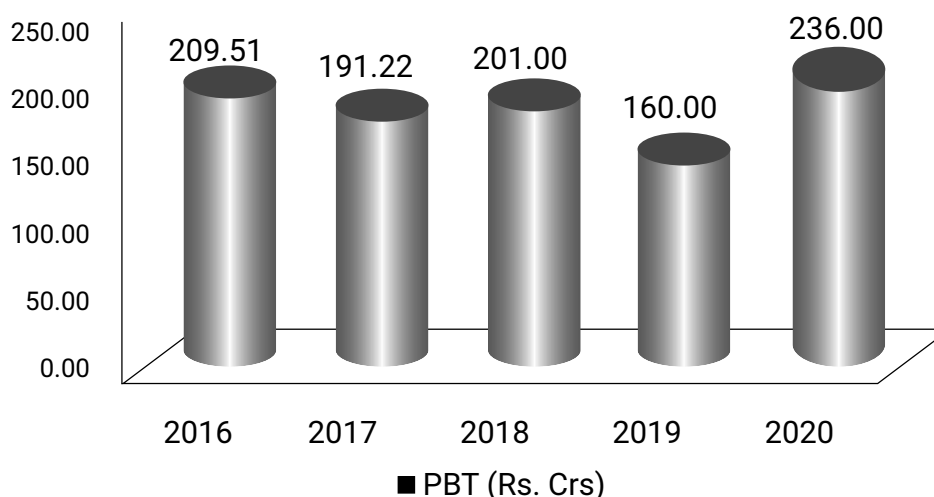


Due to pandemic COVID 19, the entire operations of your company as per the Government's directive were suspended w.e.f. 23rd March, 2020. The production of Ductile Iron Pipes for the year ended 31st March, 2020 would have crossed 3,00,000 MT, had the plant run for the entire month of March 2020 and would have achieved more than 100% of the capacity.

Your Company has successfully commenced commercial operations of Ferro Alloys Plant in the fourth quarter of the financial year, which marks completion of both the phases of Ferro Alloys project. With the commissioning of Ferro Alloys plant, the Company has become self-sufficient in meeting the captive requirement of Ferro Silicon and the surplus production is being sold in the domestic market.

During the year under review your Company has reported Profit Before Tax (PBT) of Rs. 236.52 Crores, which is higher by 47.79% compared to FY 2018-19. The improved performance of your Company is predominantly attributable to lower raw material cost, higher sales realization with an optimum product mix coupled with various cost reduction measures. Your Company has recorded a marginal growth of about 4% in revenue from Ductile Iron Pipes at Rs.1,396.22 Crores as compared to Rs.1,345.59 Crores achieved during the FY 2018-19. The EBITDA of the Company was also higher at Rs.323.89 Crores and the Profit After Tax (PAT) being Rs.187.67 Crores compared to Rs. 237.59 Crores and Rs.117.54 Crores achieved during the FY 2018-19 respectively.

Pre-tax Profit (2016 -2020):



FUTURE PROSPECTS:

The expansion plans as envisaged during the FY 2019-20 to install new MBF, additional Hot Blast Stoves, Raw material handling system, creating additional balancing facilities to increase production capacity of DI Pipes have been started by the Company.

Commissioning of Facilities like Cement Lining Machine VI, Sand Blasting System, Gasket Storage system and 15 MT Cranes in connection with projects relating to capacity addition of DI Pipes have been completed.

With respect to all other projects, your directors regret to state that most of the machinery and equipment in connection with new MBF and DI Pipes expansion projects are to be imported, owing to COVID-19 pandemic, already, there was a delay of about Six months in the execution of these projects. Further, due to increasing spread of COVID-19 across the globe as well as in India, it is

anticipated that the schedule of these projects may get affected, due to delay in receipt of machinery, erection & commissioning engineers visit due to VISA regulations/ protocols resulting in further delay in completion of these projects. The estimated completion schedule as on date is first quarter of 2021-22.

Your company has lost more than a month's production due to suspension of the operations following nationwide lockdown declared by the Government of India. Though, production has started from May, 2020, but due to absenteeism consequent to the nationwide lockdown, normal production is affected. Your company is hopeful that normal production will be established from the 2nd quarter of the current year.

The company is having comfortable order book for supply of Ductile Iron pipes. During this Covid-19 situation, safe and hygienic water supply is most important for the Government. Ductile Iron pipe is the safest and most

suitable pipe for transportation of water not only in urban cities but also in rural India. The company is hopeful that Central and State Government will continue to give priority and remain committed in respect of ongoing and future water supply, sewerage and irrigation projects in the country.

COVID 19 STEPS TAKEN BY THE COMPANY:

Your company stands by the society and community in times of despair. The entire employees of the company contributed their one-day salary towards Andhra Pradesh Chief Minister's COVID19 Relief Fund. Apart from the above, the company has distributed rice, wheat and other food items in eight villages nearby its plant. The company has also supplied face masks and sanitisers to these villages.

The company strictly follows all precautions and guidelines prescribed by the Government particularly towards adhering to safety measures in respect of its employees.

CREDIT RATING:

Considering the operational and financial performance of the Company, CARE Limited reaffirmed its rating for the Company's long term borrowing programmes with CARE AA- (Double A Minus) and CARE A1+ (A One Plus) for the short term bank facilities including Commercial Paper. While the rating CARE AA- indicates high degree of safety regarding timely servicing of financial obligations carrying very low credit risk, rating CARE A1+ indicates very strong degree of safety regarding timely payment of financial obligations carrying lowest credit risk.

Further, India Ratings & Research has assigned its rating for the Company's long term borrowing programmes and short term fund based working capital facilities with IND AA-/Stable and rating IND A1+ for the Company's non-fund based facilities and Commercial Paper. While rating AA- denotes high degree of safety regarding timely servicing of financial obligations carrying very low credit risk, rating A1+ denotes very strong degree of safety regarding timely payment of financial obligations carrying lowest credit risk.

CHANGES IN DIRECTORS/KEY MANAGERIAL PERSONNEL:

Appointment of Independent Director:

Upon the recommendation of Nomination and Remuneration Committee, the Board has approved the appointment of Mr X.J.J. Abraham as an additional independent director of the Company with effect from 6th

September, 2019 and he will hold office up to the conclusion of ensuing Annual General Meeting of the Company. Your Company has received a notice under Section 160 of the Companies Act, 2013 from a shareholder of the Company, signifying his intention to propose the name of Mr X.J.J. Abraham, for appointment as a Director of your Company in the Annual General Meeting. Brief profile of Mr. X.J.J. Abraham is given in the notice of the Annual General Meeting, for the perusal of the shareholders.

Vacation of office of Nominee Director:

Mr. Solomon Arokiaraj, IAS, Nominee Director of APIDC vacated his office as director pursuant to Section 167 (1) of the Companies Act, 2013 and consequently ceased to be a director of the Company with effect from 6th September, 2019.

Appointment of Nominee Director:

Andhra Pradesh Industrial Development Corporation (APIDC) has nominated Mr M. Satyanarayana as its Nominee Director on the Board of Directors of your Company with effect from 3rd February, 2020 in place of Mr. Solomon Arokiaraj, IAS.

Resignation of Whole-time Director:

During the year under review Mr V. Poyyamozhi, Whole-time Director has resigned from his directorship with effect from close of working hours of 3rd February, 2020 on personal grounds. Your Directors place on record their sincere appreciation for the active participation and valuable contributions rendered to the Company by Mr Poyyamozhi during his association with the Company.

Re-appointment of director:

Mrs. Priya Manjari Todi retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.

The Company has received declarations from the Independent Directors confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under SEBI's Listing Regulations, 2015 as amended from time to time.

The board of directors of your company confirms that plans are in place for orderly succession for appointment to the board of directors and senior Management and they are reviewed every year.

CORPORATE GOVERNANCE:

Your Company ensures to evolve and follow the corporate governance guidelines and best practices to enhance long term shareholder value. Your Company considers it an inherent responsibility to disclose timely and accurate information regarding its operations as well as governance of the Company. A separate section on Corporate Governance forms a part of the Directors' Report at Annexure I to this Report.

A separate section on Corporate Governance and the certificate from the Practicing Company Secretary confirming compliance of Corporate Governance norms as stipulated in Regulation 34 read along with Schedule V of the SEBI Listing Regulations, form part of this Report at Annexure I.

INTERNAL FINANCIAL CONTROLS & ADEQUACY:

The Company has an adequate system of internal controls in place. It has documented policies and procedures covering all financial and operating functions. These controls have been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls for ensuring reliability of financial reporting, monitoring of operations, and protecting assets from unauthorized use or losses, compliances with regulations. The Company has continued its efforts to align all its processes and controls with global best practices.

The controls, based on the prevailing business conditions and processes have been tested during the year and no reportable material weakness in the design or effectiveness was observed. The framework on Internal Financial Controls over Financial Reporting has been reviewed by the internal and external auditors.

The Company's internal financial controls were operating effectively based on the internal control criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal control over financial reporting issued by the Institute of Chartered Accountants of India.

The Audit committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvements wherever needed to strengthen the same.

MANAGEMENT DISCUSSION AND ANALYSIS:

In terms of the provisions of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR), discussion on state of Company's affairs has been covered as part of the Management

Discussion and Analysis (MDA) in a separate section vide Annexure II to this Report.

RISK MANAGEMENT POLICY:

The Company has a robust risk management framework comprising risk governing structure and defined risk management processes. The Company's Risk Management framework protects and adds value to the organization and its stakeholders with the objective to establish a risk intelligence framework for managing objectively expected risk exposures so as to maintain financial stability of your Company. The major risks identified by the functions are systematically addressed through mitigating actions on a continuous basis. The risks are evaluated, quantified & prioritized and mitigation plans are reviewed & monitored at various stages. The major risks connected with the business, their likely bearing on the performance of the Company and their mitigation are covered under Risks and Concerns Section of the Management Discussion and Analysis.

NOMINATION & REMUNERATION POLICY:

The Board has adopted a Nomination and Remuneration Policy recommended by Nomination and Remuneration Committee in terms of the provisions of Section 178 of the Act. The Nomination and Remuneration Policy is available at the company's website www.srikalahasthipipes.com.

The Nomination and Remuneration Committee of the Company is in compliance with the provisions of Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and the terms of reference to the Committee include :-

- To guide the Board in relation to appointment, retention and removal of Directors, Key Managerial Personnel and Senior Management.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- To recommend to the Board on remuneration payable to the Directors and Key Managerial Personnel.
- Recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- Devise a policy on Board diversity.

Criteria for making payments to non-executive directors:

The aggregate remuneration/commission payable to all the Non-executive directors will be recommended by the

Nomination and Remuneration Committee (NRC) to the Board based on Company's performance, profits and any other significant qualitative parameters as may be decided by the Board.

The NRC will recommend to the Board, the quantum of remuneration/commission for each Director based upon individual contributions of directors and their active involvement and participation in strategic decision making. Based on the recommendation of the NRC, the Board will consider payment of remuneration/commission to each of the non-executive director every year, for its approval, which shall be within the overall limits prescribed under the Companies Act, 2013.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:

Your Company understands its social responsibility and remain focussed to support those from the socially and economically backward groups and remain focussed to improve the quality of life of the various communities. In this process, your Company has identified several corporate social responsibility initiatives relating to Social Empowerment & Welfare, Village development, Health Care, Education and animal welfare during the year and initiated various activities in neighbouring villages around plant locations.

The Board has adopted a Corporate Social Responsibility Policy (CSR Policy), in accordance with Schedule VII of the Companies Act, 2013. The Annual Report on CSR activities as required under Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 read with section 134(3) and 135(2) of the Companies Act, 2013 is at Annexure III to this Report.

During the FY 2019-20, the Company has spent Rs.342.58 lakhs as against Rs.347.62 lakhs to have been spent, towards various CSR activities which are covered in detail in the Report on CSR, which forms part of this report, leaving a shortfall of Rs.5.04 lakhs. During the year under review, the Company's spend on CSR activities is slightly lower, as funds earmarked for certain projects, could not be spent completely towards the intended projects. Since the unspent amount of Rs.5.04 Lakhs is earmarked for the ongoing project of animal welfare and protection as well as towards expenditure related to combat COVID-19 pandemic, this amount is not required to be transferred to Prime Ministers National Relief Fund and instead will be carried forward to the next financial year for spending towards the intended ongoing projects of animal welfare & protection and also towards combating COVID-19 during the FY 2020-21.

Your Company continues to stay focussed on initiatives that would auger well for the overall development of the communities and make a difference in the quality of living of the underprivileged.

WHISTLE BLOWER MECHANISM (POLICY):

The Company has a vigil mechanism named Whistle Blower Policy / Vigil Mechanism wherein Employees/Directors/Stakeholders of the Company are free to report any unethical improper activity, actual or suspected fraud or violation of the Company's Code of Conduct. The Policy provides for adequate safeguard against victimization of employees who avail the mechanism and also provides direct access to the Chairman of the Audit Committee. During the year under review, the Company has not received any complaints under the said mechanism. The Whistle Blower Policy of the Company has been displayed on the Company's website at www.srikalahasthipipes.com

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE POLICY:

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and Rules made there-under, your Company has constituted Internal Complaints Committee (ICC). While maintaining the highest governance norms, the Company has zero tolerance for sexual harassment at workplace. During the year 2019-20, the Company has not received any complaint of sexual harassment.

BOARD EVALUATION:

The Board of Directors carry out an annual evaluation of its performance, and the performance of its Committees as well as individual Directors. The performance of the board was evaluated by the board after seeking inputs from all the directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning etc.,

The criteria for the performance evaluation of the Board of Directors includes aspects such as its composition and structure, and the effectiveness of its processes, information flow and functioning. The criteria for the performance evaluation of individual Directors includes aspects, such as the Director's contribution to the Board of Directors and Committee meetings, including preparation on the issues to be discussed as well as meaningful and constructive contribution and inputs during meetings. In addition, the Chairperson is evaluated on the key aspects of his/her role.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of criteria such as the composition of committees, effectiveness of committee meetings etc. The Board and the Nomination and Remuneration Committee reviewed the performance of individual directors on the basis of criteria such as the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings etc.

In a separate meeting of independent directors, performance of non-independent directors, performance of the Board as a whole, performance of the Committee(s) of the Board and performance of the Chairman was evaluated, taking into account the views of other directors. Performance evaluation of independent directors was done by the entire Board, excluding the independent director being evaluated.

FAMILIARISATION PROGRAMME:

All the Board members of the Company are afforded every opportunity to familiarize themselves with the Company, its management, its operations and industry perspective on a regular basis. They are made to interact with senior management personnel and proactively provided with relevant news, views and updates on the Company and sector. All the information/documents sought by them is/are also shared with them for enabling a good understanding of the Company, its various operations and the industry.

The Company organised a Plant visit for independent directors along with Senior Management team in September, 2019 to apprise the directors on the detailed operational aspects. The Directors were apprised on key aspects of operations and market trend and the Company's performance and its future projects.

The details of programmes for familiarisation for Independent Directors are posted on the website of the Company at www.srikalahasthipipes.com.

NUMBER OF MEETINGS OF THE BOARD:

The details of the number of Meetings of the Board held during the Financial Year 2019-20 are given in the Corporate Governance Report which forms part of this report.

RELATED PARTY TRANSACTIONS:

All related party transactions (RPTs) entered into by the

Company with its related parties during the year under review were on arms' length basis and in the ordinary course of business and did not attract provisions of section 188 of the Companies Act, 2013 and were also not material transactions under regulation 23 of the SEBI Listing Regulations, 2015. During the year 2019-20, as required under section 177 of the Companies Act, 2013 and regulation 23 of the SEBI Listing Regulations, 2015, all RPTs were placed before Audit Committee for its approval.

A statement showing the disclosure of transactions with related parties as required by IndAs 24 is given separately in this Annual Report under notes to financial statements. There were no material transactions entered into with related parties, during the year under review, which may have had any potential conflict with the interests of the Company.

No Related Party Transactions (RPTs) were entered into by the Company during the financial year, which attracted the provisions of section 188 of the Companies Act, 2013. There being no 'material' related party transactions as defined under regulation 23 of SEBI Listing Regulations, 2015, there are no details to be disclosed in Form AOC-2 in that regard.

The Company has formulated a policy on "Related Party Transactions" and the process of dealing with such transactions, which are in line with the provisions of the Companies Act, 2013 and SEBI LODR. The same is available on the website of the Company www.srikalahasthipipes.com.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

The statement containing particulars of employees as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this report. However, in terms of Section 136 of the Companies Act, 2013, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is forming part of this report vide Annexure IV.

QUALIFIED INSTITUTIONS PLACEMENT:

Your Company has successfully raised Rs.250 crores through its Qualified Institutional Placement (QIP) in the month of December, 2017, in order to cater to the business purposes, including repayment of long term and short term debt, to fund the organic and inorganic growth of the Company, to meet working capital requirements of the Company and for general corporate purposes. Your Company has utilized entire proceeds raised through QIP for the intended purposes as envisaged in the offer document. Utilization of QIP proceeds during the FY 2019-20 in compliance of SEBI's LODR Regulations, 2015 is given below.

Utilization of QIP Proceeds

Rs. Lakhs

| Particulars | As on Mar-19 | During FY 2019-20 | Total |
|---------------------------------------|---------------|-------------------|---------------|
| Amount received from QIP Issue | - | - | 25,000 |
| Less: | | | |
| Payment of HDFC Term Loan & ICICI ECB | 5,214 | - | 5,214 |
| Capex | 2,936 | 1,423 | 4,359 |
| Exp of QIP | 559 | - | 559 |
| Working Capital Requirement | 11,686 | 3,182 | 14,868 |
| Fixed Deposits lying in Banks | 4,605 | - | - |
| Total | 25,000 | 4,605 | 25,000 |

Energy conservation, technology absorption and foreign exchange earnings and outgo:

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is given in Annexure V and forms part of this report.

Extract of Annual Return:

As per the requirements of Section 92(3) of the Companies Act, 2013 and Rules framed thereunder, the extract of the annual return for FY 2019-20 is given in Annexure VII in the prescribed Form No. MGT-9, which is part of this report.

OTHER DISCLOSURES:

Particulars of information forming part of the Board's Report pursuant to Section 134 of the Companies Act, 2013 and relevant Rules thereof, not covered elsewhere in the report are given hereunder:

1. There are no qualifications, reservations or adverse remarks or disclaimer made by the Statutory Auditors in their report or by the practicing Company Secretary in the Secretarial Audit Report.
2. The Company, as per its policy, has granted loans to employees aggregating Rs.39.16 lakhs during the year ended 31st March, 2020.
3. Particulars of Loans or investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the financial statement provided in this Annual Report. These loans are primarily granted for

effective utilization of surplus funds available with the Company.

4. There are no material changes or commitments occurring after 31st March, 2020, which may affect the financial position of the Company or may require disclosure.
5. During the year under review, there has been no change in the nature of business of the Company.
6. The Company did not have any subsidiaries, joint ventures and associate companies, which have ceased during the year.
7. The Company has not accepted deposits under Chapter V of the Companies Act, 2013.
8. The Company has not received any such orders from Regulators, Courts or Tribunals during the year, which may impact the going concern status or the Company's operations in future.
9. The Company is in compliance with the Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors (SS - 1) and General Meetings (SS - 2).

STATUTORY AUDITORS:

M/s. Lodha & Co., Chartered Accountants (Firm Reg. No. 301051E), were appointed as Statutory Auditors of the Company for a term of five years (subject to ratification by shareholders at every AGM, if required, under the prevailing law at that time) to hold office from the conclusion of 25th Annual General Meeting held in 2017 till the conclusion of 30th Annual General Meeting of the Company to be held in 2022.

The requirement to place the matter relating to appointment of the Auditors for ratification by the members at every Annual General Meeting is done away with vide notification dated 7th May, 2018 issued by the Ministry of Corporate Affairs. Accordingly, no resolution is proposed for ratification of appointment of the Auditors, who were appointed in the Annual General Meeting held on 27th September, 2017. Further, the Notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

COST AUDITORS:

In terms of the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Board of Directors of your Company have on the recommendation of the Audit Committee, appointed M/s. Narasimhamurthy & Co., Cost Accountants, Hyderabad as Cost Auditors, to conduct the cost audit of your Company for the financial year ending 31st March, 2021, at a remuneration as mentioned in the Notice convening the Annual General Meeting. As required under the Act, the remuneration payable to the cost auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a resolution seeking Member's ratification for the remuneration payable to Cost Auditors forms part of the Notice of the ensuing Annual General Meeting. The Cost Audit Report of the Company for the Financial Year ended 31 March, 2019 was filed in XBRL mode with the Ministry of Corporate Affairs within the stipulated due date.

SECRETARIAL AUDITORS:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules thereunder, Mr. S. Chidambaram, Company Secretary in Practice was appointed to conduct the secretarial audit of the Company for the FY 2019-20. The secretarial audit report confirming compliance by Practising Company Secretary to the applicable provisions of the Companies Act, 2013, SEBI LODR Regulations, 2015 and other applicable laws is appended at Annexure VI to this report and it does not contain any qualification, reservation or adverse remark.

INTERNAL AUDITORS:

In line with the provisions of Section 138 of the Companies Act, 2013, M/s. Chaturvedi & Co, Chennai were appointed by the Board as Internal Auditors of the Company for the FY 2019-20. The Audit Committee defines the scope of internal audit from time to time and also reviews the observations of internal auditors and the action taken report submitted by the management on the observations

at its meeting held every quarter and also suggests the management the improvements required in the systems followed by the Company.

GREEN INITIATIVE:

In support of "Green Initiative" taken by the Ministry of Corporate Affairs ("MCA") in the Corporate Governance" by allowing service of documents by a Company to its Members through electronic mode, the Company will continue to send various communications and documents like notice calling general meetings, audited financial statements, directors' report, auditor's report etc., in electronic form, to the email address provided by the Members to the Depositories or to the Company.

Your Company impresses upon its shareholders to contribute to this green initiative in full measure by registering their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participant. Members who hold shares in physical form are requested to take necessary steps for registering the same so that they can also become a part of the initiative and contribute to the Green Movement.

ANNEXURES TO THE BOARD'S REPORT:

1. Corporate Governance Report is enclosed vide Annexure – I.
2. Pursuant to Regulation 34 of Listing Regulations 2015, Management Discussion and Analysis Report is enclosed vide Annexure – II.
3. Pursuant to Section 135 (4) (a) of the Companies Act, 2013 read with Rule 8 (1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the annual report on CSR activities in the prescribed format, forming part of the Director's Report is enclosed vide Annexure – III.
4. Disclosure under Section 197 (12) read with Rule 5(1) of the Companies (Appointment and remuneration of managerial personnel) Rules, 2014 is enclosed vide Annexure – IV.
5. Pursuant to Section 134 (3) (m) of the Companies Act, 2013, information relating to Conservation of Energy, Technology absorption and foreign exchange earnings and outgo is enclosed vide Annexure – V.
6. Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and remuneration of managerial personnel) Rules, 2014, the Secretarial Audit Report is enclosed vide Annexure – VI.
7. As per the requirements of Section 92(3) of the Companies Act, 2013 and Rules framed thereunder, the extract of the annual return for the FY 2019-20 is enclosed vide Annexure VII.

8. Pursuant to Regulation 34 of Listing Regulations, 2015, Business Responsibility Report is enclosed vide Annexure VIII.

DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms that:

- i) In the preparation of annual accounts, the applicable accounting standards have been followed and there has been no material departure.
- ii) The selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2020 and of the profit of the Company for the financial year ended 31st March, 2020.
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The annual accounts have been prepared on a going concern basis.
- v) Sufficient internal financial controls have been laid down and such internal financial controls are adequate and were operating effectively, and
- vi) Proper systems to ensure compliance with the provisions of all applicable laws have been devised and such systems were adequate and operating effectively.

ACKNOWLEDGEMENTS:

Your Directors wish to convey their appreciation to all of the Company's employees for their contribution towards the Company's performance. Your Directors would also like to thank the shareholders, employee unions, customers, dealers, suppliers, bankers, Governments and all other business associates for their continuous support to the Company and their confidence in its management on behalf of the Board.

Your Directors also wish to place on record their appreciation for the valuable support received by your Company from Banks, Govt. Authorities, Customers, Auditors and other stakeholders. The Board thanks the employees at all levels for the dedication, commitment and hard work put in by them for Company's achievements. Your Directors are grateful to the Shareholders/ Stakeholders for their confidence and faith reposed in the management of the Company.

Your Directors also place on record their sincere appreciation for the valuable guidance received from Mr Mayank Kejriwal, Managing Director and for his constructive contribution in shaping the progressive growth of your Company.

For and on behalf of the Board of Directors

R.K. Khanna
Chairman

Dated: 1st June, 2020



report on corporate governance

Annexure I to Directors' Report

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Your Company is committed to the adaption and implementation of good corporate governance practices and its adherence at all times as mandated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by establishing procedures and systems. Periodic review of the procedures and systems are done in order to ensure that Company's governance practices reflect the culture of the trusteeship deeply ingrained in our value system.

In line with this philosophy, the Company always strives for excellence through adoption of best governance and disclosure practices. The Company, as a continuous process, strengthens the quality of disclosures, on the Board composition and its functioning, remunerations paid and level of compliance with various Corporate Governance requirements.

BOARD OF DIRECTORS:

In keeping with the commitment to the principle of integrity and transparency in business operations for good corporate governance, the Company's policy is to have an appropriate mix of executive, non-executive and independent directors to maintain the independence of the Board and to separate the Board functions of governance and management.

The composition of the Board of your Company is in conformity with Regulation 17 of SEBI (LODR), Regulations, 2015. The number of Independent Directors is more than

one-third of the total number of Directors on the Board of your Company, with Chairman of the Board being an independent director.

The Board provides direction and exercises appropriate control to ensure that the Company is managed in a manner that fulfils stakeholders' aspirations and societal expectations. The Board, as part of its functioning, annually reviews its role and also evaluates the performance of the Directors and the Committees of the Board.

The Board of Directors of your Company are seasoned professionals drawn from diverse fields, possessing requisite qualifications and experience in general corporate management, finance, economics, and other allied fields which enable them to contribute effectively to your Company and enhance the quality of Board's decision making process.

The Independent Directors annually provide a certificate of independence in accordance with the applicable laws which is taken on record by the Board. All the Directors have made necessary disclosures regarding their directorships as required under Section 184 of the Act and on the Committee positions held by them in other companies. The appointment of the Managing Director and Whole-Time Director, including the tenure and terms of remuneration are also approved by the members at the first meeting after the said appointment.

All Board members are encouraged to meet and interact with the management. Board members are invited at key meetings of senior management for strategic guidance and advice.

Composition of Board:

The Board currently comprises of Nine Directors as categorized below.

| Category | No. of Directors |
|--|------------------|
| Executive | 2 |
| Non-executive Independent (Includes 1 Woman Director) | 4 |
| Non-executive Non-independent | 2 |
| Nominee Director | 1 |
| Total | 9 |

The Board of Directors and the position they hold in other public companies including private companies which are subsidiaries of public companies as on 31st March, 2020 unless otherwise stated are given in the following table: -

| Name of Director | Executive / Non-Executive / Independent | No. of Other* Directorships held | Other* Committee# positions held | |
|--------------------------|---|-------------------------------------|-------------------------------------|-----------|
| | | | As Chairman | As Member |
| Mr R. K. Khanna | Chairman –Non-executive- Independent | - | - | - |
| Mr Mayank Kejriwal | Managing Director-Executive | 7 | - | 1 |
| Mr Gouri Shankar Rathi | Whole-Time Executive Director | - | - | - |
| Mrs. S. Hemamalini | Non-Executive-Independent | - | - | - |
| Mr T. Venkatesan | Non-Executive- Independent | 4 | - | - |
| Mr X.J.J. Abraham | Non-Executive- Independent | 2 | - | - |
| Mrs. Priya Manjari Todi | Non-Executive – Non-Independent | - | - | - |
| Mr Ashutosh Agarwal | Non-Executive – Non-Independent | - | - | - |
| Mr M. Satyanarayana (ii) | Non- Executive- Nominee Director | - | - | - |

(i) APIDC nominated Mr M Satyanarayana as its nominee in place of Mr Solomon Arokiaraj, IAS with effect from 3rd February, 2020.

* Excluding Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013.

Only two Committees viz, Audit, and Stakeholders' Relationship Committees have been considered for this purpose.

None of the Non-Executive Directors have any pecuniary relationship or transaction with the Company in their personal capacity, other than those disclosed under related party transactions elsewhere in the Annual Report.

Details of directorships held in other listed entities by the directors:

| Name of Director | Name of listed entity | Category |
|--------------------|--|------------------------------------|
| Mr Mayank Kejriwal | Electrosteel Castings Limited | Executive Director |
| Mr T. Venkatesan | Dalmia Bharat Sugar Industries Limited | Non-Executive Independent Director |

Confirmation regarding independent directors :

The Board of Directors has reviewed the declarations received from the Independent Directors confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under SEBI's Listing Regulations, 2015 as amended from time to time. The independent directors have also confirmed that they are not aware of any circumstance or situation, which could impair or impact their ability to discharge duties with an objective independent judgement and without any external influence. The Board is of the opinion that the independent directors fulfill the conditions specified in the Companies Act and Listing Regulations, 2015 and are independent of the management.

Skills/expertise/competence of the board of directors:

The Board has identified the following skill set with reference to its Business and Industry which are available with the Board:

| Area | Skills/Expertise/Competence | Director passing the skills |
|--|--|--|
| Business Operations | Expertise in marketing management and business development. Understanding of business dynamics across various geographical markets, industry verticals. Financial management and banking. | Mr G.S. Rathi Mr Mayank Kejriwal |
| Strategy and Planning | Ability to think strategically identify and critically assess strategic opportunities and threats. Develop effective strategies in the context of the strategic objectives of the Company, relevant policies and priorities. Experience in guiding and leading management teams to make timely and strategic decisions. | Mr Mayank Kejriwal Mrs Priya Manjari Todi |
| Sales and Marketing | Experience in developing strategies to grow sales and improve market share building and enhancing brand reputation. | Mr G.S. Rathi Mr. R.K. Khanna |
| Governance & Risk Management | Experience in the application of Corporate Governance principles. Ability to identify key risks to the Company in a wide range of areas. Exposure in developing governance practices, serving the best interests of all stakeholders. | Mr G.S. Rathi Mr Ashutosh Agarwal |
| Financial expertise | Financial educational background, experience and exposure to financial management, expertise in low cost fund mobilization, fund raising and Mergers & Acquisitions. | Mr Ashutosh Agarwal Mr T. Venkatesan Mr G.S. Rathi |
| Human Resources Management, Learning & Development, General Management | Policies related to HR for attraction and retention of talents, succession planning, engaging with trade unions, skill development, learning and development, etc.,. Business strategy and General Management | Mr X.J.J. Abraham Mrs S. Hemamalini Mr G.S. Rathi |
| Governmental Policies/Incentive Schemes, General Management | Exposure to procedures and process involved in various Governmental Policies and Schemes | Mr M. Satyanarayana |

Certificate on Directors non-disqualification :

None of the Directors of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India or the Ministry of Corporate Affairs or any such statutory authority. A Certificate to this effect, issued by the Practicing Company Secretary is annexed to this Report.

BOARD PROCEDURES AND INFORMATION PLACED BEFORE THE BOARD:

Meetings are governed by a structured agenda. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. All major agenda items are supported by comprehensive background information to enable the Board to take informed decisions. Agenda papers are generally circulated at least seven

days prior to the Board meeting. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the agenda, the same is tabled at the meeting with specific reference to this effect in the agenda.

In addition to matters required to be placed before the Board, for its review / information under the Listing Regulations 2015 and other statutes, the following are also tabled for the Board's periodic review / information:- External Audit Management Reports (through the Audit Committee), Status of safety and legal compliance, Risk management systems and processes, Significant court judgement or order passing strictures, if any, on the conduct of the Company, which could negatively impact the Company's image. Product liability claims of a substantial nature, if any. Default, if any, in payment of dues to any major creditor. Write-offs / disposals (fixed assets, inventories, receivables, advances etc.), significant development in Human Resources / Industrial Relations. Material non-compliance of any regulatory or listing requirements.

The Company Secretary records minutes of proceedings of each Board and Committee meetings. Draft minutes are circulated to Board/ Committee members within 15 days from the meeting for their comments. Directors communicate their comments (if any) in writing on the draft minutes within seven days from the date of circulation. The minutes are entered in the minutes book within 30 days from the conclusion of the meeting and signed by the Chairman at the subsequent meeting. Important decisions taken at Board/ Committee meetings are communicated promptly to the concerned departments/divisions for implementation.

With a view to leveraging technology and moving towards the system of paperless meetings for the preservation of environment, the Company has adopted the practice of conducting paperless meetings. The directors of the Company receive the agenda and other related papers of Board and its Committee meetings in electronic form, which will be accessed through their respective iPads during the course of meeting.

Apart from Board members and the Company Secretary, the Board and Committee meetings are also attended by the Chief Financial Officer and wherever required by the heads of various corporate functions.

ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST ANNUAL GENERAL MEETING:

During the year 2019-20, five Board Meetings were held and the dates of the meetings are as follows:

8th May, 2019, 22nd July, 2019, 6th September, 2019, 31st October, 2019 and 3rd February, 2020.

The following table highlights the attendance of each Director at the respective meetings during the year 2019-20:

| Name of Director | Board Meetings | | AGM |
|----------------------------|----------------|----------|-----|
| | Held | Attended | |
| Mr R. K. Khanna | 5 | 5 | YES |
| Mr Mayank Kejriwal | 5 | 4 | NO |
| Mr Gouri Shankar Rathi | 5 | 5 | YES |
| Mr V. Poyyamozi (i) | 5 | 5 | YES |
| Mrs. S. Hemamalini | 5 | 4 | NO |
| Mr T Venkatesan | 5 | 4 | YES |
| Mr X.J.J. Abraham | 3 | 3 | YES |
| Mrs. Priya Manjari Todi | 5 | 4 | NO |
| Mr Ashutosh Agarwal | 5 | 5 | YES |
| Mr Solomon Arokia Raj (ii) | 2 | 0 | NA |
| Mr M. Satyanarayana (iii) | 1 | 1 | NA |

- (i) Resigned from the directorship w.e.f. close of working hours of 3rd February, 2020.
- (ii) Ceased to be Nominee Director of the Company w.e.f. 6th September, 2020.
- (iii) Appointed as Nominee Director by APIDC w.e.f. 3rd February, 2020 in place of Mr Solomon Arokiaraj.

Familiarisation Programme for Independent Directors:

The Company believes that a Board, which is well familiarised with the Company and its affairs, can contribute effectively to discharge its role in a manner that fulfils stakeholders' aspirations and societal expectations. In pursuit of this, the Directors of the Company are updated on changes / developments in the domestic / global corporate and industry scenario including those pertaining to statutes / legislations & economic environment and on matters affecting the Company, to enable them to take well informed and timely decisions. Visits to Company's facilities are also organised for the Directors. Details of Familiarisation programme imparted for Independent Directors are placed at the website of the Company www.srikalahasthipipes.com.

Meeting of Independent Directors :

The Independent Directors of your Company met on 6th September, 2019 without the presence of Non-Independent Directors and members of the management. The meeting was conducted in an informal and flexible manner to enable the Independent Directors to, inter alia, discuss matters pertaining to review of performance of Non- Independent Directors and the Board as a whole. They also reviewed the performance of the Chairman of the Company after taking into account the views of

the Executive and Non-Executive Directors. They also assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

The Independent Directors expressed satisfaction on the overall performance of the Directors and the Board as a whole.

Disclosure regarding Appointment/Re-appointment of Directors:

The brief information required to be disclosed under this Section is provided in the Notice of the Annual General Meeting.

AUDIT COMMITTEE:

The Audit Committee comprises of three Non- Executive and Independent Directors. Mr T. Venkatesan is the Chairman of the Audit Committee. The Members possess adequate knowledge on Accounts, Audit, Finance, Costing etc. The composition of the Audit Committee meets the requirements as per Section 177 of the Companies Act, 2013 and Regulation 18(1) of the SEBI (LODR), Regulations 2015.

The Audit Committee acts as a link between the management, the statutory and the internal auditors and the Board of Directors and oversees the financial reporting process. The Committee is governed by terms of reference, which are in line with the regulatory requirements mandated by the Companies Act, 2013 and Listing Regulations.

The role of the Committee includes the following:

- a) To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

- b) To recommend the appointment, remuneration, terms of appointment and removal of Statutory Auditors.
 c) To recommend the appointment, remuneration of Cost Auditors.
 d) To approve transactions of the Company with related parties, including modifications thereto.
 e) To review and monitor the Statutory Auditors' independence and performance, and effectiveness of the audit process.
 f) To evaluate the Company's internal financial controls and risk management systems;
 g) To review with the management the Annual financial statements and Auditors' Report thereon before submission to the Board for approval.
 h) To review quarterly financial statements before submission to the Board for approval.
 i) To review Management discussion and analysis of financial condition and results of operations.
 j) To review adequacy of internal financial control systems and the Company's statement on the same prior to endorsement by the Board, such review to be done in consultation with the management, Statutory and Internal Auditors;
 k) To review Reports of Internal Audit and discussion with Internal Auditors on any significant findings and follow-up thereon.
 l) To review the functioning of Whistle Blower mechanism in the Company.

Apart from the above, the role and powers of the Audit Committee are as laid down under Regulation 18(3) and Part C of Schedule II of the SEBI (LODR Regulations) and Section 177 of the Companies Act, 2013.

The Audit Committee during the year ended 31st March, 2020 had four meetings i.e. on 8th May, 2019, 22nd July, 2019, 31st October, 2019 and 3rd February, 2020.

Consequent to change in directors, the Audit Committee has been reconstituted with effect from 6th September, 2019.

The composition of the Audit Committee as on 31st March, 2020 and attendance during the year are as under:

| Sl. No. | Name of Directors | Position | Executive / Non-Executive / Independent | No. of meetings attended |
|---------|------------------------|----------|---|--------------------------|
| 1 | Mr T. Venkatesan | Chairman | Independent, Non-Executive | 3 |
| 2 | Mr R. K. Khanna | Member | Independent, Non-Executive | 4 |
| 3 | Mrs S. Hemamalini (i) | Member | Independent, Non-Executive | 2 |
| 4 | Mr X.J.J. Abraham (ii) | Member | Independent, Non-Executive | 2 |

(i) Ceased to be Member of the Committee w.e.f. 6th September, 2019

(ii) Inducted in to the Committee as a Member w.e.f. 6th September, 2019.

The Audit Committee met on 1st June, 2020 for considering finalization of accounts for the year ended 31st March, 2020.

Mr. G. Kodanda Pani Sr.Dy.General Manager (Finance) & Company Secretary acts as the Secretary to the Audit Committee. The Managing Director, the Whole-time Director, Statutory Auditors and Internal Auditors, Key Managerial Personnel and Senior Executives attend the meetings to answer the queries raised by the Committee. The Internal Auditor reports directly to the Audit Committee.

Mr T. Venkatesan, Chairman of the Audit Committee had attended the last Annual General Meeting of the Company held on 6th September, 2019 to answer the queries of shareholders.

NOMINATION & REMUNERATION COMMITTEE:

The Nomination & Remuneration Committee comprises of two Non-Executive Independent Directors and one Non-Executive Non-Independent Director.

The composition of the Nomination & Remuneration Committee as on 31st March, 2020 and attendance during the year are as under:

| Sl.No. | Name of Directors | Position | Executive / Non-Executive / Independent | No. of meetings attended |
|--------|---------------------|----------|---|--------------------------|
| 1 | Mr T. Venkatesan | Chairman | Independent, Non-Executive | 4 |
| 2 | Mr R.K.Khanna | Member | Independent, Non-Executive | 4 |
| 5 | Mr Ashutosh Agarwal | Member | Non-Independent, Non-Executive | 4 |

The Nomination and Remuneration Committee met four times during the year on 8th May, 2019, 22nd July, 2019 and 6th September, 2019 and 3rd February, 2020. The necessary quorum was present at all the meetings. Mr T. Venkatesan, Chairman of the Nomination and Remuneration Committee had attended the last Annual General Meeting of the Company held on 6th September, 2019 to answer the queries of shareholders. The criteria for nomination of Directors, KMP, Senior Management Personnel and their remuneration including criteria for promotion is described in Nomination and Remuneration Policy of the Company which can be accessed at the website of the Company www.srikalahasthipipes.com.

The Nomination and Remuneration Committee and the Policy are in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

The terms of reference of the Committee inter-alia include the following:

- Identify persons who are qualified to become directors and who may be appointed in senior management and recommend to the Board their appointment and removal.
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Carry out evaluation of every director's performance.
- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- Devise a policy on Board diversity.

Remuneration to Directors

The Board of directors decides remuneration payable to executive and non-executive directors. Besides sitting fees of Rs.45,000 per meeting of the Board, Audit Committee and Rs.20,000 per meeting of other Committees thereof, the Company also pays commission to the non-executive directors. For the FY 2019-20, the Board, based on the recommendation of Nomination and Remuneration Committee has approved a commission of Rs.115,00,000 to the non-executive directors, which is within the overall limits prescribed under Sections 197 & 198 of the Companies Act, 2013.

Having regard to the recommendation of the Nomination and Remuneration Committee, the Board at its meeting held on 1st June, 2020 approved remuneration to executive and non-executive directors as given in table hereunder. The commission and sitting fees for attending the meetings of the Board and its Committees paid to Non-executive directors are also given in the table below :-

| Name of the Director | Commission/ Remuneration (Rs.) | Sitting Fees (Rs.) | Total (Rs.) |
|------------------------|--------------------------------|--------------------|--------------|
| Mr R.K.Khanna | 6,00,000 | 5,45,000 | 11,45,000 |
| Mr Mayank Kejriwal | 11,90,00,000 | --- | 11,90,00,000 |
| Mr Gouri Shankar Rathi | 2,08,64,597 | --- | 2,08,64,597 |
| Mr V. Poyyamozhi | 1,25,74,602 | --- | 1,25,74,602 |
| Mrs S.Hemamalini | 6,00,000 | 3,10,000 | 9,10,000 |
| Mr T. Venkatesan | 6,00,000 | 3,95,000 | 9,95,000 |
| Mr X.J.J. Abraham | 6,00,000 | 2,25,000 | 8,25,000 |
| Mrs Priya Manjari Todi | 85,00,000 | 2,00,000 | 87,00,000 |
| Mr Ashutosh Agarwal | 6,00,000 | 3,85,000 | 9,85,000 |
| APIDC | --- | 45,000 | 45,000 |
| Total | 16,39,39,199 | 21,05,000 | 16,60,44,199 |

Notes :

1. There were no pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company during the Financial Year ended 31.3.2020, other than those disclosed under related party transactions elsewhere in the Annual Report.
2. No stock options have been granted to any Director of the Company.
3. Mr V. Poyyamozi ceased to be director of the Company with effect from close of working hours of 3rd February, 2020.

Criteria for making payments to non-executive directors:

The aggregate remuneration/commission payable to all the Non-executive directors will be recommended by the Nomination and Remuneration Committee (NRC) to the Board based on Company's performance, profits and any other significant qualitative parameters as may be decided by the Board.

The NRC will recommend to the Board, the quantum of remuneration/commission for each Director based upon individual contributions of directors and their active involvement and participation in strategic decision making. Based on the recommendation of the NRC, the Board will consider payment of remuneration/commission to each of the non-executive director every year, for its approval, which shall be within the overall limits prescribed under the Companies Act, 2013.

Performance Evaluation:

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, 2015, the Directors have carried out annual performance evaluation of the Board as a whole, Independent Directors, Non Executive Directors, Executive Directors, Committee and Chairman of the Board.

The evaluation framework focused on various aspects of the Board and Committees such as review of timely information from management etc. Also, the performance of individual directors was divided into Executive, Non Executive and Independent Directors and based on the parameters such as contribution, attendance, decision making, action oriented approach, technical knowledge etc.

The performance evaluation of Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Board of Directors expressed its satisfaction over its own performance, performance of its Committees and all the Directors individually.

Subsidiaries:

The Company has no subsidiary.

Details of Equity Shares of the Company held by Non-Executive Directors as on 31st March, 2020:

| Name of the Non-Executive Director | No. of shares |
|--|---------------|
| Mr R. K. Khanna | Nil |
| Mrs S. Hemamalini | Nil |
| Mr T. Venkatesan | Nil |
| Mr X.J.J. Abraham | Nil |
| Mrs Priya Manjari Todi | Nil |
| Mr Ashutosh Agarwal | 10500 |
| Mr M. Satyanarayana, Nominee Director of APIDC | Nil |

Management Discussion & Analysis:

Management Discussion & Analysis forms part of the Directors' Report

CEO/CFO Certification:

The CEO (Managing Director) and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17 read with Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Managing Director and the Chief Financial Officer also give quarterly certification on financial results, while placing the financial results before the Board in terms of Regulation 33(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Code of Conduct:

The Company's Code of Conduct, as adopted by the Board of Directors, is applicable to all Directors and Senior Management employees of the Company. The Code gives guidance and support needed for ethical conduct of business and compliance of law. The Code is available on the Company's website www.srikalahasthipipes.com.

All Directors and Senior Management personnel have affirmed compliance with the new Code for 2019-20. A declaration to this effect signed by the Managing Director is given in this Annual Report.

Prevention of Insider Trading Code:

The Company has adopted a Comprehensive Code of Conduct for Insider Trading and Fair Disclosure of Unpublished Price Sensitive Information in the securities of the Company to its Directors, Promoters, Key Managerial Personnel and Designated Persons. This Code lays down guidelines for procedure to be followed and disclosures to be made by insiders while trading in securities of the Company. It also includes practices and procedures for Fair Disclosure of Unpublished Price Sensitive Information.

The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Designated Persons and their immediate relatives while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed and other certain situations.

Pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, all Board members have confirmed compliance with the Code. The Code of Conduct to Regulate, Monitor & Report Trading by Insiders as per the SEBI (Prohibition of Insider Trading) Regulation 2015 is available in the Company's website www.srikalahasthipipes.com.

Whistle Blower (Mechanism) Policy:

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal and unethical behaviour. The Company has a Vigil Mechanism and Whistle Blower Policy in line with Section 177 of the Companies Act, 2013 and Regulation 22 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations 2015. Under this Policy, employees are free to report violations of applicable laws and regulations and Code of Conduct. The Whistle Blower may send the

complaint to the Chairman of the Audit Committee.

Further, it is hereby affirmed that the Company has not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct) and that the Company has provided protection to "Whistle Blowers" from unfair termination and other unfair or prejudicial employment practices. During the year under review, the Company has not received any complaints under the said mechanism. The Whistle Blower Policy of the Company has been displayed on the Company's website at www.srikalahasthipipes.com.

STAKEHOLDERS RELATIONSHIP COMMITTEE :

The Company has constituted Stakeholders' Relationship Committee. The composition and terms of reference of the Stakeholders' Relationship Committee are in accordance with the provisions of Section 178 (5) of the Companies Act, 2013.

Consequent to change in directors, the Stakeholders' Relationship Committee has been reconstituted with effect from 6th September, 2019. The composition of Stakeholders' Relationship Committee and the attendance during the FY 2019-20 are as under.

| Sl. No. | Name of Directors | Position | Executive / Non-Executive / Independent | No. of Meetings attended |
|---------|-----------------------|----------|---|--------------------------|
| 1 | Mr Ashutosh Agarwal | Chairman | Non-independent Non-Executive | 4 |
| 2 | Mr G.S. Rathi | Member | Executive | 4 |
| 3 | Mrs S. Hemamalini (1) | Member | Independent Non-Executive | 2 |
| 4 | Mr R.K. Khanna (2) | Chairman | Independent, Non-Executive | 2 |

(1) Inducted into the Committee w.e.f. 6th September, 2019.

(2) Ceased to be Member of the Committee w.e.f. 6th September, 2019.

The Stakeholders Relationship Committee's constitution and terms of reference are in compliance with provisions of the Companies Act, 2013 and Regulation 20 and Part D of Schedule VI of the SEBI (LODR Regulations). The Committee shall deal with various matters relating to redressal of shareholders and investor grievances, such as transfer and transmission of shares, issue of duplicate shares, non-receipt of dividend/notices/Annual Reports, etc. In addition, the Committee looks into other issues including status of dematerialisation of shares, systems and procedures followed to track investor complaints and suggest measures for improvement from time to time.

The terms of reference of the Committee are as follows:

1. To specifically look into the redressal of grievances of shareholders, debenture holders and other security holders;
2. To consider and resolve the grievances of the security

holders of the Company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.; and

3. To review the status of unclaimed dividend and shares transferred to IEPF Authority.
4. To act in terms of any consequent statutory modification(s)/ amendment(s)/revision(s) to any of the applicable provisions to the said Committee.
5. To review adherence to the service standards adopted in respect of various services being rendered by the Registrar & Share Transfer Agent (RTA).
6. To Review the measures taken for effective exercise of voting rights by shareholders.
7. To Review various measures and initiatives taken for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

In accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board has delegated powers of share transfers to its Registrar & Transfer Agent M/s.Cameo Corporate Services Limited (CCSL). CCSL reviews share transfers every fortnight. All transfers, complaints, and other matters relating to shares are discussed at the Committee / board meeting every quarter

a.Details of queries/ complaints received and resolved during the year 2019-20:

The total number of complaints received and resolved during the year was:

| Nature of Complaints | Opening | Received During the year | Resolved | Pending Resolution |
|-----------------------------------|------------|--------------------------|-----------|--------------------|
| Non-Receipt of Dividend Warrants | Nil | 22 | 22 | Nil |
| Non-Receipt of Share Certificates | Nil | 7 | 7 | Nil |
| Non-Receipt of Annual Reports | Nil | 2 | 2 | Nil |
| Demat Request | Nil | 1 | 1 | Nil |
| Total | Nil | 32 | 32 | Nil |

As confirmed by M/s Cameo Corporate Services Limited (RTA of the Company) the complaints are generally attended within 15 days from the date of receipt.

b. Transfer of amounts to Investor Education and Protection Fund (IEPF) :

As the Company has not declared any dividend for the FY 2010-11 there is no unclaimed dividend due to be transferred during the FY 2019-20 to Investor Education and Protection Fund of the Central Government, pursuant to Section 124 of the Companies Act, 2013.

In compliance with Section 124 of the Companies Act, 2015, the un-claimed dividend for the financial years 2012-13 and onwards will become transferable at the end of seven years from the respective dates of transfer of such amount to the unclaimed dividend accounts of the Company to IEPF and thereafter, no claim shall be entertained in respect of the dividend transferred to the Fund. The details of unclaimed dividend transferable to the said Fund are given below.

| Year | Dividend per share (RS) | Date of declaration | Proposed date of transfer to IEPF account |
|---------|-------------------------|---------------------|---|
| 2012-13 | Nil | - | - |
| 2013-14 | 1.50 | 27.09.2014 | 26.10.2021 |
| 2014-15 | 3.00 | 24.08.2015 | 23.09.2022 |
| 2015-16 | 5.00 | 29.08.2016 | 28.09.2023 |
| 2016-17 | 6.00 | 27.09.2017 | 26.10.2024 |

| | | | |
|---------|------|------------|------------|
| 2017-18 | 6.00 | 19.09.2018 | 18.10.2025 |
| 2018-19 | 6.00 | 06.09.2019 | 05.09.2026 |

c. Transfer of un-claimed shares to IEPF Authority :

Pursuant to provisions of Section 124 and Section 125 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer And Refunds) Rules, 2016, as amended from time to time, ("the Rules" / "IEPF Rules") the company is required to transfer the equity shares in respect of which dividends have not been claimed for the last 7 years by any shareholder to the IEPF Authority. Accordingly, the unclaimed shares of concerned shareholders whose shares are liable to be transferred to IEPF Authority have been transferred by the Company to IEPF Demat Suspense Account. The details of such unclaimed shares which have been transferred to the IEPF Authority is available on the website of the Company www.srikalahasthipipes.com.

d. Details of un-claimed Suspense account :

As on 31 March 2020, there are no shares lying in the unclaimed suspense account.

COMPLIANCE OFFICER/ NODAL OFFICER FOR IEPF:

G.KodandaPani, Company Secretary, Rachagunneri-517641, Srikalahasthi Mandal, Chittoor District, AP., Ph: 08578-286650-55, Fax: 08578-286657, E-mail: companysecretary@srikalahasthipipes.com.

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

The Company has constituted Corporate Social Responsibility Committee. The composition and terms of reference of the Corporate Social Responsibility (CSR) Committee are in accordance with the provisions of Section 135 of the Companies Act, 2013. The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of CSR Policy. The CSR policy of the Company is disclosed on the Company's Website www.srikalahasthipipes.com.

The terms of reference of the CSR Committee broadly comprises:

- To formulate and recommend to the Board, a CSR Policy in terms of Schedule VII of the Companies Act, 2013;
- To recommend the amount of expenditure to be incurred on the CSR activities;
- To monitor the CSR Policy of the Company from time to time; and
- To act in terms of any consequent statutory modification(s)/ amendment(s)/revision(s) to any of the applicable provisions.

The composition of the Corporate Social Responsibility Committee and the attendance during the FY 2019-20 are as under.

| Sl. No. | Name of Directors | Position | Executive / Non-Executive / Independent | No. of Meetings attended |
|---------|-----------------------|----------|---|--------------------------|
| 1 | Mr G.S. Rathi | Chairman | Non-Independent, Executive | 1 |
| 2 | Mr R.K. Khanna | Member | Independent, Non-Executive | 1 |
| 3 | Mrs Priyamanjari Todi | Member | Non-Independent – Non-Executive | 1 |

GENERAL MEETINGS

(a) Location and time of last three Annual General Meetings:

| Date | Venue | Time |
|------------|--|------------|
| 27.09.2017 | Registered Office, Rachagunneri Village, Srikalahasthi Mandal, AP. | 11.30 A.M. |
| 19.09.2018 | Registered Office, Rachagunneri Village, Srikalahasthi Mandal, AP. | 11.30 A.M. |
| 06.09.2019 | Registered Office, Rachagunneri Village, Srikalahasthi Mandal, AP. | 12.00 Noon |

(b) Special Resolutions passed in the last three Annual General Meetings :

| Date of AGM | Details of Special Resolutions passed by members with requisite majority |
|-------------|--|
| 27.09.2017 | Nil |
| 19.09.2018 | Nil |
| 06.09.2019 | 1. Approval of re-appointment of Mr R.K. Khanna (DIN 05180042) as an Independent Director for the 2nd term of five years. 2. Approval of re-appointment of Mr G.S. Rathi (DIN:00083992) as a Whole-time Director of the Company for a period of five years with effect from 1st July, 2020. |

(c) Postal Ballot

No Special Resolution requiring Postal Ballot was passed in the last Annual General Meeting and no Special Resolution requiring Postal Ballot is being proposed at the ensuing Annual General Meeting.

DISCLOSURES

- Pursuant to Clause 13 of Schedule V to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), the Company has specifically complied with the Corporate Governance requirements as specified in Regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of LODR, in addition to general compliance with all the mandatory requirements as specified in LODR.
- All transactions entered into with the Related Parties as defined under the Companies Act, 2013 and provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 during the Financial Year were in the ordinary course of business and on arm's length basis. These transactions with the related parties are disclosed in Note 45 of Notes to the Financial Statements.
- None of the transactions with Related Parties was in conflict with the interest of the Company. All the transactions are in the normal course of business and have no potential conflict with the interest of the Company at large and or carried out on an arm's length basis or fair value. The Company has developed a policy on dealing with Related Party Transactions and also on dealing with materiality of related party transactions, which is uploaded on the website of the Company at www.srikalahasthipipes.com.
- The Managing Director has given declaration to the Board that he has no personal interest in any material, commercial and financial transactions that may have any potential conflict with the interest of the Company at large.
- No penalties or strictures were imposed on the Company for non-compliance by Stock Exchange /

SEBI or any authority on any matter related to capital markets during the last 3 years.

- The CEO (Managing Director) and the CFO have furnished a Certificate to the Board for the year ended 31st March, 2020 in compliance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.
- Disclosure of Accounting Treatment: In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant Accounting Policies which are consistently applied are set out in the Notes to the Financial Statements.
- Risk Management: Board periodically reviews the compliance of all laws, regulations and various risks affecting the Company. Various Risk Management Systems adopted to mitigate the risks are also reviewed by the Board. Risk Management Policy approved by the Board can be accessed at the website of the Company www.srikalahasthipipes.com.
- Recommendation of Committees of the Board: During the FY 2019-20, there were no instances wherein the Board had not accepted recommendations of any of its Committees, which was mandatorily required.
- Total fees for all services paid by Company on a consolidated basis, to the Statutory Auditor and all entities in the network firm/network entity of which the statutory auditor is a part: The total fees paid by the Company for all services to the Statutory Auditor for the Financial Year 2019-20 was Rs.17.85 lakhs (Excluding out of pocket expenses).
- No fee was paid by the Company for the Financial Year 2019-20 to the network firm/entity of which the Statutory Auditor was a part.
- Fee paid for the Financial Year 2019-20 by any subsidiary of the Company to the Statutory Auditor and entities in the network firm/network entity of which the statutory auditor is a part : Not Applicable as the Company has no subsidiary.
- The Auditors' Report does not contain any qualification, reservation or adverse remark.
- The details of utilization of funds raised through Qualified Institutions Placement is provided in the Directors Report.
- The policy on dealing with related party transactions is available in the website of the Company at www.srikalahasthipipes.com.
- During the FY 2019-20, there were no complaints in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act,

2013.

- The company has put in place succession plan for appointment to the Board and to senior management.
- The Company complies with all applicable secretarial standards.

MEANS OF COMMUNICATION:

The Company publishes vital information about the Company and its performance, including quarterly results, official news releases and communication to investors and analysts on its website: www.srikalahasthipipes.com regularly for the benefit of all its stakeholders. During the year, the quarterly, half-yearly and annual results of the Company's performance have been published in leading newspapers, such as Business Line (all editions) and Surya (Tirupati). News releases, official news and media releases are sent to the stock exchanges as and when issued / released

Website:

The Company's website www.srikalahasthipipes.com contains a separate dedicated section 'Investors' where shareholders information is available. The information such as press releases, notice of Board meeting, outcome of Board meeting, revision in credit rating and the basic information about the Company, as called for in terms of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are uploaded on the website. The Company's Annual Report is also uploaded on the website in a user-friendly and downloadable form.

Presentations to Institutional Investors/Analysts :

Presentations are made to institutional investors and financial analysts on the quarterly financial results of the Company. These presentations are also uploaded on the Company's website www.srikalahasthipipes.com and are sent to stock exchanges. The schedule of meetings with institutional investors/ financial analysts are intimated in advance to the stock exchanges and disclosed on the company's website. Further, the investors and analysts are provided with detailed explanations on the financials of the Company by the senior members of Finance team.

Stock Exchanges :

NSE Electronic Application Processing System (NEAPS), the NEAPS and BSE's Listing Centre are web-based applications designed by NSE and BSE respectively to facilitate corporate filings by the listed Companies. All periodical compliance filings like shareholding pattern, Corporate Governance Report, financial results, media releases etc. are filed electronically in the respective web-based portals of the exchanges where the shares of the Company are listed.

Shareholders:

Annual Report containing, inter alia, Audited Financial Statements, Board's Report, Independent Auditor's Report and other important information, is circulated to members and others entitled thereto. The Management Discussion and Analysis Report forms part of the Annual Report.

GENERAL SHAREHOLDERS' INFORMATION:

The following information would be useful to our shareholders:

| Sl. No | Information | |
|--------|--|--|
| 1 | Annual General Meeting | 27th July, 2020 |
| | - Date and Time | 11.30 AM |
| | - Venue | At Registered Office: Rachagunneri Village-517641, Srikalahasthi Mandal, AP. |
| 2 | Financial Calendar Financial Reporting for the Quarter ended June 30, 2020 Financial Reporting for the Quarter ended September 30, 2020 Financial Reporting for the Quarter ended December 31, 2020 Financial Reporting for the Quarter ended March 31, 2021 Annual General Meeting for the year ending March 31, 2021. | Tentative Schedule End July, 2020. End October, 2020. End January, 2021. End April, 2021. End August, 2021. |
| 3 | Book Closure Date (Both days inclusive) | 21st July, 2020 to 27th July, 2020 |
| 4 | Dividend payment date | 31st July, 2020 |
| 5 | Listing Details: - Equity Shares | Listed at BSE Limited & National Stock Exchange of India Ltd. (NSE) |
| 6 | Stock Code/Symbol (BSE & NSE) | 513605 & SRIPIPES |
| 7 | Demat ISIN Number for NSDL & CDSL - Equity Shares | INE943C01027 |
| 8 | Corporate Identity Number | L74999AP1991PLC013391 |

Stock Market Data:

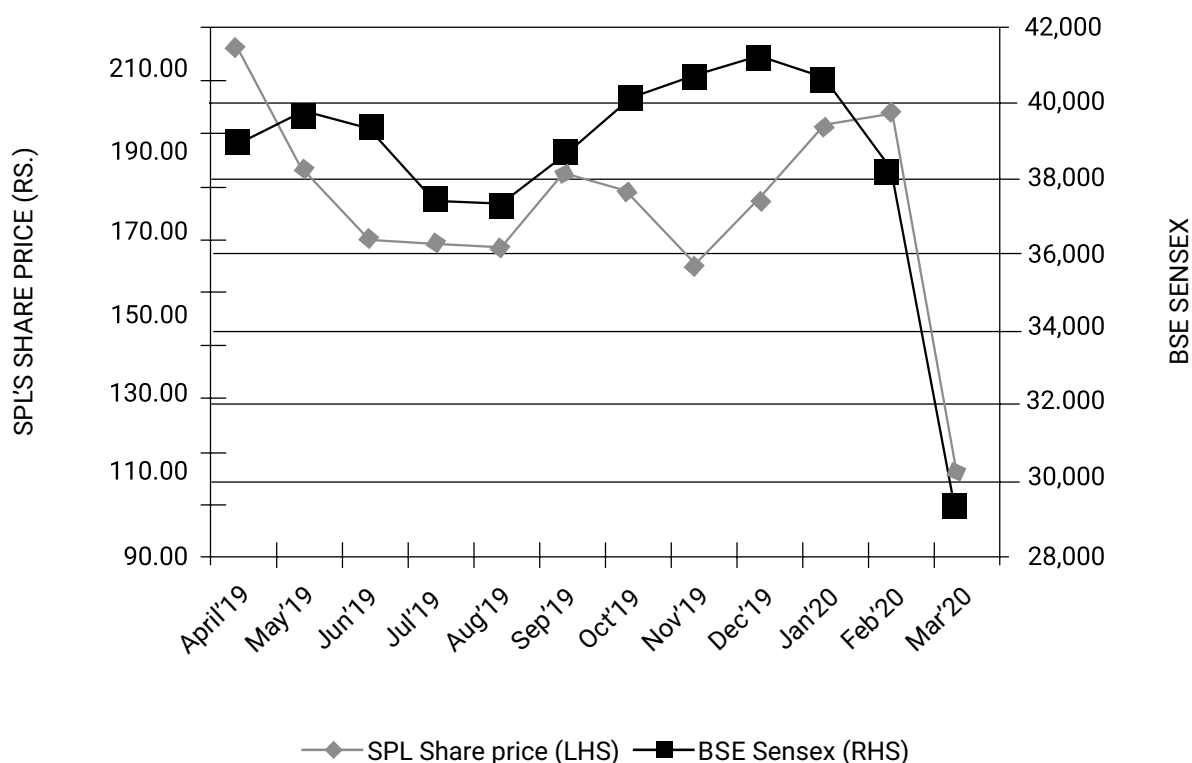
| Month | Bombay Stock Exchange | | | National Stock Exchange | | |
|--------|-----------------------|-----------|--------|-------------------------|-----------|---------|
| | High (Rs.) | Low (Rs.) | Volume | High (Rs.) | Low (Rs.) | Volume |
| Apr-19 | 249.25 | 216.25 | 118535 | 249.95 | 216.85 | 1226959 |
| May-19 | 211.70 | 175.60 | 164616 | 212.80 | 175.35 | 1763814 |
| Jun-19 | 184.90 | 164.70 | 471922 | 184.60 | 164.45 | 752063 |
| Jul-19 | 198.25 | 167.15 | 313934 | 198.55 | 167.70 | 2416607 |
| Aug-19 | 172.85 | 160.30 | 91015 | 172.70 | 160.00 | 1164728 |
| Sep-19 | 193.10 | 161.35 | 102610 | 192.55 | 161.65 | 933713 |
| Oct-19 | 185.60 | 165.45 | 75346 | 184.85 | 166.50 | 1975295 |
| Nov-19 | 180.00 | 161.80 | 72269 | 179.70 | 161.50 | 868934 |
| Dec-19 | 178.35 | 139.75 | 96960 | 178.15 | 140.05 | 1552329 |
| Jan-20 | 207.20 | 176.20 | 450153 | 207.25 | 176.30 | 5735554 |
| Feb-20 | 228.85 | 192.00 | 538125 | 229.20 | 192.75 | 5188400 |
| Mar-20 | 196.40 | 100.80 | 333079 | 196.45 | 100.50 | 4384214 |

Stock Market Data:

| Month | Bombay Stock Exchange | | | National Stock Exchange | | |
|--------|-----------------------|-----------|--------|-------------------------|-----------|---------|
| | High (Rs.) | Low (Rs.) | Volume | High (Rs.) | Low (Rs.) | Volume |
| Apr-19 | 249.25 | 216.25 | 118535 | 249.95 | 216.85 | 1226959 |
| May-19 | 211.70 | 175.60 | 164616 | 212.80 | 175.35 | 1763814 |
| Jun-19 | 184.90 | 164.70 | 471922 | 184.60 | 164.45 | 752063 |
| Jul-19 | 198.25 | 167.15 | 313934 | 198.55 | 167.70 | 2416607 |
| Aug-19 | 172.85 | 160.30 | 91015 | 172.70 | 160.00 | 1164728 |
| Sep-19 | 193.10 | 161.35 | 102610 | 192.55 | 161.65 | 933713 |
| Oct-19 | 185.60 | 165.45 | 75346 | 184.85 | 166.50 | 1975295 |
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| Dec-19 | 178.35 | 139.75 | 96960 | 178.15 | 140.05 | 1552329 |
| Jan-20 | 207.20 | 176.20 | 450153 | 207.25 | 176.30 | 5735554 |
| Feb-20 | 228.85 | 192.00 | 538125 | 229.20 | 192.75 | 5188400 |
| Mar-20 | 196.40 | 100.80 | 333079 | 196.45 | 100.50 | 4384214 |

SHARE PRICE PERFORMANCE OF SRIKALAHASTHI PIPES LTD IN COMPARISON TO BSE SENSEX

SPL's Share Price in comparison to BSE Sensex

**Registrar & Share Transfer Agents:**

Hitherto M/s.Kfin Technologies Pvt Ltd, Hyderabad was acting as the Registrar and Transfer Agents (RTA) of the Company and for administrative convenience, the Company has shifted its registry services to Cameo Corporate Services Limited, Chennai w.e.f. 6th March, 2020. The correspondence address of the new RTA is Cameo Corporate Services Limited#1, Club House Road, Chennai 600 002Ph: 044-40020718 (Direct) / 28460390 (Gen) www.cameoindia.com

Share Transfer System:

Share transfers are processed and share certificates duly endorsed are delivered within a period of 15 days from the date of receipt, subject to documents being valid and complete in all respects. Share transfers are approved weekly. The Company obtains from a Practising Company Secretary half-yearly certificate regarding compliance with the share transfer formalities as required under Regulation 40 (9) of Listing Regulations, 2015 and also files a copy of said certificate with Stock Exchanges as stipulated in the said regulation.

Dividend History for the last 5 years is as under:

| Financial Year | Dividend Rate (%) | Amount including Dividend Distribution Tax (Rs. Lakhs) |
|----------------|-------------------|--|
| 2014-15 | 30 | 1435.74 |
| 2015-16 | 50 | 2392.90 |
| 2016-17 | 60 | 2874.33 |
| 2017-18 | 60 | 3393.26 |
| 2018-19 | 60 | 3395.07 |

Distribution of Shareholding as on March 31, 2020:

| Sl No. | Category | | Number of Shareholders | % of Shareholders | No. of Shares held | % of Shares held |
|--------|----------|--------------|------------------------|-------------------|--------------------|------------------|
| | From | To | | | | |
| 1 | 1 | 5000 | 32325 | 98.63 | 8025800 | 17.19 |
| 2 | 5001 | 10000 | 238 | 0.74 | 1765149 | 3.78 |
| 3 | 10001 | 20000 | 105 | 0.32 | 1470125 | 3.15 |
| 4 | 20001 | 30000 | 38 | 0.12 | 925570 | 1.98 |
| 5 | 30001 | 40000 | 21 | 0.06 | 725433 | 1.55 |
| 6 | 40001 | 50000 | 5 | 0.01 | 235238 | 0.50 |
| 7 | 50001 | 100000 | 18 | 0.05 | 1237646 | 2.65 |
| 8 | 100001 | And above | 24 | 0.07 | 32313446 | 69.20 |
| | | Total | 32774 | 100.00 | 46698407 | 100.00 |

Categories of Shareholding as on 31st March, 2020 :

| Sl. No. | Category | No. of shares held | Percentage of shareholding |
|-----------|--|--------------------|----------------------------|
| A. | PROMOTERS HOLDING | | |
| 1 | Promoters | | |
| | a) Indian Promoters | | |
| | i) Electrosteel Castings Limited | 19301218 | 41.33 |
| | ii) Others (Promoter's Group Companies) | 3182295 | 6.81 |
| | b) Foreign Promoters | - | - |
| 2 | Any other | - | - |
| | Sub-Total | 22483513 | 48.15 |
| B | NON-PROMOTERS HOLDING | | |
| 3 | Institutional Investors | | |
| | a) Mutual Funds | 4467824 | 9.57 |
| | b) Banks, Financial Institutions, Insurance Companies (Central / State Gov. Institutions / Non-government Institutions) | 339754 | 0.73 |
| | c) FIs/FPIs | 2333534 | 5.00 |
| | Sub-Total | 7141112 | 15.30 |
| 4 | Others | | |
| | a) Private Corporate Bodies | 2225401 | 4.77 |
| | b) Indian Public | 13118260 | 28.10 |
| | c) NRIs | 607381 | 1.30 |
| | d) Any other (Clearing Members, NBFCs, Trusts, AIFs) | 934210 | 2.00 |
| | e) IEPF | 188530 | 0.40 |
| | Sub-Total | 17073782 | 36.48 |
| | GRAND TOTAL | 46698407 | 100.00 |

Dematerialization of Shares and Liquidity:

Since the Company has entered into an agreement with both the depositories namely NSDL and CDSL for dematerialization of its Shares, the Shareholders of the Company have the choice to dematerialize their shares and keep them in dematerialized form with any depository participant. About 99.12% of total equity share capital is held in dematerialized form with NSDL & CDSL as on 31st March, 2020.

Outstanding convertible Instruments:

As on 31.3.2020, there are no outstanding convertible instrument.

Registered Office & Works:

Rachagunneri -517641,
Srikalahasthi Mandal,
Chittoor District,
Andhra Pradesh, India.,
Ph. No: 08578-286650 – 655 (6Lines)

Members can contact us at our Registered Office as per the details given above.

Status of Non-Mandatory requirements:**i) Audit Qualifications:**

There are no qualifications or adverse remarks in the Auditor's Report which require any clarification / explanation. The notes to accounts forming part of the financial statements are self explanatory and needs no further explanation.

ii) Other Items:

The non-mandatory requirements viz., Shareholder Rights and other matters as mentioned in the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 will be implemented by the Company when required and/or deemed necessary by the Board.

Reconciliation of Share Capital Audit:

As stipulated by SEBI, a qualified Practising Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Ltd., (NSDL) and Central Depository Services (India) Ltd., (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchange where the Company's shares are listed. The audit confirms that the total Listed and Paid-up Capital is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

**Declaration by the Managing Director as per the provisions of SEBI
(Listing Obligations and Disclosure Requirements) regulations 2015**

**To
The Members of
Srikalahasthi Pipes Limited**

This is to certify that:

- 1) In pursuance of the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Code of Conduct has been laid down by the Company for all the Board Members and the Senior Management Personnel of the Company.
- 2) The said Code of Conduct is also uploaded on the website of the Company at www.srikalahasthipipes.com.
- 3) All Board Members and Senior Management Personnel have affirmed having complied with the said Code of Conduct, during the year ended 31st March, 2020.

For Srikalahasthi Pipes Limited

Place: Kolkata
Date: 1st June, 2020

Mayank Kejriwal
Managing Director

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

The Members of
SRIKALAHASTHI PIPES LIMITED
Rachgunneri Village, Srikalahasthi Mandal,
Chittoor Dist. Andhra Pradesh - 517641

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Srikalahasthi Pipes Limited having CIN L74999AP1991PLC013391 and having registered office at Rachgunneri Village, Srikalahasthi Mandal, Chittoor Dist. Andhra Pradesh - 517641 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

| Sl.No. | Name of Directors | Designation | DIN | Date of appointment in Company |
|--------|------------------------------|--|----------|--------------------------------|
| 1 | Mayank Kejriwal | Managing Director | 00065980 | 30/04/2007 |
| 2 | Gouri Shankar Rathi | Whole-time Director | 00083992 | 08/06/2005 |
| 3 | Ashutosh Agarwal | Non-executive Director- Non-independent Director | 00115092 | 30/07/2018 |
| 4 | Venkatesan | Non-executive Independent Director | 00124050 | 31/01/2019 |
| 5 | Xavier Jerome Joseph Abraham | Non-executive Independent Director | 01743445 | 06/09/2019 |
| 6 | Priya Manjari Todi | Non-executive Director- Non-independent Director | 01863690 | 31/01/2018 |
| 7 | Subramaniam Hemamalini | Non-executive Independent Director | 01947327 | 17/03/2015 |
| 8 | Rajkumar Khanna | Non-executive Independent Director | 05180042 | 09/02/2013 |
| 9 | Satyanarayana Mavireddy | Non-executive – Nominee Director | 08604390 | 03/02/2020 |

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date: 28-05-2020
Place: Hyderabad

S. CHIDAMBARAM
Practicing Company Secretary
Membership No.: FCS 3935
CP No.: 2286

Certificate on Compliance with the conditions of Corporate Governance under Regulation 34(3) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
The Members of
Srikalahasthi Pipes Limited

I have examined the compliance of conditions of corporate governance by Srikalahasthi Pipes Limited (The Company) for the financial year ended March 31, 2020, as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period from April 1, 2019 to March 31, 2020.

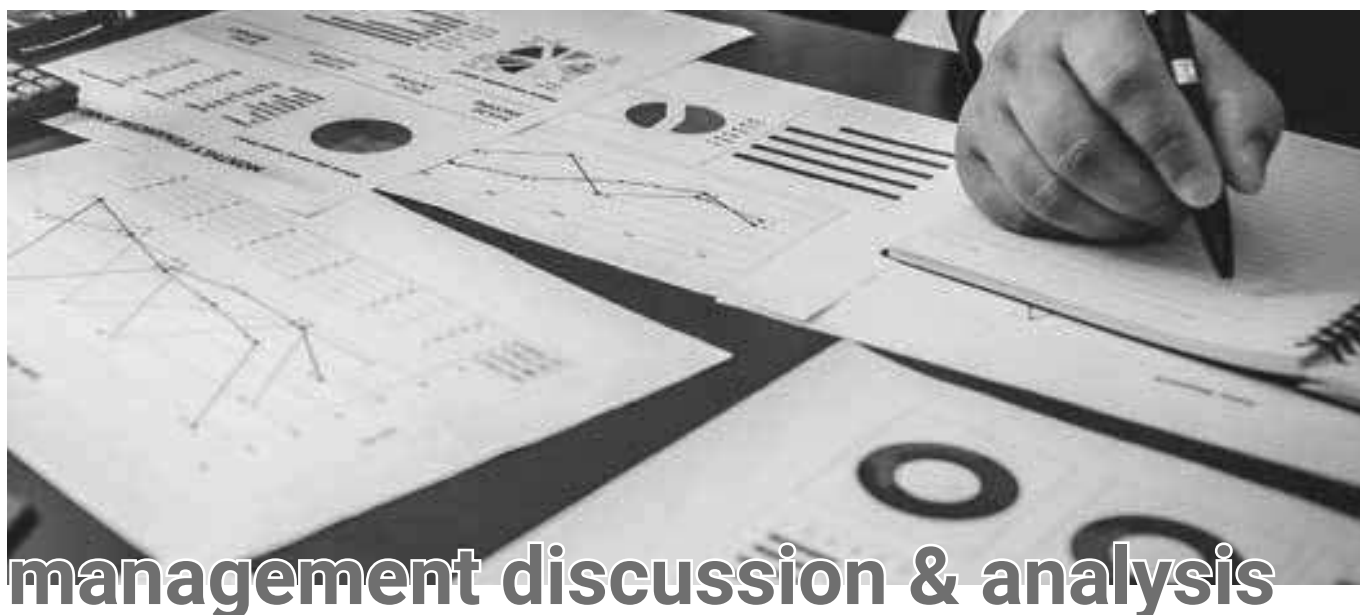
The compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to review the procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the Company.

In my opinion and to the best of our information and according to the explanations given to me, I certify that the Company has complied with the conditions of corporate governance as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date: 30.05.2020
Place: Hyderabad

S. CHIDAMBARAM
Practicing Company Secretary
CP No.: 2286
UDIN NO: F003935B000302046



Annexure II to Directors' Report

SPL - OVERVIEW :

Srikalahasthi Pipes Limited – SPL is one of the leading manufacturers of Ductile Iron Pipes (DI Pipes) having the manufacturing facility in Rachagunneri village on Tirupati – Srikalahasthi Road, Srikalahasthi Mandal, Chittoor Dist. Andhra Pradesh. The integrated facility comprises of Backward and Forward integration units in a centralized complex spread over 350 acres. The Company's D.I. pipes are supplied to various Water Boards, Municipal Corporations, Irrigation Departments, Railways and Turnkey Contractors across the country for their Water Infrastructure Projects which are the thrust area of the

Government of India. The Company also manufactures Low Ash Metallurgical Coke, Pig Iron and Cement and all these products are used for captive consumption and surplus is sold in the market. The Company operates predominantly in a single reportable segment viz., Ductile Iron Pipes

By virtue of core business of manufacture and supply of DI Pipes for the Water Infrastructure Projects across the country, the Company is categorized as Public Utility Services Industry engaged in Water Infrastructure Development in the Country.

Operational Performance:

| Product | Production (MT) | | Sales (MT) | |
|-------------------------|-----------------|----------|------------|----------|
| | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| Molten Metal/Pig Iron @ | 2,99,477 | 2,88,215 | 2,98,326 | 2,87,915 |
| D.I.Pipes | 2,93,491 | 2,98,514 | 2,85,848 | 2,90,873 |
| Lam Coke # | 1,67,240 | 1,70,607 | 1,75,101 | 1,59,700 |
| Cement \$ | 60,654 | 77,394 | 60,719 | 76,496 |
| Power (Lakh Units)^ | 902 | 953 | 902 | 953 |

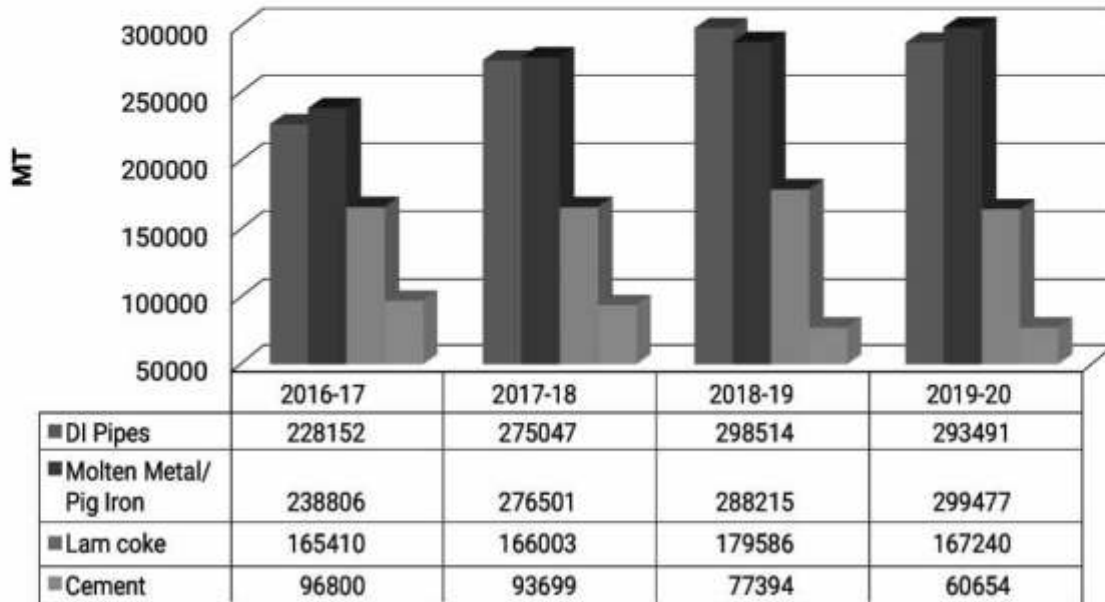
@ Sales include 2,89,705 MT (Previous year 2,86,616 MT) used for captive consumption.

Sales include 1,43,456 MT (Previous year 1,38,807 MT) used for captive consumption.

\$ Sales include 35,802 MT (Previous year 34,465 MT) used for captive consumption.

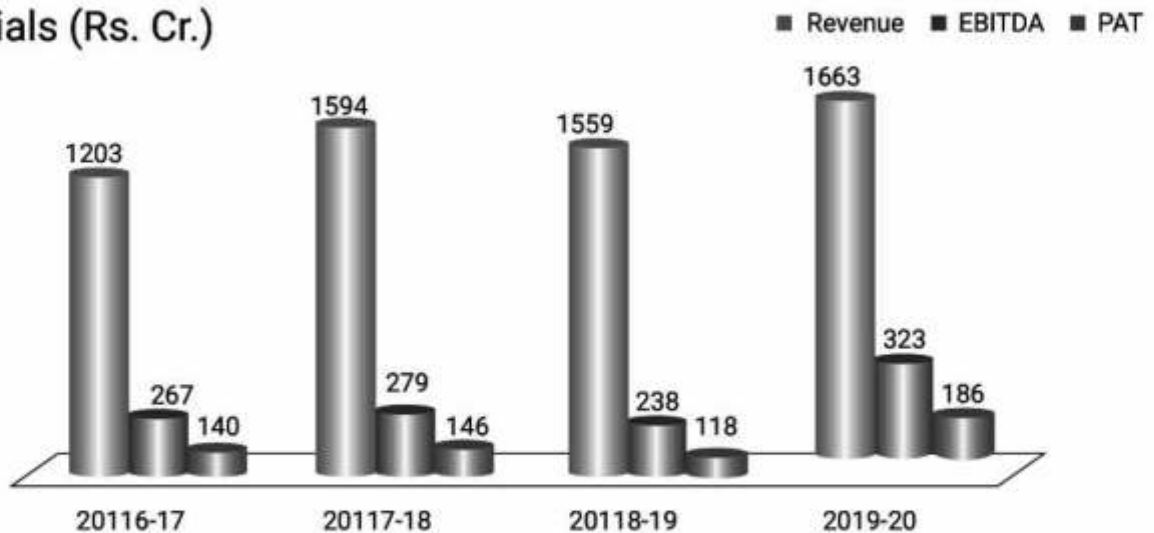
^ Captive Consumption

Production Performance 2016-17 – 2019-2020



Financial Performance :

Financials (Rs. Cr.)



Details of Sales Mix:

Rs. In Crores

| Revenue from sale of product | 2019-20 | 2018-19 |
|------------------------------|---------|---------|
| Ductile Iron Pipes | 1398.92 | 1345.59 |
| Pig Iron | 20.60 | 3.87 |
| Cement | 8.31 | 12.27 |
| Ferro Silicon | 4.35 | --- |
| Coke | 75.97 | 57.38 |
| Other products | 154.75 | 139.68 |

Details of Key Financial Ratios:

Operating Profit Margin witnessed a growth from 15% in the FY 2018-19 to 19% in the FY 2019-20 and Net Profit Margin increased from 7.5% in the FY 2018-19 to 11.3% in the FY 2019-20.

Inventory Turnover:

| | FY 2019-20 | FY 2018-19 |
|-------------------------|------------|------------|
| Avg. Inventory (Rs. Cr) | 351.0 | 315.0 |
| Avg. Turnover (Rs. Cr) | 128.0 | 122.0 |
| Ratio | 2.73 | 2.58 |

Net Worth:

Rs. In Crores

| | FY 2019-20 | FY 2018-19 |
|---------------|------------|------------|
| Share Capital | 46.70 | 46.70 |
| Other Equity | 1370.33 | 1215.69 |
| Net worth | 1417.03 | 1262.39 |

Total Debts:

Rs. In Crores

| Debt outstanding as at | 31.03.2020 | 31.03.2019 |
|---------------------------------------|------------|------------|
| Term Loans | 137.60 | 163.93 |
| Current Maturities of Long Term Debts | 46.21 | 34.10 |
| Working Capital Loans | 242.68 | 152.08 |
| Total Debts | 426.41 | 350.11 |

Debt Equity Ratio:

| | 31.03.2020 | 31.03.2019 |
|-----------------|------------|------------|
| Debt (Rs. Cr) | 183.81 | 198.03 |
| Equity (Rs. Cr) | 1417.03 | 1310.16 |
| Debt: Equity | 0.13:1.0 | 0.15:1.0 |

Indian Economy:

It is known fact that after the economic liberalization in the nineties, the Indian economy has been growing at an enviable rate. A steady growth in Gross Domestic Product (GDP) has been witnessed for more than two decades. This sustained economic growth has led to rapid urbanization all over India. As a result, villages are turning into towns, towns into cities and cities into megacities.

Demand for Potable Water Supply

Water, the basic essential need of life, is likely to pose the

greatest challenge on account of an increased demand with population rise and economic development, and shrinking supplies due to over-exploitation and pollution. The ever growing demand for safe water supply and disposal is fueling an increasing demand for pipes.

Demand for Water for Industries and Irrigation

Rapid economic development is bringing in more industries and with more industrialization the demand for Industrial water supply is also growing. Growth is also witnessed in the real estate and service industry which in turn further add to water demand.

India has a seasonal pattern of rainfall with 50% of precipitation falling in just 15 days. Over 90% of river flows for just four months. To ensure food security, this calls for regular irrigation of vast area of land to sustain agricultural activity. Traditionally irrigation in India has been mainly canal based. But due to ever increasing issues being faced for land acquisition and also to minimize transmission loss due to percolation and evaporation, there is growing acceptance of piped irrigation systems in the country. Whereas, many states have already switched over to Piped Irrigation System, other states are trying with model schemes, before going in big way. This has opened huge scope for use of pipes in the irrigation sector in the last few years and the same is expected to grow, as more and more states taste the benefits of Piped Irrigation System.

Demand for DI Pipes

Water and sewerage infrastructure development in Indian urban, sub-urban and rural sector continues to fuel the growth acceleration for the domestic DI Pipe Industry. With only around 31% of India's population currently urbanized, along with high population density, India's urbanization trends have scope to significantly accelerate and likely to be around 40% by 2030. Further, the country faces immense problem of drinking water supplies and has poor transmission and distribution networks for water. In addition there is fast growing demand from Irrigation sector, as discussed above. To cater these growing needs, the Indian pipe market is growing at the rate of ~10% every year for more than a decade now. The preference for use of DI Pipes is gaining new grounds, due to ever increasing need for conservation. DI Pipes, due to its popularity as 'Leak proof- Fit and Forget Pipe' very well fits into meeting this requirement.

Effect of COVID-19 on DI pipe Industry

At present almost the entire humankind is in the grip of a COVID-19 pandemic which has drastically altered the way we live, behave and do business and this happened within a very short time span catching us unguarded. Like many other countries, India with its 1.3 billion people was under a prolonged lockdown, which is probably the largest ever cessation of normal human activity in the history of mankind.

It has disrupted industrial and business activities and like many other industry sector, the iron and steel sector is also affected for the time being. However it is expected that it is a passing phase and industry will bounce back once this temporary phase is over. The following facts will indicate the effect of COVID-19 pandemic on the DI pipe Industry.

a) **Overall Economic condition** - The world economy is

now facing a down turn due to the pandemic. However considering the demographic spread, so far India has done better than many of the western counterpart to largely contain the rapid spread of the pandemic. With the lockdown gradually being relaxed in India, it is expected that industrial and business activities will restart very soon and the economy is expected to look up again.

b) **The Workforce** - India is fortunate to have one of the youngest work-forces in the world who are better suited to endure the effect of the pandemic. So, as the business activities are restarting, India will be comparatively quicker to regain the growth rate.

c) **The Industry Sector** - COVID 19 has varied effect on various Industry sector. Certain sectors are badly affected and some are not. The water supply sector caters to a fundamental and non-negotiable need- i.e. drinking water and sanitation. So in this sector, the decrease in demand may not be significant, but actual sourcing will be subdued to an extent due to diversion of funds for COVID 19 related activities.

d) **More Funding for the infrastructure sector** - GOI has already announced a series of economic measure to boost up the economy. The stimulus package amounting to Rs. 20 Lakh Crores has been announced. Major enhancement in spending is expected in the infrastructure sector, which also includes water supply.

e) **The Jal Jeevan Mission (JJM)** - The government has already initiated the Jal Jeevan Mission last year and expected to spend 3.5 lakh Crores in 5 years with a declared intention to bring piped water to every Indian house hold. A dedicated Ministry of Jal Shakti has been created for this purpose. Based on feed back from various state govt departments. It is expected that the spending on this mission will continue as planned. The minister for Jal Shakti, has given a very positive signal as late as May, 2020 that despite challenges posed by COVID 19 pandemic, the target of providing piped water to all household by 2024 is going on schedule. Considering that currently only ~18% of india's households have piped connections, this mission provides great potential for pipe industry and hence DI Pipes.

f) It is also learnt from the discussions with concerned govt officials that execution of Water Supply schemes under NRDWP and AMRUT will continue without interruption. Further, there are various projects funded by External agencies. These projects will also be executed as planned.

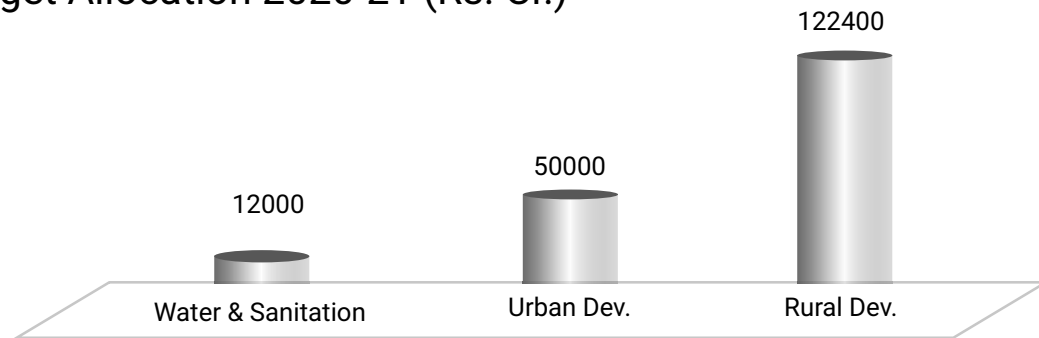
g) **Raw material supply** - The Mining sector comes under

essential services and largely remained unaffected. So no specific disruption of raw material availability or pricing is foreseen. So no appreciable effect on cost of production is expected.

All the above indicate that though the pandemic has some immediate effect on the Industry as a whole, it is a passing phase and the Industry and overall effect on DI Pipe industry will not be significant.

Estimated spend towards drinking water and sanitation, Rural and Urban Development Projects & Schemes :

Budget Allocation 2020-21 (Rs. Cr.)



Source: Ministry of drinking water & sanitation, Urban and Rural development.

Raw materials Management:

The Company strongly believes that effective and efficient functioning of the material management has direct bearing on the total performance of the organization. The Company's Material Management function is operated on an integrated basis and is focused on material forecasting, planning, and inventory control. With coordinated efforts on planning, controlling, organizing procurement of bulk raw materials like coal and iron ore on long term contract/spot market at competitive prices, the cost of raw materials as well as inventory carrying cost has been considerably reduced. Further efficient operation of Sinter plant coupled with maintaining cost-effective ratio of sinter and lump ore helped the Company in achieving considerable reduction in the cost of raw materials.

Quality Management System (QMS):

The Quality Control and Quality Assurance Team plays a pivotal role in understanding customer requirement and supplying products as per their requirements. Across the entire business chain of supplies, operations and marketing appropriate quality assurance systems are in place to ensure correctness of each stage of the cycle. The ISO 9001:2015 certification and the Kite Mark license issued by British Standards Institute, UK for the Ductile Iron Pipes manufactured by the Company are the testimony for the Company's commitment for the adherence to the quality standards.

For ensuring quality at every stage of operations, the

production processes are constantly monitored and controlled to ensure that the finished products are as per customer's requirements. The plant has well equipped laboratories with latest quality control and testing equipments. The Company has well documented Standard Operating Procedures (SOPs) and process controls for every stage of operation and the Quality Assurance Team ensures strict adherence to the SOPs to ensure achieving industrial quality benchmarks.

Safety, Health & Environment (SHE) :

At SPL, safety, health and environment are accorded the highest importance and considered an integral part of the business. The company has put in place a well established system for safety management supported with well defined Safety Policy that incorporates standard operating procedures, instructions, safe methods of work and work permit system.

The Company, in order to strengthen its safety standards further at a cultural level, continuously exposes its employees to behavioural safety education, training and practices. The emphasis of this initiative is to continuously strengthen the safety culture in the organization through a process reliant on behaviour-based safety observation.

The concept of reporting Safety Observations by cross functional teams is proving very effective in identification of unsafe conditions and acts across the integrated facility of the Company. Such safety observations identified by the cross functional teams will be followed up by the

teams along with safety department and ensure that the corrective and preventive measures are implemented with respect to the safety observations made by the cross functional teams.

The safety department regularly conducts audits in all plants with an objective to identify strengths and weaknesses of the current system, identify risks of personal injury, and promote employee participation and morale. The scope of the audit also includes proper and safe use of equipment and PPEs by employees.

As a part of safety governance mechanism, the Company has dedicated committees and various functional teams to ensure safety and implementation of our safety standards. The Safety committee meets periodically and reviews the safety performance every quarter. Training and awareness across the organisation continues to be considered as a key element of Safety Strategy. Aspects such as Safety Management Fundamentals, Incident Investigations, Contractor Safety Management are considered in training programmes for the employees as part of induction programme and also as refreshers to existing employees.

As regards environment management, the Company is always committed to ensure adherence to the mandatory standards by putting in place a robust Environmental Management Systems and Standard Operating Procedures. The Company actively benchmarks its environmental performance between its own Plants as well as peers and adopts best practices across Plant locations for maximum impact. The Company continued to drive a number of initiatives to reduce its environmental footprints.

Some of the noteworthy initiatives undertaken during the year are:

- Installed 12 Nos. continuous online stack emission monitors around the plant, apart from existing 17 Nos. to monitor and control stack emission, with real time data being linked to the servers of Central Pollution Control Board as well as State Pollution Control Board.
- In Coke Oven Plant, 12400 m² Coal storage yard with drain has been concreted to control the ground loss during handling and to collect coal wash during rainy season.
- Roof top rain water harvesting pit 2 Nos (25KL each) established to recharge rain water into the ground.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

SPL strongly believes that sustainable community development is essential for harmony between the community and the industry. It endeavors to make a

positive contribution to the underprivileged communities by supporting a varied range of socio-economic, educational and health initiatives, besides contributing for animal welfare. Further, the Company is determined to integrate its business values and operations to meet the expectations of all its stakeholders.

The Company understands its social responsibility and continues to advance its policies on corporate activities in social, environmental and ethical aspects by being responsive to its key stakeholders. The Company aims to support the socially economically backward groups and under privileged and marginalized sections of the society in providing support and assistance in improving the quality of life of people in the community. The Company continues to maintain sustainable growth together with society by carrying out activities based on the chosen pillars of Corporate Social Responsibility.

INFORMATION TECHNOLOGY (IT):

SPL recognizes the fact that self-reliance in technology is a pre-requisite for growth, especially in the context of globalization and expanding operations. The Company continues to leverage Information Technology (IT) as a key enabler of its strategy, business growth and competitiveness.

The Company is continuously focused on developing a business strategy with an IT component that is aligned with business objectives and is supported by sound business justification, which enables the organization to improve performance, increase productivity, and serve customers more effectively. IT provides employees, customers, suppliers, dealers and business partners with best in class technology solutions.

During the FY 2019-20, the IT function of the Company has successfully undertaken the following initiatives to further enhance overall organizational efficiency.

- Successful implementation of SAP HANA across the organization.
- Integration of auto E-Waybill system to SAP facilitating expeditious e-way bill generation.
- Implementation of e-mail security system for scanning of all the external mails as part of cyber security measures.

HUMAN RESOURCES MANAGEMENT:

The Company considers its human capital a critical factor to its success. In line with the Company's philosophy of continuously harnessing employee potential and developing them to become more capable professionals and future

leaders, the Company has been continuously focussing on developing a more effective and comprehensive strategy to address the key aspects of Human Resource Management.

SPL is highly committed to acquiring the best talent from the industry and nurturing & developing human assets to enhance its own function. It is vital that the selection procedure of the human assets should be such that the Company is in a position to select the best talent required for varied functions of the organization. In accordance with the objectives of the organization, the HR function of the Company is focused on creating a pool of skilled and capable employees through continuous learning and development initiatives.

The dedicated L&D function of the Company endeavours to provide on an average 2-3 days of training per employee on an annual basis. The training programme is conducted based upon the training needs identified. The participants are nominated for both in-house and external training. The L&D Department will plan for and execute the training initiatives on functional as well as behavioural / management training in close co-ordination with functional heads.

The new mentoring concept is under implementation across the organization. Mentoring refers to a developmental relationship where a more experienced person (the mentor) helps and guides a young and inexperienced pool of persons (the mentees) to better their professional career. Mentoring goes beyond the normal boss-subordinate relationship as it also involves sharing of professional skills, expertise and experience with the mentee. This initiative will do a world of good in developing interpersonal relationships and knowledge sharing.

The Company believes that with diversity and inclusion at workplace, it can leverage the multiplicity of skill sets in all its operations. The reward and recognition schemes of the Company continue to be instrumental in encouraging creativity and innovation among all levels of employees across the organization.

RISKS/CONCERNS & MITIGATION:

Risk management is an integral part of the Company's operations. The Risk Management Policy of the Company facilitates identification and analysis of various internal and external risks, their implication on the business and mitigation measures. All the risks are regularly reviewed and focused approach is undertaken to mitigate the risks to curtail its impact on the operations of the Company. The major risks and suggested mitigation measures are described as under.

Raw material Risk :

Any steep increase in the price of major raw materials like coking coal, iron ore etc., or their shortage or unavailability can adversely impact the Company's profitability and operations.

The Company controls such risk through dynamic sourcing strategy including constant review of market conditions and effective procurement planning in line with demand supply conditions. Besides this initiative, the Company has raw material pass-through clauses in some of its contracts to protect itself from input price volatility.

Funding Risk :

The Company's scale of investments in its expansionary projects entails large quantum of capital. Inability of the Company to source low cost funds and control debt levels may impact profitability.

With efficient financial planning and funding of expansion projects with a judicious mix of internal and external funds, the Company has maintained a reasonably healthy debt equity ratio. This apart, Company's consistent performance coupled with good credit rating ensures mobilization of funds from banks and financial institutions at a cheaper cost.

Competitors Risk:

In increasingly domestic market, the company may fall victim to competition resulting in reduced order book position leading to thinner profitability. The Company's constant thrust to maintain consistent quality, the ability to cater to the market driven product mix coupled with healthy brand image and efficient marketing strategy reduces the risk of competition and protects the market share of the Company.

Environmental Risk :

By virtue of its manufacturing process, the Company is exposed to the risk of environment pollution and if due care is not taken and proper attention is not drawn on environmental management, the Company may be bound to face objection from statutory bodies.

The Company's constant drive on implementation of effective environmental management systems, which include proper disposal of wastes and hazardous material, sticking to stringent self benchmarking norms through close monitoring of emission levels across all locations and ensuring regular compliance with various environmental legislations and best practices reduce the risk of environmental pollution.

Receivables Risk :

The Company by virtue of extending credit to its customers, being turnkey contractors and Government Bodies is exposed to credit risk in terms of non realization of book debts and delayed recovery of receivables thereby posing unexpected cash flow issues.

The effective credit risk management practices of the Company, which include regular evaluation of credibility of the customers, frequent review of credit limits of the customers and fixing/tightening credit limits in accordance with the financial strength and track record of the customers and securing major quantum of supplies with letters of credits and bank guarantees wherever necessary, will minimize the risk of receivables to a greater extent.

Foreign currency Risk:

The foreign exchange risk of the Company mainly arises on import of raw materials, machinery and exposure to External Commercial Borrowings.

The Company continuously monitors its foreign exchange exposure and hedges its foreign exchange risk exposure to the extent considered necessary through forward contracts and option structures.

Human resources Risk:

The Company, being manpower centric, the inability to attract and retain skilled manpower may pose threat for the efficient operation of its units.

With continuous focus on initiatives such as employee skilling, career development, engagement, motivation and appropriate recognition of performance ensure employee retention, minimizing the risk of people exodus.

As a part of the Company's strategic risk management processes, the risks faced by the Company and the corresponding risk mitigation plans deployed are being revisited at periodic intervals and the Company is on track in respect of its risk mitigation plans.

INTERNAL CONTROLS:

The Company has an adequate system of internal controls in place. It has documented policies and procedures covering

all financial and operating functions. These controls have been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls for ensuring reliability of financial reporting, monitoring of operations, and protecting assets from unauthorized use or losses, compliances with regulations. The Company has continued its efforts to align all its processes and controls with global best practices.

The Audit Committee comprising of independent directors regularly reviews the audit plans, significant audit findings, adequacy of internal controls, compliance with accounting standards as well as reasons for changes in accounting policies and practices, if any. State-of-the-art Enterprise Resource Planning connect the Company's different locations for efficient and seamless information exchange. Detailed business plans for each segment, investment strategies, year-on-year reviews, annual financial and operating plans and monthly monitoring are part of the established practices for all operating and service functions of the Company.

OUTLOOK:

The company is having comfortable order book for supply of Ductile Iron pipes. During this Covid-19 situation, safe and hygienic water supply is most important for the Government. Ductile Iron pipe is the safest and most suitable pipe for transportation of water not only in urban cities but also in rural India. The company is hopeful that Central and State Governments will continue to give priority and remain committed in respect of ongoing and future water supply, sewerage and irrigation projects in the country.

CAUTIONARY STATEMENT:

Statements in the Board's Report and the Management Discussion & Analysis describing the Company's objectives, expectations or forecasts may be forward looking within the meaning of applicable Securities Laws and Regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include domestic demand and supply conditions affecting selling prices of finished goods, input availability and prices, changes in Government Regulations, Tax Laws, Economic Developments within the country and other factors such as exchange rate fluctuations, interest and other costs.

Annexure III to Directors' Report**ANNUAL REPORT ON CSR INITIATIVES TO BE INCLUDED IN THE BOARD REPORT
BY QUALIFYING COMPANIES****1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken :**

Srikalahasthi Pipes Limited ("**SPL**") as a responsible corporate citizen recognizes and embraces its commitment to the communities in which it operates and it believes that private sector plays a vital role in creating a level playing field, driving innovation and building an environment that enhances education and entrepreneurship to foster economic growth. Our social investment strategy is based on our vision to help the society run better and improving people's lives. In continuation to its peripheral development initiatives, the Company shall allocate annually 2% of its average net profits, if any, of the three preceding years for Corporate Social responsibility (CSR) activities to be undertaken as approved by its Board. Any surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of the Company.

SPL's CSR thrust shall be in the field of Livelihood enhancement, Animal welfare, Health Care & Sanitation, Drinking Water, Education, Environmental Sustainability and Rural development projects. It will also undertake programs to promote rural sports and culture, conservation of natural resources, skill development, Entrepreneurship building, and other community need based infrastructure projects / activities as stated in schedule VII of the Companies Act 2013. SPL shall undertake CSR activities directly or indirectly through contributions to the corpus fund of the Charitable Trusts engaged in such activities. The detailed CSR Policy of the Company is available in the website of the Company www.srikalahasthipipes.com

2 The composition of the CSR Committee: The three member CSR Committee comprises of:

- 1) Mr.G.S.Rathi, Non-Independent Executive Director - Chairman,
- 2) Mr.R.K.Khanna, Non-executive Independent Director
- 3) Mrs. Priya Manjari Todi, Non-Executive Non-independent Director.

3. Average Net Profit after Tax of the company for last 3 financial years : Rs.17,380.86 Lakhs**4. Prescribed CSR expenditure (2% of the amount as in 3 above) : Rs.347.62 Lakhs**

(Contd.)

5. Details of CSR activities/projects undertaken during the year:

- Total amount to be spent for the FY : Rs.347.62 Lakhs
- Amount un-spent, if any : Rs.5.04 Lakhs
- Manner in which the amount spent during the financial year is detailed below :-

Fig. in INR

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|------|--|--|---|--|---|---|--|
| S.No | CSR Project or activity identified | Sector in which the project is covered | "Projects of programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken" | Amount outlay (Budget) project or programme wise | Amount spent on the projects or programs sub-heads :(1) Direct expenditure on projects of program (2) overheads : | Cumulative exp. upto the reporting date | Amount spent direct or through implementing agency |
| 1 | Organizing Medical camps in nearby villages and contribution for medical relief/assistance | Medical and Health care - Rural Development | Local Area - Chittoor Dist- Andhra Pradesh Kolkata - West Bengal | 51,56,613.00 | 51,56,613.00 | 51,56,613.00 | Direct |
| 2 | School/College Building Development, Infrastructure facilities, Educational assistance, etc. | Promoting Education | Local Area - Chittoor Dist- Andhra Pradesh Chennai - Tamil Nadu | 11,11,046.00 | 11,11,046.00 | 11,11,046.00 | Direct |
| 3 | Local Village development - Skill development - Women empowerment. | Rural Development Project | Local Area - Chittoor Dist- Andhra Pradesh | 2,99,696.00 | 2,99,696.00 | 2,99,696.00 | Direct |
| 4 | Contribution for war widows/dependents | Measures for the benefit of armed forces/war widows. | New Delhi | 2,50,000.00 | 2,50,000.00 | 2,50,000.00 | Direct |
| 5 | Development of Temples for protection of heritage and art and organizing local cultural festivals etc. | Protection of heritage, art and culture | Local Area - Chittoor Dist- Andhra Pradesh | 3,46,000.00 | 3,46,000.00 | 3,46,000.00 | Direct |
| 6 | Contribution to animal shelters and rehabilitation center. | Animal Welfare/Rural Development Project | Local Area - Chittoor Dist- Andhra Pradesh/ Jalore - Rajasthan | 2,75,05,596.00 | 2,70,01,596.00 | 2,70,01,596.00 | Direct |
| 7 | Exp. Incurred towards fighting COVID-19 pandemic | Medical and Health care - Rural Development | Local Area - Chittoor Dist- Andhra Pradesh | 93,273.00 | 93,273.00 | 93,273.00 | Direct |
| | | | | 3,47,62,224.00 | 3,42,58,224.00 | 3,42,58,224.00 | |

6. Reasons for not spending the prescribed amount of CSR are given in the Directors' Report.

7. CSR Committee hereby certify that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

Mayank Kejriwal
Managing Director

G.S.RATHI
Chairman CSR Committee

Annexure – IV to Directors' Report

Disclosure under Section 197 (12) read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2019-20:

| Name of Director | Ratio |
|------------------------|--------|
| Mr R.K.Khanna | 4.26 |
| Mr Mayank Kejriwal | 442.85 |
| Mr G.S.Rathi | 77.65 |
| Mr V. Poyyamozhi | 46.80 |
| Mrs S.Hemamalini | 3.39 |
| Mr T. Venkatesan | 3.70 |
| Mr X.J.J. Abraham | 3.07 |
| Mrs Priya Manjari Todi | 32.38 |
| Mr Ashutosh Agarwal | 3.67 |

2. Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2019-20:

| Name of Director / KMP | Designation | % of increase / decrease |
|------------------------------|--|--------------------------|
| Mr. R.K. Khanna | Non Executive- Independent Director | -5.37 |
| Mr. Mayank Kejriwal | Managing Director | 50.63 |
| Mr. G.S. Rathi | Whole-time Director | 3.68 |
| Mr. V. Poyyamozhi (a) | Whole-time Director | -9.81 |
| Mrs. S. Hemamalini | Non Executive- Independent Director | 23.81 |
| Mr. T. Venkatesan (b) | Non Executive- Independent Director | 54.26 |
| Mr. X.J.J. Abraham (c) | Non Executive- Independent Director | --- |
| Mrs. Priya Manjari Todi | Non-executive - Non-Independent Director | 28.51 |
| Mr. Ashutosh Agarwal (d) | Non-executive - Non-Independent Director | 19.39 |
| Mr. N. Sivalai Senthilnathan | Chief Financial Officer | 7.74 |
| Mr. G. Kodanda Pani | Company Secretary | 18.90 |

Notes :

- Ceased to be director due to resignation with effect from 3rd February, 2020. As he was employed for the part of the year during FY 2019-20, percentage of increase/decrease is not comparable.
 - Percentage of increase is not comparable, as he was director for the part of the year during FY 2018-19.
 - Appointed as director during the FY 2019-20. Hence percentage of increase is not given.
 - Percentage of increase is not comparable as he was director for the part of year during FY 2018-19.
3. The percentage increase in the median remuneration of employees in the financial year 2019-20 was 9.60%.
4. Number of permanent employees on the rolls of company are 1338 as on 31st March, 2020.
5. Relation between average increase in remuneration and Company's performance:
The Company's profit before tax for the financial year 2019-20 was Rs.236.52 Crs as against Rs.160.01 Crs for FY 2018-19. The increase in the median remuneration in the FY 2019-20 is 9.60%. The increase in median remuneration is based on performance based increments and prevailing market trend. The remuneration of managerial personnel is linked to profit as per the relevant provisions of the Companies Act, 2013.

6. Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company:

The average remuneration of Key Managerial Personnel in the FY 2019-20 increased by 32.80%, which included the profit linked commission to Managing Director and Whole-time Directors. The profit before tax in the FY 2019-20 increased by about 47.78% and the remuneration of the Key Managerial Personnel as a percentage of profit before tax is 6.9%.

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

Average % increase in salaries (median remuneration) of employees, other than managerial personnel in the Financial Year i.e. 2019-20 was around 9.60% and the percentage increase in the managerial remuneration for the said Financial Year was 32.80%. The increase in the remuneration of other than managerial personnel was due to performance based annual increments of the employees and prevailing market trend. The remuneration and profit related commission of managerial personnel is linked to profit as per the provisions of the Companies Act, 2013.

8. Variation in market capitalization and price to earnings ratio is as under:

| Particulars | FY 2018 – 19 | FY 2019 – 20 |
|-------------------------|---------------|--------------|
| Market Capitalization # | Rs.1069.63 Cr | Rs.516.25 Cr |
| EPS | Rs.25.17 | 40.19 |
| Price Earnings Ratio | 9.18 | 2.74 |

Market capitalization shown above is based on the closing share price of the Company traded on BSE as on the last trading day of respective financial years.

9. No public offer has been made during last 5 years by the Company; hence percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer is not applicable to the company.
10. The Commission to the directors of the company has been paid as approved u/s 197 and 198 of the Companies Act, 2013 which is dependent on the profitability of the Company.
11. 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 - Not Applicable
12. The remuneration paid for directors, key managerial personnel and other employees is as per the Nomination and Remuneration Policy of the Company.

Annexure – V to Directors' Report

Information under Section 134(3)(m) of the Act read with Rule 8 of The Companies (Accounts) Rules 2014 and forming part of the Directors' Report:

A. CONSERVATION OF ENERGY:

The Company continued its efforts to improve energy usage efficiencies. Various key parameters like specific energy consumption, energy cost are continuously tracked to monitor alignment with the Company's overall sustainability approach. The Company has a process to identify and evaluate energy risks and opportunities, taking into account techno-commercial feasibility and other aspects. Accordingly, phased implementation of energy conservation initiatives are carried out and innovative ways and new technologies are constantly explored for energy conservation and cost reduction. Some of the energy conservation initiatives taken during the FY 2019-20 and proposed to be taken are given below:

a) Steps taken for energy conservation:

1. Battery No. - 3 of Coke Oven Plant is revamped to optimise the energy efficiency.
2. Total 3500 m2 coal yard flooring completed in COP to arrest ground losses of coal.
3. One Block of Battery no. – 2 of Coke Oven Plant revamped to optimise the energy efficiency.
4. By arresting compressed air leakages in MBF, power consumption has been reduced.
5. Partial reduction of damper control in MBF during night times in summer season and two blower operation during rainy season resulted in power saving.
6. Installed power capacitors in MBF and conventional lighting have been replaced with LED lights across the complex to improve power factor and energy efficiency.
7. In mould shop, interlocking system provided between various equipment's to avoid the idle running and to save the energy.
8. In DIP, Automation completed in spinning machine 5,6,7 & 8 to optimise the efficiency.
9. In DIP, installed 20 numbers of digital energy meters for identification and monitoring of energy conservation.
10. Closing of induction furnace top cover lid during heating cycle to avoid heat loss through opening.
11. In DIP, air compressor KP-18 has been replaced with energy efficient compressor to minimize energy loss.

b) Additional investments & proposals, if any being implemented for reduction of consumption of energy:

1. Installation of Energy efficient furnaces, in place of 2nd & 3rd induction furnaces.
2. Installation of new Annealing furnace – 3 for effective utilization of Blast Furnace gas.
3. Enhancement of smaller dia converter from 2.5 tons to 4.0 tons to optimize the efficiency.
4. Conversion of Spinning machine from 1100 dia to 1200 dia pipe to optimize the efficiency.
5. Modification of Finishing line-4 to optimize the efficiency.
6. Installation of additional turbine for effective utilization of steam generation from Boiler No.4.
7. Expansion of sewage treatment plant for further ground water conservation.
8. Installation of variable frequency drives (VFD's) for various applications like spinning machine-3 mould drive, Magnesium deducting blowers, Zinc coating, de-dusting blowers and cranes in DIP to facilitate further power reduction.
9. Installation of new charging cum pusher car in COP to optimize the efficiency.
10. Construction of new quenching tower in COP to minimize the coke burning losses.
11. Construction of additional 11 ovens in Battery-1 of COP and boiler-1 modification to optimize the efficiency.
12. Revamping of COP battery No.1&2 to optimise the efficiency.
13. To carry out concreting of additional coal yard in COP to arrest further ground losses of coal/Coke.
14. Installation of variable frequency drives(VFD's) for various application in MBF like CPP ID fan and MBF CA fan.
15. Addition of 4th Kalugin shaft less stove to optimize the fuel efficiency.

c) Benefits derived from the above initiatives (a) and (b):-

Above initiatives resulted in reduction of specific overall power consumption per ton of Ductile Iron Pipes by 2% compared to 2018-19, apart from other benefits viz. water and energy conservation and minimization of environmental hazards.

B. Foreign Exchange Earning & Outgo

(Rs. Crores)

| Particulars | 2019-20 | 2018-19 |
|--------------------------|---------|---------|
| Foreign Exchange Earning | 9.89 | 5.84 |
| Foreign Exchange Outgo | 549.80 | 587.01 |

Annexure – VI to Directors' Report**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

[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,
Srikalahasthi Pipes Limited
Rachgunneri Village, Srikalahasthi Mandal,
Chittoor Dist. - 517641 AP

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Srikalahasthi Pipes Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my 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 and declarations made by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2020 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company" for the financial year ended on 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) 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;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - (vi) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

As per the information and explanation given to us there are no specific Acts or regulations applicable to the Company for the type of business carried out during the financial Year ended 31st March 2020.

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

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

Annexure – VI to Directors' Report

(ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited;

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

I further report that The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review

were carried out in compliance with the provisions of the Act.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines

Place: Hyderabad
Date: 28.05.2020

Signature:
S. Chidambaram
Practicing Company Secretary
FCS No. 3935
C P No: 2286
UDIN No: F003935B000292278

To
The Members,
Srikalahasthi Pipes Limited, Rachgunneri Village,
Srikalahasthi Mandal, Chittoor Dist. - 517641 AP.

My Secretarial Audit Report of even date is to be read along with this letter.

- 1 The maintenance of Secretarial records is the responsibility of the Management of the Company. Further, the Company is also responsible for devising proper systems and process to ensure the compliance of the various statutory requirements and Governance systems.
- 2 It is the responsibility of the Management of the Company to ensure that the systems and process devised for operating effectively and efficiently.
- 3 My responsibility is to express an opinion on these secretarial records based on my audit.
- 4 I have followed the audit practices and process 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. I believe that the process and practices followed provide a reasonable basis for my opinion.
- 5 Wherever required, I have obtained the Management representations about the compliance of laws, rules and regulations and happening of events etc.
- 6 The Compliance of the provisions of other applicable laws, rules and regulations is the responsibility of the management. My examination was limited to the verification of procedure on test basis.
- 7 The secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Place: Hyderabad
Date: 28.05.2020

Signature:
S. Chidambaram
Practicing Company Secretary
FCS No. 3935
C P No: 2286
UDIN No: F003935B000292278

Annexure – VII to Directors' Report

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2020**

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

I. REGISTRATION AND OTHER DETAILS:

- i) CIN:- L74999AP1991PLC013391
- ii) Registration Date : 1st November, 1991
- iii) Name of the Company : Srikalahasthi Pipes Limited
- iv) Category / Sub-Category of the Company : Company limited by shares/Indian Non-Government Company.
- v) Address of the Registered office and contact Details :
Rachagunneri – 517 641
Srikalahasthi Mandal
Chittoor District
Andhra Pradesh
Website : www.srikalahasthipipes.com
Phone : 08578 – 286650 - 655
Fax : 08578 – 286688
- vi) Whether listed company – Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent :
Cameo Corporate Services Limited
#1, Club House Road, Chennai 600 002
Ph: 044-40020718 (Direct) / 28460390 (Gen).
Contact Person : Ms R. Komala, Sr.Manager

II. PRINCIPAL BUSINESS ACTIVITES OF THE COMPANY:

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

| Sl.No. | Name & Description of Main products/ Services | NIC Code of the Product/ Service | % to total turnover of the Company |
|--------|---|----------------------------------|------------------------------------|
| 1 | Ductile Iron Pipes | 24311 | 84% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

| S.No. | Name & Address of the Company | CIN/GIN | Holding/Subsidiary/ Associate | % of shares held | Applicable Section |
|-------|-------------------------------|---------|-------------------------------|------------------|--------------------|
| 1 | --- | --- | --- | --- | --- |

Annexure – VII to Directors' Report

IV. SHAREHOLDING PATTERN (Equity share capital break up as percentage of total equity)

i) Category wise shareholding

| Sl.No. | CATEGORY OF SHAREHOLDER | NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01/04/2019 | | | | NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2020 | | | | % CHANGE DURING THE YEAR |
|--|--|--|----------|-----------------|-------------------|--|----------|-----------------|-------------------|--------------------------|
| | | DEMAT | PHYSICAL | TOTAL | % OF TOTAL SHARES | DEMAT | PHYSICAL | TOTAL | % OF TOTAL SHARES | |
| (I) | (II) | (III) | (IV) | (V) | (VI) | (VII) | (VIII) | (IX) | (X) | (XI) |
| (A) SHAREHOLDING OF PROMOTER AND PROMOTER GROUP | | | | | | | | | | |
| (1) INDIAN | | | | | | | | | | |
| (a) | Individual /HUF | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| (b) | Central Government/ State Government(s) | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| (c) | Bodies Corporate | 22259106 | 0 | 22259106 | 47.6656 | 22483513 | 0 | 22483513 | 48.1462 | 0.4805 |
| (d) | Financial Institutions / Banks | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| (e) | Any Other | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub-Total A(1) : | 22259106 | 0 | 22259106 | 47.6656 | 22483513 | 0 | 22483513 | 48.1462 | 0.4805 |
| (2) FOREIGN | | | | | | | | | | |
| (a) | Individuals (NRIs/Foreign Individuals) | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| (b) | Bodies Corporate | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| (c) | Institutions | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| (d) | Qualified Foreign Investor | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| (e) | Any Others | | | | | | | | | |
| | Sub-Total A(2) : | | | | | | | | | |
| | Total A=A(1)+A(2) | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| | TOTAL SHARE HOLDING OF PROMOTER AND PROMOTER GROUP (A) = (A) (1)+(A)(2) | 22259106 | 0 | 22259106 | 47.6656 | 22483513 | 0 | 22483513 | 48.1462 | 0.4805 |
| (B) PUBLIC SHAREHOLDING | | | | | | | | | | |
| (1) INSTITUTIONS | | | | | | | | | | |
| (a) | Mutual Funds / UTI | 6641658 | 0 | 6641658 | 14.2224 | 4467824 | 0 | 4467824 | 9.5674 | -4.6550 |
| (b) | Financial Institutions / Banks | 57164 | 0 | 57164 | 0.1224 | 96004 | 0 | 96004 | 0.2055 | 0.0831 |

Annexure – VII to Directors' Report

| Sl.No. | CATEGORY OF SHAREHOLDER | NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01/04/2019 | | | | NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2020 | | | | % CHANGE DURING THE YEAR |
|-----------------------|--|--|----------|----------------|-------------------|--|----------|----------------|-------------------|--------------------------|
| | | DEMAT | PHYSICAL | TOTAL | % OF TOTAL SHARES | DEMAT | PHYSICAL | TOTAL | % OF TOTAL SHARES | |
| (I) | (II) | (III) | (IV) | (V) | (VI) | (VII) | (VIII) | (IX) | (X) | (XI) |
| (c) | Central Government / State Government(s) | 243750 | 0 | 243750 | 0.5219 | 243750 | 0 | 243750 | 0.5219 | 0.0000 |
| (d) | Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) | Insurance Companies | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| (f) | Foreign Institutional Investors | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| (g) | Foreign Venture Capital Investors | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| (h) | Qualified Foreign Investor | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| (i) | Any Others | | | | | | | | | |
| | Alternate Investment Funds | 269318 | 0 | 269318 | 0.5767 | 491476 | 0 | 491476 | 1.0524 | 0.4757 |
| | Foreign Portfolio Investor (Corporate) Category I | 0 | 0 | 0 | 0.0000 | 871608 | 0 | 871608 | 1.8664 | 1.8664 |
| | Foreign Portfolio Investor (Corporate) Category II | 443850 | 0 | 443850 | 0.9504 | 1461926 | 0 | 1461926 | 3.1305 | 2.1801 |
| | | 713168 | 0 | 713168 | 1.5271 | 2825010 | 0 | 2825010 | 6.0494 | 4.5222 |
| | Sub-Total B(1) : | 7655740 | 0 | 7655740 | 16.3940 | 7632588 | 0 | 7632588 | 16.3444 | -0.0495 |
| (2) | NON-INSTITUTIONS | | | | | | | | | |
| (a) | Bodies Corporate | 2819024 | 204875 | 3023899 | 6.4753 | 2020526 | 204875 | 2225401 | 4.7654 | -1.7099 |
| (b) | Individuals | | | | | | | | | |
| | (i) Individual share holding nominal share capital upto Rs.1 lakh | 7542741 | 157226 | 7699967 | 16.4887 | 8056952 | 154056 | 8211008 | 17.5830 | 1.0943 |
| | ii Individual Shareholders Holding Nominal Share Capital In Excess Of Rs. 1 Lakh | 4512363 | 0 | 4512363 | 9.6627 | 4155826 | 0 | 4155826 | 8.8992 | -0.7634 |
| (c) | Qualified Foreign Investor | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| (d) Any others | | | | | | | | | | |
| | Clearing Members | 143413 | 0 | 143413 | 0.3071 | 429484 | 0 | 429484 | 0.9196 | 0.6125 |

Annexure – VII to Directors' Report

| | | | | | | | | | | |
|--|--|-----------------|---------------|-----------------|-----------------|-----------------|---------------|-----------------|-----------------|----------------|
| | Hindu Undivided Families | 646225 | 0 | 646225 | 1.3838 | 751426 | 0 | 751426 | 1.6091 | 0.2252 |
| | IEPF | 188805 | 0 | 188805 | 0.4043 | 188530 | 0 | 188530 | 0.4037 | -0.0005 |
| | Non Resident Indians | 485989 | 76850 | 562839 | 1.2052 | 554828 | 52553 | 607381 | 1.3006 | 0.0953 |
| | Trusts | 6050 | 0 | 6050 | 0.0129 | 13250 | 0 | 13250 | 0.0283 | 0.0154 |
| | | 1470482 | 76850 | 1547332 | 3.3134 | 1937518 | 52553 | 1990071 | 4.2615 | 0.9480 |
| | SUB - TOTAL (B)(2) | 16344610 | 438951 | 16783561 | 35.9403 | 16170822 | 411484 | 16582306 | 35.5093 | -0.4309 |
| | | | | | | | | | | |
| | Total Public Shareholding (B) = (B)(1)+(B)(2) | 24000350 | 438951 | 24439301 | 52.3343 | 23803410 | 411484 | 24214894 | 51.8537 | -0.4805 |
| | Total (A+B) : | 46259456 | 438951 | 46698407 | 100.0000 | 46286923 | 411484 | 46698407 | 100.0000 | 0.0000 |
| (C) Shares held by custodians, against which Depository Receipts have been issued | | | | | | | | | | |
| (1) | Promoter and Promoter Group | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| (2) | Public | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| | Total Custodian (C) | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| | GRAND TOTAL (A+B+C) | 46259456 | 438951 | 46698407 | 100.0000 | 46286923 | 411484 | 46698407 | 100.0000 | 0.0000 |

ii. Shareholding of promoters & Promoter Group

| Sl. No. | Shareholders name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|---------|--|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of shares | % of total shares of the company | % of shares pledged / encumbered to total shares | No. of shares | % of total shares of the company | % of shares pledged / encumbered to total shares | |
| 1 | Electrosteel Castings Limited | 12296315 | 26.3313 | 0.0000 | 12296315 | 26.3313 | 0.0000 | 0.0000 |
| | Having Same Pan | | | | | | | |
| 1 | Electrosteel Castings Limited | 7004903 | 15.0003 | 0.0000 | 7004903 | 15.0003 | 15.0003 | 0.0000 |
| | | | | | | | | |
| 2 | Murari Investment & Trading Company Ltd. | 1008485 | 2.1595 | 0.0000 | 1060385 | 2.2707 | 0.0000 | 0.1111 |
| | | | | | | | | |
| 3 | G.K.investments Ltd. | 909358 | 1.9472 | 0.0000 | 966258 | 2.0691 | 0.0000 | 0.1218 |
| | | | | | | | | |
| 4 | G. K. & Sons Private Ltd | 607129 | 1.3001 | 0.0000 | 607129 | 1.3001 | 0.0000 | 0.0000 |
| | | | | | | | | |
| 5 | Uttam Commercial Company Ltd. | 432916 | 0.9270 | 0.0000 | 548523 | 1.1746 | 0.0000 | 0.2475 |

Annexure – VII to Directors' Report

iii. Deatail of change in Promoters' Shareholding :

| Sl. No. | Shareholding at the beginning of the Year | | | Cumulative Shareholding during the Year | |
|---------|---|--------------|----------------------------------|---|----------------------------------|
| | Name of the Share Holder | No of Shares | % of total shares of the company | No of Shares | % of total shares of the company |
| 1 | ELECTROSTEEL CASTINGS LIMITED | | | | |
| | At the beginning of the year 30-Mar-2019 | 12296315 | 26.3313 | 12296315 | 26.3313 |
| | At the end of the Year 31-Mar-2020 | 12296315 | 26.3313 | 12296315 | 26.3313 |
| | HAVING SAME PAN | | | | |
| 1 | ELECTROSTEEL CASTINGS LIMITED | | | | |
| | At the beginning of the year 30-Mar-2019 | 7004903 | 15.0003 | 7004903 | 15.0003 |
| | At the end of the Year 31-Mar-2020 | 7004903 | 15.0003 | 7004903 | 15.0003 |
| 2 | MURARI INVESTMENT & TRADING COMPANY LTD. | | | | |
| | At the beginning of the year 30-Mar-2019 | 1008485 | 2.1595 | 1008485 | 2.1595 |
| | Purchase 05-Apr-2019 | 51900 | 0.1111 | 1060385 | 2.2707 |
| | At the end of the Year 31-Mar-2020 | 1060385 | 2.2707 | 1060385 | 2.2707 |
| 3 | G.K.INVESTMENTS LTD. | | | | |
| | At the beginning of the year 30-Mar-2019 | 909358 | 1.9472 | 909358 | 1.9472 |
| | Purchase 05-Apr-2019 | 1900 | 0.0040 | 911258 | 1.9513 |
| | Purchase 28-Jun-2019 | 24000 | 0.0513 | 935258 | 2.0027 |
| | Purchase 13-Dec-2019 | 26000 | 0.0556 | 961258 | 2.0584 |
| | Purchase 20-Mar-2020 | 5000 | 0.0107 | 966258 | 2.0691 |
| | At the end of the Year 31-Mar-2020 | 966258 | 2.0691 | 966258 | 2.0691 |
| 4 | G. K. & SONS PRIVATE LTD | | | | |
| | At the beginning of the year 30-Mar-2019 | 607129 | 1.3001 | 607129 | 1.3001 |
| | At the end of the Year 31-Mar-2020 | 607129 | 1.3001 | 607129 | 1.3001 |
| 5 | UTTAM COMMERCIAL COMPANY LTD. | | | | |
| | At the beginning of the year 30-Mar-2019 | 432916 | 0.9270 | 432916 | 0.9270 |
| | Purchase 13-Dec-2019 | 13660 | 0.0292 | 446576 | 0.9562 |
| | Purchase 20-Dec-2019 | 91697 | 0.1963 | 538273 | 1.1526 |
| | Purchase 27-Dec-2019 | 250 | 0.0005 | 538523 | 1.1531 |
| | Purchase 20-Mar-2020 | 10000 | 0.0214 | 548523 | 1.1746 |
| | At the end of the Year 31-Mar-2020 | 548523 | 1.1746 | 548523 | 1.1746 |

iv. Shareholding pattern of top ten shareholders (Other than Directors, Promoters and Holders of GDRs & ADRs.) :

| Sl. No. | Name of the Share Holder | 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 |
| 1 | RELIANCE CAPITAL TRUSTEE CO. LTD-A/C RELIANCESMALL JT1 : CAP FUND | | | | |

Annexure – VII to Directors' Report

| | | | | | |
|---|--|---------|--------|---------|--------|
| | At the beginning of the year 30-Mar-2019 | 1764152 | 3.7777 | 1764152 | 3.7777 |
| | Purchase 28-Jun-2019 | 635 | 0.0013 | 1764787 | 3.7791 |
| | Purchase 12-Jul-2019 | 50000 | 0.1070 | 1814787 | 3.8861 |
| | Purchase 31-Dec-2019 | 46000 | 0.0985 | 1860787 | 3.9846 |
| | At the end of the Year 31-Mar-2020 | 1860787 | 3.9846 | 1860787 | 3.9846 |
| | HAVING SAME PAN | | | | |
| 1 | RELIANCE CAPITAL TRUSTEE CO LTD-A/C | | | | |
| | RELIANCE CAPITAL \$ | | | | |
| | JT1 : AL BUILDER FUND 4 SR C | | | | |
| | At the beginning of the year 30-Mar-2019 | 138696 | 0.2970 | 138696 | 0.2970 |
| | At the end of the Year 31-Mar-2020 | 138696 | 0.2970 | 138696 | 0.2970 |
| | | | | | |
| 2 | DSP SMALL CAP FUND | | | | |
| | At the beginning of the year 30-Mar-2019 | 1066889 | 2.2846 | 1066889 | 2.2846 |
| | At the end of the Year 31-Mar-2020 | 1066889 | 2.2846 | 1066889 | 2.2846 |
| | HAVING SAME PAN | | | | |
| | | | | | |
| 2 | DSP EQUITY & BOND FUND \$ | | | | |
| | At the beginning of the year 30-Mar-2019 | 832177 | 1.7820 | 832177 | 1.7820 |
| | Sale 12-Apr-2019 | -102659 | 0.2198 | 729518 | 1.5621 |
| | Sale 26-Apr-2019 | -6258 | 0.0134 | 723260 | 1.5487 |
| | Sale 03-May-2019 | -4086 | 0.0087 | 719174 | 1.5400 |
| | Sale 10-May-2019 | -24502 | 0.0524 | 694672 | 1.4875 |
| | Sale 24-May-2019 | -40992 | 0.0877 | 653680 | 1.3997 |
| | Sale 31-May-2019 | -423415 | 0.9067 | 230265 | 0.4930 |
| | Sale 07-Jun-2019 | -648 | 0.0013 | 229617 | 0.4917 |
| | Sale 14-Jun-2019 | -173317 | 0.3711 | 56300 | 0.1205 |
| | Sale 21-Jun-2019 | -435 | 0.0009 | 55865 | 0.1196 |
| | Sale 28-Jun-2019 | -55865 | 0.1196 | 0 | 0.0000 |
| | At the end of the Year 31-Mar-2020 | 0 | 0.0000 | 0 | 0.0000 |
| | HAVING SAME PAN | | | | |
| | | | | | |
| 2 | DSP TAX SAVER FUND | | | | |
| | At the beginning of the year 30-Mar-2019 | 779476 | 1.6691 | 779476 | 1.6691 |
| | Purchase 12-Apr-2019 | 80000 | 0.1713 | 859476 | 1.8404 |
| | Purchase 19-Apr-2019 | 30000 | 0.0642 | 889476 | 1.9047 |
| | At the end of the Year 31-Mar-2020 | 889476 | 1.9047 | 889476 | 1.9047 |
| | HAVING SAME PAN | | | | |
| | | | | | |
| 2 | DSP EQUITY FUND \$ | | | | |
| | At the beginning of the year 30-Mar-2019 | 554784 | 1.1880 | 554784 | 1.1880 |
| | Sale 12-Apr-2019 | -68440 | 0.1465 | 486344 | 1.0414 |
| | Sale 26-Apr-2019 | -4173 | 0.0089 | 482171 | 1.0325 |
| | Sale 03-May-2019 | -2723 | 0.0058 | 479448 | 1.0266 |
| | Sale 10-May-2019 | -16335 | 0.0349 | 463113 | 0.9917 |
| | Sale 24-May-2019 | -27328 | 0.0585 | 435785 | 0.9331 |

| | | | | | |
|---|--|---------|--------|--------|--------|
| | Sale 31-May-2019 | -282276 | 0.6044 | 153509 | 0.3287 |
| | Sale 07-Jun-2019 | -431 | 0.0009 | 153078 | 0.3278 |
| | Sale 14-Jun-2019 | -115545 | 0.2474 | 37533 | 0.0803 |
| | Sale 21-Jun-2019 | -290 | 0.0006 | 37243 | 0.0797 |
| | Sale 28-Jun-2019 | -37243 | 0.0797 | 0 | 0.0000 |
| | At the end of the Year 31-Mar-2020 | 0 | 0.0000 | 0 | 0.0000 |
| | HAVING SAME PAN | | | | |
| 2 | DSP INDIA T.I.G.E.R. FUND \$ | | | | |
| | At the beginning of the year 30-Mar-2019 | 349514 | 0.7484 | 349514 | 0.7484 |
| | Sale 17-Jan-2020 | -349514 | 0.7484 | 0 | 0.0000 |
| | At the end of the Year 31-Mar-2020 | 0 | 0.0000 | 0 | 0.0000 |
| 3 | ANIL KUMAR GOEL | | | | |
| | At the beginning of the year 30-Mar-2019 | 992000 | 2.1242 | 992000 | 2.1242 |
| | Purchase 06-Dec-2019 | 1000 | 0.0021 | 993000 | 2.1264 |
| | Purchase 13-Dec-2019 | 2000 | 0.0042 | 995000 | 2.1306 |
| | Sale 27-Mar-2020 | -210127 | 0.4499 | 784873 | 1.6807 |
| | At the end of the Year 31-Mar-2020 | 784873 | 1.6807 | 784873 | 1.6807 |
| 4 | HSBC SMALL CAP EQUITY FUND | | | | |
| | At the beginning of the year 30-Mar-2019 | 660000 | 1.4133 | 660000 | 1.4133 |
| | Sale 18-Oct-2019 | -28545 | 0.0611 | 631455 | 1.3521 |
| | Sale 25-Oct-2019 | -29158 | 0.0624 | 602297 | 1.2897 |
| | Sale 08-Nov-2019 | -89736 | 0.1921 | 512561 | 1.0975 |
| | Sale 06-Dec-2019 | -12561 | 0.0268 | 500000 | 1.0707 |
| | Sale 20-Dec-2019 | -35000 | 0.0749 | 465000 | 0.9957 |
| | Sale 27-Dec-2019 | -23804 | 0.0509 | 441196 | 0.9447 |
| | At the end of the Year 31-Mar-2020 | 441196 | 0.9447 | 441196 | 0.9447 |
| | HAVING SAME PAN | | | | |
| 4 | HSBC INFRASTRUCTURE EQUITY FUND \$ | | | | |
| | At the beginning of the year 30-Mar-2019 | 295970 | 0.6337 | 295970 | 0.6337 |
| | Sale 05-Apr-2019 | -10000 | 0.0214 | 285970 | 0.6123 |
| | Sale 19-Jul-2019 | -27990 | 0.0599 | 257980 | 0.5524 |
| | Sale 26-Jul-2019 | -75000 | 0.1606 | 182980 | 0.3918 |
| | Sale 16-Aug-2019 | -10000 | 0.0214 | 172980 | 0.3704 |
| | Sale 23-Aug-2019 | -25000 | 0.0535 | 147980 | 0.3168 |
| | Sale 18-Oct-2019 | -11000 | 0.0235 | 136980 | 0.2933 |
| | Sale 25-Oct-2019 | -38200 | 0.0818 | 98780 | 0.2115 |
| | Sale 31-Jan-2020 | -28000 | 0.0599 | 70780 | 0.1515 |
| | At the end of the Year 31-Mar-2020 | 70780 | 0.1515 | 70780 | 0.1515 |
| | HAVING SAME PAN | | | | |
| 4 | HSBC MULTICAP EQUITY FUND \$ | | | | |
| | At the beginning of the year 30-Mar-2019 | 200000 | 0.4282 | 200000 | 0.4282 |
| | Sale 02-Aug-2019 | -65000 | 0.1391 | 135000 | 0.2890 |
| | Sale 09-Aug-2019 | -1166 | 0.0024 | 133834 | 0.2865 |
| | Sale 16-Aug-2019 | -18261 | 0.0391 | 115573 | 0.2474 |

Annexure – VII to Directors' Report

| | | | | | |
|---|--|---------|--------|--------|--------|
| | Sale 23-Aug-2019 | -32689 | 0.0700 | 82884 | 0.1774 |
| | Sale 30-Aug-2019 | -82884 | 0.1774 | 0 | 0.0000 |
| | At the end of the Year 31-Mar-2020 | 0 | 0.0000 | 0 | 0.0000 |
| | | | | | |
| 5 | NIMMAGADDA UPENDRANATH \$ | | | | |
| | At the beginning of the year 30-Mar-2019 | 447946 | 0.9592 | 447946 | 0.9592 |
| | Sale 21-Feb-2020 | -447946 | 0.9592 | 0 | 0.0000 |
| | At the end of the Year 31-Mar-2020 | 0 | 0.0000 | 0 | 0.0000 |
| | | | | | |
| 6 | FORESIGHT REALTORS PRIVATE LIMITED \$ | | | | |
| | At the beginning of the year 30-Mar-2019 | 408800 | 0.8754 | 408800 | 0.8754 |
| | Sale 18-Oct-2019 | -81747 | 0.1750 | 327053 | 0.7003 |
| | Sale 20-Mar-2020 | -75000 | 0.1606 | 252053 | 0.5397 |
| | Sale 31-Mar-2020 | -252053 | 0.5397 | 0 | 0.0000 |
| | At the end of the Year 31-Mar-2020 | 0 | 0.0000 | 0 | 0.0000 |
| | | | | | |
| 7 | DOLLY KHANNA \$ | | | | |
| | At the beginning of the year 30-Mar-2019 | 346536 | 0.7420 | 346536 | 0.7420 |
| | Purchase 12-Apr-2019 | 8000 | 0.0171 | 354536 | 0.7592 |
| | Sale 19-Apr-2019 | -5000 | 0.0107 | 349536 | 0.7484 |
| | Sale 26-Apr-2019 | -8000 | 0.0171 | 341536 | 0.7313 |
| | Sale 03-May-2019 | -5000 | 0.0107 | 336536 | 0.7206 |
| | Sale 10-May-2019 | -15500 | 0.0331 | 321036 | 0.6874 |
| | Sale 17-May-2019 | -15500 | 0.0331 | 305536 | 0.6542 |
| | Sale 24-May-2019 | -8000 | 0.0171 | 297536 | 0.6371 |
| | Sale 31-May-2019 | -10000 | 0.0214 | 287536 | 0.6157 |
| | Sale 07-Jun-2019 | -22358 | 0.0478 | 265178 | 0.5678 |
| | Sale 14-Jun-2019 | -13500 | 0.0289 | 251678 | 0.5389 |
| | Sale 21-Jun-2019 | -6142 | 0.0131 | 245536 | 0.5257 |
| | Sale 28-Jun-2019 | -4000 | 0.0085 | 241536 | 0.5172 |
| | Purchase 05-Jul-2019 | 3000 | 0.0064 | 244536 | 0.5236 |
| | Purchase 12-Jul-2019 | 8000 | 0.0171 | 252536 | 0.5407 |
| | Sale 19-Jul-2019 | -4000 | 0.0085 | 248536 | 0.5322 |
| | Sale 26-Jul-2019 | -2820 | 0.0060 | 245716 | 0.5261 |
| | Purchase 02-Aug-2019 | 2820 | 0.0060 | 248536 | 0.5322 |
| | Sale 09-Aug-2019 | -4000 | 0.0085 | 244536 | 0.5236 |
| | Sale 23-Aug-2019 | -5000 | 0.0107 | 239536 | 0.5129 |
| | Sale 30-Aug-2019 | -8000 | 0.0171 | 231536 | 0.4958 |
| | Sale 06-Sep-2019 | -14500 | 0.0310 | 217036 | 0.4647 |
| | Sale 27-Sep-2019 | -9000 | 0.0192 | 208036 | 0.4454 |
| | Sale 04-Oct-2019 | -3395 | 0.0072 | 204641 | 0.4382 |
| | Sale 11-Oct-2019 | -10000 | 0.0214 | 194641 | 0.4168 |
| | Sale 18-Oct-2019 | -5000 | 0.0107 | 189641 | 0.4060 |
| | Sale 25-Oct-2019 | -4000 | 0.0085 | 185641 | 0.3975 |
| | Sale 01-Nov-2019 | -2000 | 0.0042 | 183641 | 0.3932 |
| | Sale 08-Nov-2019 | -18500 | 0.0396 | 165141 | 0.3536 |
| | Sale 15-Nov-2019 | -18000 | 0.0385 | 147141 | 0.3150 |
| | Sale 22-Nov-2019 | -28000 | 0.0599 | 119141 | 0.2551 |

Annexure – VII to Directors' Report

| | | | | | |
|----|--|---------|--------|---------|--------|
| | Sale 29-Nov-2019 | -10000 | 0.0214 | 109141 | 0.2337 |
| | Sale 06-Dec-2019 | -23000 | 0.0492 | 86141 | 0.1844 |
| | Sale 13-Dec-2019 | -31000 | 0.0663 | 55141 | 0.1180 |
| | Sale 20-Dec-2019 | -12000 | 0.0256 | 43141 | 0.0923 |
| | Purchase 27-Dec-2019 | 2000 | 0.0042 | 45141 | 0.0966 |
| | Purchase 10-Jan-2020 | 9000 | 0.0192 | 54141 | 0.1159 |
| | Purchase 17-Jan-2020 | 2000 | 0.0042 | 56141 | 0.1202 |
| | Purchase 07-Feb-2020 | 6000 | 0.0128 | 62141 | 0.1330 |
| | Purchase 14-Feb-2020 | 14000 | 0.0299 | 76141 | 0.1630 |
| | Sale 13-Mar-2020 | -2000 | 0.0042 | 74141 | 0.1587 |
| | At the end of the Year 31-Mar-2020 | 74141 | 0.1587 | 74141 | 0.1587 |
| | | | | | |
| 8 | ANDHRA PRADESH INDUSTRIAL DEVELOPMENT CORPORATION JT1 : LIMITED | | | | |
| | At the beginning of the year 30-Mar-2019 | 243750 | 0.5219 | 243750 | 0.5219 |
| | At the end of the Year 31-Mar-2020 | 243750 | 0.5219 | 243750 | 0.5219 |
| | | | | | |
| 9 | PERFECT FINVEST PRIVATE LIMITED \$ | | | | |
| | At the beginning of the year 30-Mar-2019 | 239000 | 0.5117 | 239000 | 0.5117 |
| | Sale 26-Jul-2019 | -15500 | 0.0331 | 223500 | 0.4786 |
| | Sale 02-Aug-2019 | -74500 | 0.1595 | 149000 | 0.3190 |
| | Sale 13-Mar-2020 | -149000 | 0.3190 | 0 | 0.0000 |
| | At the end of the Year 31-Mar-2020 | 0 | 0.0000 | 0 | 0.0000 |
| | | | | | |
| 10 | T V N CONSULTANTS LTD | | | | |
| | At the beginning of the year 30-Mar-2019 | 200000 | 0.4282 | 200000 | 0.4282 |
| | At the end of the Year 31-Mar-2020 | 200000 | 0.4282 | 200000 | 0.4282 |
| | NEW TOP 10 AS ON (31-Mar-2020) | | | | |
| | | | | | |
| 11 | BELGRAVE INVESTMENT FUND # | | | | |
| | At the beginning of the year 30-Mar-2019 | 0 | 0.0000 | 0 | 0.0000 |
| | Purchase 31-May-2019 | 125000 | 0.2676 | 125000 | 0.2676 |
| | Purchase 14-Jun-2019 | 152000 | 0.3254 | 277000 | 0.5931 |
| | Purchase 21-Jun-2019 | 98000 | 0.2098 | 375000 | 0.8030 |
| | Purchase 26-Jul-2019 | 100000 | 0.2141 | 475000 | 1.0171 |
| | Purchase 02-Aug-2019 | 125000 | 0.2676 | 600000 | 1.2848 |
| | Purchase 18-Oct-2019 | 83500 | 0.1788 | 683500 | 1.4636 |
| | Purchase 25-Oct-2019 | 500 | 0.0010 | 684000 | 1.4647 |
| | Purchase 07-Feb-2020 | 106000 | 0.2269 | 790000 | 1.6917 |
| | Purchase 13-Mar-2020 | 149000 | 0.3190 | 939000 | 2.0107 |
| | Purchase 20-Mar-2020 | 221498 | 0.4743 | 1160498 | 2.4850 |
| | Purchase 27-Mar-2020 | 282478 | 0.6048 | 1442976 | 3.0899 |
| | At the end of the Year 31-Mar-2020 | 1442976 | 3.0899 | 1442976 | 3.0899 |
| | | | | | |
| 12 | MAYANK KEJRIWAL # | | | | |
| | At the beginning of the year 30-Mar-2019 | 0 | 0.0000 | 0 | 0.0000 |

Annexure – VII to Directors' Report

| | | | | | |
|----|--|--------|--------|--------|--------|
| | Purchase 28-Jun-2019 | 50000 | 0.1070 | 50000 | 0.1070 |
| | Purchase 13-Dec-2019 | 16000 | 0.0342 | 66000 | 0.1413 |
| | Purchase 20-Dec-2019 | 27171 | 0.0581 | 93171 | 0.1995 |
| | Purchase 27-Dec-2019 | 124998 | 0.2676 | 218169 | 0.4671 |
| | Purchase 31-Dec-2019 | 41486 | 0.0888 | 259655 | 0.5560 |
| | Purchase 03-Jan-2020 | 31612 | 0.0676 | 291267 | 0.6237 |
| | Purchase 20-Mar-2020 | 52848 | 0.1131 | 344115 | 0.7368 |
| | Purchase 27-Mar-2020 | 159786 | 0.3421 | 503901 | 1.0790 |
| | Purchase 31-Mar-2020 | 51500 | 0.1102 | 555401 | 1.1893 |
| | At the end of the Year 31-Mar-2020 | 555401 | 1.1893 | 555401 | 1.1893 |
| | | | | | |
| 13 | UNIFI AIF 2 | | | | |
| | At the beginning of the year 30-Mar-2019 | 197000 | 0.4218 | 197000 | 0.4218 |
| | Purchase 10-Jan-2020 | 50081 | 0.1072 | 247081 | 0.5290 |
| | Purchase 24-Jan-2020 | 50000 | 0.1070 | 297081 | 0.6361 |
| | Purchase 07-Feb-2020 | 11021 | 0.0236 | 308102 | 0.6597 |
| | Purchase 13-Mar-2020 | 32000 | 0.0685 | 340102 | 0.7282 |
| | Purchase 20-Mar-2020 | 41656 | 0.0892 | 381758 | 0.8174 |
| | At the end of the Year 31-Mar-2020 | 381758 | 0.8174 | 381758 | 0.8174 |
| | | | | | |
| 14 | TRANS SCAN SEC PVT. LTD. # | | | | |
| | At the beginning of the year 30-Mar-2019 | 0 | 0.0000 | 0 | 0.0000 |
| | Purchase 26-Jul-2019 | 49000 | 0.1049 | 49000 | 0.1049 |
| | Sale 02-Aug-2019 | -49000 | 0.1049 | 0 | 0.0000 |
| | Purchase 20-Sep-2019 | 1000 | 0.0021 | 1000 | 0.0021 |
| | Sale 27-Sep-2019 | -1000 | 0.0021 | 0 | 0.0000 |
| | Purchase 18-Oct-2019 | 311 | 0.0006 | 311 | 0.0006 |
| | Sale 25-Oct-2019 | -311 | 0.0006 | 0 | 0.0000 |
| | Purchase 03-Jan-2020 | 2000 | 0.0042 | 2000 | 0.0042 |
| | Sale 10-Jan-2020 | -2000 | 0.0042 | 0 | 0.0000 |
| | Purchase 17-Jan-2020 | 66137 | 0.1416 | 66137 | 0.1416 |
| | Sale 24-Jan-2020 | -66137 | 0.1416 | 0 | 0.0000 |
| | Purchase 21-Feb-2020 | 100 | 0.0002 | 100 | 0.0002 |
| | Sale 28-Feb-2020 | -100 | 0.0002 | 0 | 0.0000 |
| | Purchase 20-Mar-2020 | 35000 | 0.0749 | 35000 | 0.0749 |
| | Sale 27-Mar-2020 | -35000 | 0.0749 | 0 | 0.0000 |
| | Purchase 31-Mar-2020 | 252053 | 0.5397 | 252053 | 0.5397 |
| | At the end of the Year 31-Mar-2020 | 252053 | 0.5397 | 252053 | 0.5397 |

The Company is listed and 99.12% of shareholding is in dematerialized form. The net positions (Increase/decreased) provided above is based on the weekend positions as received from the Depositories.

(\$) Ceased to be in the list of top 10 shareholders as on 31.03.2020. The details are provided above as the shareholder was one of the top 10 shareholders during the FY 2019-20.

(#) Not in the list of top 10 shareholders as on 01.04.2019. The details are provided above, as the shareholder was one of the top 10 shareholders as on 31.03.2020.

Annexure – VII to Directors' Report

v. Shareholding of Directors and Key Managerial Personnel :

| Sl. No. | Name of the Director/KMP | Opening Bal. as at 01.4.19 | Change in Shareholding during the year | | | Cumulative | Closing Bal. as at 31.03.20 |
|---------|--------------------------|----------------------------|---|--------------------|---|---|-----------------------------|
| | | No. Shares & (%) | Date of dealing | Reasons for change | No. Shares & (%) | No. Shares & (%) | No. Shares & (%) |
| 1 | R.K.Khanna | - | - | - | - | - | - |
| 2 | Mayank Kejriwal | - | 28.06.2019, 13.12.2019 20.12.2019 27.12.2019 31.12.2019 03.01.2020 20.03.2020 27.03.2020 31.03.2020 | Market Purchase | 50000 (0.1070) 16000 (0.0342) 27171 (0.0581) 124998 (0.2676) 41486 (0.0888) 31612 (0.0676) 52848 (0.1131) 159786 (0.3421) 51500 (0.1102) | 50000 (0.1070) 66000 (0.1413) 93171 (0.1995) 218169 (0.4671) 259655 (0.5560) 291267 (0.6237) 344115 (0.7368) 503901 (1.0790) 555401 (1.1893) | 555401 (1.19) |
| 3 | Gouri Shankar Rathi | - | 24.05.2019 28.06.2019 09.08.2019 13.12.2019 | Market Purchase | 8194 (0.0175) 10000 (0.0214) 5000 (0.0107) 2000 (0.0042) | 8194 (0.0175) 18194 (0.0390) 23194 (0.0497) 25194 (0.0539) | 25194 (0.054) |
| 4 | V. Poyyamozhi (i) | - | - | - | - | - | - |
| 5 | S.Hemamalini | - | - | - | - | - | - |
| 6 | T. Venkatesan | - | - | - | - | - | - |
| 7 | X.J.J. Abraham | - | - | - | - | - | - |
| 8 | Priya Manjari Todi | - | - | - | - | - | - |
| 9 | Ashutosh Agarwal | 7500 (0.016) | 31.03.2020 | Market Purchase | 3000 (0.006) | 10500 (0.22) | 10500 (0.22) |
| 10 | Solomon Arokia Raj (ii) | - | - | - | - | - | - |
| 11 | M. Satyanarayana | - | - | - | - | - | - |
| 12 | N. Sivalai Senthilnathan | - | 04.10.19 22.11.19 13.12.19 20.12.19 27.03.20 | Market purchase | 500 500 137 48 500 | 500 1000 1137 1185 1685 | 1685 (0.0036) |
| 13 | G. Kodandapani | 1228 (0.0026) | 29.06.19 05.07.19 12.07.19 16.08.20 13.12.19 13.03.20 20.03.20 27.03.20 31.03.20 | Market purchase | 205 45 303 300 500 400 200 200 200 | 1433 1478 1781 2081 2581 2981 3181 3381 3581 | 3581 (0.0077) |

(i) Ceased to be director with effect from 3rd February, 2020

(ii) Ceased to be director with effect from 6th September, 2019

Annexure – VII to Directors' Report

V. INDEBTEDNESS :

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

Rs. Lacs

| At the beginning of the FY | Secured loans excl. deposits | Un-secured loans | Deposits | Total |
|--------------------------------|------------------------------|------------------|------------|-----------------|
| Principal amount | 35011.95 | 3511.76 | --- | 38523.71 |
| Interest due but not paid | --- | --- | --- | --- |
| Interest accrued but not due | 345.36 | --- | --- | 345.36 |
| Total | 35357.31 | 3511.76 | --- | 38869.07 |
| Changes during the FY : | | | | |
| Addition | 7636.81 | 9060.13 | --- | 17450.16 |
| Deletion | 112.53 | --- | --- | 23102.89 |
| Net Change | 7524.28 | 9060.13 | --- | -5652.73 |
| At the end of the FY | | | | |
| Principal amount | 42648.76 | 12571.89 | --- | 55220.65 |
| Interest due but not paid | --- | --- | --- | --- |
| Interest accrued but not due | 232.83 | --- | --- | 232.83 |
| Total | 42881.59 | 12571.89 | --- | 55453.48 |

VI. Remuneration of Directors and Key Managerial Personnel:

A) Remuneration to Managing Director, Whole-time Directors

Amount in Rs.

| Sl. No. | Particulars of remuneration | Name of MD/WTD/Manager | | | |
|---------|--|---|--------------------|--------------------|----------------------------|
| | | Mayank Kejriwal, MD | G.S. Rathi, WTD | V.Poyyamozi WTD | Total |
| 1 | Gross Salary (Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961. | --- | 1,68,07,494 | 1,04,31,042 | 2,72,38,536 |
| | Value of perquisites U/S 17(2) of the Income Tax Act, 1961. | --- | 2,02,314 | 3,75,056 | 5,77,370 |
| | Profits in lieu of salary U/S 17 (3) of the Income Tax Act, 1961 | --- | --- | --- | --- |
| 2 | Stock option | --- | --- | --- | --- |
| 3 | Sweat Equity | --- | --- | --- | --- |
| 4 | Commission As % of profit Others (Specify) | 11,90,00,000 --- | 30,00,000 --- | 12,50,000 --- | 12,32,50,000 --- |
| 5 | Others (Gratuity & PF) | --- | 8,54,789 | 5,18,504 | 13,73,293 |
| | Total (A) | 11,90,00,000 | 2,08,64,597 | 1,25,74,602 | 15,24,39,199 |
| | Ceiling as per the Act | 22,93,64,182 (Being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013) | | | |

Annexure – VII to Directors' Report

B) Remuneration to other Directors :

Amount in Rs.

| Sl. No. | Particulars of remuneration | | | | | | Total Amount |
|---------|--|---|------------------|-----------------|-----------------|---------------------|---------------------|
| 1 | Independent Directors | R.K. Khanna | T.Venkatesan | S.Hema-malini | X.J.J.Abraham | APIDC Inst. Nominee | |
| | Fee for Attending Board & Committee Meetings | 5,45,000 | 3,95,000 | 3,10,000 | 2,25,000 | 45,000 | 15,20,000 |
| | Commission | 6,00,000 | 6,00,000 | 6,00,000 | 6,00,000 | --- | 24,00,000 |
| | Other - Specify | --- | --- | --- | --- | --- | --- |
| | Total (1) | 11,45,000 | 9,95,000 | 9,10,000 | 8,25,000 | 45,000 | 39,20,000 |
| 2 | Other Non-Executive Directors | Priya Manjari Todi | Ashutosh Agarwal | --- | --- | --- | --- |
| | Fee for Attending Board & Committee Meetings | 2,00,000 | 3,85,000 | --- | --- | --- | 5,85,000 |
| | Commission | 85,00,000 | 6,00,000 | --- | --- | --- | 91,00,000 |
| | Other - Specify | --- | --- | --- | --- | --- | --- |
| | Total (2) | 87,00,000 | 9,85,000 | --- | --- | --- | 96,85,000 |
| | Total (B) = (1+2) | | | --- | --- | --- | 1,36,05,000 |
| | Total Managerial Remuneration (A+B) | | | | | | 16,60,44,199 |
| | Overall Ceiling as per the Act. | 25,00,27,622 (Being 11% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013) | | | | | |

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

Amount in Rs.

| Sl. No. | Particulars of remuneration | Key Managerial personnel | | Total |
|---------|--|--------------------------------------|---|------------------|
| | | G. Kodanda Pani Company Secretary | N. Sivalai Senthilnathan Chief Financial Officer | |
| 1 | Gross Salary (Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961) | 27,28,966 | 64,95,706 | 92,24,672 |
| | Value of perquisites U/S 17(2) of the Income Tax Act, 1961 | --- | --- | --- |
| | Profits in lieu of salary U/S 17 (3) of the Income Tax Act, 1961 | | | --- |
| 2 | Stock option | --- | --- | --- |
| 3 | Sweat Equity | --- | --- | --- |
| 4 | Commission As % of profit Others (Specify) | --- | --- | --- |
| 5 | Others – Specify (PF & Gratuity) | 1,28,484 | 3,68,748 | 4,97,232 |
| | Total | 28,57,450 | 68,64,454 | 97,21,904 |

VII. PENALTIES/PUNISHMENT/COMPUNDING OF OFFENCES :

During the financial year, there is no instance of any penalty/punishment/compounding of offence under the Companies Act, 2013 against any Director, Key Managerial Personnel and other Officers in default.

Annexure - VIII to Directors' Report**SRIKALAHASTHI PIPES LIMITED****Business Responsibility Report****About SPL:**

Srikalahasthi Pipes Limited – SPL is one of the leading manufacturers of Ductile Iron Pipes (DI Pipes) having the manufacturing facility in Rachagunneri village on Tirupati – Srikalahasthi Road, Srikalahasthi Mandal, Chittoor Dist. Andhra Pradesh. The integrated facility comprises of Backward and Forward integration units in a centralized complex spread over 350 acres. The Company's D.I. pipes are supplied to various Water Boards, Municipal Corporations, Irrigation Departments, Railways and Turnkey Contractors across the country for their Water Infrastructure Projects which are the thrust area of the Govt. of India and most of the State Governments. The Company also manufactures Low Ash Metallurgical Coke, Pig Iron, Ferro Silicon and Cement and all these products are used for captive consumption and surplus is sold in the market. The Company operates predominantly in a single reportable segment viz. Ductile Iron Pipes

By virtue of core business of manufacture and supply of DI Pipes for the Water Infrastructure Projects across the country, the Company is categorized as Public Utility Services Industry engaged in Water Infrastructure Development in the Country.

About Business Responsibility Report:

The Securities and Exchange Board of India (SEBI) as per SEBI (Listing Obligations and Disclosure Requirements) (Fifth Amendments) Regulations, 2019 has mandated the inclusion of a "Business Responsibility Report" (BRR) as part of Company's Annual Report for top 1000 listed entities based on market capitalization at the Bombay Stock Exchange Ltd. (BSE) and the National Stock Exchange of India Ltd. (NSE). The reporting framework is based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs)' released by the Ministry of Corporate Affairs, Government of India, which contains 9 Principles and Core Elements for each of those 9 Principles. Following is the 1st Business Responsibility Report of the Company which is based on the format suggested by SEBI.

Section A : General Information about the Company

| 1. Corporate Identity Number (CIN) of the Company | : | L74999AP1991PLC013391 | | | | | | | | | | |
|---|---|---|---------------|---|--------------------|-------|-------------|-------|-----------------|-------|-----------|-------|
| 2. Name of the Company | : | Srikalahasthi Pipes Limited | | | | | | | | | | |
| 3. Registered Address | : | Rachagunneri – 517641, Srikalahasthi Mandal, Chittoor District, Andhra Pradesh. | | | | | | | | | | |
| 4. Website: | : | www.srikalahasthipipes.com | | | | | | | | | | |
| 5. Email id: | : | companysecretary@srikalahasthipipes.com | | | | | | | | | | |
| 6. Financial Year reported: | : | 2019-20 | | | | | | | | | | |
| 7. Sector(s) that the Company is engaged in (industrial activity code-wise) | : | <table border="0"> <thead> <tr> <th style="text-align: left;">Sector</th> <th style="text-align: left;">NIC Code of the product/ service</th> </tr> </thead> <tbody> <tr> <td>1. Tubes and Pipes</td> <td>24311</td> </tr> <tr> <td>2. Lam Coke</td> <td>19101</td> </tr> <tr> <td>3. Ferro Alloys</td> <td>24104</td> </tr> <tr> <td>4. Cement</td> <td>23942</td> </tr> </tbody> </table> | Sector | NIC Code of the product/ service | 1. Tubes and Pipes | 24311 | 2. Lam Coke | 19101 | 3. Ferro Alloys | 24104 | 4. Cement | 23942 |
| Sector | NIC Code of the product/ service | | | | | | | | | | | |
| 1. Tubes and Pipes | 24311 | | | | | | | | | | | |
| 2. Lam Coke | 19101 | | | | | | | | | | | |
| 3. Ferro Alloys | 24104 | | | | | | | | | | | |
| 4. Cement | 23942 | | | | | | | | | | | |

Annexure - VIII Business Responsibility Report

| | |
|---|---|
| 8. List three key products/services that the Company manufactures/ provides (as in balance sheet) | <ul style="list-style-type: none"> - Ductile Iron Pipes - LAM Coke - Ferro Silicon - Cement |
| 9. Total number of locations where business activity is undertaken by the Company | |
| i) Number of International Locations: | : Nil |
| ii) Number of National Locations | : SPL has integrated manufacturing facility in only one Location i.e. Rachagunneri Village, Srikalahasthi Mandal, Chittoor District, Andhra Pradesh SPL's Marketing Regional Offices are situated at Mumbai, Chennai, Bangalore, Hyderabad, Trivandrum |
| 10. Markets served by the Company Local/State/ National/ International | : SPL's products are sold to both in national and international markets. SPL predominantly serves to domestic market and more particularly to southern and western markets in India. |

Section B : Financial Details of the Company

| | |
|--|--|
| 1. Paid up Capital (INR) | : 46.70 Crores |
| 2. Total Turnover (INR) | : Rs.1663 Crores |
| 3. Total profit after taxes (INR) | : Rs.186 Crores |
| 4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) calculated in accordance with Companies Act, 2013 | : 2% of PAT for FY 2019-20 |
| 5. List of activities in which expenditure in 4 above has been incurred: | <ul style="list-style-type: none"> • Promoting Education • Animal welfare and protection • Medical Aid • Rural Development |

Section C : Other Details

| | |
|--|------|
| 1. Does the Company have any Subsidiary Company/Companies? | : No |
| 2. Do the Subsidiary Company/Companies participate in the BR initiatives of the parent Company ? If yes, then indicate the number of such subsidiary Company(s) | : NA |
| 3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company ? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] | : No |

Annexure - VIII Business Responsibility Report

1. Details of Director/Directors responsible for implementation of the BR policy/policies

Mr. Gouri Shankar Rathi, Whole-time Director (DIN: 00083992) is responsible for overseeing the implementation of BR Policy and the Strategic Business Heads are responsible for implementing the principles as stated in the Policy.

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

| S. N. | Questions | Principle 1 | Principle 2 | Principle 3 | Principle 4 | Principle 5 | Principle 6 | Principle 7 | Principle 8 | Principle 9 |
|-------|--|---|--|---------------------|---------------------------|---------------------------|--|------------------------------------|---------------------------|----------------------|
| | | Ethics, transparency & Sustainability, accountability | Sustainability in life-cycle of products | Employee well-being | Stakeholder engagement | Promotion of human rights | Environmental protection | Responsible public policy advocacy | Inclusive growth | Customer value |
| 1 | Do you have a policy/policies for | Yes | Yes | Yes | Yes | Yes | Yes | No | Yes | Yes |
| 2 | Has the policy been developed in consultation with relevant Stakeholders? | Yes | Yes | Yes | Yes | Yes | Yes | NA | Yes | Yes |
| 3 | Does the policy conform to any national/ international standards? If yes, specify. | NA | NA | NA | NA | NA | Yes ISO 14001 (Environment Management System) The policies are in line with the best practices followed in the industry | NA | NA | Yes ISO 9001:2015 |
| 4 | Has the policy been approved by the Board? | NA | NA | NA | Yes Board of Directors | Yes | NA | NA | Yes Board of Directors | NA |
| 5 | Does the Company have a specified Committee of the Board/ Director/Official to oversee the implementation of the policy? | NA | NA | Yes | Yes | Yes | Yes | NA | Yes | Yes |
| 6 | Indicate the link for the policy to be viewed online # | Links provided separately below this table. | | | | | | | | |

Annexure - VIII Business Responsibility Report

| S. N. | Questions | Principle 1 | Principle 2 | Principle 3 | Principle 4 | Principle 5 | Principle 6 | Principle 7 | Principle 8 | Principle 9 |
|-------|--|---|--|---------------------|------------------------|---------------------------|--------------------------|------------------------------------|------------------|----------------|
| | | Ethics, transparency & Sustainability, accountability | Sustainability in life-cycle of products | Employee well-being | Stakeholder engagement | Promotion of human rights | Environmental protection | Responsible public policy advocacy | Inclusive growth | Customer value |
| 7 | Has the policy been communicated to the relevant internal and external stakeholders? | Yes | Yes | Yes | Yes | Yes | Yes | NA | Yes | Yes |
| 8 | Does the Company have an in-house structure to implement the policy? | Yes | Yes | Yes | Yes | Yes | Yes | NA | Yes | Yes |
| 9 | Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies? | Yes | Yes | Yes | Yes | Yes | Yes | NA | Yes | Yes |
| 10 | Has the Company carried out Independent audit/evaluation of the working of this policy by an internal or external agency? | Yes | Yes | Yes | Yes | Yes | Yes | NA | Yes | Yes |

Web links of the various Policies of the Company are given below:

CSR Policy: <https://www.srikalahasthipipes.com/static-files/pdf/policies/CSR%20Policy.SPL.pdf>

Code of Conduct for Director & Sr. Management: <https://www.srikalahasthipipes.com/static-files/pdf/code-of-conduct/Code%20of%20Directors.pdf>

Code of Conduct for Prevention of Insider Trading : <https://www.srikalahasthipipes.com/static-files/pdf/code-of-conduct-for-insiders/code-of-conduct-insiders.pdf>

Environmental Policy : <https://www.srikalahasthipipes.com/static-files/pdf/policies/Annexure%20-%203%20-%20EMS%20Policy.pdf>

Safety Policy: <https://www.srikalahasthipipes.com/static-files/pdf/policies/Annexure%20-%204%20-%20OHS%20Policy.pdf>

Quality Policy: <https://www.srikalahasthipipes.com/static-files/pdf/policies/Annexure%20-%202%20-%20QMS%20Policy.pdf>

Annexure - VIII Business Responsibility Report

2A If answer to S. No. 1 against any principle is 'No', please explain why :

Tick upto 2 options)

| S.No. | Question | Principle 7 : Responsible public policy advocacy |
|-------|---|--|
| 1. | The Company has not understood the Principles | |
| 2. | The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles | |
| 3. | The company does not have financial or manpower resources available for the task | |
| 4. | It is planned to be done within next 6 months | |
| 5. | It is planned to be done within the next 1 year | |
| 6. | Any other reason (please specify) | SPL is a member of Confederation of Indian Industry, AP Chambers of Commerce and Industry and other industrial and trade bodies. We actively participate in these forums on issues and policy matters that impact the interest of our stakeholders. We prefer to be a part of the broader policy development process through making representations to different Forums of Industry & Commerce, giving our comments and seeking their intervention on the proposed amendments in the relevant legislations and being a part of discussions with the representatives of the relevant authorities in open forums. Hence, we do not feel such a policy is necessary for us. |

Section E : Principle-wise performance:**Principle 1****1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?**

Working with integrity and fairness in organisational and business dealings is of utmost importance to all in SPL. As a responsible organization, SPL does its business with utmost integrity. We have the following policies in place which form the foundation of our Company's commitment towards ethical conduct at all levels:

Code of Conduct : SPL has its Code of Conduct which is applicable to all the employees of the Company including its directors. This Code does not extend to the suppliers/contractors/NGOs etc. It is a must for every employee in all of the business units/ subsidiaries to follow the values enshrined in the Code of Conduct in their day to day activities. All employees have to read and understand this Code and abide by it.

Whistle-Blower Policy : This Policy is applicable to the Directors of the Company or a person who is in direct or indirect employment with the company who makes a protected disclosure under this policy. This Policy provides a platform to these stakeholders for making any communication made in good faith that discloses or demonstrates evidence of any fraud or unethical activity within the company and had provisions to ensure protection of the whistleblower against victimization for the disclosures made by him/her.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the Management?

During the reporting period, no complaint was received under the provisions of Whistle Blower Policy.

Principle 2 :**1. List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

- DI pipes are manufactured and supplied for transporting and supply safe drinking water to the society. The joint is designed to have flexibility and leak proof. The material used for coating and rubber gaskets are tested by WRAS -UK for fitness comparability with potable water .
- DI pipes internally lined with High Alumina Cement which prevent sulphate attack while handling sewage water and industrial effluent. Thus ensure no leach of medium and contaminate the land.
- DI pipe is non hazardous product which is recyclable and re-usable after its service life in the metal industries.

Annexure - VIII Business Responsibility Report

2. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Yes, the company has procedures in place to evaluate sustainability of suppliers which are reviewed periodically. The raw and other essential materials purchased are stringently specified and no compromise is permissible on specifications.

3. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes, the Company sources packing materials, river sand and has awarded contracts like canteen, employee transport, housekeeping and other repairs and maintenance through local sources. As we deal in bulk raw materials, consumables and spares, our purchases are mostly from organised sector. However, we do buy some engineering items from small producers and we help them improve their product quality by improving their engineering skills. We also hire contractors from the areas neighbouring our plant and improve their capability by imparting training in various fields like safety, hazard handling, compliances etc.

4. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%).

Yes. The details of quantum of recycling of by-products and wastes are given below.

A: By products

- 1) 50% of Blast furnace slag is being recycled to produce Portland slag cement in cement plant.
- 2) 100% Blast furnace gas is used as fuel in place of oil in Annealing Furnace and also for power generation.
- 3) 100% waste heat from coke oven is used for power generation.

B: Wastes

- 1) 100% Iron ore fines recycled in Sinter plant to produce sinter.
- 2) 100% Blast furnace flue dust is recycled in Sinter plant.
- 3) 100% Magnesium oxide powder recycled in Sinter plant.
- 4) 100% Pipe and Runner scrap are reused for pipe making in DI Pipes Plant.
- 5) 5% Cement slurry is reused for in-house brick making.
- 6) 50% waste oil/used oil are reused in Coke oven Plant.

Principle 3

1. Please indicate the total number employees.

Permanent employees - 1338

2. Please indicate the total number of employees hired on temporary/contractual/casual basis.

Temporary/contractual/casual basis - 2553

3. Please indicate the number of permanent women employees - 06

4. Please indicate the number of permanent employees with disabilities - Nil

5. Do you have an employee association that is recognized by Management?

Yes. There are two Workmen Unions recognized by the Management.

6. What percentage of your permanent employees is Members of this recognized employee association?

About 60 – 70% of the workmen are members in both the unions put together.

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year

| S.No. | Category | No. of complaints filed during the Financial Year | No. of complaints pending as at end of the Financial Year |
|-------|---|---|---|
| 1. | Child labour/forced labour/involuntary labour | 0 | 0 |
| 2. | Sexual harassment | 0 | 0 |
| 3. | Discriminatory employment | 0 | 0 |

Annexure - VIII Business Responsibility Report

8. What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?

| | | |
|----|--|--|
| a. | Permanent Employees | Safety – 100%, Skill up gradation training – 83% |
| b. | Permanent Women Employees | Safety – 100%, Skill up gradation training – 78% |
| c. | Casual/Temporary/Contractual Employees | Safety – 100%, Skill up gradation training - NIL |
| d. | Employees with Disabilities | NA |

Principle 4

1. Has the company mapped its internal and external stakeholders? Yes/No

Yes, the Company has mapped its internal and external stakeholders. We recognise employees, communities surrounding our operations, business associates (network of suppliers and dealers), customers, shareholders, lenders, bankers and regulatory authorities as our key stakeholders.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

Yes, the Company has identified disadvantaged, vulnerable & marginalized stakeholders from the local community and has also engaged them for their socio-economic development through various CSR and Affirmative Action interventions. Local communities have been engaged under the CSR framework to work on good quality teaching-learning opportunities, skill development and livelihood initiatives.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

Yes, the Company, in partnership with the communities, has taken many initiatives under Affirmative Action and CSR focused upon Education, Skill and Livelihood development of the local community. In addition, recruitment of the equally qualified people from the local community is also encouraged. To minimize the Business' environmental impact on the community, greenbelt is being developed by the Company in and around its facilities and also surrounding villages are being encouraged to develop greenery by providing them with saplings.

Principle 5

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures /Suppliers / Contractors /NGOs/Others?

The Company has the Code of Conduct and Whistleblower Policy which covers issues related to human rights. We do not deal with any supplier/contractor if they are in violation of human rights and we do not employ any person below the age of eighteen. We also prohibit the use of forced or compulsory labour at all our units and discourage the same with our business associates.

The said policies discourage violation of Company's business ethics and values and provide a fair and transparent mechanism for reporting any such violation. This policy also provides direct access to the Chairman of the Audit Committee in appropriate and exceptional cases. The system is designed to ensure confidentiality and protect the complainant from being victimized. False allegations are also dealt with disciplinary action in accordance with the Policy.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

No complaint was received pertaining to human rights violation during the past financial year.

Principle 6

1. Does the policy related to Principle 6 cover only the company or extends to the Group/ Joint Ventures/Suppliers/ Contractors / NGOs/others.

The Safety, health and environment policy of the company covers all its Business verticals and it applies to the contractors working for the company by way of incorporating the safety health and environment compliances in the agreement and in certain cases cover the interest of transporters, contractors etc.,

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Yes, the company is complying with the guidelines/norms notified by Central and State Pollution Control Board's Power is being sourced from own Captive Power Plants based on waste heat recovery boilers (14.5 MW capacity), leading to reduction of carbon foot prints of our operations, thereby significantly reducing the Company's dependence on grid power.

Annexure - VIII Business Responsibility Report

3. Does the company identify and assess potential environmental risks? Y/N

Yes, The company has a well defined on site and off site emergency plans in place for dealing with any environmental risks, which is audited and inspected periodically by appropriate agencies. The Company is certified in ISO 14001 (environmental management Systems). Under this standard, we have identified & assessed environmental aspect & its impact for all the major activities being performed at the site. We also conduct Environmental impact assessment (EIA) from time to time.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

In the past, the company had an approved CDM project Carbon Emission Reduction. This helped in reduction of carbon emissions . But even after the CDM project got over, the company has not allowed emission of Coke Oven Plant.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Yes, apart from sourcing of energy through waste gases, the company has taken initiative in converting most of its lighting to energy efficient LED lights, usage of energy efficient motors, transformers etc. for various drives. The company also recycles its process waste and convert the same into cement bricks and the slag generated from the Blast Furnace is used in making slag cement. The Company uses primarily treated sewerage water of Tirupati Municipal Corporation for its various industrial process applications after further treatment, thereby conserving the use of ground water, thus protecting water belt.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes, the company complies with all the Central Pollution Control Board /State Pollution Control Board norms of emission and waste generation.

7. No. of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

On 3.9.19, the Company has received notice from CPCB to suspend the operation of Vertical Shaft Kiln in cement plant due to emission of SO₂ exceeding the standard limit prescribed by CPCB. Consequently, the operation of Vertical Shaft Kiln was stopped. The Company has submitted its action plan and compliance status on 23.9.19, 25.9.19, 03.10.19, 14.10.19 and on 26.10.19. The CPCB vide its letter dated 27.12.19, has revoked its suspension order and permitted to operate the Vertical Shaft Kiln and directed to submit the performance report within 60 days.

The Company has been producing cement by procuring Clinker from the market and hence it has no plans to operate vertical shaft kiln for the time being. Hence the Company in response to the revocation order dated 27.12.2019 of CPCB submitted a letter to CPCB on 04.02.2020 reporting as on date compliance and non operation of vertical shaft Kiln. The Company shall submit the Vertical Shaft Kiln performance report to CPCB within 60days after resuming the operation of Kiln.

Principle 7

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Confederation of Indian Industry

Ductile Iron Pipe Manufacturers Association

Federation of AP Chambers of Commerce & Industry.

Employers Federation of Southern India

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Yes

Principle 8

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Yes, for the inclusive growth and equitable development of the local community, based upon the need assessment, the Company under CSR, has taken initiatives focused upon Education, Vocational Skill, and Rural Development.

2. Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organization?

Programmes pertaining to Principle 8 are developed and executed partly through in-house team and partly through external agencies.

Annexure - VIII Business Responsibility Report

3. Have you done any impact assessment of your initiative?

Yes.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

For FY 2019-20, the Company's CSR obligation was Rs. 3.48 crores and the CSR spend was Rs.3.43 crores on initiatives pertaining to promotion of education, rural development, animal welfare and medical aid.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

Yes. As based upon the need assessment, the Company undertakes all its CSR interventions in partnership with the local community, therefore, the community not only actively engage and partner with but also take the ownership of the projects from its planning, implementation and post implementation sustainability of the social assets created.

Principle 9:

1. What percentage of customer complaints/ consumer cases are pending as on the end of financial year.

There were two customer complaints received during the FY 2019-20 and both have been resolved to the satisfaction of the customers. There were no complaints/consumer cases pending at the end of the year.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)

NA

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

Customer satisfaction is regularly monitored based on "Customer feedback" provided periodically by the customers.

Auditor's Report

INDEPENDENT AUDITORS' REPORT

To the Members of Srikalahasthi Pipes Limited
Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Srikalahasthi Pipes Limited ("the Company"), which comprise the balance sheet as at March 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 notes for the year ended on that date (hereinafter referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and profit, changes in equity and its cash flows for the year ended on that date.

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. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Standalone 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 Companies Act, 2013 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.

Key Audit Matters

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 year. 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. We have considered the matters described below to be the Key Audit Matters for incorporation in our Report.

| Key Audit Matter | Addressing the key audit matter |
|---|--|
| Verification of Inventory and Valuation thereof | |
| <p>The total inventory of the Company amounting to Rs. 33,283.87 lakhs (as on March 31, 2020) forms about 14.00% of the total assets of the Company.</p> <p>This includes bulk materials such as coal, coke, iron ore etc, which are susceptible to handling loss, moisture loss/gain, spillage etc. and determination of the same requires estimation based on experience and technical expertise. Also, the physical verification of the inventories could not be carried out and/or observed by us due to lockdown restrictions at the year end.</p> | <p>Our Audit procedures based on which we arrived at the conclusion regarding reasonableness of determination of year-end inventory and valuation thereof include the following:</p> <ul style="list-style-type: none"> • The company has procedure of physical verification of inventories at regular interval by an independent professional which was carried out till December 2019; • The Company carried out the physical verification on May 20, 2020. The services of independent firm of chartered accountant has been entrusted for observing/ participation in verification; • We have reviewed the credentials, technical and other expertise of the professional firms deployed for carrying out and observing the verification; • We reviewed the report submitted by external agency and obtained reasons/explanation for variations observed by them with respect to book stock; |

| | |
|--|---|
| | <ul style="list-style-type: none"> • We have applied alternative methods of verification for arriving at Inventories as at the year-end by applying roll back principles and carrying out relevant adjustments for receipt and issues. Materiality for variations, discrepancies after considering the reasonable allowance for volumetric measurement were duly adjusted with respect to subsequent movements and discrepancies and adjustments pursuant to last such verification carried out. • While necessary review and other corroborative evidences were obtained and verified, professional expert's report and conclusions drawn by them on the matter; • We have verified the adjustments made for receipt and consumption to arrive at the physical stock as on March 31, 2020; and • We examined the valuation process/methodology and checks being performed at multiple levels to ensure that the valuation is consistent with and as per the policy followed in this respect. |
|--|---|

Information Other than the Standalone Financial Statements and Auditors' Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report and Management Discussion and Analysis Report but does not include the standalone financial statements and our auditors' report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our 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 the Management and those charged with governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone financial statements that give a true and fair view of the state of affairs (financial position), Profit or Loss (financial performance including other comprehensive income), 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone 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.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

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 auditors' 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.

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 financial statements, 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system 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 made by management;
- Conclude on the appropriateness of management's 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 Company's ability to continue as a going concern. 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 financial statements 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; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

The outbreak of COVID-19 as stated in Note no. 6 of the financial results dealing with evaluation of Impact of

COVID-19 on current and non-current assets as well as the future performance of the Company which has caused disruption in operation and physical verification and other year end exercises, for which alternative audit procedures as required in terms of standards on auditing has been applied to obtain sufficient audit evidence on the matter. Our opinion is not modified in respect of the matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. Further to our comments in the annexure referred to in the paragraph above, as required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid Standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act; and
- f) Regarding 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 B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal control with reference to financial statements.
3. 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 financial statements – Refer Note no. 38 to the Standalone financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note no. 37(d) to the Standalone financial statements; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
4. With respect to the reporting under section 197(16) of the Act to be included in the Auditors' Report, In our opinion and according to the information and explanations given to us, the remuneration (including sitting fees) paid by the Company to its Directors during the current year is in accordance with the provisions of section 197 of the Act and is not in excess of the limit laid down therein.

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

R. P. Singh
Partner
Membership No: 52438
UDIN: 20052438AAAAAV5985

Place: Kolkata
Date: June 01, 2020

ANNEXURE "A" TO THE AUDITORS' REPORT OF EVEN DATE:

- i) a. The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets.
- b. The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to this program, certain fixed assets which were required could not be fully verified as per the programme amidst lockdown due to COVID-19 pandemic, however certain assets added during the year has been physically verified along with the Internal Auditor. According to the information and explanation given to us, no material discrepancies were noticed on such verifications. As explained such verifications will be resumed as per the phased programme in due course of time.
- c. According to the information and explanations given to us, the records examined by us and confirmation/representation received from charge holders, we report that, the title deeds, comprising all the immovable properties of land and building which are freehold, are held in the name of the Company.
- ii) As informed, the inventories of the Company except for materials in transit and those lying in depot have been physically verified by the management during the year. In our opinion and according to the information and explanations given to us, the frequency of such verification is reasonable. As the Company's inventory of raw materials comprises mostly of bulk materials such as coal, coke, iron ore, etc. requiring technical expertise for quantification, the Company has hired an independent agency for the physical verification of the stock of these materials. The year-end verification could not be carried out due to lock-down amidst COVID-19 pandemic. The Inventories as on that date have been arrived at by rolling back the receipts and issues with respect to verification carried out on a subsequent date in presence and supervision of an Independent firm of chartered accountant, entrusted with such responsibility. The discrepancies noted during the year have been properly dealt with in the books of the account.
- iii) The Company has not granted any loans secured or unsecured to companies, firms or parties covered in the register maintained under Section 189 of the Act. Accordingly, clause 3 (iii) of the Order is not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made investments or provided any guarantees/securities to parties covered under Section 185 and 186 of the Act. Accordingly, clause 3 (iv) of the Order is not applicable to the Company.
- v) The Company has not accepted any deposits during the year and does not have any unclaimed deposits as at March 31, 2020 from public covered under Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder and therefore the provisions of clause 3(v) of the Order is not applicable to the company
- vi) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148 (1) of the Act in respect of the Company's products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed records have been maintained. We have however not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
- vii) a. According to the information and explanations given to us, during the year and read with Note no. 42(a)(ii) regarding Hon'ble Supreme Court judgement on liabilities towards Provident Fund, pending determination of amount if any payable in this respect, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Goods and Service Tax, Service tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues as applicable to it.
- b. According to the information and explanations given to us, the details of disputed dues of sales tax, income tax, customs duty, wealth tax, excise duty, service tax, and Cess, if any, as at March 31, 2020, are as follows

| Name of the Statute | Nature of Dues | Amount (Rs. in lakhs) | Period to which the amount relates | Forum where dispute is pending |
|--|-----------------|-----------------------|--|--------------------------------|
| The Central Excise Act' 1944 | Service Tax | 300.84 | 2006-2007 To 2015-2016 | Commissioner (Appeals) |
| The Central Excise Act' 1944 | Excise Duty | 3.76 8.25 | 2015-2016 2007-2008 | Commissioner (Appeals) |
| Central Goods and Services Tax Act, 2017 | CGST | 35.97 | Transitional Credit | Commissioner (Appeals) |
| Central Sales Tax | Sales Tax | 151.60 | 2000-2001 2010-2011 | High Court |
| | | 2.75 | 2012-2013 | Appellate Deputy Commissioner |
| | | 399.23 | 2003-2004 2004-2005 2005-2006 | Sales Tax Appellate Tribunal |
| Andhra Pradesh General Sales Tax Act, 1957 | Sales Tax | 440.98 | 2013-2014 2014-2015 | Appellate Deputy Commissioner |
| | | 393.91 | 1999-2000 2000-2001 2003-2004 | Sales Tax Appellate Tribunal |
| | | 10.59 | 2004-2005 | High Court |
| Andhra Pradesh Value Added Tax Act, 2005 | Value Added Tax | - | 2012-2013 2014-2015 | Appellate Deputy Commissioner |
| | | 189.81 | 2005-2006 2007-2008 2011-2012 2013-2014 | Sales Tax Appellate Tribunal |
| Income Tax Act, 1961 | Income Tax | 37.72 | 2003-2004 2004-2005 | High Court |

- viii) In our opinion and on the basis of information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- ix) In our opinion and according to the information and explanations given to us, the company did not raise any money by way of initial public offer or further public offer (including debt instruments) or term loans during the year.
- x) During the course of our examination of books of account carried out in accordance with generally accepted auditing practices in India, we have neither come across any incidence of fraud on or by the Company nor have we been informed of any such cases by the management.
- xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii) The Company is not a Nidhi company and hence reporting under paragraph 3(xii) of the Order is not applicable to the Company.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Standalone 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, clause 3 (xiv) of the Order is not applicable to the Company.

xv) According to the information and explanations given to us and as represented to us by the management and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

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

Place: Kolkata.
Date: June 01, 2020

For Lodha & Co,
Chartered Accountants
Firm's ICAI Registration No.:301051E
R. P. Singh
Partner
Membership No: 52438
UDIN: 20052438AAAAV5985

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

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

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

We have audited the internal financial controls with reference to financial statements of Srikalahasthi Pipes Limited ("the Company") as at March 31, 2020 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls:

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

and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements 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 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 auditors' 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control 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 Standalone financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting:

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 control 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.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to financial statements 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.

Place: Kolkata.
Date: June 01, 2020

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

R. P. Singh
Partner
Membership No: 52438
UDIN: 20052438AAAAAV5985

BALANCE SHEET AS AT MARCH 31, 2020

Rs. in Lakhs

| Particulars | Note No. | 31st March 2020 | 31st March 2019 |
|--|----------|--------------------|--------------------|
| ASSETS | | | |
| 1 Non-Current Assets | | | |
| a. Property, Plant and Equipment | 5 | 92,659.23 | 85,787.00 |
| b. Capital Work-In-Progress | 41 | 4,037.04 | 2,407.09 |
| c. Other Intangible Assets | 6 | 51.39 | 64.72 |
| d. Financial Assets | | | |
| (i) Loans | 7 | 788.49 | 763.66 |
| (ii) Other Financial Assets | 8 | 13.53 | 99.97 |
| e. Other Non Current Assets | 9 | 652.86 | 475.44 |
| Total Non-Current Assets | | 98,202.54 | 89,597.88 |
| 2 Current Assets | | | |
| a. Inventories | 10 | 33,283.87 | 35,267.97 |
| b. Financial Assets | | | |
| (i) Trade Receivables | 11 | 54,172.63 | 30,548.02 |
| (ii) Cash and Cash Equivalents | 12 | 804.13 | 25,723.19 |
| (iii) Bank Balances Other than (iii) above | 13 | 35,496.04 | 20,557.98 |
| (iv) Loans | 14 | 5,143.31 | 6,608.63 |
| (v) Other Financial Assets | 15 | 3,057.17 | 2,435.17 |
| c. Current Tax Assets | 16 | 385.72 | 476.28 |
| d. Other Current Assets | 17 | 7,163.56 | 7,279.30 |
| Total Current Assets | | 1,39,506.43 | 1,28,896.54 |
| Total Assets | | 2,37,708.97 | 2,18,494.42 |
| EQUITY AND LIABILITIES | | | |
| 1 Equity | | | |
| a. Equity Share Capital | 18 | 4,669.84 | 4,669.84 |
| b. Other Equity | 19 | 1,36,945.09 | 1,21,569.19 |
| Total Equity | | 1,41,614.93 | 1,26,239.03 |
| 2 Liabilities | | | |
| Non-Current Liabilities | | | |
| a. Financial Liabilities | | | |
| (i) Borrowings | 20 | 11,810.72 | 16,393.17 |
| (ii) Lease Liabilities | 46 | 1,948.91 | - |
| b. Provisions | 21 | 768.84 | 547.39 |
| c. Deferred Tax Liabilities (Net) | 22 | 13,271.43 | 14,318.23 |
| d. Other Non Current Liabilities | | | |
| (i) Deferred Income | 26.1 | 397.44 | 423.08 |
| Total Non-Current Liabilities | | 28,197.34 | 31,681.87 |
| Current Liabilities | | | |
| a. Financial Liabilities | | | |
| (i) Borrowings | 23 | 37,121.43 | 18,720.11 |
| (ii) Trade Payables | 24 | | |
| Total Outstanding dues to Micro Enterprises and Small Enterprises | | 44.86 | 40.11 |
| Total Outstanding dues of Creditors Other than Micro Enterprises and Small Enterprises | | 20,960.33 | 31,684.21 |
| (iii) Other Financial Liabilities | 25 | 5,394.78 | 5,097.10 |
| b. Other Current Liabilities | 26 | 3,776.45 | 4,297.74 |
| c. Provisions | 21 | 598.85 | 734.25 |
| Total Current Liabilities | | 67,896.70 | 60,573.52 |
| Total Liabilities | | 96,094.04 | 92,255.39 |
| Total Equity and Liabilities | | 2,37,708.97 | 2,18,494.42 |

Significant Accounting Policies and other accompanying Notes (1-51) form an integral part of the Financial Statements

As per our report of even date
For Lodha & Co,
Chartered Accountants
Firm Registration No. 301051E

For and on behalf of the Board

R. K. Khanna
Chairman
DIN: 05180042

G. S. Rathi
Whole Time Director
DIN: 00083992

R. P. Singh
Partner
Membership No. 52438
Place: Kolkata.
Date: June 01, 2020

N. Sivalai Senthilnathan
Chief Financial Officer

G. Kodanda Pani
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Rs. in Lakhs

| Particulars | Note No. | 31st March 2020 | 31st March 2019 |
|---|----------|--------------------|--------------------|
| I Revenue from operations | 27 | 1,66,290.16 | 1,55,880.44 |
| II Other Income | 28 | 6,369.32 | 5,064.63 |
| III Total Income | | 1,72,659.48 | 1,60,945.07 |
| IV EXPENSES | | | |
| Cost of materials consumed | 29 | 82,720.34 | 85,022.36 |
| Purchase of Stock-in-Trade | 30 | 6,493.91 | 5,453.80 |
| Changes in inventories of finished goods, Stock-in-Trade and work-in progress | 31 | (3,673.64) | (2,644.89) |
| Employee Benefit Expenses | 32 | 8,724.17 | 7,878.14 |
| Finance costs | 33 | 4,620.06 | 4,050.23 |
| Depreciation and Amortisation Expense | 34 | 4,116.70 | 3,704.62 |
| Other Expenses | 35 | 46,005.77 | 41,475.83 |
| Total expenses | | 1,49,007.31 | 1,44,940.09 |
| V Profit before tax (III-IV) | | 23,652.17 | 16,004.98 |
| VI Tax expense: | 36 | | |
| (1) Current tax | | (5,926.65) | (3,399.29) |
| (2) Deferred tax | | 1,042.11 | (851.96) |
| Total tax expense | | (4,884.54) | (4,251.25) |
| VII Profit for the year (V - VI) | | 18,767.63 | 11,753.73 |
| VIII Other Comprehensive Income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurement of the defined benefit plans | | (18.63) | (24.01) |
| Income tax relating to items that will not be reclassified to Profit and Loss | 36.1 | 4.69 | 8.40 |
| Other Comprehensive Income for the year (net of tax) | | (13.94) | (15.61) |
| Total Comprehensive Income for the year | | 18,753.69 | 11,738.12 |
| IX Earnings Per Equity Share (EPS) of Rs. 10 each | | | |
| Basic and Diluted EPS (in Rs.) | 47 | 40.19 | 25.17 |

Significant Accounting Policies and other accompanying Notes (1-51) form an integral part of Financial Statements

As per our report of even date
For Lodha & Co,
Chartered Accountants
Firm Registration No. 301051E

R. P. Singh
Partner
Membership No. 52438
Place: Kolkata.
Date: June 01, 2020

For and on behalf of the Board

R. K. Khanna
Chairman
DIN: 05180042

N. Sivalai Senthilnathan
Chief Financial Officer

G. S. Rathi
Whole Time Director
DIN: 00083992

G. Kodanda Pani
Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

| A. Equity Share Capital | | Rs. in Lakhs | | |
|---|------------------|------------------|------------------|--------------------|
| As at March 31, 2019 | 4669.84 | | | |
| Movement during the year | - | | | |
| Balance at the end of March 31, 2020 | 4,669.84 | | | |
| B. Other Equity March 31, 2020 | | | | |
| | | | | |
| | | | | |
| Balance as at March 31, 2019 | 23,940.81 | 42,500.00 | 55,128.38 | 1,21,569.19 |
| Profit for the year | - | - | 18,767.63 | 18,767.63 |
| Other Comprehensive Income for the year | - | - | (13.94) | (13.94) |
| Total Comprehensive Income for the year | - | - | 18,753.69 | 18,753.69 |
| Transfer from/to Retained Earning | - | 5,000.00 | (5,000.00) | - |
| Dividend @ Rs.6 Per Equity Share (including corporate dividend tax) | - | - | (3,377.79) | (3,377.79) |
| Balance as at March 31, 2020 | 23,940.81 | 47,500.00 | 65,504.28 | 1,36,945.09 |
| As at March 31, 2019 | | | | |
| | | | | |
| | | | | |
| Balance as at March 31, 2018 | 23,940.81 | 37,500.00 | 51,768.05 | 1,13,208.86 |
| Profit for the year | - | - | 11,753.73 | 11,753.73 |
| Other Comprehensive Income for the year | - | - | (15.61) | (15.61) |
| Total Comprehensive Income for the year | - | - | 11,738.12 | 11,738.12 |
| Transfer from/to Retained Earning | - | 5,000.00 | (5,000.00) | - |
| Dividend @ Rs.6 Per Equity Share (including corporate dividend tax) | - | - | (3,377.79) | (3,377.79) |
| Balance as of March 31, 2019 | 23,940.81 | 42,500.00 | 55,128.38 | 1,21,569.19 |

Refer Note no. 19 for nature and purpose of reserves

Significant Accounting Policies and other accompanying Notes (1-51) form an integral part of Financial Statements

As per our report of even date
For Lodha & Co,
Chartered Accountants
Firm Registration No. 301051E

R. P. Singh
Partner
Membership No. 52438
Place: Kolkata.
Date: June 01, 2020

For and on behalf of the Board

R. K. Khanna
Chairman
DIN: 05180042

G. S. Rathi
Whole Time Director
DIN: 00083992

N. Sivalai Senthilnathan
Chief Financial Officer

G. Kodanda Pani
Company Secretary

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2020

Rs. in Lakhs

| Particulars | For the Year ended March 31, 2020 | | For the Year ended March 31, 2019 | |
|---|---|--------------------|--------------------------------------|-------------------------|
| | A. Cash Flow from operating activities | | | |
| Net Profit Before Tax | | 23,652.17 | | 16,004.98 |
| Adjustment for non cash and other items: | | | | |
| Finance Cost | 4,620.06 | | 4,050.23 | |
| Depreciation and Amortisation Expense | 4,116.70 | | 3,704.62 | |
| Gain on sale of property, plant and equipment (net) | (2.17) | | (16.96) | |
| Deffered Income | (136.30) | | (209.72) | |
| Interest Income on loans, deposits, overdue debts etc. | (5,384.31) | | (3,410.18) | |
| Provision for Obsolete and Non-Moving Stores and Spares | - | | 13.00 | |
| Impairment Allowances for doubtful debts | - | | 5.72 | |
| Provision/ Liabilities no longer required written back | - | | (8.97) | |
| Impairment Allowances for doubtful debts no longer required written back | - | | (93.75) | |
| Bad debts | - | | 61.83 | |
| Net gain/(loss) on redemption of current investments | (79.96) | 3,134.02 | (338.37) | 3,757.45 |
| Operating Profit before Working Capital changes | | 26,786.19 | | 19,762.43 |
| Adjustments for : | | | | |
| (Increase) / decrease in Loans, Other Financial and Non-Financial Assets | (137.57) | | (176.58) | |
| (Increase) / decrease in Trade Receivables | (22,667.60) | | 3,068.31 | |
| (Increase) / decrease in Inventories | 1,984.10 | | (14,368.68) | |
| Increase / (decrease) in Other non-financial Liabilities and provisions | (1,281.59) | | 414.79 | |
| (Increase) / decrease in Other current Financial Assets and Non-Financial Assets | (464.21) | | (6,263.83) | |
| Increase / (decrease) in Trade Payables and other financial Liabilities | (10,840.97) | (33,407.84) | 24,897.31 | 7,571.32 |
| Cash Generated from Operations | | (6,621.64) | | 27,333.75 |
| Direct Taxes Paid (Net) | | (5,836.09) | | (3,482.81) |
| Cash from Operating Activities (A) | | (12,457.74) | | 23,850.94 |
| B. Cash Flow from Investing Activities | | | | |
| Purchase of Property, Plant and Equipment and movement in Capital Work in Progress | (10,583.79) | | (5,504.95) | |
| Sale of Property, Plant and Equipment | 3.08 | | 82.50 | |
| Interest Received | 4,708.11 | | 3,103.60 | |
| (Increase) / decrease in Bank Balances other than Cash and cash equivalents | (14,899.44) | | (20,275.49) | |
| (Purchase)/ Sale of Current Investments (Net) | 79.96 | | 21,684.65 | |
| (Increase) / decrease in Inter-Corporate Deposits | 1,695.00 | | (4,350.00) | |
| Net Cash Flow From Investing Activities (B) | | (18,997.08) | | (5,259.69) |
| C. Cash Flow from Financing Activities | | | | |
| Long Term Borrowings-Receipts/(Repayments)[Net] | (3,591.43) | | 13,397.31 | |
| Short Term Borrowings-Receipts/(Repayments)[Net] | 18,401.32 | | (19,067.11) | |
| Interest Paid | (4,732.59) | | (4,033.16) | |
| Payment of Lease Liability | (178.62) | | - | |
| Dividends (including corporate dividend tax) | (3,362.92) | | (3,358.05) | |
| Net Cash Flow From Financing Activities (C) | | 6,535.76 | | (13,061.01) |
| Net Increase/(Decrease) in Cash and Cash Equivalents(A+B+C) | | (24,919.06) | | 5,530.24 |
| Cash and Cash Equivalent as at Beginning of Year | | 25,723.19 | | 20,192.95 |
| Cash and Cash Equivalent as at End of the Year | | 804.13 | | 25,723.19 |
| Notes | | | | |
| 1 Components of Cash and Cash Equivalents | | | | |
| Cash On Hand | | 3.63 | | 1.39 |
| Balances with Banks | | | | |
| In Current Account | | 800.50 | | 13,221.80 |
| In Deposit Account | | - | | 12,500.00 |
| | | 804.13 | | 25,723.19 |
| Notes: | | | | |
| 2 The above Cash Flow Statement has been prepared under the " Indirect Method " as set out in the Indian Accounting Standard (IND AS) 7 on Statement of Cash Flows. | | | | |
| 3 Change in Company's liabilities arising from financing activities: | | | | |
| | As at March 31, 2019 | Cash flows* | Non-Cash Flows | As at March 31, 2020 |
| Non-current borrowings [Refer Note no. 20] | 16,393.17 | (181.00) | (4,401.45) | 11,810.72 |
| Current maturities of long term debt [Refer Note no. 25] | 3,410.43 | (3,410.43) | 4,401.45 | 4,401.45 |
| Short Term borrowings [Refer Note no. 23] | 18,720.11 | 18,401.32 | - | 37,121.43 |
| Lease Liability | - | (178.62) | 2,347.14 | 2,168.52 |
| Interest accrued but not due on borrowings [Refer Note no. 25] | 345.36 | (345.36) | 232.83 | 232.83 |
| *Includes cash flows on account of both principal and interest. | | | | |

Significant Accounting Policies and other accompanying Notes (1-51) form an integral part of Financial Statements

As per our report of even date
For Lodha & Co,
Chartered Accountants
Firm Registration No. 301051E

For and on behalf of the Board

R. K. Khanna
Chairman
DIN: 05180042

G. S. Rathi
Whole Time Director
DIN: 00083992

R. P. Singh
Partner
Membership No. 52438
Place: Kolkata.
Date: June 01, 2020

N. Sivalai Senthilnathan
Chief Financial Officer

G. Kodanda Pani
Company Secretary

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1. CORPORATE INFORMATION

Srikalahasthi Pipes Limited ('SPL' or 'the Company'), is a public limited company in India having its registered office at Rachagunneri, Srikalahasthi Mandal, Chittoor district in the state of Andhra Pradesh, India engaged in the manufacture and supply of Ductile Iron Pipe as its core business and in the process produces and supplies Pig Iron and Cement. It also produces Low Ash Metallurgical Coke, Sinter and Power for captive consumption in its integrated complex. During the year, the Company has successfully implemented the Ferro Silicon Project as a part of further backward integration. The company predominantly caters to the needs of Water Infrastructure Development. The company's shares are listed on the National Stock Exchange Limited (NSE) and the BSE Limited.

2. STATEMENT OF COMPLIANCE AND RECENT PRONOUNCEMENTS

2.1 Statement of Compliance

The financial statement have been prepared in accordance with Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013 ("the Act"). The Company has complied with Ind AS issued, notified and made effective till the date of authorisation of the financial statements.

Accounting Policies have been consistently applied except where a newly issued Indian Accounting Standard is initially adopted or a revision to an existing Indian Accounting Standard requires a change in the accounting policy hitherto in use.

2.2 Application of new and revised Standards

a) Ind AS 116, Leases

Effective April 01, 2019, the Company has adopted Ind AS 116 "Leases" and applied the standard to its leasehold assets under modified retrospective approach with cumulative effect of initial recognition being given effect to on the date of application. Consequently, such assets have been recognised as "Right of Use" and have been amortised over the term of lease. Further, finance cost in respect of lease liability has been measured and considered in these financial statements. Previously charge on account of this was recognised as lease rent in terms of the agreement. This however does not have any material impact on the Profit/Loss and Earning Per Share for the year.

b) Appendix C, 'Uncertainty over Income Tax Treatments', to Ind AS 12, 'Income Taxes'

Appendix C, 'Uncertainty over Income Tax Treatments', to Ind AS 12, 'Income Taxes' have also been revised with effect from the said date. Revision in these standard also do not have any material impact on the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PREPARATION

The Financial Statements have been prepared under the historical cost convention on accrual basis excepting certain financial instruments that are measured in terms of relevant Ind AS at fair values/ amortized costs at the end of each reporting period and certain class of Property, Plant and Equipment which on the date of transition have been fair valued to be considered as deemed costs.

Historical cost convention is generally based on the fair value of the

consideration given in exchange for goods and services.

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Ind AS-1 'Presentation of Financial Statements' and Schedule III to the Companies Act, 2013. Having regard to the nature of business being carried out by the Company, the Company has determined its operating cycle as twelve months for the purpose of current and non-current classification.

The functional currency of the Company is determined as the currency of the primary economic environment in which it operates. Accordingly, these financial statements are presented in Indian Rupees and all values are rounded off to the nearest two decimal lakhs except otherwise stated.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed for such measurement:

- a) Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- b) Level 2 : inputs other than quoted prices included within level 1 that are observable either directly or indirectly for the asset or liability.
- c) Level 3 : inputs for the asset or liability which are not based on observable market data.

The company has an established control framework with respect to the measurement of fair values. This includes a finance team headed by Chief Financial Officer who has overall responsibility for overseeing all significant fair value measurements who regularly reviews significant unobservable inputs, valuation adjustments and fair value hierarchy under which the valuation should be classified.

B. PROPERTY, PLANT AND EQUIPMENT (PPE)

Property, Plant and Equipment are stated at cost of acquisition, construction and subsequent improvements thereto less accumulated depreciation and impairment losses, if any. For this purpose cost include deemed cost on the date of transition and comprises purchase price of assets or its construction cost including duties and taxes (net of cenvat availed), inward freight and other expenses related to acquisition or installation and adjustment for exchange differences wherever applicable and any cost directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended for its use. For major projects, interest and other costs incurred on / related to borrowings attributable to such projects or fixed assets during construction period and related developmental expenses are capitalized.

Parts of an item of PPE having different useful lives and material value and subsequent expenditure on PPE arising on account of capital improvement or other factors are accounted for as separate components.

The cost of replacing part of an item of PPE is recognised in the

carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement when incurred. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

The company's lease assets comprising of Land, Building and Plant and Machinery has been separately shown under PPE as Right of Use (ROU) Assets.

Capital Work-in-progress includes developmental expenses, equipments to be installed, construction and erection materials etc. Such costs are added to related PPE and are classified to the appropriate categories when completed and ready for intended use.

C. LEASES

The Company's lease asset classes primarily consist of leases for office space, transit houses, Plant and Equipments etc. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options considered for arriving at ROU and lease liability when it is reasonably certain that they will be exercised.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment, whether it will exercise an extension or a termination option.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

D. DEPRECIATION AND AMORTISATION

Depreciation on PPE except otherwise stated, is provided as per Schedule II of the Companies Act, 2013 on straight line method over the estimated useful lives. Certain Plant and Machinery have been considered Continuous Process Plant on the basis of technical assessment. Depreciation on upgradation of Property, Plant and Equipment is provided over the remaining useful life of the entire component.

Depreciation on PPE commences when the assets are ready for their intended use. Based on above, the estimated useful lives of assets for the current period are as follows:

| Category | Useful life (Years) |
|---|---------------------|
| Buildings | |
| - Non-Factory Building | |
| • RCC Frame Structure | 60 |
| • Other than RCC Frame Structure | 30 |
| • Fences, wells, tube wells | 5 |
| • Others (including temporary structure, etc) | 3 |
| - Factory Building | 30 |
| Roads | |
| - Carpeted Roads-RCC | 10 |
| - Non-Carpeted Roads | 3 |
| Plant and machinery | |
| - Continuous Process Plant | 25 |
| - Sinter Plant, Blast Furnace, and Coke Oven | 20 |
| - Power Distribution Plant | 35 |
| - Power Generation unit | 40 |
| - Others | 3-15 |
| Computer equipment | |
| - Servers and networks | 6 |
| - Others | 3 |
| Furniture and fixtures, Electrical Installation and Laboratory Equipments | 10 |
| Office equipment | 5 |
| Vehicles - Motor cycles, scooters and other mopeds | 8 |

Major Furnace relining costs capitalised as Plant and Machinery are depreciated over a period of 6 years (average expected life)

Right-of-use assets (ROU) are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

E. INTANGIBLE ASSETS

Intangible assets are stated at cost of acquisition/deemed cost on transition date, comprising of purchase price inclusive of duties and taxes less accumulated amount of amortization and impairment losses. Such assets, are amortized over the useful life using straight line method and assessed for impairment whenever there is an indication of the same.

Accordingly, cost of computer software packages (ERP and others) has been allocated / amortized over the useful life using straight line method over a period of 3 years.

Amortisation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

F. DERECOGNITION OF TANGIBLE AND INTANGIBLE ASSETS

An item of PPE/Intangible Assets is de-recognised upon disposal or when no future economic benefits are expected to arise from its use or disposal. Gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

G. IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

Tangible, Intangible assets and ROU Assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of assets is determined. An impairment loss is recognized in the statement of profit and loss, whenever the carrying amount of assets either belonging to Cash Generating Unit (CGU) or otherwise exceeds recoverable amount. The recoverable amount is the higher of assets' fair value less cost to disposal and its value in use. In assessing value in use, the estimated future cash flows from the use of the assets are discounted to their present value at appropriate rate.

Impairment losses recognized earlier may no longer exist or may have come down. Based on such assessment at each reporting period the impairment loss is reversed and recognized in the Statement of Profit and Loss. In such cases the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years that reflects current market assessments of the time value of money and the risk specific to the asset.

H. FINANCIAL ASSETS AND LIABILITIES

Financial assets and financial liabilities (financial instruments) are recognized when Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the Statement of Profit and Loss.

The financial assets and financial liabilities are classified as current if they are expected to be realized or settled within operating cycle of the company or otherwise these are classified as noncurrent.

The classification of financial instruments whether to be measured at Amortized Cost, at Fair Value Through Profit and Loss (FVTPL) or at Fair Value Through Other Comprehensive Income (FVTOCI) depends on the objective and contractual terms to which they relate. Classification of financial instruments is determined on initial recognition.

(i) Cash and cash equivalents

All highly liquid financial instruments, which are readily convertible into determinable amounts of cash and which are subject to an insignificant risk of change in value and are having original maturities of three months or less from the date of purchase, are considered as cash equivalents. Cash and cash equivalents includes balances with banks which are unrestricted for withdrawal and usage.

(ii) Financial Assets and Financial Liabilities measured at amortized cost

Financial Assets held within a business whose objective is to hold

these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost.

The above Financial Assets and Financial Liabilities subsequent to initial recognition are measured at amortized cost using Effective Interest Rate (EIR) method.

The effective interest rate is the rate that discounts estimated future cash payments or receipts (including all fees, transaction costs and other premiums or discounts) through the expected life of the Financial Asset or Financial Liability to the gross carrying amount of the financial asset or to the amortised cost of financial liability.

(iii) Financial Asset at Fair Value through Other Comprehensive Income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Subsequent to initial recognition, they are measured at fair value and changes therein are recognized directly in other comprehensive income.

(iv) For the purpose of para (ii) and (iii) above, principal is the fair value of the financial asset at initial recognition and interest consists of consideration for the time value of money and associated credit risk.

(v) Financial Assets or Liabilities at Fair value through profit or loss

Financial Instruments which do not meet the criteria of amortized cost or fair value through other comprehensive income are classified as Fair Value through Profit or loss. These are recognized at fair value and changes therein are recognized in the statement of profit and loss.

(vi) Derivatives and Hedge Accounting

The company enters into derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in foreign exchange rates in respect of financial instruments and forecasted cash flows denominated in certain foreign currencies. The Company uses hedging instruments which provide principles on the use of such financial derivatives consistent with the risk management strategy of the Company. The hedge instruments are designated and documented as hedges and effectiveness of hedge instruments is assessed and measured at inception and on an ongoing basis to reduce the risk associated with the exposure being hedged.

Any derivative that is either not designated as a hedge, or is so designated but is ineffective as per Ind AS 109 "Financial Instruments", is categorized as a financial asset/liability, at fair value through profit or loss. Transaction costs attributable to the same are also recognized in statement of profit and loss. Changes in the fair value of the derivative hedging instrument designated as a fair value hedge are recognized in the statement of profit and loss.

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized in other comprehensive income and presented within equity as cash flow hedging reserve to the extent that the hedge is effective.

Hedging instrument which no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity remains therein till that time and thereafter to the extent hedge accounting

being discontinued is recognised in Statement of Profit and Loss. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss accumulated in equity is transferred to the statement of profit and loss.

(vii) Impairment of financial assets

A financial asset is assessed for impairment at each reporting date. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

The company measures the loss allowance for financial assets at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

In case of trade receivables or contract assets that result in relation to revenue from contracts with customers, the company measures the loss allowance at an amount equal to lifetime expected credit losses.

(viii) De-recognition of financial instruments

The Company derecognizes a financial asset or a group of financial assets when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset, the difference between the assets's carrying amount and the sum of the consideration received and receivable are recognized in statement of profit and loss.

On derecognition of assets measured at FVTOCI the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to statement of profit and loss as a reclassification adjustment.

Financial liabilities are derecognized if the Company's obligations specified in the contract expire or are discharged or cancelled. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in statement of profit and loss.

I. INVENTORIES

- (i) Inventories are valued at lower of the cost or net realizable value. Cost of inventories is ascertained on 'weighted average' basis. Materials and her supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to besold at or above cost.
- (ii) Cost in respect of raw materials and stores and spares includes expenses incidental to procurement of the same. Cost in ct of finished goods and those under progress represents raw material cost plus costs of conversion, comprising labor costs and an attributable proportion of manufacturing overheads based on normal levels of activity.
- (iii) Cost in respect of work in progress represents cost incurred up to the stage of completion.
- (iv) By-Products are valued at net realizable value.

J. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing on the date of the transactions. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates. Non-monetary

items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction. The loss or gain thereon and also on the exchange differences on settlement of the foreign currency transactions during the year are recognized as income or expense in the profit and loss account except in respect of non-current liabilities existing as on April 1, 2015 (i.e. transition date) related to Property, Plant and Equipment, in which case these are adjusted to the cost of respective PPE. Foreign exchange gain/loss to the extent considered as an adjustment to Interest Cost are considered as part of borrowing cost.

K. EQUITY SHARE CAPITAL

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Par value of the equity shares is recorded as share capital and the amount received in excess of par value is classified as Securities Premium.

Costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

L. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a legal or constructive obligation as a result of past events and it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of obligation. Provisions are not recognized for future operating losses. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Contingent liabilities is not recognized and are disclosed by way of notes to the financial statements when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or when there is a present obligation is not recognised where it is either not probable that an outflow of resources will be required to settle the same or a reliable estimate of the amount payable in this respect cannot be made.

Contingent Assets are not recognised but disclosed in the financial statements by way of notes to accounts when an inflow of economic benefits is probable.

M. EMPLOYEE BENEFITS

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

Contribution to defined contribution plans such as Provident Fund etc., is being made in accordance with statute and are recognised as and when incurred.

Contribution to defined benefit plans consisting of contribution to gratuity are determined at close of the year at present value of the amount payable using actuarial valuation techniques. Actuarial gain and losses arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income.

Other long term employee benefits consisting of Leave Encashment are determined at close of the year at present value of the amount payable using actuarial valuation techniques. The changes in the amount payable including actuarial gain/loss are recognised in the Statement of profit and loss.

N. REVENUE**Revenue from Sale of Product**

Revenue from Sales is recognised when control of the products has been transferred and/or the products are delivered to the customers. Delivery occurs when the product has been shipped or delivered to the specific location as the case may be and control has been transferred and either the customer has accepted the product in accordance with the contract or the company has objective evidence that all criteria for acceptance has been satisfied.

The Company provides warranties for defects, replacement etc. that existed at the time of sale based on historical trend and records.

Sale of Services

Revenue from Sales of Services has been recognized when the outcome of services can be estimated reliably and it is probable that the economic benefits associated with rendering of services will flow to the Company, and the amount of revenue can be measured reliably.

Interest, Dividend and Claims

Dividend income is recognized when the right to receive payment is established. Interest has been accounted using effective interest rate method. Insurance claims/ other claims are accounted as and when admitted / settled.

Export Benefits

Export incentives are accounted for in the year of export if the entitlements and realisability thereof can be estimated with reasonable accuracy and conditions precedent to claim is fulfilled.

O. BORROWING COST

Borrowing cost comprises of interest and other costs incurred in connection with the borrowing of the funds. All borrowing costs are recognized in the statement of profit and loss using the effective interest method except to the extent attributable to qualifying Property Plant Equipment (PPE) which are capitalized to the cost of the related assets. A qualifying PPE is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Borrowing cost also includes exchange differences to the extent considered as an adjustment to the borrowing costs.

P. RESEARCH AND DEVELOPMENT

Research and development cost (other than cost of Property, Plant and Equipment acquired) are charged as an expense in the year in which they are incurred.

Q. GOVERNMENT GRANTS

Government grants are recognized on systematic basis when there is reasonable certainty of realization of the same. Revenue grants including subsidy/rebates are credited to statement of profit and loss Account under "Other Income" or deducted from the related expenses for the period to which these are related. Grants which are meant for purchase, construction or otherwise to acquire non-current assets are recognized as Deferred Income and disclosed under non-Current Liabilities and transferred to statement of profit and loss on a systematic basis over the useful life of the respective asset. Grants relating to non-depreciable assets are transferred to statement of profit and loss over the periods that bear the cost of meeting the obligations related to such grants.

R. TAXES ON INCOME

Income tax expense representing the sum of current tax expenses and the net charge of the deferred taxes is recognized in the income

statement except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current income tax is provided on the taxable income and recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences with respect to carryforward of unused tax credits and any unused tax losses/depreciation to the extent that it is probable that taxable profits will be available against which these can be utilized.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets include Minimum Alternative Tax (MAT) measured in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability and such benefits can be measured reliably and it is probable that the future economic benefit associated with asset will be realized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

S. EARNINGS PER SHARE

Basic earnings per share are computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

T. SEGMENT REPORTING

Operating segments are identified and reported taking into account the different risk and return, organisation structure and the internal reporting provided to the chief-operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Segment manager who allocates resources and assess the operating activities, financial results, forecasts, or plans for the segment.

4. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of the financial statements in conformity with measurement principle of Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in

circumstances surrounding the estimates. Differences between the actual results and estimates are recognized in the year in which the results are known / materialized and, if material, their effects are disclosed in the notes to the financial statements.

Application of accounting policies that require significant areas of estimation, uncertainty and critical judgments and the use of assumptions in the financial statements have been disclosed below. The key assumptions concerning the future and other key sources of estimation/assumptions at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities and related revenue impact within the next financial year are discussed below:

a. Depreciation/amortization and impairment loss against property, plant and equipment / intangible assets.

Property, plant and equipment, ROU Assets and Intangible Assets are depreciated/ amortized on straight-line basis over the estimated useful lives (or lease term if shorter) taking into account the estimated residual value, wherever applicable.

The company reviews its carrying value of its Tangible and Intangible Assets whenever there is objective evidence that the assets are impaired. The required level of impairment losses to be made is estimated by reference to the estimated value in use or recoverable amount. In such situation Assets' recoverable amount is estimated which is higher of asset's or cash generating units (CGU) fair value less cost of disposal and its value in use. In assessing value in use the estimated future cash flows are discounted using pre-tax discount rate which reflect the current assessment of time value of money. In determining fair value less cost of disposal, recent market realisations are considered or otherwise in absence of such transactions appropriate valuations are adopted. The Company reviews the estimated useful lives and residual life of the assets regularly in order to determine the amount of depreciation / amortization and also amount of impairment expense to be recorded and/or to be reversed during any reporting period. Subsequent reassessment or review may result in change of estimates in future periods.

b. Arrangement contain leases and classification of leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any option to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such

as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the company's operations taking into account among other things, the location of the underlying asset and the availability of suitable alternatives. The lease terms and impact thereof are reassessed in each year to ensure that the lease term reflects the current economic circumstances.

c. Impairment loss on trade receivables

The Company evaluates whether there is any objective evidence that trade receivables are impaired and determines the amount of impairment loss as a result of the inability of the debtors to make required payments. The Company bases the estimates on the ageing of the trade receivables balance, credit-worthiness of the trade receivables and historical write-off experience.

d. Defined Benefit Obligations (DBO)

Critical estimate of the DBO involves a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate, anticipation of future salary increases etc. as estimated by Independent Actuary appointed for this purpose. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

e. Provisions and Contingencies

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change.

Management uses in-house and external legal professional to make judgment for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations/ against the Company as it is not possible to predict the outcome of pending matters with accuracy.

The carrying amounts of provisions and liabilities and estimation for contingencies are reviewed regularly and revised to taking into account changing facts and circumstances.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

5 Property, Plant and Equipment
As at March 31, 2020:

| Particulars | (Rs. in Lakhs) | | | | | | | | | | | |
|--|------------------|--------------------|-------------------|-----------------------|---------------------------|-------------------|-----------------------|--------------------------|------------------|----------------------|---------------|--------------------|
| | Land Freehold | ROU Land Leasehold | Factory Buildings | Non Factory Buildings | ROU Non Factory Buildings | Plant & Machinery | ROU Plant & Machinery | Electrical Installations | Office Equipment | Furniture & Fixtures | Vehicles | TOTAL |
| Gross carrying amount | | | | | | | | | | | | |
| As at March 31, 2019 | 34,489.24 | - | 6,757.53 | 1,422.99 | - | 55,556.23 | - | 644.37 | 298.12 | 44.73 | 351.46 | 99,564.67 |
| Additions | | 109.26 | 626.49 | 246.54 | 145.44 | 7,430.94 | 2,159.86 | 44.94 | 5.70 | 127.45 | 65.16 | 10,961.78 |
| Deletions | - | - | - | - | - | - | - | - | 0.24 | 0.14 | 15.95 | 16.33 |
| As at March 31, 2020 | 34,489.24 | 109.26 | 7,384.02 | 1,669.53 | 145.44 | 62,987.17 | 2,159.86 | 689.31 | 303.58 | 172.04 | 400.67 | 1,10,510.12 |
| Accumulated Depreciation | | | | | | | | | | | | |
| As at March 31, 2019 | - | - | 1,083.31 | 420.44 | - | 11,546.89 | - | 398.90 | 164.67 | 20.48 | 142.99 | 13,777.68 |
| Depreciation charged during the year | - | 3.69 | 289.04 | 96.25 | 83.87 | 3,348.09 | 172.79 | 19.81 | 31.24 | 3.77 | 40.08 | 4,088.63 |
| Deduction/Adjustment | - | - | - | - | - | - | - | - | 0.23 | 0.05 | 15.14 | 15.42 |
| As at March 31, 2020 | - | 3.69 | 1,372.35 | 516.69 | 83.87 | 14,894.98 | 172.79 | 418.71 | 195.68 | 24.20 | 167.93 | 17,850.89 |
| Net Carrying Amounts as at March 31, 2020 | 34,489.24 | 105.57 | 6,011.67 | 1,152.84 | 61.57 | 48,092.19 | 1,987.07 | 270.60 | 107.90 | 147.84 | 232.74 | 92,659.23 |

As at March 31, 2019:

| Particulars | (Rs. in Lakhs) | | | | | | | | | | | |
|--|------------------|--------------------|-------------------|-----------------------|---------------------------|-------------------|-----------------------|--------------------------|------------------|----------------------|---------------|------------------|
| | Land Freehold | ROU Land Leasehold | Factory Buildings | Non Factory Buildings | ROU Non Factory Buildings | Plant & Machinery | ROU Plant & Machinery | Electrical Installations | Office Equipment | Furniture & Fixtures | Vehicles | TOTAL |
| Gross carrying amount | | | | | | | | | | | | |
| As at March 31, 2018 | 34,034.87 | - | 6,575.86 | 1,104.93 | - | 51,179.65 | - | 635.60 | 258.04 | 43.63 | 340.00 | 94,172.58 |
| Additions | 454.37 | - | 181.67 | 318.06 | - | 4,938.63 | - | 8.77 | 40.08 | 1.10 | 11.46 | 5,954.14 |
| Deletions | - | - | - | - | - | 562.05 | - | - | - | - | - | 562.05 |
| As at March 31, 2019 | 34,489.24 | - | 6,757.53 | 1,422.99 | - | 55,556.23 | - | 644.37 | 298.12 | 44.73 | 351.46 | 99,564.67 |
| Accumulated Depreciation | | | | | | | | | | | | |
| As at March 31, 2018 | - | - | 800.05 | 307.46 | - | 8,868.79 | - | 371.76 | 130.25 | 15.59 | 104.23 | 10,598.13 |
| Depreciation charged during the year | - | - | 283.26 | 112.98 | - | 3,174.61 | - | 27.14 | 34.42 | 4.89 | 38.76 | 3,676.06 |
| Deduction/Adjustment | - | - | - | - | - | 496.52 | - | - | - | - | - | 496.52 |
| As at March 31, 2019 | - | - | 1,083.31 | 420.44 | - | 11,546.89 | - | 398.90 | 164.67 | 20.48 | 142.99 | 13,777.67 |
| Net Carrying Amounts as at March 31, 2019 | 34,489.24 | - | 5,674.22 | 1,002.55 | - | 44,009.34 | - | 245.47 | 133.45 | 24.25 | 208.47 | 85,787.00 |

5.1 The Gross Block includes certain Property, Plant and Equipment i.e. freehold land which have been valued by an Independent valuer appointed in this respect and considered as "deemed cost" resulting in appreciation of Rs. 32,176.37 lakhs as on 1st April, 2015 (i.e. transition date) in accordance with the provisions of Ind AS 101 "First-time adoption of Indian Accounting Standards".

5.2 Refer Note no. 44 dealing with adjustments carried out with respect to Exchange Fluctuation in the cost of Plant and Machinery.5.3 Refer Note no. 20 to financial statements in respect of charge created against borrowings

5.4 Government assistance in the form of the duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme amounting to Rs. 294.74 lakhs on purchase of property, plant and equipment has been added to Plant and Equipments with corresponding credit to Deferred Income (Refer Note no.26.1(b).5 "ROU Land Leasehold", "ROU Non- Factory Buildings" and "ROU Plant and Equipment" relates to building premises and equipments respectively taken on lease and recognised as "Right of Use" in terms of Ind AS116 on implementation with effect from April 01, 2019.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**6 Intangible Assets:****As at March 31, 2020**

(Rs. in Lakhs)

| Details | Computer Software |
|---|-------------------|
| Gross Block | |
| As at March 31, 2019 | 192.66 |
| Additions | 14.74 |
| Deduction/Adjustment | - |
| As at March 31, 2020 | 207.40 |
| Accumulated Amortisation | |
| As at March 31, 2019 | 127.94 |
| Charge during the year | 28.07 |
| Deduction/Adjustment | - |
| As at March 31, 2020 | 156.01 |
| Net Carrying Amounts as at 31 Mar 2020 | 51.39 |

As at March 31, 2019

| Details | Computer Software |
|--|-------------------|
| Gross Block | |
| As at March 31, 2018 | 174.37 |
| Additions | 18.29 |
| Deduction/Adjustment | - |
| As at March 31, 2019 | 192.66 |
| Accumulated Amortisation | |
| As at March 31, 2018 | 99.38 |
| Charge during the year | 28.56 |
| Deduction/Adjustment | - |
| As at March 31, 2019 | 127.94 |
| Net Carrying Amounts as at March 31, 2019 | 64.72 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

7. LOANS

Rs. in Lakhs

| Particulars | Refer Note no. | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------|----------------------|----------------------|
| Security Deposits | | | |
| Unsecured - considered good | | 788.49 | 763.66 |
| Unsecured Credit Impaired | | 5.72 | 5.72 |
| Less : Impairment Allowance for doubtful | | (5.72) | (5.72) |
| Total | | 788.49 | 763.66 |

7.1 MOVEMENT OF IMPAIRMENT ALLOWANCES FOR DOUBTFUL DEPOSITS

| | | | |
|--------------------------------------|--|------|------|
| Balance at the beginning of the year | | 5.72 | - |
| Recognised during the year | | - | 5.72 |
| Reversal during the year | | - | - |
| Balance at the end of the year | | 5.72 | 5.72 |

8 OTHER FINANCIAL ASSETS

| | | | |
|-----------------------------------|------|--------------|--------------|
| Margin Money with banks | 13.1 | 0.97 | 24.67 |
| Security Deposit/EMD to Customers | 15.2 | 12.56 | 75.30 |
| Total | | 13.53 | 99.97 |

9 OTHER NON-CURRENT ASSETS

| | | | |
|-----------------------|-----|---------------|---------------|
| Capital Advances | | 638.32 | 391.61 |
| Prepaid Expenses | | 14.54 | 19.53 |
| Leasehold Prepayments | 9.1 | - | 64.30 |
| Total | | 652.86 | 475.44 |

9.1 During the year, Leasehold prepayment has been treated as "ROU Land Leasehold" as stated in Note no. 5.5

10 INVENTORIES

| | | | |
|---|------|------------------|------------------|
| (Valued at lower of Cost or Net Realisable Value) | | | |
| Raw Materials | | 19,401.31 | 25,216.53 |
| Process Stock | | 1,483.67 | 929.27 |
| Finished Goods | | 5,649.22 | 1,984.93 |
| Finished Goods in transit | | 844.09 | 1,389.14 |
| Stores & Spares | | 5,905.58 | 5,761.10 |
| Less: Provision for Obsolete and Non-Moving Stores and Spares | 10.2 | - | (13.00) |
| Total | | 33,283.87 | 35,267.97 |

10.1 Refer Note no. 23.1 to financial statements in respect of charge created against borrowings

10.2 Movement of Provision for Obsolete and Non-Moving Stores and Spares

| | | | |
|--------------------------------------|--|---------|-------|
| Balance at the beginning of the year | | 13.00 | - |
| Recognised during the year | | - | 13.00 |
| Reversal during the year | | (13.00) | - |
| Balance at the end of the year | | - | 13.00 |

10.3 Stores and Spares stock includes stock of DI Pipe Mould amounting to Rs. 1,765.32 lakhs (March 31, 2019: Rs. 1,606.35 lakhs) being charged to consumption based on production.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**11 TRADE RECEIVABLES**

Rs. in Lakhs

| Particulars | Refer Note no. | As at March 31, 2020 | As at March 31, 2019 |
|-------------------|----------------|----------------------|----------------------|
| (Unsecured) | | | |
| - Considered good | 11.2 | 54,172.63 | 30,548.02 |
| Total | | 54,172.63 | 30,548.02 |

11.1 Refer Note no. 23.1 to financial statements in respect of charge created against borrowings**11.2 AGE OF TRADE RECEIVABLES:**

| | | | |
|------------------------------------|--|------------------|------------------|
| Within the credit period (actuals) | | 34,321.03 | 21,069.33 |
| 0 - 90 days | | 14,559.04 | 7,909.10 |
| 91 - 180 days | | 318.97 | 1,095.55 |
| More than 180 days past due | | 4,973.59 | 474.04 |
| Total | | 54,172.63 | 30,548.02 |

The average credit period on sales of goods is 45 – 90 days. In case of delay, interest, wherever applicable, is charged.

12 CASH AND CASH EQUIVALENTS

| | | | |
|--|---------------|---------------|------------------|
| Balances with Banks | | | |
| -in Current Account | | 800.50 | 13,221.80 |
| -In Fixed Deposit with original maturity of less than 3 months | 12.1 and 12.2 | - | 12,500.00 |
| Cash on Hand | | 3.63 | 1.39 |
| Total | | 804.13 | 25,723.19 |

12.1 Includes Nil (March 31, 2019: Rs. 2,500.00 lakhs) out of QIP proceeds pending utilisation thereof in terms of the issue (Refer Note no. 48).

12.2 Includes Nil (March 31, 2019: Rs. 10,000.00 lakhs) out of Term Loan proceeds pending utilisation thereof in terms of the intended use.

13 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

| | | | |
|---|------|------------------|------------------|
| Balances with Banks | | | |
| - In Unpaid Dividend | | 90.34 | 75.42 |
| - In Fixed Deposit with original maturity of more than 3 months | 13.2 | 33,500.00 | 20,000.00 |
| - In Margin Money | 13.1 | 1,905.70 | 482.56 |
| Total | | 35,496.04 | 20,557.98 |

13.1 Margin Fixed Deposits with banks includes Fixed Deposit of Rs. 1,906.67 lakhs (March 31, 2019: Rs. 507.23 Lakhs) including Rs. 0.97 lakhs (March 31, 2019: Rs. 24.67 lakhs) disclosed under other non-current financial assets and lodged with banks against guarantee issued by them.

13.2 Includes Nil (March 31, 2019: Rs. 2,105.03 lakhs) out of QIP proceeds pending utilisation thereof in terms of the issue (Refer Note no. 48).

14 LOANS

| | | | |
|---------------------------------|------|-----------------|-----------------|
| Unsecured | | | |
| - Considered good | | | |
| Inter Corporate Loans | 14.2 | 4,655.00 | 6,350.00 |
| Loans and Advances to employees | | 30.80 | 27.47 |
| Other Deposits | 14.1 | 457.51 | 231.16 |
| Total | | 5,143.31 | 6,608.63 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Rs. in Lakhs

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

| Particulars of Advances | Amount Outstanding at the year end March 31, 2020 | Maximum Amount Outstanding during the year ended March 31, 2020 | Amount Outstanding at the year end March 31, 2019 | Maximum Amount Outstanding during the year ended March 31, 2019 |
|--|---|---|---|---|
| Loans and advances in the nature of loans to Companies in which directors are interested | | | | |
| Amit Trexim Private Limited | 3.00 | 3.00 | 3.00 | 3.00 |
| Global Exports Limited | - | 15.00 | 15.00 | 15.00 |
| All the above advances have been given for general corporate purposes. | | | | |

14.2 Disclosure of Inter Corporate Loans (other than above) as per Sec 186(4) of the Companies Act 2013 are as follows

| Particulars of Loan given | Rate of Interest | Amount Outstanding at the year end March 31, 2020 | Maximum Amount Outstanding during the year ended March 31, 2020 | Amount Outstanding at the year end March 31, 2019 | Maximum Amount Outstanding during the year ended March 31, 2019 |
|---|------------------|---|---|---|---|
| Tetron Capital Limited | 10% | - | 2,000.00 | 2,000.00 | 3,000.00 |
| Rashmi Properties and Investments Limited | 10% | - | 3,000.00 | 3,000.00 | 3,000.00 |
| Sanghai Commercial & Credits (P) Limited | 10% | 4,655.00 | 8,580.00 | 1,350.00 | 15,000.00 |
| Total | | 4,650.00 | 13,580.00 | 6,350.00 | 21,000.00 |

14.2.1 All the above Inter Corporate Loans have been given for general corporate purposes.

15 OTHER FINANCIAL ASSETS

| Particulars | Refer Note no. | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------|----------------------|----------------------|
| Security Deposit/EMD to Customers | 15.2 | 1,118.92 | 337.38 |
| Sales Tax Subsidy Receivable | | 1,202.49 | 1202.49 |
| Sales Tax Deposits | 15.1 | 396.81 | 396.81 |
| Derivative Assets at Fair Value through Profit and Loss | 37(d) | 164.26 | - |
| Interest Receivable | - | 1,174.69 | 498.49 |
| Total | | 3,057.17 | 2,435.17 |

15.1 Represents deposits made against disputed demand with Sales Tax Authorities (Refer Note no. 38(b)(i))

15.2 Represents deposits lying with customers in terms of agreement/order with/from customers

16 CURRENT TAX ASSETS (NET)

| Particulars | | As at March 31, 2020 | As at March 31, 2019 |
|---|--------------|----------------------|----------------------|
| Advance Tax (Net of Provision for Tax of Rs. 24,062.63 Lakhs) | | 385.72 | 3,790.65 |
| (March 31, 2019: Rs. 18,135.99 Lakhs) | Total | 385.72 | 3,790.65 |

17 OTHER CURRENT ASSETS

| Particulars | Refer Note no. | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------|----------------------|----------------------|
| Balance with Government Authorities | | 474.20 | - |
| Advance for supply of goods and services | | | |
| - Related Parties | 17.1 | 2,274.52 | 4,816.18 |
| - Others | | 4,138.24 | 2,178.40 |
| Prepaid Expenses | | 252.27 | 244.50 |
| Leasehold land payment | 17.2 | - | 3.12 |
| MEIS Licences | | 24.33 | 37.10 |
| Total | | 7,163.56 | 7,279.30 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Rs. in Lakhs

17.1 Represents Interest bearing advances**17.2 During the year, Leasehold prepayment has been treated as "ROU Land Leasehold" as stated in Note no. 5.5****18 EQUITY SHARE CAPITAL**

| Particulars | Refer Note no. | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------|-------------------------|-----------------|-------------------------|-----------------|
| | | No. of Shares | Amount | No. of Shares | Amount |
| Authorised: | | | | | |
| Equity Shares of Rs.10/- each | | 530.00 | 5,300.00 | 530.00 | 5,300.00 |
| Issued, Subscribed and Fully Paid | | | | | |
| Equity Shares of Rs.10/- each | | 466.98 | 4,669.84 | 466.98 | 4,669.84 |
| Total | | 466.98 | 4,669.84 | 466.98 | 4,669.84 |

18.1 There is no movement in Equity Share Capital during the year ended March 31, 2020.**18.2 Terms/rights attached to equity shares**

The company has only one class of equity shares having a par value of Rs 10/- per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the company, after distribution of all preferential amounts in proportion to the number of equity shares held by them.

18.2 Shareholders holding more than 5% shares in the company

| Particulars | | As at March 31, 2020 | | As at March 31, 2019 | |
|-------------------------------|--|---------------------------|--------------|---------------------------|--------------|
| | | No. of Shares in Lakhs | % holding | No. of Shares in Lakhs | % holding |
| M/s.Electrosteel Castings Ltd | | 193.01 | 41.33 | 193.01 | 41.33 |
| M/s. DSP Equity & Bond Fund | | 10.67 | 2.28 | 33.29 | 7.13 |

19 OTHER EQUITY

| Particulars | Refer Note no. | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------|-------------------------|-------------------------|
| | | | |
| (a) Securities Premium | 19.1(a) | | |
| As per last Balance Sheet | | 23,940.81 | 23,940.81 |
| (b) General Reserve | 19.1(b) | | |
| As per last Balance Sheet | | 42,500.00 | 37,500.00 |
| Transfer from/to Retained Earning | | 5,000.00 | 5,000.00 |
| | | 47,500.00 | 42,500.00 |
| (c) Retained Earnings | 19.1(c) | | |
| As per last Balance Sheet | | 55,128.38 | 51,768.05 |
| Profit for the year | | 18,767.63 | 11,753.73 |
| Other Comprehensive Income for the year | | (13.94) | (15.61) |
| Transfer from/to Retained Earning | | (5,000.00) | (5,000.00) |
| Dividends @ Rs. 6 per Equity share (including corporate dividend tax) | | (3,377.79) | (3,377.79) |
| | | 65,504.28 | 55,128.38 |
| Total | | 1,36,945.09 | 1,21,569.19 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

19.1 Nature of reserves

a) Securities Premium

Securities Premium represents the amount received in excess of par value of securities and is available for utilisation as specified under Section 52 of Companies Act, 2013

b) General Reserve

The general reserve is a free reserve which is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by transferring from one component to another and is not an item of Other Comprehensive Income, items included in the general reserve will not be reclassified subsequently to Statement of Profit and Loss.

c) Retained Earnings

Retained Earnings generally represent the undistributed profits /amount of accumulated earnings of the Company. This includes Rs. 2,48,85.21 lakhs (net of taxes) represented by change in carrying amount of an PPE being measured at Fair Value and considered as deemed cost as on the date of transition to Ind AS and Other Comprehensive Income of Rs.(106.79 lakhs) (March 31, 2019: Rs.(92.85 lakhs)) relating to re-measurement of defined benefit plans which cannot be reclassified to Statement of Profit and Loss. The amount reported above are not distributable in entirety.

19.2 Subsequent to the balance sheet date, the Board of Directors has recommended a dividend of Rs. 7/- per share to be paid on fully paid equity shares in respect of the financial year ended March 31, 2020. This equity dividend is subject to approval by shareholders at the ensuing Annual General Meeting and has not been included as a liability in these financial statements. The total estimated equity dividend to be paid is Rs. 3,268.69 lakhs.

Rs. in Lakhs

20 Borrowings

| Particulars | Refer Note no. | As at March 31, 2020 | | As at March 31, 2019 | |
|--|------------------|-------------------------|----------|-------------------------|----------|
| | | Non Current | Current | Non Current | Current |
| Secured | 20.2 | | | | |
| From Banks | | | | | |
| Rupee Term loans | 20.1 (a) and (b) | 11,810.72 | 3,500.00 | 15,577.13 | 1,750.00 |
| External Commercial Borrowing | 20.1 (c) | - | 901.45 | 816.04 | 1,660.43 |
| | | 11,810.72 | 4,401.45 | 16,393.17 | 3,410.43 |
| Less: Amount shown under current Financial liabilities | 25 | - | 4,401.45 | - | 3,410.43 |
| Total | | 11,810.72 | - | 16,393.17 | - |

20.1 Terms of Repayment and rate of interest:

- Rupee Term Loan outstanding as on March 31, 2020 Rs.6,750 Lakhs (March 31, 2019: Rs.7,500 Lakhs) is repayable in 18 equal Quarterly instalment of Rs. 375.00 Lakhs each from June 2020 and carries an Interest at MCLR-1Y+0.85 (i.e. 9.00% p.a. presently) payable monthly.
- Rupee Term Loan outstanding as on March 31, 2020 Rs. 9,000 Lakhs (March 31, 2019: Rs.10,000 Lakhs) is repayable in 18 equal Quarterly instalment of Rs. 500.00 Lakhs each from July 2020 and carries an Interest at MCLR-1Y+0.96 (i.e. 9.11% p.a. presently) payable monthly.
- External Commercial Borrowings outstanding as on March 31, 2020 Rs. 901.45 Lakhs (Equivalent US\$ 11.92 Lakhs) (March 31, 2019 Rs.2,476.47 lakhs (Equivalent US\$ 35.92 lakhs)) is repayable in last installment of US\$ 11,91,600 and carries an interest at LIBOR plus 4.3% p.a payable half yearly.
- The outstanding balances as disclosed above are based on Amortised cost in accordance with Ind AS 109 "Financial Instruments".

20.2 Nature of security :

The above Loans are secured by way of first pari-passu charge on the Movable and Immovable Property, Plant and Equipment of the company, both present and future.

21 PROVISIONS

Rs. in Lakhs

| Particulars | Refer Note no. | As at March 31, 2020 | | As at March 31, 2019 | |
|---|----------------|-------------------------|---------|-------------------------|---------|
| | | Non Current | Current | Non Current | Current |
| For Employee Benefits - Unavailed Leave, Gratuity, Bonus, etc., | 42 | 768.84 | 598.85 | 547.39 | 734.25 |
| Total | | 768.84 | 598.85 | 547.39 | 734.25 |

22 DEFERRED TAX LIABILITIES (NET):

| Particulars | As at March 31, 2019 | Recognised in Profit or Loss | Recognised in other comprehensive income | Recognised in Securities Premium/ Other adjustments | As at March 31, 2020 |
|--|-------------------------|---------------------------------|--|--|-------------------------|
| Deferred tax liabilities / assets in relation to: | | | | | |
| Deferred tax Liabilities: | | | | | |
| Timing Difference w.r.t Property, Plant and Equipment | 15,972.61 | (2,330.30) | - | - | 13,642.31 |
| Lease Liability | - | 25.59 | - | - | 25.59 |
| Fair Valuation of Derivative Instrument through Profit and Loss and Others | 2.78 | 38.56 | - | - | 41.34 |
| Total Deferred tax Liabilities | 15,975.39 | (2,266.15) | - | - | 13,709.24 |
| Deferred tax Assets: | | | | | |
| MAT Credit entitlement | 909.62 | (909.62) | - | - | - |
| Share Issue Expenses | 125.65 | (67.99) | 4.69 | - | 62.35 |
| Defined benefit obligation/Employee Benefits and others | 621.89 | (246.43) | - | - | 375.46 |
| Total Deferred tax Assets | 1,657.16 | (1,224.04) | 4.69 | - | 437.81 |
| Deferred tax liabilities (net) | 14,318.23 | (1,042.11) | (4.69) | - | 13,271.43 |

| Particulars | As at March 31, 2018 | Recognised in Profit or Loss | Recognised in other comprehensive income | Recognised in Securities Premium/ Other adjustments | As at March 31, 2019 |
|--|-------------------------|---------------------------------|--|--|-------------------------|
| Deferred tax liabilities / assets in relation to: | | | | | |
| Deferred tax Liabilities: | | | | | |
| Timing Difference w.r.t Property, Plant and Equipment | 15,448.18 | 524.43 | - | - | 15,972.61 |
| Lease Liability | - | - | - | - | - |
| Fair Valuation of Derivative Instrument through Profit and Loss and Others | 163.80 | (161.02) | - | - | 2.78 |
| Total Deferred tax Liabilities | 15,611.98 | 363.41 | - | - | 15,975.39 |
| Deferred tax Assets: | | | | | |
| MAT Credit entitlement | 1,725.26 | (664.80) | - | (150.84) | 909.62 |
| Share Issue Expenses | 154.83 | (37.58) | 8.40 | - | 125.65 |
| Defined benefit obligation / Employee Benefits and others | 408.06 | 213.83 | - | - | 621.89 |
| Total Deferred tax Assets | 2,288.15 | (488.55) | 8.40 | (150.84) | 1,657.16 |
| Deferred tax liabilities (net) | 13,323.83 | 851.96 | (8.40) | 150.84 | 14,318.23 |

23 BORROWINGS

| Particulars | Refer Note no. | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------|-------------------------|-------------------------|
| Secured | | | |
| Working Capital facilities from Banks Rupee Loan | 23.1 | 24,549.54 | 15,208.35 |
| Unsecured | | | |
| Bills Discounted with Banks | 23.2 | 12,571.89 | 3,511.76 |
| Total | | 37,121.43 | 18,720.11 |

23.1 Nature of Security and rate of interest

Loan repayable on demand being Working Capital facilities from banks (both fund based and non-fund based) are secured by first pari passu charge by way of hypothecation of raw materials, semi finished goods, finished goods, consumables, stores and spares, book debts, both present and future.

23.2 The Company has discounted trade receivables on recourse basis. Accordingly, the monies received on this account are shown as borrowings as the trade receivable to that extent even though earmarked against the same do not meet the de-recognition criteria. This bills are discounted at around 8.50% and are repayable within 180 days.

24 TRADE PAYABLES

Rs. in Lakhs

| Particulars | Refer Note no. | As at March 31, 2020 | As at March 31, 2019 |
|---------------------------------------|----------------|----------------------|----------------------|
| Payable for Goods and Services | | | |
| Due to Micro and Small Enterprises | 40 | 44.86 | 40.11 |
| Due to Others | 24.1 | 20,960.33 | 31,684.21 |
| Total | | 21,005.19 | 31,724.32 |

24.1 Includes Import Acceptances of Rs. 8,269.32 lakhs (March 31, 2019: Rs. 21,585.02 lakhs) carrying interest @ applicable LIBOR plus 40 bps p.a. to 75 bps p.a. Such acceptances are repayable not later than 180 days. These are secured against hypothecation of assets for non-fund based facilities being part of working capital facilities as per Note no. 23.1 above.

25 OTHER FINANCIAL LIABILITIES

| Particulars | Refer Note no. | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------|----------------------|----------------------|
| Current maturities of long-term borrowings- Secured | 20 | 4,401.45 | 3,410.43 |
| Interest accrued but not due on Loans | - | 232.83 | 345.36 |
| Unpaid dividends | | 90.34 | 75.42 |
| Other payables | | | |
| - Creditors for capital goods | - | 136.26 | 281.42 |
| - Lease Liability | 46 | 219.61 | - |
| - Retention Money | | 244.32 | 136.19 |
| - Derivative Instrument Liability at fair value through profit and loss (net) | 37(d) | - | 754.30 |
| - Others i.e. Deduction from Salary and Commission to Directors | - | 69.97 | 93.98 |
| Total | | 5,394.78 | 5,097.10 |

26 OTHER CURRENT LIABILITIES

| Particulars | Refer Note no. | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------|----------------------|----------------------|
| Statutory Payables- PF, ESI, Service Tax, TDS, GST etc. | | 1,280.17 | 2,647.81 |
| Advance from Customers | | 2,206.57 | 1,249.56 |
| Deferred Income | 26.1 | 25.64 | 136.30 |
| Others i.e. ED on Power | | 264.07 | 264.07 |
| Total | | 3,776.45 | 4,297.74 |

Notes to Financial Statements for the Year Ended March 31, 2020

26.1 Deferred Income Comprises of Government Grants/Assistance in form of:

Rs. in Lakhs

| Particulars | Opening (Including Non-Current Portion) | Recognised during the year | Transferred to Statement of Profit and Loss | Closing (Including Non-Current Portion) |
|--|---|----------------------------|---|---|
| a) Financial Assistance under Industrial Development Fund (IIDF) towards Capital expenditure incurred for manufacturing DI Pipes to be used for transportation of Waste water and for installation of treatment plant for recycling the sewage water for industrial requirement of Tirupathi Municipal Corporation as specified in Industrial Investment Promotion Policy 2005-2010 and 2010-2015. The assistance capitalised as cost of PPE with corresponding credit to deferred income has been transferred to Statement of Profit and Loss proportionately based on useful lives of respective property, plant and equipment | 448.72 | - | 25.64 | 423.08 |
| b) Duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme on purchase of property, plant and equipment accounted for as government grant. Income from such grant is estimated on the basis of fulfilment of related export obligations. | 110.66 | - | 110.66 | - |

27 REVENUE FROM OPERATIONS

| Particulars | | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--------------------------------------|--|-----------------------------------|-----------------------------------|
| Sale of Manufactured Products | | | |
| - DI Spun Pipes | | 1,39,560.09 | 1,34,558.97 |
| - Pig Iron | | 2,060.46 | 387.33 |
| - Cement | | 831.36 | 1,227.56 |
| - Ferro Silicon | | 434.76 | - |
| - Coke | | 7,597.25 | 5,738.16 |
| - Other Products | | 8,839.12 | 8,232.32 |
| Sale of Traded Products | | | |
| - Coal /DI Spun Pipes | | 6,921.08 | 5,679.53 |
| Other Operating Income | | | |
| - Export Incentive | | 46.04 | 56.57 |
| Total | | 1,66,290.16 | 1,55,880.44 |

27.1 Disaggregate Revenue

The break up with respect to type of revenue stream of the Company are as follows:

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|----------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | Government | | Non-Government | |
| Within India | | | | |
| - DI Spun Pipes | 13,104.67 | 13,367.30 | 1,25,458.02 | 1,20,068.32 |
| - Pig Iron | - | - | 2,060.46 | 387.33 |
| - Cement | - | - | 831.36 | 1,227.56 |
| - Ferro Silicon | - | - | 434.76 | - |
| - Coke | - | - | 7,597.25 | 5,738.16 |
| - Other Products | - | - | 8,839.12 | 8,232.32 |
| Outside India | | | | |
| - DI Spun Pipes | - | - | 997.40 | 1,123.35 |

28 OTHER INCOME

Rs. in Lakhs

| Particulars | Refer Note no. | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|----------------|--------------------------------------|--------------------------------------|
| Interest Income On loans, deposits, overdue debts etc. measured at amortised cost | | 5,384.31 | 3,410.18 |
| Rent received | | 5.39 | 5.24 |
| Net Gain/(Loss) on redemption of Current Investment | | 79.96 | 338.37 |
| Profit/(Loss) on sale of property, plant and equipment (net) | | 2.17 | 16.96 |
| Net Gain/(Loss) on foreign exchange fluctuation | | - | 581.21 |
| Net Gain/(Loss) on Derivative Instrument on fair valuation through profit and loss | | 710.36 | - |
| Liabilities no longer required written back | | - | 8.97 |
| Impairment Allowances for doubtful debts no longer required written back | | - | 93.75 |
| Income from Government Grants | 26.1 | 136.30 | 209.72 |
| Miscellaneous Income | | 50.83 | 400.23 |
| Total | | 6,369.32 | 5,064.63 |

29 COST OF MATERIALS CONSUMED

| Particulars | | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---------------------------|--|--------------------------------------|--------------------------------------|
| Cooking Coal / Coke | | 45,016.52 | 44,435.40 |
| Iron Ore / Iron Ore Fines | | 16,977.51 | 18,403.77 |
| CRC / MS Scrap | | 5,740.18 | 5,444.08 |
| Others | | 14,986.13 | 16,739.11 |
| Total | | 82,720.34 | 85,022.36 |

30 PURCHASES OF STOCK-IN-TRADE

| Particulars | | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|----------------------|--|--------------------------------------|--------------------------------------|
| Coal / DI Spun Pipes | | 6,493.91 | 5,453.80 |
| Total | | 6,493.91 | 5,453.80 |

31 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK IN PROGRESS

| Particulars | For the Year Ended March 31, 2020 | | For the Year Ended March 31, 2019 | |
|----------------------|-----------------------------------|-------------------|-----------------------------------|-------------------|
| Opening Stock | | | | |
| Process Stock | 929.27 | | 802.75 | |
| Finished Goods | 3,374.07 | 4,303.34 | 855.70 | 1,658.45 |
| Closing Stock | | | | |
| Process Stock | 1,483.67 | | 929.27 | |
| Finished Goods | 6,493.31 | 7,976.98 | 3,374.07 | 4,303.34 |
| Total | | (3,673.64) | | (2,644.89) |

32 EMPLOYEE BENEFIT EXPENSE

| Particulars | | For the Year Ended March 31, 2020 | For the Year Ended March 31, 2019 |
|--|--|--------------------------------------|--------------------------------------|
| Salaries and Wages | | 7,774.12 | 6,900.76 |
| Contribution to Provident and Other Fund | | 395.70 | 364.27 |
| Staff Welfare Expenses | | 554.35 | 613.11 |
| Total | | 8,724.17 | 7,878.14 |

Notes to Financial Statements for the Year Ended March 31, 2020

33 FINANCE COST

Rs. in Lakhs

| Particulars | | For the Year Ended March 31, 2020 | For the Year Ended March 31, 2019 |
|---|--|--------------------------------------|--------------------------------------|
| Interest Expenses on financial liabilities not measured at FVTPL | | 4,146.33 | 3,198.52 |
| Other Borrowing Cost (i.e. LC chares, Supplier's Credit, Guarantee Commission, Swap etc.) | | 473.73 | 382.56 |
| Net (Gain) / Loss on foreign currency transactions and translation | | - | 469.15 |
| Total | | 4,620.06 | 4,050.23 |

34 DEPRECIATION AND AMORTISATION

| Particulars | Refer Note no. | For the Year Ended March 31, 2020 | For the Year Ended March 31, 2019 |
|-----------------------------------|----------------|--------------------------------------|--------------------------------------|
| Depreciaton on Tangible Assets | 5 | 4,088.63 | 3,676.06 |
| Amortisation of Intangible Assets | 6 | 28.07 | 28.56 |
| Total | | 4,116.70 | 3,704.62 |

35 OTHER EXPENSES

| Particulars | | For the Year Ended March 31, 2020 | For the Year Ended March 31, 2019 |
|--|---|--------------------------------------|--------------------------------------|
| Consumption of Stores, Spares & Consumables | | 13,971.78 | 13,778.49 |
| Power & Fuel | | 6,750.99 | 6,632.33 |
| Packing and Forwarding charges | | 12,141.66 | 10,230.54 |
| Rent | | 20.53 | 127.57 |
| Rates & Taxes | | 193.78 | 171.88 |
| Insurance | | 302.52 | 182.24 |
| Repairs & Maintenance : | | | |
| - Plant & Machinery | | 1,055.19 | 1,170.98 |
| - Buildings | | 124.86 | 135.03 |
| - Others | | 0.81 | 0.92 |
| Handling & Transport charges | | 5,040.96 | 4,691.96 |
| Directors' Sitting Fee and Commision | | 136.05 | 113.50 |
| Professional and consultancy | | 992.12 | 601.70 |
| Commission to Selling Agents | | 1,385.00 | 1,233.58 |
| Impairment Allowances for doubtful debts & Advances | | 5.37 | 5.72 |
| Net (gain)/Loss on Derivative Instrument on fair valuation through profit and loss | | - | 1,144.96 |
| Net (gain)/Loss on Foreign Exchange Fluctuation | | 1,985.01 | - |
| Auditors' Remuneration : | | | |
| - Audit fee | | 10.00 | 10.00 |
| - Tax Audit | | - | 3.00 |
| - Certification fee | | 7.85 | 7.25 |
| - Out of Pocket Expenses | | 2.06 | 1.59 |
| Bad debts | - | - | 79.56 |
| Less:- Transferred from Impairment Allowances for doubtful debts | - | - | 17.73 |
| Charity and Donations | | 608.35 | 105.51 |
| Contribution to CSR Activites | | 342.58 | 369.09 |
| Miscellaneous Expenses | | 928.30 | 696.16 |
| Total | | 46,005.77 | 41,475.83 |

36 TAX EXPENSE

Rs. in Lakhs

| Particulars | For the Year Ended March 31, 2020 | For the Year Ended March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| Current tax | | |
| In respect of the current year | 5,926.65 | 3,314.37 |
| In respect of prior years | | 84.92 |
| | 5,926.65 | 3,399.29 |
| Deferred tax | | |
| In respect of the current year | (1,042.11) | 851.96 |
| Total tax expense recognised in the current year | 4,884.54 | 4,251.25 |

The Company has during the year exercised the option for paying income tax at concessional rates subject to the provisions/conditions as permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, Deferred Tax Liabilities (net) recognised earlier as at March 31, 2019 has been re-measured and the estimate for tax expense comprising of both current and deferred tax for the year ended March 31, 2020 have been revised. Consequential impact in this respect has been given effect to in this year and thereby tax expense for the year is lower by Rs. 2,310.82 lakhs.

Reconciliation of Income Tax expense for the year with accounting profit is as follows:

Taxable Income differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Details in this respect are as follows:

| Particulars | For the Year Ended March 31, 2020 | For the Year Ended March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| Profit before tax | 23,652.17 | 16,004.98 |
| Income tax expense calculated at 25.17% (March 31, 2019: 34.94%) | 5,953.25 | 5,592.14 |
| Less : Effect of Income Tax Amendment Act | | |
| On Re-measurement of Deferred Tax | (2,200.58) | - |
| On reversal of MAT Credit | 909.62 | - |
| Effect of Deduction U/s 80IA | - | (1,676.19) |
| Add : Effect of expenses that are not deductible in determining taxable profit | | |
| CSR Expenditure, Donation etc. | 239.10 | 128.96 |
| In respect of prior years | - | 84.92 |
| Others | (16.85) | 121.42 |
| Total | 4,884.54 | 4,251.25 |

The tax rate used for reconciliations above is the corporate tax rate of 22% plus applicable surcharge and cess etc. payable by corporate entities in India on taxable profits under the Indian tax laws.

36.1 INCOME TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME

| Particulars | For the Year Ended March 31, 2020 | For the Year Ended March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| Deferred tax | | |
| Arising on income and expenses recognised in other comprehensive income: | | |
| Remeasurement of defined benefit obligation | 4.69 | 8.40 |
| Bifurcation of the income tax recognised in other comprehensive income into:- | | |
| Items that will not be reclassified to profit or loss | 4.69 | 8.40 |
| Items that may be reclassified to profit or loss | - | - |

Notes to Financial Statements for the Year Ended March 31, 2020

37. FINANCIAL INSTRUMENTS

a) The accounting classification of each category of financial instruments, their carrying amount and fair values as follows:

(Rs. in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Financial Assets (Current and Non-Current) | | |
| At Amortised cost: | | |
| • Security and Other Deposits | 1,774.29 | 1,804.31 |
| • Trade receivables | 54,172.63 | 30,548.02 |
| • Cash and Bank balances | 894.47 | 13,298.61 |
| • Fixed Deposits and Margin Money with Banks | 35,406.67 | 33,007.23 |
| • Inter-Corporate Deposits | 4,655.00 | 6,350.00 |
| • Interest Receivable | 1,174.69 | 498.49 |
| • Other Financial Assets | 1,233.29 | 1,229.96 |
| Fair Value through Profit and Loss Account | | |
| • Derivative- not designated as hedging instruments: - - Forward, Swap and Options | 164.26 | - |
| Financial Liabilities (Current and Non-Current) | | |
| At Amortised cost: | | |
| • Long Term Borrowings- Floating Rate | 16,212.17 | 19,803.60 |
| • Short Term Borrowings- Floating Rate | 24,549.54 | 15,208.35 |
| • Bills Discounted with banks | 12,571.89 | 3,511.76 |
| • Lease Liabilities | 2,168.52 | - |
| • Trade payables | 21,005.19 | 31,724.32 |
| • Interest accrued but not due | 232.83 | 345.36 |
| • Other financial Liabilities | 540.89 | 587.01 |
| Fair Value through Profit and Loss Account | | |
| • Derivative - not designated as hedging instruments: - Forward, Swap and Options | - | 754.30 |

b) **FAIR VALUATION TECHNIQUES:**

The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

1. The fair value of cash and cash equivalents, current trade receivables and payables, current financial liabilities and assets and borrowings approximate their carrying amount largely due to the short-term nature of these instruments. The management considers that the carrying amounts of financial assets and financial liabilities recognised at cost in the financial statements approximate their fair values.
2. The Company's long-term debt has been contracted at floating rates of interest. Fair value of variable interest rate borrowings approximates their carrying value subject to adjustments made for transaction cost. In respect of fixed interest rate borrowings, fair value is determined by using discount rates that reflects the present borrowing rate of the company.
3. The fair value of derivative financial instruments is determined based on observable market inputs including currency spot and forward rates, yield curves, currency volatility etc. The said valuation has been carried out by the counter party with whom the contract has been entered with. Management has evaluated the credit and non-performance risks associated with the counterparties and found them to be insignificant and not requiring any credit adjustments.

c) FAIR VALUE HIERARCHY

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2020:

Rs. in Lakhs

| Particulars | As at March 31, 2020 (*) | Fair value measurements at reporting date using | | |
|---|--------------------------------|---|--------------------------|---------|
| | | Level 1 | Level 2 | Level 3 |
| Financial Assets | | | | |
| - Derivative - not designated as hedging instruments - Forward, Swap and Options | 164.26 (-) | - - | 164.26 (-) | - - |
| - Security and Other Deposits | 788.49 (763.66) | - - | 788.49 (763.66) | - - |
| -Inter-Corporate Deposits | 4,655.00 (6,350.00) | - - | 4,655.00 (6,350.00) | - - |
| -Fixed Deposits and Margin Money | 35,406.67 (33,007.23) | - - | 35,406.67 (33,007.23) | - - |
| Financial Liabilities | | | | |
| -Long Term Borrowings- Floating Rate | 16,212.17 (19,803.60) | - - | 16,212.17 (19,803.60) | - - |
| -Derivative - not designated as hedging instruments - Forward, Swap and Options | (754.30) | - | (754.30) | - |
| -Lease Liability | 2,168.52 (-) | - - | 2,168.52 (-) | - - |
| -Bills Discounted with banks | 12,571.89 (3,511.76) | - - | 12,571.89 (3,511.76) | - - |

(*) Figures in round brackets indicate figures as on March 31, 2019.

During the year ended March 31, 2020 and March 31, 2019, there were no transfers between Level 1 and Level 2 fair value measurements.

The Inputs used in fair valuation measurement are as follows:

Fair valuation of Financial assets and liabilities not within the operating cycle of the company is amortised based on cost of fund borrowed by the company.

Financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace. In respect of derivative financial instruments, the inputs used for forward contracts are Forward foreign currency exchange rates and Interest rates to discount future cash flow.

Financial instruments are valued based on quoted price for similar assets and liabilities in active market or similar inputs that are directly or indirectly observable in the market place.

d) DERIVATIVES FINANCIAL ASSETS AND LIABILITIES:

The Company follows established risk management policies, including the use of derivatives to hedge its exposure to foreign currency fluctuations on foreign currency assets / liabilities. The counter party in these derivative instruments is a bank and the Company considers the risks of non-performance by the counterparty as non-material.

Notes to Financial Statements for the Year Ended March 31, 2020

i) The following table presents the aggregate contracted principal amounts of the Company's derivative contracts outstanding:

| | Category | Currency | As at March 31, 2020 | | As at March 31, 2019 | | Underlying Purpose |
|---|--------------------|----------|----------------------|----------------------|----------------------|----------------------|--------------------------------|
| | | | No. of Deals | Amount US\$ in lakhs | No. of Deals | Amount US\$ in lakhs | |
| 1 | Forward | USD/INR | 10 | 72.37 | 7 | 172.63 | Supplier Credit |
| 2 | Option | USD/INR | 3 | 63.05 | 5 | 187.36 | Supplier Credit |
| 3 | Interest Rate Swap | USD | 3 | 8.61 | 1 | 35.93 | External commercial Borrowings |

ii) Unhedged Foreign Currency exposures are as follows: -

(Rs. in lakhs)

| Nature | Currency | Amount in Foreign Currency | |
|---|----------|----------------------------|----------------------|
| | | As at March 31, 2020 | As at March 31, 2019 |
| Trade Payables | USD | 0.36 | - |
| Trade Payables | GBP | 0.13 | - |
| Trade Payables | EURO | 1.46 | 0.47 |
| External Commercial Borrowings and Interest | USD | 12.29 | 36.75 |
| Trade Receivables | SGD | 11.56 | 11.53 |

The table below analyses the derivative financial instruments into relevant maturity groups based on the remaining period as of the balance sheet date:

(Rs. in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| Not later than one month | 63.47 | (402.33) |
| Later than one month and not later than three months | 100.22 | (357.35) |
| Later than three months and not later than one year | 0.57 | (14.17) |
| Later than one year | - | 19.55 |

e) SALE OF FINANCIAL ASSETS

In the normal course of business, the Company transfers its bills receivable to banks. Under the terms of the arrangements, the Company surrenders control over the financial assets and transfer is without recourse. Accordingly, such transfers are recorded as sale of financial assets. Gains and losses on sale of financial assets without recourse are recorded at the time of sale based on the carrying value of the financial assets. In certain cases, transfer of financial assets may be with recourse. Under arrangements with recourse, the Company is obligated to repurchase the uncollected financial assets, subject to limits specified in the agreement with the banks. Accordingly, in such cases the amounts received are recorded as borrowings in the statement of financial position and cash flows from financing activities.

The carrying value of trade receivables not de-recognised along with the associated liabilities is as below:

(Rs. in lakhs)

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|-------------------|-------------------------------------|--|-------------------------------------|--|
| | Carrying value of Asset transferred | Carrying value of associated liabilities | Carrying value of Asset transferred | Carrying value of associated liabilities |
| Trade receivables | 12,571.89 | 12,571.89 | 3,511.76 | 3,511.76 |

Notes to Financial Statements for the Year Ended March 31, 2020

f) FINANCIAL RISK MANAGEMENT

The company's activities exposed it to a variety of financial risks. The key financial risks include Market risk, Credit risk and liquidity risk. The company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors review and approves policy for managing these risks. The risks are governed by appropriate policies and procedures and accordingly financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. This however does not take into account the possible effect of prevailing pandemic due to outbreak of COVID-19 being based on future development and currently not determinable as dealt with in Note no. 49.

MARKET RISK

Market risk is the risk or uncertainty arising from possible market price movements resulting in variation in the fair value of future cash flows of a financial instrument. The major components of Market risks are currency risk, interest rate risk and price risk. Financial instruments affected by market risk include trade receivables, borrowings, investments and trade and other payables.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's foreign currency denominated borrowing and trade and other payables.

The Company has adopted a comprehensive risk management review system wherein it actively hedges its foreign exchange exposures within defined parameters through use of hedging instruments such as forward contracts, options and swaps. The Company periodically reviews its risk management initiatives and also takes experts advice on regular basis on hedging strategy.

The carrying amount of the various exposure to foreign currency at the end of the reporting period are as follows:

(Rs. In lakhs)

| Particulars | As at March 31, 2020 () | | | |
|----------------------------------|--------------------------------------|---------------------------------|----------------------------|----------------------------------|
| | USD | EURO | GBP | SGD |
| External Commercial borrowings | 901.45 (2,476.47) | - | - | - |
| Suppliers Credit/ Buyer's Credit | 8,269.32 (21,582.02) | - | - | - |
| Interest accrued but not due | 60.48 (143.04) | - | - | - |
| Vendors | 27.53 (1,063.70) | 120.91 (36.65) | 12.38 (-) | - |
| Total liabilities | 9258.78 (25,265.23) | 120.91 (36.55) | 12.38 (-) | - |
| Trade Receivable | - (-) | - (-) | - (-) | 612.25 (588.29) |

() Figures in round brackets indicate figures as on March 31, 2019.

Derivative financial assets and liabilities dealing with outstanding derivative contracts and unhedged foreign currency exposure have been detailed in Para (d) above. Unhedged foreign currency exposure is primarily on account of long term foreign currency borrowings for which hedge cover is taken as per the policy followed by the company depending upon the remaining period of maturity of the installments falling due for payment.

With all variable constant, the sensitivity analysis resulting in profit or loss arising mainly from unhedged portion of USD denominated payables are as follows:

Notes to Financial Statements for the Year Ended March 31, 2020

Rs. in Lakhs

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|------------------------|-----------------------------------|-----------------------------------|
| Payables: | | |
| Weakening of INR by 5% | 47.88 | 127.06 |

A 5% strengthening of INR would have an equal and opposite effect on the Company's financial statements.

Interest rate risk

The company's exposure in market risk relating to change in interest rate primarily arises from floating rate borrowing with banks and financial institutions. Borrowings at fixed interest rate exposes the company to the fair value interest rate risk. The Company has entered into interest rate swap contracts in respect of certain foreign currency borrowings whereby interest at an agreed rate are to be applied on agreed upon principal amount. As of March 31, 2020, substantially all of the Company borrowings were subject to floating interest rates, which are reset at short intervals.

Further there are deposits with banks which are for short term period are exposed to interest rate risk, falling due for renewal. These deposits are however generally for trade purposes as such do not cause material implication.

With all other variables held constant, the following table demonstrates the impact of the borrowing cost on floating rate portion of loans and borrowings and excluding loans on which interest rate swaps are taken.

(Rs. in lakhs)

| Nature of Borrowing | Rate of interest (%) | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---------------------|----------------------------|-----------------------------------|-----------------------------------|
| Rupee Loan | Increase by 50 basis point | 81.06 | 86.64 |

A decrease in 0.50 basis point in Rupee Loan would have an equal and opposite effect on the Company's financial statements.

Other Price Risk

The company's current investments which are fair valued through profit and loss are not material. Accordingly, other price risk of the financial instrument to which the company is exposed is not expected to be material.

CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables). The management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Major water infrastructure projects are Government funded or foreign aided and the risk involved in payment of default is minimum with respect to these customers. The Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends and ageing of accounts receivable. Individual risk limits are set accordingly and the company obtains necessary security including letter of credits and / or bank guarantee to mitigate its credit risk.

The carrying amount of respective financial assets recognised in the financial statements, (net of impairment losses) represents the Company's maximum exposure to credit risk. The concentration of credit risk is limited due to the customer base being largely backed by the government order and commitment. Of the trade receivables balance at the end of the year, one customer is having outstanding balance of Rs. 23,945.00 lakhs (March 31, 2019: Rs. 8,382.66 lakhs) which accounts for more than 10% of the accounts receivable as at March 31, 2020 and having more than 10% of revenue for the year ended March 31, 2020.

The Company establishes an allowance for impairment that represents its estimate of losses in respect of trade and other receivables. Receivables are reviewed/evaluated periodically by the management and appropriate provisions are made to the extent recovery there against has been considered to be remote.

Notes to Financial Statements for the Year Ended March 31, 2020

The Company's current investments are valued with respect to market quotation on the reporting date. These investments are diversified across various sectors and are periodically reviewed and managed in accordance with the company's policy and risk objective.

Financial assets that are neither past due nor impaired

Cash and cash equivalents, investment and deposits with banks are neither past due nor impaired. Cash and cash equivalents with banks are held with reputed and credit worthy banking institutions.

Financial assets that are past due but not impaired

Trade receivables amounts which are past due at the end of the reporting period, no credit losses there against are expected to arise.

LIQUIDITY RISK

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's objective is to maintain optimum level of liquidity to meet its cash and collateral requirements at all times. The company relies on internal accruals and borrowings to meet its fund requirement. The current committed line of credit are sufficient to meet its short to medium term fund requirement.

Liquidity and interest risk tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows as at balance sheet date.

Interest rate and currency of borrowings

| Particulars | Floating Rate Borrowings (Rs. in lakhs) | Weighted Average Interest Rate |
|-------------|--|--------------------------------|
| INR | 52,432.15 (36,047.24) | 9.28% |
| USD | 901.45 (2,476.47) | 6.22% |

Maturity Analysis of Financial Liabilities:

Rs. In lakhs

| Particulars | Carrying Amount | On Demand | Less than 6 months | 6 to 12 months | > 1 Year | Total |
|------------------------------|------------------|------------------|--------------------|-----------------|------------------|------------------|
| Borrowings INR | 39,860.26 | 6,349.54 | 19,950.00 | 1,750.00 | 11,810.72 | 39,860.26 |
| Bills Discounted | 12,571.89 | - | 12,571.89 | - | - | 12,571.89 |
| Borrowings USD | 901.45 | - | 901.45 | - | - | 901.45 |
| Interest accrued but not due | 232.83 | - | 232.83 | - | - | 232.83 |
| Lease Liabilities | 2,168.52 | - | 109.81 | 109.80 | 1,948.91 | 2,168.52 |
| Other Financial liabilities | 540.89 | 470.92 | 69.97 | - | - | 540.89 |
| Trade Payables | 21,005.19 | 12,735.87 | 8,269.32 | - | - | 21,005.19 |
| Total | 77,281.03 | 19,556.33 | 42,105.27 | 1,859.80 | 13,759.63 | 77,281.03 |

Notes to Financial Statements for the Year Ended March 31, 2020

The Company has current financial assets which will be realized in ordinary course of business. The Company ensures that it has sufficient cash on demand to meet expected operational expenses.

The Company relies on mix of borrowings and operating cash flows to meet its need for funds and ensures that it does not breach any financial covenants stipulated by the lender.

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximize shareholder value. The Company's objective when managing capital is to safeguard its ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders. The Company is focused on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required without impacting the risk profile of the Company.

The gearing ratios are as follows:

(Rs. in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--------------------------------|----------------------|----------------------|
| Borrowings | 53,333.60 | 38,523.71 |
| Less Cash and Cash Equivalents | 804.13 | 25,723.19 |
| Net Debt | 52,529.47 | 12,800.52 |
| Equity | 1,41,694.13 | 1,26,239.03 |
| Equity and Net Debt | 1,96,223.60 | 1,39,039.55 |
| Gearing Ratio | 0.27 | 0.09 |

The company also manages its capital to meet financial covenants, if any attached to the borrowings. Non-compliances may result in levy of higher rate of interest on loans charged by the lenders. At present the company has generally complied with the financial covenants of the borrowings during the reported period.

38. Contingent Liabilities not provided for in respect of:

(Rs. in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| a) Guarantees given by banks on behalf of the Company. | 603.06 | 603.06 |
| b) Various show cause notices/ demands issued/ raised, which in the opinion of the management are not tenable and are pending with various forums / authorities: | | |
| i) Central Goods & Services Tax Act | 35.97 | - |
| ii) Sales Tax | 1,985.46 | 1,985.46 |
| iii) Excise, Custom Duty & Service Tax | 312.85 | 412.51 |
| iv) Forest Development Fee (Note 3 below) | - | - |
| v) Income Tax | 37.72 | 37.72 |

Note:

- 1) The Company's pending litigations comprises of claim against the company and proceedings pending with Taxation/ Statutory/ Government Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, and disclosed contingent liabilities, where applicable, in its financial statements. The company does not expect the outcome of these proceedings to have a material impact on its financial position. Future cash outflows, if any, in respect of (b) above is dependent upon the outcome of judgments / decisions.
- 2) The Company has other disputes concerning direct and indirect taxes in appeals other than as disclosed above and certain litigations in respect of land. Based on the facts of each dispute / litigation and opinion of the management including the advice of legal advisors and also considering that the cases have already been decided in favour of the Company, even though the respective departments have preferred a further appeal to higher authorities against the said orders, these have not been disclosed as contingent liabilities as the outcome of the said disputes / litigations is not expected to have adverse material impact that would affect the financial position or operations of the Company.

Notes to Financial Statements for the Year Ended March 31, 2020

- 3) The matter related to Forest Department fee has been decided in favour of the company by the Hon'ble High Court of Karnataka. However, the Government of Karnataka has filed a Special Leave Petition before the Hon'ble Supreme Court and the matter is pending thereof.

39. Commitments:

(Rs. in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) | 4,036.63 | 3,414.26 |
| b) Export obligation under EPCG Scheme | - | 663.97 |
| c) Derivative Contracts | - | - |
| Forward Contract Outstanding in USD | 1,919.02 | 12,749.99 |
| Option in USD | 83.05 | |
| Cash Flow Hedge | 3.31 | |
| Interest Rate Swap | 8.61 | |

40. Disclosure of Trade Payables as required under section 22 of "Micro, Small and Medium Enterprises Development Act, 2006" based on the confirmation and information available with the company regarding the status of the suppliers.

(Rs. in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| Principal amount remaining unpaid but not due as at year end | 44.86 | 40.11 |
| Interest amount remaining unpaid but not due as at year end | Nil | Nil |
| Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year | Nil | Nil |
| Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006 | Nil | Nil |
| Interest accrued and remaining unpaid as at year end | Nil | Nil |
| Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise | Nil | Nil |

41. Capital work in progress includes Rs. 3,991.94 Lakhs (March 31, 2019: Rs. 2,976.39 lakhs), in respect of plant and equipment and other facilities to be installed and following development expenditure incurred during construction which will be allocated to respective Property, Plant and Equipment (PPE) consequently on completion thereof. The details of Development Expenditure are as follows:

Rs. in Lakhs

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| As per last Balance Sheet | 115.39 | - |
| Interest and Finance Charges | 290.05 | 447.63 |
| Less: | | |
| Interest Income on Fixed Deposit | (166.55) | (332.24) |
| Capitalised with Property, Plant and Equipment | (283.99) | - |
| Total Development Expenditure | 45.10 | 115.39 |

Notes to Financial Statements for the Year Ended March 31, 2020

42. Post Retirement Employee Benefits

The disclosures required under Ind AS 19 "Employee Benefits", are given below

a) Defined Contribution Plan

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

| Particulars | For the year ending March 31, 2020 | For the year ending March 31, 2019 |
|---|---------------------------------------|---------------------------------------|
| Employer's Contribution to Provident Fund | 151.82 | 139.55 |
| Employer's Contribution to Pension Fund | 141.06 | 133.47 |

(ii) The Hon'ble Supreme Court had passed a decision on February 28, 2019 in relation to inclusion of certain allowances within the scope of "Basic wages" for the purpose of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. There are interpretative aspects relating to judgement including effective date of application. The company based on legal advice is awaiting further clarification on the matter. Pending this and consequential amendment in the relevant Act and/or circulars etc. from relevant authority the amount payable if any in this respect even presently not determinable and is not expected to be material and as such will be given effect to as and when ascertained.

b) Defined Benefit Plans

The employee's gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| Changes in present value of defined benefit obligations | | |
| Liability at the beginning of the year | 1,184.40 | 1,015.20 |
| Interest Cost | 78.39 | 77.66 |
| Current Service Cost | 97.29 | 94.63 |
| Actuarial (gain) / loss on obligations | 24.86 | 25.60 |
| Benefits paid | (80.25) | (28.69) |
| Liability at the end of the year | 1,304.69 | 1,184.40 |
| Changes in the Fair Value of Plan Asset | | |
| Fair value of Plan Assets at the beginning of the year | 1,115.70 | 1,057.92 |
| Expected Return on Plan Assets | 77.07 | 81.12 |
| Contributions by the Company | 99.19 | 3.76 |
| Benefits paid | (80.25) | (28.69) |
| Actuarial gain / (loss) on Plan Assets | 6.23 | 1.59 |
| Fair value of Plan Assets at the end of the year | 1,217.94 | 1,115.70 |
| Actual return on Plan Asset | | |
| Expected return on Plan assets | 77.08 | 81.12 |
| Actuarial gain / (loss) on Plan Assets | 6.23 | 1.59 |
| Actual Return on Plan Assets | 83.31 | 82.71 |

Notes to Financial Statements for the Year Ended March 31, 2020

Rs. in Lakhs

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| Amount Recognized in Balance Sheet | | |
| Liability at the end of the year | 1,304.69 | 1,184.40 |
| Fair value of Plan Assets at the end of the year | 1,217.94 | 1,115.70 |
| Net Liability/ (Asset) | 86.75 | 68.70 |
| Components of Defined Benefit Cost | | |
| Current Service Cost | 97.29 | 94.63 |
| Interest Cost | 78.39 | 77.66 |
| Expected Return on Plan Assets | (77.07) | (81.12) |
| Total Defined Benefit Cost recognised in Profit and Loss | 98.61 | 91.17 |
| Remeasurements recognised in Other Comprehensive Income | | |
| Remeasurements - Due to Financial Assumptions | (90.88) | (310.17) |
| Remeasurements - Due to Experience Adjustments | 115.74 | 143.80 |
| Remeasurements- Return on Assets | (6.23) | (1.59) |
| Remeasurements - Due to Demographic Assumptions | - | 191.97 |
| Remeasurements recognised in Other Comprehensive Income | 18.63 | 24.01 |
| Balance Sheet Reconciliation | | |
| Opening Net Liability | 68.70 | (42.72) |
| Expenses as above | 117.24 | 115.18 |
| Employers Contribution | (99.19) | (3.76) |
| Amount Recognized in Balance Sheet | 86.75 | 68.70 |
| Percentage allocation of plan assets in respect of fund managed by insurer is as follows: | | |
| Fund managed by Insurer | 100.00% | 100.00% |

The Principal actuarial assumptions as at the Balance Sheet date are set out as below:

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------------|----------------------|
| Summary of Financial Assumptions | | |
| Discount Rate | 6.85% | 7.76% |
| Future Salary Increase | 6.00% | 10.00% |
| Salary Escalation- After Five Years | 6.00% | 6.00% |
| Expected Return on Plan Assets | 6.85% | 7.76% |
| Summary of Demographic Assumptions | | |
| Mortality Rate [as % of IALM (2006-08) (Mod.) Ult. Mortality Table] | 100.00% | 100.00% |
| Disability Table (as % of above mortality rate) | 5.00% | 5.00% |
| Withdrawal Rate | 5.00% | 5.00% |
| Retirement Age | 60 years | 60 years |
| Average Future Service | 40.99 | 40.76 |
| Weighted Average Duration | 13.41 | 14.55 |

Compensated absences

The obligation for compensated absences is determined in the same manner as gratuity and is recognised in the Statement of Profit and Loss. The actuarial liability of Compensated Absences (unfunded) of accumulated privileged and sick leaves of the employees of the Company as at March 31, 2020 is given below:

Notes to Financial Statements for the Year Ended March 31, 2020

(Rs. in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|------------------|----------------------|----------------------|
| Privileged Leave | 653.22 | 587.62 |
| Sick Leave | 144.01 | 143.26 |

Notes:

- i) Assumptions relating to future salary increases, attrition, interest rate for discount and overall expected rate of return on Assets have been considered based on relevant economic factors such as inflation, market growth and other factors applicable to the period over which the obligation is expected to be settled.

Recognised in Other Comprehensive Income

Rs. in Lakhs

| Particulars | Gratuity |
|--|----------|
| Remeasurement - Actuarial loss/(gain) | |
| For the year ended March 31, 2020 | 18.64 |
| For the year ended March 31, 2019 | 24.01 |

Risk analysis

The Company is exposed to a number of risks in the defined benefit plans. Most significant risks pertaining to defined benefit plans and, management's estimation of the impact of these risks are as follows:

a. Investment risk

The Gratuity plan is funded with LIC, accordingly the company does not have any liberty to manage the fund. The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to Government of India bonds. If the return on plan asset is below this rate, it will create a plan deficit.

b. Interest risk

A decrease in the interest rate on plan assets will increase the plan liability.

c. Longevity risk / Life expectancy

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and at the end of the employment. An increase in the life expectancy of the plan participants will increase the plan liability

d. Salary growth risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

Rs. in Lakhs

Sensitivity Analysis

| Particulars | Change in Assumption | Effect in Gratuity Obligation |
|--|----------------------|-------------------------------|
| For the year ended March 31, 2020 | | |
| Discount Rate | +1% | (102.30) |
| | -1% | 118.04 |
| Salary Growth Rate | +1% | 117.22 |
| | -1% | (103.23) |
| Withdrawal Rate | +1% | 1.13 |
| | -1% | (1.14) |
| For the year ended March 31, 2019 | | |
| Discount Rate | +1% | (93.93) |
| | -1% | 104.00 |
| Salary Growth Rate | +1% | 102.09 |
| | -1% | (93.93) |
| Withdrawal Rate | +1% | 0.53 |
| | -1% | (4.99) |

Notes to Financial Statements for the Year Ended March 31, 2020

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation recognised within the Balance Sheet.

History of experience adjustments is as follows:

Rs. in Lakhs

| Particulars | Gratuity |
|--|----------|
| For the year ended March 31, 2020 | |
| Plan Liabilities - (loss)/gain | (24.86) |
| Plan Assets - (loss)/gain | 6.22 |
| For the year ended March 31, 2019 | |
| Plan Liabilities - (loss)/gain | (25.60) |
| Plan Assets - (loss)/gain | 1.59 |

Estimate of expected benefit payments (In absolute terms i.e. undiscounted)

| Particulars | Gratuity |
|----------------------------------|----------|
| April 01, 2020 to March 31, 2021 | 75.47 |
| April 01, 2021 to March 31, 2022 | 82.53 |
| April 01, 2022 to March 31, 2023 | 76.21 |
| April 01, 2023 to March 31, 2024 | 59.68 |
| April 01, 2024 to March 31, 2025 | 98.00 |
| April 01, 2025 onwards | 2,265.16 |

Average No. of employees:

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--------------------------------|----------------------|----------------------|
| Average no. of people employed | 1,349 | 1,327 |

3. Segment Reporting:

The Company operates mainly in one business segment viz. Pipes being primary segment and all other activities revolve around the main activity.

44. The company opted for continuing accounting policy of capitalizing the exchange difference arising on reporting of long-term foreign currency monetary items in accordance with Ind AS 101 "First time adoption of Indian Accounting Standards". Accordingly, during the year ended March 31, 2020 the net exchange difference loss of Rs. 161.53 lakhs (March 31, 2019: Rs. 262.16 lakhs gain) on foreign currency loans have been adjusted in the carrying amount of fixed assets. The un-amortised balance in this respect is Rs. 901.45 lakhs (March 31, 2019: Rs. 2,476.47 lakhs) stands included under cost of respective plant and machinery.

45. Related party disclosure as identified by the management in accordance with the Ind AS 24 on 'Related Party Disclosures' are as follows:

Name of the Related Parties with whom transactions were carried out during the year and description of relationship:

a. Key Management Personnel & their relatives (KMP):

- | | |
|--|--|
| i. Shri. Raj Kumar Khanna, Chairman | viii. Shri Ashutosh Agarwal, Director |
| ii. Shri. Mayank Kejriwal, Managing Director | ix. Shri XJJ Abraham, Independent Director |
| iii. Shri. G. S. Rathi, Whole Time Director | x. Shri. Solomon Arokia Raj, Director |
| iv. Shri. V. Poyyamozi, Whole Time Director (Ceased to be a director w.e.f. February 03, 2020) | (Ceased to be a director w.e.f. September 06, 2019) |
| v. Smt. S. Hemamalini, Director | xi. Shri M. Satyanarayana, Nominee Director |
| vi. Smt. Priya Manjari Todi, Director | xii. Shri N. Sivalai Senthilnathan, CFO |
| vii. Shri T. Venkatesan, Director | xiii. Smt. Madhu Agarwal, Relative of Director |
| | xiv. Shri. Ashutosh Agarwal HUF, Director is Karta |

Notes to Financial Statements for the Year Ended March 31, 2020

b. Enterprise where KMP and/or Close member of the family have significant influence or control

i. Electrosteel Castings Limited ii. Amit Trexim Private Limited iii. Global Exports Limited

Rs. in Lakhs

| DESCRIPTION | KMP () | Enterprise where KMP and/or Close member of the family have significant influence or control () | Outstanding As at 31st March 2020 | Outstanding As at 31st March 2019 |
|---|----------|--|-----------------------------------|-----------------------------------|
| Sales: | | | | |
| Electrosteel Castings limited | - | 12,794.13 | 3,651.18 | 1,468.54 |
| | - | (10,730.54) | | |
| Purchases: | | | | |
| Electrosteel Castings limited | - | 1,856.43 | | - |
| | - | (284.19) | | |
| Remuneration/Commission/Sitting Fees | | | | |
| Shri. R K Khanna | 11.45 | - | 6.00 | 6.00 |
| | (12.10) | - | | |
| Shri. Mayank Kejriwal | 1,190.00 | - | 1,190.00 | 790.00 |
| | (790.00) | - | | |
| Shri. G. S. Rathi | 208.65 | - | 30.00 | 30 |
| | (201.23) | - | | |
| Shri. V Poyyamozi | 125.74 | - | | 15 |
| | (139.41) | - | | |
| Smt. S. Hemamalini | 9.10 | - | 6 | 6 |
| | (7.35) | - | | |
| Smt. Priya Manjari Todi | 87.00 | - | 85 | 65 |
| | (67.00) | - | | |
| Shri T. Venkatesan | 9.95 | - | 6.00 | - |
| | (6.45) | - | | |
| Shri Ashutosh Agarwal | 9.85 | - | 6.00 | 6.00 |
| | (8.25) | - | | |
| Shri M. Satyanarayana | 0.45 | - | | |
| | - | - | | |
| Shri. XJJ Abraham | 8.25 | - | 6.00 | - |
| | - | - | | |
| Shri. G. Maruti Rao | - | - | - | - |
| | (5.3) | - | | |
| Shri. S Y Rajagopalan | - | - | - | - |
| | (6.35) | - | | |
| Shri N. Sivalai Senthilnathan | 68.65 | - | - | - |
| | (64.07) | - | | |
| Professional Services | | | | |
| Shri. R K Khanna | 56.64 | - | - | - |
| | (39.24) | - | | |
| Shri Ashutosh Agarwal | 15.00 | - | - | - |
| | (15.00) | - | | |
| Smt. Madhu Agarwal | 15.00 | - | - | - |
| | (15.00) | - | | |
| Rent paid: | | | | |
| Amit Trexim Private Limited | - | 7.19 | - | - |
| | - | (6.79) | | |
| Global Exports Limited | - | 25.11 | - | - |
| | - | (23.36) | | |
| Reimbursement of Expenses: | | | | |
| Electrosteel Castings Limited | - | - | - | - |
| | - | (12.02) | | |
| Interest received/receivable | | | | |
| Electrosteel Castings Limited | - | 380.46 | - | - |
| | - | (230.13) | | |

Notes to Financial Statements for the Year Ended March 31, 2020

b. Enterprise where KMP and/or Close member of the family have significant influence or control

- i. Electrosteel Castings Limited ii. Amit Trexim Private Limited iii. Global Exports Limited

(Rs. in lakhs)

| DESCRIPTION | KMP () | Enterprise where KMP and/or Close member of the family have significant influence or control () | Outstanding As at 31st March 2020 | Outstanding As at 31st March 2019 |
|--------------------------------|------------|---|-----------------------------------|-----------------------------------|
| Advances against Supply | | | | |
| Electrosteel Castings Limited | 2,500.00 | - | 2,274.52 | 4,816.84 |
| | (5,000.00) | - | | |
| Security Deposits | | | | |
| Amit Trexim Private Limited | - | - | 3.0 | |
| Global Exports Limited | - | - | 15.00 | 15.00 |

() figures in round bracket indicate figures as on March 31, 2019

The remuneration of directors and other member of key management personnel during the year was as follows:

(Rs. in lakhs)

| Period | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|------------------------------|-----------------------------------|-----------------------------------|
| Short-term employee benefits | 1,677.80 | 1,244.09 |
| Post-employment benefits | 12.24 | 18.69 |
| Other long-term benefits | - | - |

Note:

- The above related party information is as identified by the management and relied upon by the auditor.
- All transactions from related parties are made in ordinary course of business. For the year ended March 31 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year by reviewing the financial position of the related party and the market in which the related party operates.
- In respect of above parties, there is no provision for doubtful debts as on March 31, 2020 and no amount has been written back or written off during the year in respect of debts due from/ to them.
- Post-Employee benefits and other long-term employee benefits have been disclosed/paid on retirement/resignation of services but does not include provision made on actuarial basis as the same is available for all the employees together.

46. DISCLOSURE AS PER IND AS 116

- (i) Following are the changes in the carrying value of right of use assets (ROU) recognised with effect from April 01, 2019 as per modified retrospective approach:

(Rs. in lakhs)

| Particulars | Land | Buildings | Plant and Equipments | Total |
|--|---------------|--------------|----------------------|-----------------|
| As at April 1, 2019 | 41.84 | 36.95 | 2,159.86 | 2,238.65 |
| Reclassification of Leasehold prepayments (current and non-current assets) | 67.42 | - | - | 67.42 |
| Addition | - | 108.49 | - | 108.49 |
| Deletion | - | - | - | - |
| Depreciation | 3.69 | 83.87 | 172.79 | 260.35 |
| As at March 31, 2020 | 105.57 | 61.57 | 1,987.07 | 2,154.21 |

Notes to Financial Statements for the Year Ended March 31, 2020

(ii) The following is the break-up of current and non-current lease liabilities:

(Rs. in lakhs)

| Particulars | As at March 31, 2020 |
|-------------------------------|----------------------|
| Current lease liabilities | 1,948.91 |
| Non-current lease liabilities | 219.61 |
| Total | 2,168.52 |

(iii) The following is the movement in lease liabilities:

| Particulars | As at March 31, 2020 |
|--|----------------------|
| As at April 01, 2019 | 2,238.65 |
| Additions | 108.49 |
| Finance cost accrued during the period | 183.94 |
| Deletions | - |
| Payment of lease liabilities | 362.56 |
| As at March 31, 2020 | 2,168.52 |

(iv) The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis

| Particulars | As at March 31, 2020 |
|--|----------------------|
| Not later than one year | 291.76 |
| Later than one year and not more than five years | 1,167.04 |
| Later than five years | 2,127.31 |

(v) Further to above, the Company has certain operating lease arrangements for office, transit houses, etc. on short-term leases. Expenditure incurred on account of rental payments under such leases during the year and recognized in the Profit and Loss account amounts to Rs. 20.53 lakhs.

47. Earnings Per Share (EPS):

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|-----------------------------------|-----------------------------------|
| Net profit after taxes as per Statement of Profit and Loss (Rs. in lakhs) | 18,767.63 | 11,753.73 |
| Weighted average number of equity shares for basic EPS and diluted EPS (Face value Rs.10/- per equity share) | 4,66,98,407 | 4,66,98,407 |
| Earnings Per Share: Basic and Diluted EPS (in Rs.) | 40.19 | 25.17 |

48. The Company had allotted on December 28, 2017, 6,934,812 equity shares of Rs. 10.00 each at a premium of Rs. 350.50 per share amounting to Rs. 25,000.00 lakh pursuant to a Qualified Institutions Placement (QIP) under Securities Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

Notes to Financial Statements for the Year Ended March 31, 2020

The details of utilization of such proceeds are enumerated below:

(Rs. In lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| Opening Balance | 4,605.03 | 21,848.07 |
| Amount received against QIP Issue | - | - |
| Amount available | 4,605.03 | 21,848.07 |
| Less: Utilisation | | |
| Share Issue expenses (adjusted against Securities Premium account in terms of Section 52 of Companies Act, 2013) | - | - |
| Capital expenditure including capital advances | 1,423.18 | 1,372.59 |
| Repayment of Long Term Debt | | 4,183.60 |
| Working Capital and General Corporate Purposes | 3,181.85 | 11,686.85 |
| Amount kept with Banks in Fixed Deposits and with Mutual funds | - | 4,605.03 |

49. Consequent to the outbreak of COVID-19, which has been declared as a pandemic by World Health Organisation (WHO), Government of India has declared a lock down effective from March 24, 2020. The Company's operation have been affected due to loss of more than a month's production due to the suspension of the operation, disruption in supply chain and non-availability of personnel during lock down. Though the production has started in the first week of May 2020, due to absenteeism, consequent to nationwide lockdown, the normal production is still affected. The Company has considered internal and external information while finalising various estimates and taking assumptions in relation to its financial statement captions upto the date of approval of the financial statements by the Board of Directors and no material impact on the financial results inter-alia including the carrying value of various current and non-current assets are expected to arise. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID-19 situation evolves in India and globally. The Company will continue to closely monitor and any variation due to the changes in situations will be taken into consideration, if necessary, as and when it crystallizes.

50. Previous year figures have been re-grouped / re-arranged wherever necessary.

51. These financial statements have been approved by the Board of Directors of the Company on June 01, 2020, for issue to the shareholders for their adoption.

As per our report of even date

For Lodha & Co,
Chartered Accountants
Firm Registration No. 301051E

R. P. Singh
Partner
Membership No. 52438

Place: Kolkata.
Date: Jun 01, 2020.

For and on behalf of the Board

R. K. Khanna
Director
DIN: 05180042

G. S. Rathi
Whole Time Director
DIN: 00083992

N. Sivalai Senthilnathan
Chief Financial Officer

G. Kodanda Pani
Company Secretary

SRIKALAHASTHI PIPES LIMITED

Regd. Office: Rachagunneri – 517641, Srikalahasthi Mandal, Chittoor District, A.P. India
 Phone: 08578-286650-55, Website : www.srikalahasthipipes.com, E-mail : companysecretary@srikalahasthipipes.com
 CIN : L74999AP1991PLC013391

NOTICE

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of Srikalahasthi Pipes Limited will be held on Monday the 27th day of July, 2020 at 11.30 AM through Video Conferencing/Other Audio Visual Means (OAVM) to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Financial Statements including Balance Sheet as at 31st March, 2020 and Profit & Loss Account for the year ended as on that date, together with the Auditors' Report and Directors' Report thereon.
2. To declare Dividend.
3. To appoint a Director in place of Ms Priya Manjari Todi (DIN 01863690), who retires by rotation and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS :**4. Ratification of Cost Auditors' Remuneration**

To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit & Auditors) Rules, 2014 (including any statutory modification(s) of enactment thereof, for the time being in force and the Rules made thereunder, as amended from time to time, the Company hereby ratifies the remuneration of Rs.1,60,000 plus applicable taxes and out of pocket expenses at actual payable to M/s. Narasimhamurthy & Co., a firm of Cost Accountants appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2021.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution"

5. To approve appointment of Mr X.J.J. Abraham (DIN: 01743445) as a Director of the Company:

To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT subject to the provisions of Section 152, 161 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr X.J.J. Abraham (DIN: 01743445) who has been appointed by the Board of directors as Additional Director of the Company and who holds office as such up to the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all the acts, deeds and things as may be necessary to give effect to this resolution."

6. To approve appointment of Mr X.J.J. Abraham (DIN: 01743445) as Independent Director of the Company for a term of five years:

To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr X.J.J. Abraham (DIN: 01743445), a non-executive Director of the Company, who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, and who has submitted a declaration that he

meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 be and is hereby appointed as an Independent Director of the Company to hold office for five years with effect from 6th September, 2019 and shall not be liable to retire by rotation hereinafter in accordance with the provisions of the Companies Act, 2013, and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the Board and/or Committees and profit related commission in terms of applicable provisions of the Companies Act, 2013, as determined by the Board from time to time"

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all the acts, deeds and things as may be necessary to give effect to this resolution."

7. To approve re-appointment of Mrs S. Hemamalini (DIN 01947327) as Independent Director for the 2nd term of five years:

To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mrs S. Hemamalini (DIN 01947327), a non-executive Director of the Company, who is eligible for reappointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, and who has submitted a declaration that she meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013, be and is hereby re-appointed as an Independent Director of the Company to hold office for a 2nd term of five consecutive years with effect from 25th August, 2020 and shall not be liable to retire by rotation hereinafter in accordance with the provisions of the Companies Act, 2013 and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the Board and/or Committees and profit related commission in terms of applicable provisions of the Companies Act, 2013, as determined by the Board from time to time"

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all the acts, deeds and things as may be necessary to give effect to this resolution."

8. To approve remuneration/commission payable to Mrs Priya Manjari Todi (DIN: 01863690) for the FY 2019-20:

To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT, in accordance with the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the remuneration/commission of Rs.85,00,000 payable to Mrs Priya Manjari Todi, Non-executive director for the FY 2019-20 be and is hereby approved.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all the acts, deeds and things as may be necessary to give effect to this resolution."

9. Approval of appointment of Mr R.K. Khanna (DIN: 05180042), Non-executive independent director, to an office/ Place of Profit in the Company and approval of payment of consultancy fees:

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

"RESOLVED THAT pursuant to Section 188(1)(f) and other applicable provisions, if any of the Companies Act, 2013, read with the Rules made thereunder, (including any statutory modification(s) or reenactment thereof for the time being in force) and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015 and as recommended and approved by the Audit Committee, Nomination & Remuneration Committee and the Board of Directors, consent of the Company be and is hereby accorded for the approval of the Professional Consultancy Services availed from Mr. R.K. Khanna, (DIN:05180042), Non-executive independent director (a "related party" holding office and a place of profit under Section 188(1)(f) of the Companies Act, 2013 for the period from 1st April, 2020 to 31st March, 2021 at a professional consultancy fee of Rs.4,00,000 (Rupees Four Lakhs only) per month."

"RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof) and / or Company Secretary of the Company, be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

10. Approval for increasing the borrowing powers under Section 180 (1) (c) of the Companies Act, 2013:

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

“RESOLVED THAT in supersession of all the earlier resolutions passed in this regard and subject to the provisions of Section 180 (1) (c) and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made thereto including any statutory modifications or re-enactments thereof, the consent of the shareholders of the Company be and is hereby accorded to the Board of Directors to borrow money, as and when required, from, including without limitation, any Bank and/or other Financial Institution and/or foreign lender and/or any body corporate/ entity/entities and/or authority/authorities, either in rupees or in such other foreign currencies as may be permitted by law from time to time, as may be deemed appropriate by the Board for an aggregate amount not exceeding a sum of Rs. 1500 crores (Rupees Thousand Five Hundred Crores only), notwithstanding that money so borrowed together with the monies already borrowed by the Company, if any (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital of the Company and its free reserves.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all the acts, deeds and things as may be necessary to give effect to this resolution.”

11. Creation of charges, mortgages, hypothecation on the immovable and movable properties of the Company under Section 180 (1) (a) of the Companies Act, 2013:

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

“RESOLVED THAT in supersession of all the earlier resolutions passed in this regard authorizing the Board to mortgage/create charge on the assets of the Company and pursuant to the provisions of Section 180(1)(a) and all other applicable provisions of the Companies Act, 2013, and the Rules made thereunder, including any statutory modification(s) thereto or re-enactment(s) thereof, for the time being in force, and in accordance with the Articles of Association of the Company, and subject to such other approvals, consents, sanctions and permissions, as may be necessary, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company to pledge, mortgage, hypothecate and/or charge all or any part of the movable or immovable, tangible and/or intangible properties of the Company, both present and future and the whole or part of the undertaking of the Company of every nature and kind whatsoever and/or creating a floating charge in all or any movable or immovable, tangible and/or intangible properties of the Company and the whole of the undertaking of the Company to or in favour of banks, financial institutions and any other lenders or debenture trustees to secure the amount borrowed by the Company or any third party from time to time for the due payment of the principal and/or together with interest, charges, costs, expenses and all other monies payable by the Company in respect of such borrowings provided that the aggregate indebtedness secured by the assets of the Company does not exceed Rs. 1500 Crores (Rupees One Thousand Five Hundred Crores) at any point of time

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all the acts, deeds and things as may be necessary to give effect to this resolution.”

By Order of the Board
For Srikalahasthi Pipes Limited

G. Kodanda Pani
Company Secretary

Dated: 1st June, 2020

Notes:

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020 and Circular number SEBI/HO/CFD/CMD1/CIR/P/2020/79 issued by the Securities and Exchange Board of India (SEBI) (hereinafter collectively referred to as “Circulars”), physical attendance of the Members to the AGM venue is not required and annual general meeting (AGM) will be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.

2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. The explanatory statement, pursuant to Section 102 of the Companies Act, 2013 in respect of the special business as set out in the Notice and intimation required to be furnished as per Regulation 36 of the Listing Regulations are annexed hereto.
6. In compliance with the Circulars issued by Ministry of Corporate Affairs, the Annual Report for the FY 2019-20, the Notice of the AGM and instructions for e-voting are being sent only through electronic mode to those members whose email addresses are registered with the Company / depository participant(s).
7. Members may also note that the Notice of the 28th AGM and the Annual Report 2019-20 will also be made available on the Company's website at www.srikalahasthipipes.com, websites of the Stock Exchanges, i.e. BSE Limited and National Stock Exchange of India Limited, at www.bseindia.com and www.nseindia.com respectively.
8. The register of members and the Share Transfer Books of the Company shall remain closed from 21st July, 2020 to 27th July, 2020 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend for the FY 2019-20. The cut-off date for determining voting rights for e-voting on resolutions that will be listed for Annual General Meeting will be 20th July, 2020.
9. Dividend in respect of equity shares for the financial year ended 31st March, 2020, as recommended by the Board, if approved by the members will be paid within a period of 30 days from the date of declaration of dividend to the beneficial owners of shares whose names appear in the Register of members of the Company as on the closing of business hours on 20th July, 2020 as per the information furnished to the Company by Depositories for this purpose.
10. Members are requested to furnish their Bank Account details, change of address etc., to the Registrar and Share Transfer Agents in respect of shares held in physical form. If the shares are held in electronic form, then the said particulars should be furnished to their respective Depository Participants (DPs).
11. a) Members holding the shares in electronic mode may please note that their dividend would be paid through National Electronic Clearing System (NECS) or Electronic Clearing Services (ECS) at the available RBI locations. The dividend would be credited to their bank account as per the mandate given by the members to their DPs. In the absence of availability of NECS/ECS facility, the dividend would be paid through warrants and the Bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable Regulations and the warrants will be sent out to their registered addresses once the postal facility is available.
b) Members are requested to send their Bank Account particulars (viz. Account No., Name & Branch of the Bank and the MICR Code) to their DPs in case the shares are held in electronic mode or to the Registrar and Share Transfer Agents in case the shares are held in physical mode for printing on dividend warrant to ensure that there is no fraudulent encashment of the warrants.
12. Members may note that the Income Tax Act, 1961, ("the IT Act") as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a company after April 01, 2020 shall be taxable in the hands of members. The Company shall therefore be required to deduct applicable tax at source (TDS) at the time of making the payment of dividend. In order to enable the Company to determine the appropriate TDS rate as applicable, members will be required to submit certain documents in accordance with the provisions of the IT Act. However, no tax shall be deducted on the dividend payable to a resident individual if the total dividend to be received by them during Financial Year 2020-21 does not exceed Rs. 5,000 and also in cases where members provide Form 15G / Form 15H (applicable to individuals aged 60 years or more) subject to conditions specified in the IT Act.
13. Members who have not received their dividend paid by the Company in respect of earlier years are requested to check with the Company's Registrar & Transfer Agent – Cameo Corporate Services Limited #1, Club House Road, Chennai 600 002 Ph: 044-40020718 (Direct) / 28460390 (Gen). Members are requested to note that in terms of Section 124 (2) of the Companies Act, 2013, dividend declared by the Company, for earlier years, which remain unclaimed for a period of 7 years from the date when it first became due for payment will be transferred by the Company to a fund called "Investor Education and Protection Fund" (IEPF), set up by the Central Government. Accordingly, the unpaid/unclaimed dividend for the financial years 2012-13 and onwards, if any, will become transferable at the end of seven years from the respective dates of transfer of such amount to the unclaimed dividend accounts of the Company to IEPF and thereafter, no claim shall be entertained in respect of the dividend transferred to the Fund. The details of unclaimed dividend transferable to the said Fund are given below :

| Year | Dividend per share (RS) | Date of declaration | Proposed date of transfer to IEPF account |
|---------|-------------------------|---------------------|---|
| 2012-13 | Nil | - | - |
| 2013-14 | 1.50 | 27.09.2014 | 26.10.2021 |
| 2014-15 | 3.00 | 24.08.2015 | 23.09.2022 |
| 2015-16 | 5.00 | 29.08.2016 | 28.09.2023 |
| 2016-17 | 6.00 | 27.09.2017 | 26.10.2024 |
| 2017-18 | 6.00 | 19.09.2018 | 18.10.2025 |
| 2018-19 | 6.00 | 06.09.2019 | 05.09.2026 |

Members who have not encashed their dividend warrants in respect of the above period are requested to make their claim(s) by surrendering the un-encashed warrants immediately to the Company/Registrar.

14. Pursuant to Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amount lying with Companies) Rules, 2012, the Company will provide/host the required details of unclaimed amounts referred under Section 124 (2) of the Companies Act, 2013 on its website and also in the website of the Ministry of Corporate Affairs (MCA) in the relevant form every year.
15. Members desirous of getting any information in respect of the Accounts of the Company are requested to send their queries in writing to the Company at the Registered Office so as to reach at least 10 days before the date of the meeting so that the required information can be made available.
16. Since the AGM will be held through VC in accordance with the Circulars, the route map, proxy form and attendance slip are not attached to this Notice.
17. Members are requested to give us their valuable suggestions for improvement of our investor services.
18. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
19. Members who have cast their votes by remote e-voting prior to the AGM may participate in the AGM through VC but shall not be entitled to cast their votes again. However, the facility for voting during the AGM will also be made available. Members present in the AGM through VC and who have not cast their vote on the resolutions through remote e-voting shall be eligible to vote through the e-voting system during the AGM. The manner of voting remotely by members holding shares in dematerialized mode, physical mode and for members who have not registered their email addresses is provided in the instructions for e-voting section which forms part of this Notice.
20. Any person who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at companysecretary@srikalahasthipipes.com or at investor@cameoindia.com. However, if he / she is already registered with CDSL for remote e-voting then he / she can use his / her existing user ID and password for casting the vote.
21. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.srikalahasthipipes.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and the AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.
22. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
23. The Board has appointed Mr S. Chidambaram, Practicing Company Secretary as the Scrutinizer to scrutinize the remote e-voting and the voting through e-voting system during the AGM in a fair and transparent manner. The Scrutinizer will submit his report to the Company after the completion of the scrutiny of the e-voting (votes casted during the AGM and votes casted through remote e-voting), not later than 48 hours from the conclusion of the AGM. The result declared along with the Scrutinizer's report shall be communicated to the stock exchanges and will also be displayed on the Company's website www.srikalahasthipipes.com.

THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:

- (i) The voting period begins on 24th July, 2020 at 9.00 AM IST and ends on 26th July, 2020 at 5.00 PM IST. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 20th July, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on "Shareholders" module.
- (v) 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. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

| For Shareholders holding shares in Demat Form and Physical Form | |
|--|--|
| PAN | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Shareholders who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number which is communicated in the e-mail sent by the Company. |
| Dividend Bank Details OR Date of Birth (DOB) | <p>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.</p> <ul style="list-style-type: none"> • 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) |

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.
- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

- (xviii) If a demat account holder has forgotten the 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.
- (xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company at companysecretary@srikalahasthipipes.com or RTA at investor@cameoindia.com
2. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to Company at companysecretary@srikalahasthipipes.com or RTA at investor@cameoindia.com
3. The company/RTA shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further, shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at companysecretary@srikalahasthipipes.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance at least 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at companysecretary@srikalahasthipipes.com. These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM/EGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility , then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

(xx) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
- 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.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; schid285@gmail.com and companysecretary@srikalahasthipipes.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
- 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 or call 1800225533.
- All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call 1800225533.

ANNEXURE TO THE NOTICE

(EXPLANATORY STATEMENT PURSUANT TO SECTIONS 102 OF THE COMPANIES ACT, 2013)

Item No.4:

The Board of Directors, on the recommendation of Audit Committee, has approved the appointment of M/s. Narasimhamurthy & Co., a firm of Cost Accountants as Cost Auditors of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2021 at a remuneration of Rs.1,60,000 (Rs. One Lakh Sixty Thousand only) plus applicable taxes and reimbursement of out of pockets expenses at actual.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read together with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought for passing an ordinary resolution as set out in Item No. 4 of the Notice for ratification of remuneration payable to the Cost Auditors for the financial year ending March 31, 2021.

The Board of Directors of the Company, therefore, recommends passing of the resolution as set out in Item No.4 of the Notice above by way of ordinary resolution.

None of the Directors or key managerial personnel of the Company or their relatives is concerned or interested, financially or otherwise in the resolution as set out in Item No.4 of the Notice.

Item No.5:

Based on the recommendation of the Nomination & Remuneration Committee, Mr X.J.J. Abraham was appointed as an Additional Director on the Board of the Company with effect from 6th September, 2019 to hold office upto the date of this Annual General Meeting.

Mr X.J.J. Abraham has done his Bachelor of Arts from Delhi University and full time Post Graduate Programme in Human Resources Management from Madras University. He served on the Board of Studies for REC – MBA Programme and was also the Chairman of Selection Committee of REC, Trichy MBA Programme. He also served as a director on the Board of Lanco Industries Limited for about three years. He has about 15 years experience in the large Banking, Engineering and Paper industries. He is currently the Managing Director of Lobo Management Consultants Pvt Limited and Excellers Management Services Pvt Limited.

The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 (the "Act") along with the amount of requisite deposit from a Member signifying his intention to propose the appointment of Mr X.J.J. Abraham as a Director of the Company.

Both the Nomination and Remuneration Committee and the Board were of the opinion, after evaluation of his qualifications, experience and other attributes, that his induction on the Board would be of immense benefit to the Company and it is desirable to avail his services as a director to strengthen the management of the Company.

The Board of Directors of the Company, therefore, recommends passing of the resolution as set out in Item No.5 of the Notice above by way of ordinary resolution.

Except Mr X.J.J. Abraham none of the Directors or key managerial personnel of the Company or their relatives, except to the extent of shareholding in the Company, if any, is concerned or interested, financially or otherwise in the resolution as set out in Item No.5 of the Notice.

Item No.6:

The Board of Directors, based on the recommendation of the Nomination & Remuneration Committee appointed Mr X.J.J. Abraham as Independent Director on the Board of the Company with effect from 6th September, 2019 to hold office for a period of five consecutive years. The Nomination and Remuneration Committee and the Board of Directors consider that, given the background and experience of Mr X.J.J. Abraham, it would be beneficial to the Company to avail his services as an Independent Director. The Board of Directors, therefore has recommended appointment of Mr X.J.J. Abraham as an Independent Director with effect form 6th September, 2019, for a term of five consecutive years.

Mr X.J.J. Abraham has done his Bachelor of Arts from Delhi University and full time Post Graduate Programme in Human Resources Management from Madras University. He served on the Board of Studies for REC – MBA Programme and was also the Chairman of Selection Committee of REC, Trichy MBA Programme. He also served as a director on the Board of Lanco Industries Limited for about three years. He has about 15 years experience in the large Banking, Engineering and Paper industries. He is currently the Managing Director of Lobo Management Consultants Pvt Limited and Excellers Management Services Pvt Limited.

A Declaration has been received from X.J.J. Abraham that he meets the criteria of Independence prescribed under Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16 of the Listing Regulations 2015. In the opinion of the Board, Mr Abraham fulfils the conditions specified in the Act, the Rules thereunder and the Listing Regulations, 2015 for appointment as an Independent Director and that he is independent of the management of the Company. In addition to sitting fees for attending the meetings of the Board and its Committees, Mr Abraham would be entitled to remuneration by way of commission as may be determined by the Board. As Mr. X.J.J. Abraham would be attaining the age of seventy five during his tenure of five years, consent of the Members by way of Special Resolution is required for the appointment of Mr Abraham in terms SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 as amended from time to time.

In terms of Regulation 36 of the Listing Regulations 2015, a brief profile of Mr X.J.J. Abraham, who is proposed to be appointed as independent director in this meeting for a term of five years in terms of the applicable provisions of the Act, 2013, nature of his expertise in specific functional areas, other directorships and committee membership are at the end of the explanatory statement.

Copy of draft letter of appointment of Mr Abraham setting out the terms and conditions of appointment is available for inspection by the members at the registered office of the Company up to the date of Annual General Meeting of the Company.

The Board of Directors of the Company, therefore, recommends passing of the resolution as set out in Item No.6 of the Notice above by way of a special resolution.

Except Mr X.J.J. Abraham, none of the other directors or key managerial personnel of the Company or their relatives, except to the extent of their shareholding in the Company, if any, is concerned or interested, financially or otherwise in the resolution as set out in Item No.6 of the Notice.

Item No.7:

The Members at the Annual General Meeting held on 25th August, 2015 approved the appointment of Mrs S. Hemamalini as an Independent Director of the Company for a period of five years with effect from the said date. Mrs Hemamalini will complete her present term on 24th August, 2020. The Board of Directors of the Company ('the Board') at the meeting held on 1st June, 2020, on the recommendation of the Nomination & Remuneration Committee, approved re-appointment of Mrs S. Hemamalini as independent director for a 2nd term of five years with effect from 25th August, 2020 and recommended the same for the approval of the shareholders, in terms of Section 149 read with Schedule IV of the Companies Act, 2013 ('the Act'), and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations 2015'), or any amendment thereto or modification thereof.

Mrs Hemamalini has done her MBA – Marketing from Madras University and passed Customs House Agent Exam conducted by the Govt. of India as per Customs Act, 1965 and Conservation of Foreign Exchange and Prevention of Smuggling Act. She was earlier associated with Tata Shipping, Gokak and Kothari Industrial Corporation and was heading Customer Service, International Trade & Textiles Departments respectively. She is the founder and CEO of Live Connections, a multi-crore recruitment and search firm based at Chennai having its foot prints in four countries with five branches.

The Board is of the view that the continued association of Mrs Hemamalini would benefit the Company, given the knowledge, experience, performance and the valuable contributions made during her tenure. A Declaration has been received from Mrs Hemamalini that she meets the criteria of Independence prescribed under Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16 of the Listing Regulations 2015. In the opinion of the Board, Mrs Hemamalini fulfils the conditions specified in the Act, the Rules thereunder and the Listing Regulations 2015 for re-appointment as an Independent Director and that she is independent of the management of the Company. In addition to sitting fees for attending the meetings of the Board and its Committees, Mrs Hemamalini would be entitled to remuneration by way of commission as may be determined by the Board. Consent of the Members by way of Special Resolution is required for re-appointment of Mrs S. Hemamalini, in terms of Section 149 of the Act.

Requisite Notice under Section 160 of the Act proposing the re-appointment of Mrs S. Hemamalini has been received by the Company, and consent has been filed by her pursuant to Section 152 of the Act.

In terms of Regulation 36 of the Listing Regulations 2015, a brief profile of Mrs Hemamalini who is proposed to be appointed as independent director in this meeting for the 2nd term of five years in terms of the applicable provisions of the Act, 2013, nature of her expertise in specific functional areas, other directorships and committee membership are at the end of the explanatory statement.

Copy of draft letter of appointment of Mrs S. Hemamalini setting out the terms and conditions of appointment is available for inspection by the members at the registered office of the Company.

The Board of Directors of the Company, therefore, recommends passing of the resolution as set out in Item No.7 of the Notice above by way of special resolution.

Except Mrs S. Hemamalini, none of the other directors or key managerial personnel of the Company or their relatives, except to the extent of their shareholding in the Company, if any, is concerned or interested, financially or otherwise in the resolution as set out in Item No.7 of the Notice.

Item No.8:

The Board, based on the recommendation of Nomination and Remuneration Committee has approved payment of commission/remuneration of Rs.85,00,000 to Mrs Priya Manjari Todi for the FY 2019-20, taking into account her enlarged role in providing guidance to the management of the Company and considering her active participation in the strategic decision making of the Company.

In terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, consent of the Members by way of Special Resolution is required every year, if the remuneration payable to a single Non-Executive Director in that year exceeds 50% of the aggregate remuneration payable to all the Non-Executive Directors taken together. Approval of members is therefore sought for the remuneration payable to Mrs Priya Manjari Todi for the FY 2019-20.

The Board of Directors of the Company, therefore, recommends passing of the resolution as set out in Item No.8 of the Notice above by way of special resolution.

Except Mrs Priya Manjari Todi and Mr Mayank Kejriwal Managing Director, being her father, none of the other directors or key managerial personnel of the Company or their relatives, except to the extent of their shareholding in the Company, if any, is concerned or interested, financially or otherwise in the resolution as set out in Item No.8 of the Notice.

Item No.9:

With a view to getting benefit of the rich experience and expertise of Mr. R.K. Khanna in the marketing and business development fronts, the Board at its meeting held on 1st June, 2020 based on the recommendation of the Nomination & Remuneration Committee and the approval of the Audit Committee, approved the Consultancy Service Contract for one year i.e. from 1st April, 2020 till 31st March, 2021, at a monthly remuneration of Rs. 4,00,000, subject to the approval of the Shareholders. Mr R.K. Khanna apart from holding the office of Non-Executive Director, at the request of the Company and as approved by the Board of Directors has also been acting as a Consultant – Business Development & Marketing with effect from 1st April, 2020. His consultancy period shall be extendable on yearly basis, subject to the recommendation of Nomination and Remuneration Committee and the approval of Audit Committee and the Board of Directors.

In terms of Section 188(1)(f) of the Companies Act, 2013, the appointment of a Director or a relative of director to an Office or Place of Profit in a company drawing a monthly remuneration/fees exceeding Rs.2,50,000 also requires approval of the Shareholders of the Company. Approval of members is therefore sought for the appointment of Mr R.K. Khanna to a "Place of Profit" in the Company and the fees payable to him.

The Consultancy Agreement of Mr. R.K. Khanna is available for inspection at the Registered Office of the Company up to the date of the Annual General Meeting.

The Board of Directors of the Company, therefore, recommends passing of the resolution as set out in Item No.9 of the Notice above by way of special resolution.

Except Mr R.K. Khanna none of the other directors or key managerial personnel of the Company or their relatives, except to the extent of their shareholding in the Company, if any, is concerned or interested, financially or otherwise in the resolution as set out in Item No.9 of the Notice.

Item Nos. 10 & 11:

The members of the Company through postal ballot notice dated 3rd May, 2014 had approved by way of a Special Resolution under Section 180(1)(c) of the Companies Act, 2013, borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of Rs.1000 Crores (Rupees Thousand Crores only).

Keeping in view existing and future financial requirements to support its business operations, the Company may from time to time, raise finance from various Banks and/or Financial Institutions and/ or any other lending institutions and/or Bodies Corporate as may be considered fit, which, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in ordinary course of business) may exceed the aggregate of the paid-up capital and free reserves of the Company. Hence it is proposed to increase the maximum borrowing limits from Rs. 1000 crores to Rs. 1500 Crores.

The Board of Directors of a Company shall not, except with the consent of members of the Company by Special Resolution borrow money together with the money already borrowed, if any (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), exceeding the aggregate of the paid up capital and its free reserves as per the provisions of Section 180(1)(c) of the Companies Act, 2013 ("the Act") and its rules thereunder.

Further, the borrowings of the Company are in general required to be secured by suitable mortgage or charge on all or any of the movable or immovable properties of the Company, in such form, manner and ranking as may be determined by the Board of Directors

or any of its authorised Committee of the Company from time to time, in consultation with the lender(s).

Pursuant to Section 180 (1) (a) of the Companies Act, 2013, the Board of Directors of a Company shall not pledge/mortgage/hypothecate/charge all or any part of the movable/immovable properties of the Company both present and future and the whole or part of the undertaking of the Company, except with the consent of members of the Company by Special Resolution for which authorisation is also proposed to be increased from Rs.1000 crores to Rs.1500 Crores in line with borrowing powers of the Board as approved under Section 180 (1) (c) of the Companies Act, 2013.

It is therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and 180(1)(a) of the Companies Act, 2013, as set out at Item No. 10 and Item No. 11 of the Notice, to enable the Board of Directors to borrow money up to Rs. 1500 Crores (Rupees One Thousand Five Hundred Crores) to meet the financial requirements to support the business operations of the Company and also to secure the borrowings of the Company by mortgage / pledge/hypothecate/charge on any of the movable and/or immovable properties and/or the whole or any part of the undertaking(s) of the Company.

The Board of Directors of the Company, therefore, recommends passing of the resolution as set out in Item Nos 10 & 11 of the Notice above by way of special resolution.

None of the Directors and the Key Managerial Personnel of the Company and their respective relatives except to the extent of their shareholding in the Company, if any, is concerned or interested, financially or otherwise in the resolution as set out in Item Nos. 10 & 11 of the Notice.

By Order of the Board
For Srikalahasthi Pipes Limited

G. Kodanda Pani
Company Secretary

Dated 1st June, 2020

Intimation required to be furnished as per Regulation 36 of the Listing Regulations, 2015:

As required under the Listing Regulations, the particulars of Directors who are proposed to be appointed / re-appointed are given below:

| Name of Director(s) | Mrs Priya Manjari Todi (1) | Mr X.J.J. Abraham (2) | Mrs S. Hemamalini (3) |
|---|--|---|--|
| Date of Birth | 29th November, 1980 | 25th June, 1947 | 14th December, 1969 |
| DIN | 01863690 | 01743445 | 01947327 |
| Date of appointment | 31st January, 2018 | 6th September, 2019 | 25th August, 2015 |
| Qualifications | B.Com (Hons.) Bachelor in Information Technology from Manipal University. | Bachelor of Arts from Delhi University and full time Post Graduate Programme in Human Resources Management from Madras University. | Graduate in Management from Madras University. and passed Customs House Agent Exam conducted by the Govt. of India. |
| Brief Profile | Ms Priya Manjari belongs to a reputable business/industrial family and her father, Mr. Mayank Kejriwal is the Joint Managing Director of Electrosteel Castings Ltd, the pioneer of D.I. Pipe manufacturing in India. She is the promoter of Joolz Creations Pvt. Ltd. – a precious and semiprecious jewelry manufacturing firm and has 15 years experience in the field. Presently she is working in Electrosteel Castings Ltd and has considerable exposure in various fields of day to day operations of manufacturing, purchase, marketing and export. | Mr. Abraham had served on the Board of Studies for REC – MBA Programme and was also the Chairman of Selection Committee of REC, Trichy MBA Programme. He also served as a director on the Board of Lanco Industries Limited for about three years. He has about 15 years experience in the large Banking, Engineering and Paper industries. He is currently the Managing Director of Lobo Management Consultants Pvt Limited and Excellers Management Services Pvt Limited. | Mrs S. Hemamalini was earlier associated with Tata Shipping, Gokak and Kothari Industrial Corporation and was heading Customer Service, International Trade & Textiles Departments respectively. She is the founder and CEO of Live Connections, a multi-crore recruitment and search firm based at Chennai having its foot prints in four countries with five branches. |
| Directorship in other Public Limited Companies. | - | - | - |
| Shareholding | - | - | - |
| Membership in other Board Committees : | | | |
| 1) Audit Committee | - | --- | --- |
| 2) Nomination & Remuneration Committee | - | -- | -- |
| 3) Stakeholders' Relationship Committee | - | -- | -- |



Newly Commissioned Ferro Alloys Plant



Our Director Ms. Priya Manjari Todi distributing best employee award



CELEBRATING MILESTONES THROUGH MASTERPIECES



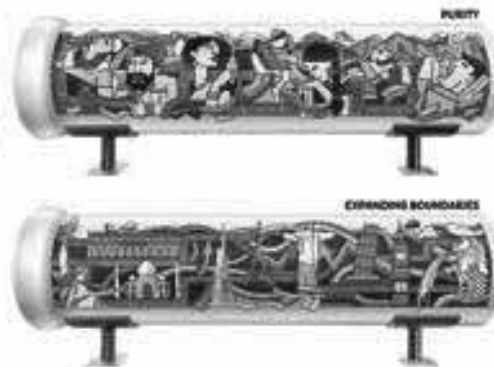
At Electrosteel, we are celebrating 25 years of pioneering Ductile Iron Pipes in India.

To celebrate our glorious journey, we initiated the "Inspiration Canvas" - an art project that uses our pipes as a canvas to depict our values of Trust, Innovation, Responsibility, Purity and Expanding Boundaries.

It all began when we asked for participation, and entries just started pouring in! Having selected our best artists, we gave them themes to paint under the able guidance of a professional artist. What followed were these beautiful expressions of art and creativity on our pipes.

We have given these art installations pride of place at our establishments, where they will be preserved for posterity. These pieces of art stand testimony to the pioneering spirit that makes us who we are.

#technologythatcares



INSPIRING GROWTH

Srikalahasthi Pipes Limited

Regd. Office & Works

Rachagunneri - 517 641, Srikalahasthi Mandal, Chittoor District, Andhra Pradesh



STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2021

(All amounts in Indian Rupees Lakhs Except per Share Data)

| Sl. No. | Particulars | Quarter Ended | | | Year Ended | |
|---------|--|------------------|-------------------|------------------|--------------------|--------------------|
| | | March 31, 2021 | December 31, 2020 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| | | (Audited) | (Unaudited) | (Audited) | (Audited) | (Audited) |
| I | Revenue from Operations | 47,450.82 | 42,662.45 | 39,847.48 | 1,50,258.53 | 1,66,290.16 |
| II | Other Income | 1,018.35 | 1,427.65 | 2,096.65 | 5,633.71 | 6,369.32 |
| III | Total Income (I+II) | 48,469.17 | 44,090.10 | 41,944.13 | 1,55,892.24 | 1,72,659.48 |
| IV | Expenses: | | | | | |
| (a) | Cost of materials consumed | 20,204.97 | 20,817.82 | 17,263.60 | 72,938.45 | 82,720.34 |
| (b) | Purchase of stock in trade | 2,710.46 | - | 130.00 | 3,642.53 | 6,499.91 |
| (c) | Changes in inventories of finished goods and work-in-progress | 3,248.71 | (2,057.24) | 1,380.56 | 3,293.70 | (3,673.94) |
| (d) | Employer benefits expense | 2,412.28 | 2,377.29 | 2,077.65 | 8,347.87 | 8,724.17 |
| (e) | Finance Costs | 852.28 | 1,205.26 | 1,353.88 | 4,558.96 | 4,620.06 |
| (f) | Depreciation and amortisation expense | 1,176.69 | 1,153.09 | 1,049.97 | 4,624.24 | 4,116.70 |
| (g) | Other expenses | 12,392.96 | 13,930.61 | 12,789.26 | 43,957.80 | 46,005.77 |
| | Total Expenses (IV) | 42,999.35 | 37,426.33 | 35,544.92 | 1,41,350.05 | 1,49,007.31 |
| V | Profit/(Loss) before tax (I-IV) | 5,469.82 | 6,663.77 | 6,399.21 | 14,542.19 | 23,652.17 |
| VI | Tax expense: | | | | | |
| (a) | Current Tax | 1,139.48 | 1,790.31 | 1,613.01 | 3,765.94 | 5,926.05 |
| (b) | Deferred Tax | 352.66 | 155.68 | (286.72) | 411.02 | (1,042.11) |
| | Total Tax expense | 1,492.14 | 1,946.99 | 1,326.31 | 4,176.96 | 4,884.54 |
| VII | Profit/(Loss) for the period (V-VI) | 3,977.68 | 4,677.78 | 5,072.90 | 10,365.23 | 18,767.63 |
| VIII | Other Comprehensive Income | | | | | |
| | Items that will not be reclassified to profit or loss | (1.94) | (9.32) | (6.63) | (15.91) | (18.63) |
| | Income Tax relating to items that will not be reclassified to profit or loss | 0.48 | 2.34 | 2.26 | 4.00 | 4.69 |
| | Other Comprehensive Income (Net of Tax) | (1.46) | (6.98) | (4.37) | (11.91) | (13.94) |
| IX | Total Comprehensive Income for the period (VII+VIII) | 3,976.22 | 4,670.80 | 5,068.53 | 10,353.32 | 18,753.69 |
| X | Paid-up equity share capital (Face Value Rs.10/- per Share) | 4,669.84 | 4,669.84 | 4,669.84 | 4,669.84 | 4,669.84 |
| XI | Other Equity excluding Revaluation Reserve | | | | 1,44,029.52 | 1,36,945.09 |
| XII | Earnings Per Share (EPS) of Rs. 10 each (not annualised) | | | | | |
| | Basic and Diluted EPS (in Rs.) | 8.52 | 10.02 | 10.86 | 22.20 | 40.19 |

Notes:-

1) The above Audited financial result for the quarter and year ended March 31, 2021 includes Statement of Assets and Liabilities as on March 31, 2021 (Enclosed as "Annexure I") and Cash Flow for the year ended March 31, 2021 (Enclosed as "Annexure II") attached herewith. These results have been compiled keeping in view the provision of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular dated July 05, 2016 and have been reviewed by the Audit Committee and approved by the Board of Directors on May 04, 2021. The results have been subjected to Audit by the Statutory Auditors.

2) In terms of Ind AS-108 "Operating Segment", the Company has one business segment i.e. Pipes and all other activities revolve around said business.

3) Revenue from operations include Trading Sales as below:

| March 31, 2021 | Quarter Ended | | Year Ended | |
|----------------|-------------------|----------------|----------------|----------------|
| | December 31, 2020 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| 2,891.82 | - | 182.70 | 3,847.24 | 6,921.08 |

4) In terms of the resolution dated October 05, 2020 of the Board of Directors, the company is proposed to be amalgamated with Electrosteel Castings Limited (ECL) with effect from October 01, 2020 and necessary scheme in this respect ("the Scheme") on receipt of approval from stock exchanges etc. has been filed with Hon'ble National Company Law Tribunal (NCLT). Pending order of NCLT approving the Scheme and filing the Scheme thereafter with relevant authorities the effect of the same has not been given in these financial results.

5) The project undertaken by the company for expansion of production capacity of MBF and DP from 3,00,000 TPA to 4,00,000 TPA was in progress and Rs. 17,237.12 lakhs (including Rs. 13,200.08 lakhs incurred during the year) so far incurred has been carried forward under capital work in progress.

6) Subsequent to the balance sheet date, the Board of Directors has recommended a dividend of Rs. 6/- per share to be paid on fully paid equity shares in respect of the financial year ended March 31, 2021. This equity dividend is subject to approval by shareholders at the ensuing Annual General Meeting and has not been included as a liability in these financial statements. The total estimated equity dividend to be paid is Rs. 2801.90 lakhs.

7) The outbreak of COVID-19 pandemic has caused slow down in economic activity having impact in operations and revenue of the company since activities were resumed from first week of May 2020 and could be stabilised during the first quarter of the year. The Company has reviewed and considered the impact upto the date of approval of these financial statements based on internal and external informations and related estimates and assumptions and no adjustments in the carrying value of current and non-current assets as on March 31, 2021 are expected to arise.

8) (a) The figures for the quarters ended March 31, 2021 and March 31, 2020 are the balancing figures between the audited figures in respect of the full financial year and the year to date upto the quarter ended December 31 of the respective years which were subject to limited review by the Statutory Auditors.

(b) Previous periods' figures have been regrouped wherever appropriate to conform to current periods' presentation.

Place: Chennai
Date: May 04, 2021.



For SRIKALAHASTHI PIPES LIMITED

Gouri Shankar Rathi
Whole Time Director
(DIN No: 00083992)

| SRIKALAHASTHI PIPES LIMITED | | STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2021 | |
|-------------------------------|--|--|-------------------------|
| | | (Rs. in lakhs) | |
| | Particulars | As at March 31, 2021 | As at March 31, 2020 |
| ASSETS | | | |
| 1 | Non-Current Assets: | | |
| | a. Property, Plant and Equipment | 92,579.77 | 92,659.23 |
| | b. Capital Work-in-Progress | 17,237.12 | 4,037.04 |
| | c. Other Intangible Assets | 32.43 | 51.39 |
| | d. Financial Assets | | 1,043.49 |
| | (i) Loans | 1,105.01 | 33.53 |
| | (ii) Other Financial Assets | 33.53 | 652.86 |
| | e. Other Non Current Assets | 200.95 | 567.71 |
| | f. Non Current Tax Assets | 637.57 | |
| | Total Non-Current Assets | 1,11,826.38 | 99,025.25 |
| 2 | Current Assets | | |
| | a. Inventories | 30,571.07 | 33,283.87 |
| | b. Financial Assets: | | |
| | (i) Investments | 15,660.59 | |
| | (ii) Trade Receivables | 22,580.67 | 54,172.63 |
| | (iii) Cash and Cash Equivalents | 11,582.52 | 804.13 |
| | (iv) Bank Balances Other than (iii) above | 24,699.00 | 35,496.04 |
| | (v) Loans | 1,938.38 | 4,888.31 |
| | (vi) Other Financial Assets | 2,318.88 | 3,057.17 |
| | c. Other Current Assets | 11,007.36 | 7,163.56 |
| | Total Current Assets | 1,20,358.47 | 1,38,865.71 |
| | Total Assets | 2,32,184.85 | 2,37,890.96 |
| EQUITY AND LIABILITIES | | | |
| 1 | Equity | | |
| | a. Equity Share Capital | 4,669.84 | 4,669.84 |
| | b. Other Equity | 1,44,029.52 | 1,36,945.09 |
| | Total Equity | 1,48,699.36 | 1,41,614.93 |
| 2 | Liabilities | | |
| | Non-Current Liabilities | | |
| | a. Financial Liabilities | | |
| | (i) Borrowings | 12,247.87 | 11,810.72 |
| | (ii) Lease Liabilities | 1,952.60 | 1,948.91 |
| | b. Provisions | 835.57 | 768.84 |
| | c. Deferred Tax Liabilities (Net) | 13,678.45 | 13,271.43 |
| | d. Other Non Current Liabilities | | |
| | - (i) Deferred Income | 371.80 | 397.44 |
| | Total Non-Current Liabilities | 29,086.29 | 28,197.34 |
| | Current Liabilities | | |
| | a. Financial Liabilities | | |
| | (i) Borrowings | 11,765.04 | 37,121.43 |
| | (ii) Operational Buyer's Credit/ Supplier's Credit | 18,035.34 | 8,269.32 |
| | (iii) Trade Payables | 2,554.79 | 44.86 |
| | Total Outstanding dues to Micro Enterprises and Small Enterprises | | |
| | Total Outstanding dues of Creditors Other than Micro Enterprises and Small Enterprises | 8,475.15 | 12,691.01 |
| | (iv) Other Financial Liabilities | 7,695.45 | 5,394.78 |
| | b. Other Current Liabilities | 4,917.56 | 3,776.45 |
| | c. Provisions | 558.97 | 598.85 |
| | d. Current Tax Liability | 396.90 | 181.99 |
| | Total Current Liabilities | 54,399.20 | 68,078.69 |
| | Total Liabilities | 83,485.49 | 96,276.03 |
| | Total Equity and Liabilities | 2,32,184.85 | 2,37,890.96 |





SRIKALAHASTHI PIPES LIMITED
STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2021

(Rs. in lakhs)

| Particulars | For the Year ended March 31, 2021 | | For the Year ended March 31, 2020 | |
|---|--------------------------------------|--------------------|--------------------------------------|--------------------|
| A. Cash Flow from operating activities | | | | |
| Profit/(Loss) before tax | | 14,542.19 | | 23,652.17 |
| Adjustment to reconcile Profit/(Loss) before tax to net cash generated from operating activities | | | | |
| Finance Cost | 4,555.96 | | 4,620.06 | |
| Depreciation and Amortisation Expense | 4,624.24 | | 4,116.70 | |
| Loss/(profit) on sale/discard of fixed assets | (3.86) | | (2.17) | |
| Deferred Income | (25.64) | | (136.30) | |
| Interest Income on loans, deposits, overdue debts etc. | (4,568.48) | | (5,384.31) | |
| Unrealised (gain)/ Loss on foreign currency translation and transaction | 15.72 | | 4.09 | |
| Sundry credit balances written back | (34.81) | | - | |
| Unrealised (gain)/loss on Derivative Instruments on fair valuation through profit and loss | 116.51 | | (164.26) | |
| Net gain/(loss) on Current Investments measured at fair valuation through profit or loss | (274.28) | 4,405.36 | (79.96) | 2,973.85 |
| Operating Profit before Working Capital changes | | 18,947.55 | | 26,626.02 |
| Adjustments for : | | | | |
| (increase) / decrease in Loans, Other Financial and Non-Financial Assets | 243.79 | | (437.52) | |
| (increase) / decrease in Trade Receivables | 32,555.76 | | (22,667.60) | |
| (increase) / decrease in Inventories | 2,712.80 | | 1,984.10 | |
| Increase / (decrease) in Other non-financial Liabilities and provisions | 188.25 | | (1,281.59) | |
| Increase / (decrease) in Trade Payables and other financial Liabilities | 3,863.43 | 39,564.03 | (10,845.06) | (33,247.67) |
| Cash generated from / (used in) operations | | 58,511.58 | | (6,621.65) |
| Income taxes (paid)/refund (net) | | (3,620.89) | | (5,836.09) |
| Net Cash flow generated / (used in) Operating Activities (A) | | 54,890.69 | | (12,457.74) |
| B. Cash Flow from Investing Activities | | | | |
| Purchase of Property, Plant and Equipment and movement in Capital Work in Progress | (14,343.48) | | (10,583.79) | |
| Proceeds from sale of Property, Plant and Equipments | 8.68 | | 3.08 | |
| Interest Received | 5,257.63 | | 4,708.11 | |
| Movement in Fixed Deposits and other bank balances (having original maturity of more than three months) | 10,810.15 | | (14,899.44) | |
| Purchase of Current Investments | (1,04,549.00) | | (52,330.00) | |
| Proceeds from Sale of Current Investments | 89,162.69 | | 52,409.96 | |
| (Increase) / decrease in Inter-Corporate Deposits | 2,925.00 | | 1,695.00 | |
| Net Cash flow generated / (used in) Investing Activities (B) | | (10,728.33) | | (18,997.08) |
| C. Cash Flow from Financing Activities | | | | |
| Repayment of Long Term Borrowings | (4,310.20) | | (3,591.43) | |
| Proceeds from Long Term Borrowings | 4,415.20 | | | |
| Short Term Borrowings-Receipts/(Repayments)[Net] | (25,356.39) | | 18,401.32 | |
| Interest and other borrowing cost paid | (4,718.00) | | (4,732.59) | |
| Payment of Lease Liability | (158.80) | | (178.62) | |
| Dividends (including corporate dividend tax) | (3,255.78) | | (3,362.92) | |
| Net Cash flow generated / (used in) Financing Activities (C) | | (33,383.97) | | 6,535.76 |
| Net increase/(Decrease) in Cash and Cash Equivalents(A+B+C) | | 10,778.39 | | (24,919.06) |
| Cash and Cash Equivalent as at Beginning of year | | 804.13 | | 25,723.19 |
| Cash and cash equivalents at the end of the year | | 11,582.52 | | 804.13 |

Notes

1 The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS) 7 on Statement of Cash Flows.



INDEPENDENT AUDITORS' REPORT**The Board of Directors of
Srikalahasthi Pipes Limited****Report on the audit of the Standalone Annual Financial Results****Opinion**

We have audited the accompanying standalone financial results of Srikalahasthi Pipes Limited ('the Company') for the year ended March 31, 2021 and the notes thereon (hereinafter referred to as the "Financial Results") attached herewith, being compiled by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"). The financial results has been initialled by us for the purpose of identification.

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

- i. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- ii. 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 profit for the year ended March 31, 2021 and other comprehensive income and other financial information for the year ended on that date.

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 Standards are further described in the Auditors' Responsibilities for the Audit of the 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 results under the provisions of the Companies Act, 2013 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 annual financial results.

Management's 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 Board of Directors are responsible for the preparation of these financial results that give a true and fair view of the net profit for the year ended March 31, 2020 and other comprehensive income and other financial information of the company in accordance with the recognition and measurement principles laid down in Indian Accounting Standard prescribed under Section 133 of the Act read with relevant rules issued thereunder 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 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 results that give a true and fair view and are free from material misstatement, whether due to fraud or error.



In preparing the financial results, 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 are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 an opinion whether the company has adequate internal financial controls with respect 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 made by the Board of Directors.
- Conclude on the appropriateness of the 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial results.



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.

Other Matters

These financial results include the results for the quarter ended March 31, being the balancing figures between the audited figures in respect of the full financial year and the published year to date figures upto December 31 of the relevant financial year. These figures were subject to limited review by us as required under the Listing Regulations. Our opinion is not modified in respect of this matters.

Place: Kolkata
Date: May 04, 2021



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

R. P. Singh
R. P. Singh
Partner
Membership No: 052438
UDIN: 21052438AAAABH2365

65th ANNUAL REPORT 2019-2020



ELECTROSTEEL
CASTINGS LIMITED

Corporate Information

| | |
|---|---|
| Chairman | Mr. Pradip Kumar Khaitan |
| Directors | Mr. Binod Kumar Khaitan Mr. Ram Krishna Agarwal (up to 8 June, 2020) Mr. Amrendra Prasad Verma Dr. Mohua Banerjee Mr. Rajkumar Khanna (w.e.f. 15 June, 2020) Mr. Shermadevi Yegnaswami Rajagopalan Mr. Vyas Mitre Ralli |
| Managing Director | Mr. Umang Kejriwal |
| Joint Managing Director | Mr. Mayank Kejriwal |
| Whole-time Directors | Mr. Uddhav Kejriwal Mr. Mahendra Kumar Jalan |
| Chief Executive Officer and Whole-time Director | Mr. Sunil Katial (Whole-time Director w.e.f. 1 April, 2020) |
| Executive Director (Group Finance) & CFO | Mr. Ashutosh Agarwal (w.e.f. 13 August, 2019) |
| Company Secretary | Mr. Indranil Mitra (w.e.f. 13 August, 2019) |
| Auditors | Singhi & Co., Chartered Accountants |
| Solicitors | Khaitan & Co. LLP, Kolkata |
| Bankers | Axis Bank Limited Bank of India DBS Bank India Limited Export-Import Bank of India HDFC Bank Limited ICICI Bank Limited IDBI Bank Limited IndusInd Bank Limited Punjab National Bank State Bank of India Yes Bank Limited |
| Works | Khardah, West Bengal Haldia, West Bengal Bansberia, West Bengal Elavur, Tamil Nadu |
| Corporate Office | G. K. Tower, 19 Camac Street, Kolkata 700 017 Tel.: 033 2283 9990 Fax: 033 2289 4339 E-mail Id: companysecretary@electrosteel.com Website : www.electrosteelcastings.com |
| Registered Office | Rathod Colony, Rajgangpur, Sundergarh, Odisha 770 017 |
| Corporate Identification Number | L27310OR1955PLC000310 |

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Report of the Directors

Dear Members,

Your Directors take pleasure in presenting the Sixty Fifth Annual Report together with Audited Annual Financial Statements (including Audited Consolidated Financial Statement) of the Company for the Financial Year ended 31 March, 2020.

FINANCIAL RESULTS

(Rs. in Crore)

| Particulars | Standalone | | Consolidated | |
|--|-----------------|------------|-----------------|------------|
| | FY 2019-20 | FY 2018-19 | FY 2019-20 | FY 2018-19 |
| Revenue from Operations | 2,479.89 | 2,390.61 | 2,711.04 | 2,699.44 |
| Earnings Before Interest, Taxes, Depreciation, Amortisation and Exceptional Item | 396.18 | 410.95 | 399.22 | 451.59 |
| Less: Finance Costs | 219.90 | 225.40 | 227.58 | 234.65 |
| Less: Depreciation and Amortisation Expense | 52.74 | 54.87 | 57.15 | 58.51 |
| Profit Before Exceptional Item & Tax | 123.54 | 130.68 | 114.49 | 158.43 |
| Less: Exceptional Item | – | 789.90 | – | 183.97 |
| Profit / (Loss) Before Tax | 123.54 | (659.22) | 114.49 | (25.54) |
| Less: Tax Expense | 24.95 | (23.45) | 28.20 | (18.00) |
| Profit / (Loss) After Tax | 98.59 | (635.77) | 86.29 | (7.54) |
| Share of Profit/(Loss) in Associates and Joint Ventures | – | – | 75.19 | 46.20 |
| Profit / (Loss) After Tax including share of Associate and Joint Ventures | 98.59 | (635.77) | 161.48 | 38.66 |
| Attributable to: | | | | |
| Owners of the Parent | – | – | 161.06 | 38.17 |
| Non-Controlling Interest | – | – | 0.42 | 0.49 |
| Other Comprehensive Income (Net of Tax) | (0.09) | (3.32) | 12.60 | (3.69) |
| Total Comprehensive Income | 98.50 | (639.09) | 174.09 | 34.97 |
| Attributable to: | | | | |
| Owners of the Parent | – | – | 173.67 | 34.48 |
| Non-Controlling Interest | – | – | 70.42 | 0.49 |
| Opening balance in Retained Earnings | 517.07 | 1,087.86 | 739.59 | 656.49 |
| Closing Balance in Retained Earnings | 636.49 | 517.07 | 920.51 | 739.59 |

Note: Previous year figures have been restated due to amalgamation of Mahadev Vyapaar Pvt. Ltd., wholly-owned subsidiary of the Company, with the Company, w.e.f. 1 April, 2018.

DIVIDEND

The Directors are pleased to recommend a dividend of Rs. 0.30 per Equity Share of face value of Re. 1 each for the Financial Year ended 31 March, 2020. This dividend is subject to the approval of the Members of the Company, at their ensuing Annual General Meeting ('AGM'). If approved, the total outlay on account of dividend for the Financial Year 2019-20 would amount to Rs. 12.99 Crore. The Company had not declared any dividend for the Financial Year 2018-19.

INVESTOR EDUCATION AND PROTECTION FUND

Transfer of Dividend to Investor Education and Protection Fund

In terms of the provisions of Section 124 of the Companies Act, 2013 ('Act'), read together with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and amendments thereof ('IEPF Rules'), the Company has transferred Rs. 10,20,993 (Rupees Ten Lakh Twenty Thousand Nine Hundred and Ninety Three Only) to the IEPF, during the Financial Year 2019-20.

Pursuant to the provisions of the IEPF Rules, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 20 September, 2019 (date of last Annual General Meeting) on the website of the Company (www.electrosteelcastings.com).

Transfer of Shares to the Demat Account of Investor Education and Protection Fund Authority

In terms of the provisions of Section 124(6) of the Act read with the relevant Rules made thereunder, 79,053 Equity Shares of the Company, in respect of which dividend was unpaid or unclaimed for the Financial Year 2011-12 and onwards, has been transferred to the Demat Account of the IEPF Authority maintained with National Securities Depository Limited, during the Financial Year 2019-20.

Further, the voting rights in respect of shares transferred to the Demat Account of the IEPF Authority shall remain frozen, until the rightful owner claims the shares. Members may note that shares as well as unclaimed dividend transferred to the IEPF Authority can be claimed back. Concerned shareholders are advised to visit <http://www.iepf.gov.in/IEPF/refund.html> for lodging claim for refund of shares or dividend from the IEPF Authority.

Further, the Company has initiated necessary action for transfer of all shares in respect of which dividend declared for the Financial Year 2012-13 and onwards has not been paid or claimed by the Members for 7 (seven) consecutive years or more. Members are advised to visit the web-link <https://www.electrosteelcastings.com/investors/pdf/iepf-demat-account-2012-13.pdf>.

TRANSFER TO RESERVES

The Company proposes to retain the entire amount of profit in the Profit & Loss Account.

OPERATIONS

The Company's Revenue from Operations on standalone basis was reported at Rs. 2,479.89 Crores during the year under review as compared to Rs. 2,390.61 Crores reported in the previous year. There was a minor decrease of around 2.17% in Export Sales, from Rs. 1,046.82 Crores in 2018-19 to Rs. 1,024.06 Crores in 2019-20. The Company's Profit / (Loss) after Tax (PAT) for the Financial Year 2019-20 was reported at Rs. 98.59 Crores as against Rs. (635.77) Crores for Financial Year 2018-19.

The Revenue from Operations on consolidated basis, for the year ended 31 March, 2020, increased by 0.43% from Rs. 2,699.44 Crores in 2018-19 to Rs. 2,711.04 Crores in 2019-20. The consolidated PAT for the year ended 31 March, 2020 was Rs. 161.48 Crores as against PAT of Rs. 38.66 Crores for the previous Financial Year.

During the year under review, the production of Ductile Iron (DI) Pipes was 3,09,404 MT, as against 3,03,838 MT in the previous year. The production of Cast Iron (CI) Pipes at Elavur was 38,206 MT as against 31,930 MT in the previous year.

DI Fittings & Accessories produced 12,667 MT of DI Fittings in 2019-20 as against 12,085 MT in 2018-19. Overall performance like production, productivity, product variety & quality and despatch, etc., have been improved at both Haldia and Khardah Fittings Plant. Both Domestic and Export despatch of Fittings from Haldia and Khardah Plant has enhanced. Further initiatives have been taken for improvement in the current Financial Year, also taking care of products variety and quantity in both the markets. Production and dispatches were stopped from 24 March, 2020 due to imposition



Report of the Directors (Contd.)

of nationwide lockdown on account of the novel coronavirus pandemic (COVID-19) and resumed production from 6 June, 2020.

The COVID-19 outbreak has been declared as a pandemic and has impacted the economies all around the Globe. The outbreak has moved quickly across countries, thus, disrupting global production, supply chain, trade, etc. Our Company's business operations too have been impacted as the plants were under shutdown during the lockdown period.

As a continual improvement, the Company continues to provide special attention towards improvement in production of new range of products and productivity with higher efficiency of Energy and Human Resource. Further, to meet and improve upon the expectations of both International and Domestic customers, the Company has continued its activities towards development and to add a number of product variants to its existing product base.

MATERIAL CHANGES AND COMMITMENTS

There has been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this Report other than as mentioned in the 'Operations' section of this Directors' Report.

Even while facing adverse situations, the Company is taking all adequate steps to honour all its commitments.

Further, there has been no change in the nature of the Company's business.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report forms an integral part of this Report and gives details of the industry structure, developments, opportunities, threats, performance and state of affairs of the Company's business, internal controls and their adequacy, risk management systems including a section on 'Risk Management' and other material developments during the Financial Year 2019-20, and is annexed as Annexure 1 forming part of this Report.

FUTURE PROSPECTS

Water and sewerage infrastructure development in Indian urban and rural sector has been the key engine of growth acceleration for the DI Pipe Industry. With the growth of economy, India's urbanization trends have scope to significantly accelerate in coming years. Further, the country faces immense task of transporting drinking water with a limited treatment facility and inadequate transmission and distribution network. Rapidly growing urban centers also have limited infrastructure for waste water disposal. As a whole, the Indian water and waste water market is having a CAGR of about 10%.

To improve and sustain the water availability, the Jal Jeevan Mission, mainly aimed at rural and sub-urban water supply, could mean doubling of spending on water related infrastructure creation over the next 5 years as compared to Financial Years 2015-19.

For urban water supply Central Government as well as the respective State Governments have initiated a number of major urban development schemes to transform the urban scenario of the country, resulting in large investment in the Water Supply & Sewerage System. A major Initiative is AMRUT Yojna (Atal Mission for Rejuvenation and Urban Transformation). Under AMRUT, 500 Small Cities are undergoing infrastructure revamping.

A major part of the investment will be spent on Water Supply and Sewerage. Considerable fund is being allocated under the 'Namami Gange' Scheme, where cities on the bank of river Ganga and its tributaries will have modern Waste Water conveyance and treatment facilities to make the rivers clean.

At the same time, the Company continues to maintain its dominant position in the export market against competitors. The world economy is on the revival phase and a large portion of the production is being exported. The Company, after entrenching itself in the discerning European and gulf markets, is continuously expanding its business to new countries,

like, Tanzania, Zambia, Congo, Nigeria, Senegal, Morocco in Africa, Vietnam, Cambodia, Myanmar in South East Asia. The subsidiary in USA is also doing well.

SHARE CAPITAL

During the year under review, the National Company Law Tribunal, Cuttack Bench, vide its order dated 2 September, 2019, has approved the Scheme of Amalgamation of Mahadev Vyapaar Pvt Ltd, wholly owned subsidiary, w.e.f. 1 April, 2014, with the Company. Subsequently, Mahadev Vyapaar Pvt Ltd has ceased to be a subsidiary of the Company. In accordance with the said Scheme, the Authorised Share Capital of the Company has been increased from Rs. 50,00,00,000 divided into 50,00,00,000 Equity Shares of Re. 1.00 each to Rs. 50,02,00,000 divided into 50,02,00,000 Equity Shares of Re. 1.00 each.

During the year under review, the Company had issued and allotted 2,74,72,526 Equity Shares of face value of Re. 1.00 each, fully paid-up, at a price of Rs. 18.20 per Equity Share (inclusive of a share premium of Rs. 17.20 per Equity Share), on preferential basis, to Promoter/Promoter Group and non-promoter, for an aggregate cash consideration of Rs. 50 Crores, approx. Pursuant to the above allotment, the Issued, Subscribed and Paid-up Share Capital of the Company has increased to Rs. 43,29,54,709/- comprising of 43,29,54,709 Equity Shares of Re. 1.00 each.

The Company has utilised the entire issue proceeds as per the objects of the issue stated in the Notice of AGM dated 21 August, 2019 for general corporate purpose, i.e., utilised for payment to vendors.

The Company has not issued shares with differential voting rights. It has neither issued employee stock options nor sweat equity shares and does not have any scheme to fund its employees to purchase the shares of the Company. As on 31 March, 2020, none of the Directors of the Company hold instruments convertible into Equity Shares of the Company.

CREDIT RATING

During the year, India Ratings & Research Private Limited has re-affirmed a long term Issuer Rating of "IND A-" and for short term borrowings as "IND A2+". The outlook is Stable.

The Company has withdrawn the ratings assigned by CARE Ratings Limited ('CARE') for the long-term borrowings as "CARE BBB+" and for short-term borrowings as "CARE A2". The outlook is Stable.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS

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

However, in pursuance of the Order dated 24 September, 2014 issued by the Hon'ble Supreme Court of India ('the Order') followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated 21 October, 2014 (Ordinance) for implementing the Order, allotment of Parbatpur coal block (coal block/mines) to the Company, which was under advanced stage of implementation, had been cancelled w.e.f. 1 April, 2015. In terms of the Ordinance, the Company was allowed to continue the operations in the said block till 31 March, 2015. Accordingly, the said block had been handed over to Bharat Coking Coal Limited as per the direction from Coal India Ltd. with effect from 1 April, 2015 and the same has been subsequently allotted to Steel Authority of India Limited (SAIL).

Following a petition filed by the Company, the Hon'ble High Court at Delhi has pronounced its judgement on 9 March, 2017. Based on the said judgement, the Company has claimed Rs. 1,53,176.00 Lakh towards compensation against the said coal block, acceptance whereof is awaited. Aggrieved due to delay in acceptance of claim, on a petition filed by the Company before the Hon'ble High Court, the Hon'ble Court had directed the Nominated Authority under Ministry of Coal to expedite the matter. The Hon'ble Court had further directed the Nominated Authority to take decisions within a specific time frame. During the year, the Nominated Authority in its order has upheld its decision of the compensation paid earlier and the same has been contested by the Company before the Hon'ble High Court and the matter is pending.

Members' attention is also invited to Notes on Contingent Liabilities, in the Notes forming part of the Financial Statements.



Report of the Directors (Contd.)

INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Internal Financial Controls with reference to the Financial Statements are considered to be commensurate with the size, scale and nature of the operations of the Company. The system encompasses the major processes to ensure reliability of financial reporting, compliance with policies, procedures, laws, and regulations, safeguarding of assets and economical and efficient use of resources. There are Standard Operating Procedures (SOPs) in all functional activities for which key manuals have been put in place. The manuals are updated and validated periodically. Approval of all transactions is ensured through a pre-approved Delegation of Authority (DOA) schedule which is in-built into the SAP system, wherever required. DOA is reviewed periodically by the management and compliance of DOA is regularly checked by the Auditors. The Company's books of accounts are maintained in SAP and transactions are executed through SAP (ERP) setups to ensure correctness/effectiveness of all transactions, integrity and reliability of reporting. There is adequate MIS (Management Information System) which is reviewed periodically by functional heads.

The Internal Auditor of the Company monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating system, accounting procedures and policies at all locations of the Company. The main thrust of internal audit is to test and review controls, appraisal of risks and business processes, besides benchmarking controls with best practices in the industry. Based on the Internal Audit Reports, process owners take corrective actions in their respective areas and thereby strengthen the controls. The Report is presented before the Audit Committee for review at regular intervals.

DETAILS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Audited Annual Consolidated Financial Statements forming part of the Annual Report have been prepared in accordance with the Companies Act, 2013 ('the Act'), Indian Accounting Standards (Ind AS) 110 – 'Consolidated Financial Statements' and Indian Accounting Standards (Ind AS) 28 – 'Investments in Associates and Joint Ventures', notified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.

The Company had the following Subsidiaries, Associate Companies and Joint Ventures as on 31 March, 2020:

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

During the year under review, the National Company Law Tribunal, Cuttack Bench, vide its order dated 2 September, 2019 has approved the Scheme of Amalgamation of Mahadev Vyapaar Pvt Ltd, wholly owned subsidiary, w.e.f. 1 April, 2014, with the Company. Subsequently, Mahadev Vyapaar Pvt Ltd has ceased to be a Subsidiary Company of the Company.

During the year under review, Electrosteel Thermal Power Limited ceased to be an Associate Company of the Company, with effect from 1 August, 2019.

A Report on the highlights of the performance of each of the Company's subsidiaries, associates and joint ventures and their contribution to the overall performance of the Company for the Financial Year ended 31 March, 2020 pursuant to the provisions of Section 134(3) of the Act, read with Rule 8 of the Companies (Accounts) Rules, 2014 is given in Annexure 2 to this Report. The statement containing salient features of financial statement of subsidiaries, associate companies and joint ventures, for the Financial Year ended 31 March, 2020, pursuant to the said Section, read with Rule 5 of the said Rules, are given along with the Standalone Financial Statements.

In accordance with Section 136 of the Act, the Audited Financial Statements, including the Consolidated Financial Statements and related information of the Company, and Audited Accounts of each of its subsidiaries are available on the website of the Company, www.electrosteelcastings.com. Members who wish to inspect these documents can send an e-mail to companysecretary@electrosteel.com.

STATUS OF AMALGAMATION OF MAHADEV VYAPAAR PVT LTD

The Board of Directors of the Company, at its meeting held on 11 August, 2014, had approved the Scheme of Amalgamation ('the Scheme') of its wholly owned subsidiary, Mahadev Vyapaar Pvt Ltd (MVPL) with the Company, with effect from 1 April, 2014 ("Appointed Date"). MVPL had filed an application before the Hon'ble High Court at Calcutta, which had sanctioned the said Scheme on 18 November, 2015 and the certified copy of the order sanctioning the Scheme was duly filed by MVPL with the Registrar of Companies, West Bengal.

The Company had filed an Application, before the Hon'ble High Court at Orissa, seeking orders for dispensation from compliance of all formalities under the erstwhile Sections 391 and 394 of the Companies Act, 1956 (i.e., Sections 230 and 232 of the Companies Act, 2013) inasmuch as the entire paid-up share capital of MVPL was held by the Company and the Scheme did not envisage any arrangement between the Company and its members or creditors and there would be no issuance of shares by the Company under the Scheme. However, the said Application could not be taken up for hearing.

In the meanwhile, the Ministry of Corporate Affairs vide notification dated 7 December, 2016 enforced the Companies (Transfer of Pending Proceedings) Rules, 2016 with effect from 15 December, 2016, whereby all proceedings under the erstwhile Companies Act, 1956, including proceedings relating to arbitration, compromise, arrangements and reconstruction, other than proceedings relating to winding up on the date of coming into force of these rules, stood transferred to the Benches of the National Company Law Tribunal ('NCLT') exercising respective territorial jurisdiction. With the formation of NCLT, Cuttack Bench, the Hon'ble High Court at Orissa, by an order passed on 19 April, 2019, disposed of the aforesaid Application filed by the Company, directing transfer of the said petition to NCLT, Cuttack Bench.

The NCLT, Cuttack Bench, vide its Order dated 2 September, 2019, has disposed of the aforesaid Application of the Company, passing an Order that the Company is not required to file any application or petition under Sections 230 and 232 of the Companies Act, 2013 in relation to the aforesaid Scheme of Amalgamation of MVPL with the Company. Consequently, MVPL got amalgamated with the Company.

REPORT ON CORPORATE GOVERNANCE

Your Company believes in transparent and ethical corporate governance practices. The Company's approach to Corporate Governance cascades across its business operations and its stakeholders at large to create long term sustainable value.

The Company is committed in maintaining the highest standards of Corporate Governance and adheres to the stipulations prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').



Report of the Directors (Contd.)

A Report on Corporate Governance for the year under review, along with the Certificate from the Auditors confirming compliance with the conditions of Corporate Governance, is annexed as Annexure 3 forming part of this Report.

MEETINGS OF THE BOARD

During the Financial Year 2019-20, 5 (five) Board Meetings were held, the details of which are given in the Corporate Governance Report forming part of this Report and annexed as Annexure 3.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Members of the Company, at the 64th AGM of the Company held on 20 September, 2019, has approved the appointment of Dr. Mohua Banerjee (DIN: 08350348) as an Independent Director of the Company, for a period of five consecutive years, with effect from 8 February, 2019.

The Board has, based on the recommendation of Nomination and Remuneration Committee, appointed Mr. Sunil Katial (DIN: 07180348), Chief Executive Officer, as the Additional Director (Whole-time) on the Board of the Company, with effect from 1 April, 2020 for a term of 3 (three) consecutive years, subject to the approval of appointment and regularisation by the Members of the Company at the ensuing AGM of the Company. An affirmation has been received from Mr. Katial that he is not debarred or disqualified from being appointed as Director of companies/holding the office of director pursuant to any order of the SEBI, Ministry of Corporate Affairs or any such statutory authority. The Company has also received a notice under Section 160 of the Act from a Member proposing his appointment as the Whole-time Director of the Company and the same has been included in the Notice of the forthcoming AGM. Mr. Sunil Katial shall also continue to be the Chief Executive Officer of the Company.

Mr. Ram Krishna Agarwal (DIN: 00416964), Independent Director, has resigned from the Board of the Company, with effect from 8 June, 2020. The Board places on record its appreciation and gratitude for the valuable contributions made by him during his tenure as Director on the Board of the Company.

Further, the Board, based on the recommendation of Nomination and Remuneration Committee, has appointed Mr. Rajkumar Khanna (DIN: 05180042), as an Additional Director (Non-Executive and Independent) of the Company with effect from 15 June, 2020 for a term of 5 (five) consecutive years, subject to the approval of appointment and regularisation by the Members of the Company at the ensuing AGM of the Company. An affirmation has been received from Mr. Khanna that he is not debarred or disqualified from being appointed as Director of companies/holding the office of director pursuant to any order of the SEBI, Ministry of Corporate Affairs or any such statutory authority. The Company has also received a notice under Section 160 of the Act from a Member proposing his appointment as the Independent of the Company and the same has been included in the Notice of the forthcoming AGM.

Mr. Vyas Mitre Ralli (DIN: 02892446), retires by rotation at the forthcoming AGM and being eligible, has offered himself for re-appointment.

In compliance with Regulation 26(4) and 36(3) of the Listing Regulations and Secretarial Standard-2 on General Meetings, brief resume and other information of all the Directors proposed to be appointed and re-appointed are given in the Notice of the forthcoming AGM.

Mr. Brij Mohan Soni resigned and ceased to be the Chief Financial Officer of the Company with effect from 24 July, 2019. Mr. Ashutosh Agarwal has been appointed as the Executive Director (Group Finance) and CFO of the Company with effect from 13 August, 2019.

Ms. Subhra Giri Patnaik resigned and ceased to be the Company Secretary of the Company with effect from 13 August, 2019. Mr. Indranil Mitra has been appointed as the Company Secretary of the Company with effect from 13 August, 2019.

There were no other changes in the Board and the Key Managerial Personnel during the year.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134 of the Act, the Directors state that:

- a) in the preparation of annual accounts for the Financial Year ended 31 March, 2020, the applicable accounting standards have been followed and there were no material departures requiring any explanation;
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit of the Company for that period;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared annual accounts on a 'going concern' basis;
- e) they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and are operating effectively; and
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

INDEPENDENT DIRECTORS

Declaration by Independent Directors

Mr. Pradip Kumar Khaitan, Mr. Binod Kumar Khaitan, Mr. Amrendra Prasad Verma and Dr. Mohua Banerjee, Independent Directors, have given declarations that they meet the criteria of independence as laid down in the Act and the Listing Regulations.

The Independent Directors of the Company have undertaken requisite steps towards the inclusion of their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act, read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014, as amended.

Further, in terms of Rule 8(5)(iia) of the Companies (Accounts) Rules, 2014, as amended, the Board of Directors state that in the opinion of the Board, Dr. Mohua Banerjee, whose appointment as an Independent Director of the Company has been approved by the Shareholders during the year, is a person of integrity and possesses relevant expertise and experience. Further, Dr. Banerjee has successfully qualified the online proficiency self-assessment test conducted by the Indian Institute of Corporate Affairs.

DETAILS OF BOARD COMMITTEES & ADOPTION OF POLICIES

There are 6 Board Committees as on 31 March, 2020, viz., Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee, Banking and Authorisation Committee and Governance Committee.

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

The Banking and Authorisation Committee comprised of Mr. Binod Kumar Khaitan as the Chairman with Mr. Shermadevi Yegnaswami Rajagopalan, Mr. Mayank Kejriwal and Mr. Uddhav Kejriwal as its members as on 31 March, 2020. The terms of reference for the Committee include taking various decisions pertaining to the opening or closing of bank and demat accounts of the Company, change in authorised signatories for operation of different bank and demat accounts,



Report of the Directors (Contd.)

subscribing/purchasing/selling/dealing in securities of Companies other than related parties and availing broking services, making loans from time to time to subsidiary companies/Joint Ventures/Associates for its working capital requirement, giving guarantee or providing security to any bank in connection with fund based/non-fund based facilities including loan(s) made to Subsidiary Company/Joint Venture/Associate Company by such bank and any other work related to day-to-day operations of the Company.

The Governance Committee comprised of Mr. Binod Kumar Khaitan as the Chairman with Mr. Mahendra Kumar Jalan and Dr. Mohua Banerjee as its members as on 31 March, 2020. The terms of reference for the Committee, inter-alia, include formulating a governance policy and recommending it to the Board for approval, assisting the Board in its ongoing oversight of the quality of governance in the Company and its subsidiaries, monitoring the developments in governance practices of the Company and its subsidiaries and report appropriately to the Board, with recommendations, advising the Board or any committees of the Board of any corporate governance issues in the Company and its subsidiaries, which the Committee determines has a negative impact on the Company's ability to safeguard or improve shareholder value and carrying out any other function as is decided by the Board of Directors of the Company from time to time.

Vigil Mechanism

The Company has adopted Whistle Blower Policy and established a Vigil Mechanism in compliance with provisions of the Act and the Listing Regulations for the Directors and employees to report genuine concerns and grievances and leak/suspected leak of Unpublished Price Sensitive Information. This mechanism provides adequate safeguards against victimisation of employees and Directors and also provides for direct access to the Chairperson of the Audit Committee. The Company oversees the vigil mechanism through the Audit Committee of the Company. The said Policy is available at the Company's website and can be accessed at <https://www.electrosteelcastings.com/investors/pdf/Vigil-Mechanism-Whistle-Blower-Policy.pdf>.

Nomination and Remuneration Policy

The Board has adopted a Nomination and Remuneration Policy recommended by Nomination and Remuneration Committee in terms of the provisions of Section 178 of the Act and Regulation 19 read with Part D of Schedule II to the Listing Regulations. The Policy governs the criteria for determining qualifications, positive attributes and independence of a Director and lays down the remuneration principles for Directors, Key Managerial Personnel and other employees.

The Policy aims to enable the Company to attract, retain and motivate highly qualified members for the Board, Key Managerial Personnel (KMP) and other employees. It enables the Company to provide a well-balanced and performance-related compensation package, taking into account shareholder interests, industry standards and relevant Indian corporate regulations. The policy ensures that the interests of Board members, KMP & employees are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the Company and will be consistent with the "pay-for-performance" principle and the remuneration to directors, KMP and employees involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals. The policy lays down the procedure for the selection and appointment of Board Members and KMP and also the appointment of executives other than Board Members, compensation structure for Executive Directors, Non-Executive Directors, KMP and other employees.

The Nomination and Remuneration Policy is available at the Company's website and can be accessed at <https://www.electrosteelcastings.com/investors/pdf/nominationRemunerationPolicy.pdf>.

Corporate Social Responsibility Policy

In accordance with the requirements of Section 135 of the Act, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has a Corporate Social Responsibility ('CSR') Committee in place. The CSR Committee

has developed and implemented the Corporate Social Responsibility Policy of the Company. The Annual Report on CSR activities/initiatives which includes the contents of the CSR Policy, composition of the Committee and other particulars as specified in Section 135 of the Act, read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, are disclosed in Annexure 4 to this Report.

Policy on Board Diversity and Succession Planning for the Board of Directors and Senior Management

A Policy on Board Diversity and Succession Planning for the Board of Directors and Senior Management as devised by the Nomination and Remuneration Committee is in place, to ensure adequate diversity in the Board of Directors of the Company and for orderly succession for appointments on the Board of Directors and Senior Management.

FORMAL ANNUAL EVALUATION OF PERFORMANCE

The Nomination and Remuneration Committee of the Board has formulated and laid down Criteria and Manner for Evaluation of Performance, specifying the criteria for performance evaluation of the Board, its Committees and individual Directors and manner for performance evaluation pursuant to provisions of Section 178 of the Act and Listing Regulations, and as per requirements of Section 134 of the Act. The manner in which formal annual evaluation has been made is disclosed below –

- A. The Board evaluated the roles, functions and duties performed by the Independent Directors (IDs) of the Company. Each ID was evaluated by all other Directors but not by the Director being evaluated. The Board also reviewed the manner in which IDs follow guidelines of professional conduct as specified in Schedule IV to the Act. The adherence to Section 149 of the Act, the aforesaid Schedule IV, the Listing Regulations and other applicable provisions of law by the IDs were also reviewed by the Board.
- B. Performance review of all the Non-Independent Directors of the Company was made on the basis of the activities undertaken by them, expectations of Board, level of participation, roles played by them, leadership qualities and their overall performance and contribution in the development and growth of the business and operations of the Company.
- C. The Board evaluated the performance of its Committees on the basis of the processes and procedures followed by them for discharging their functions & duties as per their respective terms of references and as assigned by the Board and laws applicable, their independence from the Board and on the effectiveness of the suggestions and recommendations made by them to the Board. The Board observed the size, structure and expertise of the Committees to be appropriate and in compliance with the Act and the Listing Regulations.
- D. The Board evaluated its own performance on the basis of its composition having the right mix of knowledge, skills and expertise required to drive organizational performance and conduct of its affairs effectively, monitoring of Company's performance along with the ability to understand and deal with factors having a significant bearing, developing suitable strategies and business plans at appropriate time and monitoring its effectiveness, implementation of policies and procedures for proper functioning of the Company, frequency of its meetings, efforts made by the Board Members to keep themselves updated with the latest developments in areas.

The evaluation of performance of Board, its Committees and of individual Directors was found to be satisfactory.

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



Report of the Directors (Contd.)

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

The statement pertaining to particulars of employees including their remuneration as required to be reported under the provisions of Section 197(12) of the Act, read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof, for the time being in force] (the Rules) are provided in Annexure 5A to this Report. However, as per the provisions of Section 136 of the Act, the Reports and Accounts for the Financial Year 2019-20 are being sent to the Members and others entitled thereto, excluding this statement. If any Member is interested in obtaining a copy/inspect this statement, such Member can send an e-mail to companysecretary@electrosteel.com.

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

AUDITORS AND AUDITORS' REPORT

M/s. Singhi & Co., Chartered Accountants (Firm Registration Number 302049E), were appointed as the Statutory Auditors of the Company to hold office from the conclusion of the 62nd Annual General Meeting ('AGM') till the conclusion of the 67th AGM of the Company.

The para wise responses of the management to the opinion/remarks/observations made in the Independent Auditors' Report on the financial statements of the Company for the year ended 31 March, 2020 are given below:

1. As regards the Qualified Opinion expressed by the Auditors in their Report under para (a) under the head 'basis of qualified opinion' and its consequential references made in para nos. 2 (d), (e), (g) and (j)(i) under the head 'Report on Other Legal and Regulatory Requirements' of their Report and para (I)(b) and (II)(a) of the Annexure A to the Auditors' Report of even date, attention is drawn to Note no. 47 of the Standalone Financial Statement, which are self-explanatory;
2. With respect to the Qualified Opinion expressed by the Auditors in their Report under para (b) under the head 'basis of qualified opinion', attention is drawn to Note no. 8A.2 of the Standalone Financial Statement, which are self-explanatory;
3. With respect to the Qualified Opinion expressed by the Auditors in their report under para (c) under the head 'basis of qualified opinion', attention is drawn to Note no. 48(b) of the Standalone Financial Statement, which are self-explanatory.
4. On the Auditors' observation made in para (I)(a) of the Annexure A to the Auditors' Report of even date, your Directors wish to inform that all necessary steps are being taken to regularise the maintenance of proper records for furniture and fixtures.

During the year under review, the Auditors had not reported any matter under Section 143(12) of the Act, therefore, no detail is required to be disclosed under Section 134(3)(ca) of the Act.

MAINTENANCE OF COST RECORDS AND AUDIT THEREOF

The Company is required to maintain cost records for Pig Iron, DI Pipe, DI Fittings, CI Pipe, Coke, Sponge Iron, Power Generating units and Ferro Alloy Product – Si. Mn for every Financial Year, as specified by the Central Government under Section 148(1) of the Act, and accordingly, such accounts and records are made and maintained in the prescribed manner. Further, pursuant to Section 148 of the Act read together with the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, the Company is required to carry out audit of the cost accounting records of the Company. M/s. S G & Associates (Firm Registration Number 000138), Cost Accountants, Kolkata, were appointed as the Cost Auditors of the Company for Financial Year 2019-20.

The Cost Audit Report and a Compliance Report for the Financial Year 2018-19 were filed on 6 September, 2019.

M/s. S G & Associates, Cost Accountants, Kolkata, has been re-appointed as Cost Auditors for Financial Year 2020-21 for all the applicable units and products of the Company. The remuneration proposed to be paid to them for the Financial Year 2020-21 requires ratification of the shareholders of the Company. In view of this, the ratification for payment of remuneration to the Cost Auditors is being sought at the ensuing AGM.

SECRETARIAL AUDITOR

In terms of Section 204 of the Act and Rules framed thereunder, M/s. K. Arun & Co., Company Secretaries, were appointed to conduct the Secretarial Audit of the Company for the Financial Year 2019-20. The report of the Secretarial Auditor is annexed as Annexure 6 to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

INTERNAL AUDITOR

In terms of the provisions of Section 138 of the Act, M/s. Ernst & Young LLP were appointed as the Internal Auditor of the Company for the Financial Year 2019-20. The Audit Committee, in consultation with the Internal Auditor, formulates the scope, functioning, periodicity and methodology for conducting the Internal Audit. The Audit Committee, inter-alia, reviews Internal Audit Reports.

The Board has re-appointed M/s. Ernst & Young LLP, as the Internal Auditor of the Company, for the Financial Year 2020-21, under the provisions of Section 138 of the Act.

PUBLIC DEPOSITS

During the Financial Year 2019-20, the Company has not accepted any deposit within the meaning of Sections 73 and 76 of the Act, read together with the Companies (Acceptance of Deposits) Rules, 2014.

LOANS, INVESTMENTS, GUARANTEES & SECURITIES

The particulars of loans, guarantees and investments covered under the provisions of Section 186 of the Act are given in Note no. 54.3 to the Standalone Financial Statements of the Company.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return as on the Financial Year ended 31 March, 2020, in Form MGT 9, is annexed as Annexure 7 to this Report.

The extract of the Annual Return of the Company can also be accessed on the website of the Company at <https://www.electrosteelcastings.com/investors/pdf/Extract-Annual-Return-MGT-9-20.pdf>.

BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report as per Regulation 34 of the Listing Regulations, detailing the various initiatives taken by the Company on the environmental, social and governance front is annexed as Annexure 8 to this Report.

Mr. Mahendra Kumar Jalan, Whole-time Director of the Company, has been authorized by the Board of Directors of the Company to oversee the implementation of the Business Responsibility Policy. Mr. Ashutosh Agarwal, Executive Director (Group Finance) and CFO, is designated as the Business Responsibility Head.

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

The Company has in place a Policy in line with requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. In compliance with the provisions of the said Act, an Internal Complaints Committee



Report of the Directors (Contd.)

is in place to redress complaints received regarding sexual harassment. The Company has not received any complaint of sexual harassment during the Financial Year 2019-20.

RELATED PARTY TRANSACTIONS

The Company has entered into contracts/arrangements with the related parties during the Financial Year 2019-20, which were in the ordinary course of business and on arm's length basis. Thus, provisions of Section 188(1) of the Act were not applicable on the Company and the disclosure in Form AOC-2 is not required. However, your attention is drawn to the Related Party disclosure in Note no. 54 of the Standalone Financial Statements.

The Board has approved a policy for Related Party Transactions which has been hosted on the website of the Company. The web-link for the same is <https://www.electrosteelcastings.com/investors/pdf/Related-Party-Transaction-Policy.pdf>. The Related Party Transactions, wherever necessary, are carried out by the Company as per this Policy.

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

RISK MANAGEMENT POLICY

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

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

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

DISCLOSURE ON THE COMPLIANCE OF SECRETARIAL STANDARDS

The Company is in compliance with the Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2).

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Place: Kolkata
Date: 15 June, 2020

Pradip Kumar Khaitan
Chairman
DIN: 00004821

Annexure – 1

Management Discussion and Analysis Report

A. INDUSTRY STRUCTURE AND DEVELOPMENT

« Overview

The Company is engaged in the business of manufacturing Ductile Iron (DI) Pipes, Ductile Iron Fittings (DIF) and Cast Iron (CI) Pipes. The Company is the first to set up a Ductile Iron Pipe Plant in India. Today, it is India's leading pipeline solution provider. It has a strong brand presence around the Globe. Since 1994, the Company has maintained its edge over its competitors. Owing to the high reliability and durability of its products, the Company has always remained the distinct choice for water engineers and domain experts in Ductile Iron Pipes and Fittings.

« Industry Outlook

India is the home to nearly a fifth of the world's population, has only 2.5 percent of the world's land area and 4 percent of the world's water resources. In India, water is now getting very high attention from policy makers, media, and increasingly so from the markets given the rising concern on future availability of fresh water as well as the deterioration in drinking water quality. The Government of India has already initiated a massive programme termed as "Nal Se Jal" and access to drinking water for all is a priority. The Jal Shakti Ministry has set a target of "Har Ghar Nal se Jal" by 2024 under the Jal Jeevan Mission. The Jal Jeevan Mission will be implemented by the Jal Shakti Ministry, into which the Ministries of Drinking Water and Sanitation and Ministry of Water Resources, River Development and Ganga Rejuvenation were recently merged.

The government is planning an aggressive target of providing piped water to all households by 2024, up from 18% at present. This indeed is a massive challenge given the sheer numbers involved – 150mn households across 0.5mn+ villages need to be brought under the scheme over the next five years.

« The Drinking Water and Sewerage Sector

It is known fact that after the economic liberalization in the Nineties, the Indian economy is one of the fastest growing economy in the world. With economic upliftment, rapid urbanization is taking place all over India, where villages are being transformed to towns, towns into cities and cities into megacities. As a result, the demand for water has been increasing rapidly in the past few decades. There is no doubt that the 'Har Ghar Nal se Jal' programme under the Jal Jeevan Mission will greatly augment the Government spending on water supply, particularly, piped supply of surface water in usable form.

At the same time, disposal need of used water is growing simultaneously, warranting more investment in the sewerage and waste water sector. DI Pipes are one of the most preferred pipe material used for both Drinking Water supply and Sewerage line.

« Irrigation Sector

Being a vast country, India witnesses a non-uniform pattern of rainfall across country. It is highly seasonal in nature and India has comparatively lower storage capacity to store the runoff. Vast areas of the country is dependent on irrigation for sustain farming activity and food production. Until recent past, irrigation in India was mainly canal based. To minimize transmission loss due to percolation and evaporation under Canal based Irrigation, Government is now stressing more and more on piped irrigation, stimulating huge scope for DI pipes. A number of states have already started implementing piped irrigation projects and there will be more stress on piped irrigation in near future.



Management Discussion (Contd.)

Industrial Water

India's economic growth is largely fuelled by diverse industrial activities. As Industry needs large quantity of water to run, the pipe demand for industrial water supply is also growing with more industrialization. In most of the cases, water is to be brought from a distance which needs long pipelines to carry bulk water.

As a result the Indian pipe business for water and waste water is growing rapidly and the demand for DI Pipes, in particular, is on a rise due to its high dependability and high durability. DI Pipes, in view of its inherent features like high mechanical strength, better pressure bearing ability, higher corrosion and abrasion resistance, easy laying and long service life, is the preferred choice over other types of pipes for water and sewerage transportation.

Demand drivers for DI Pipes

The following factors will continue to drive the demand for DI Pipes:

1. Declared resolve of the Government to provide drinking water and sanitation to 100% of the population by 2024 and making funds available to achieve it under the "Jal Jeevan Mission" and "Swachh Bharat Mission".
2. The 500 numbers of AMRUT schemes and 100 smart city project launched by the Government are under various stages of implementation.
3. More Governmental emphasis on piped irrigation projects.
4. Rising demand for industrial water.
5. Low cost rural housing is picking up in a big way under the "Pradhan Mantri Abas Vikas Yojna".
6. More utilities are focussing on life cycle cost rather than initial cost to have a more durable water supply solution.
7. Due to superior quality followed by dependable after sales service, the Company continues to maintain its dominant position in the market against competitors.

FY 2019-20 vs. FY 2018-19

The Company's Revenue from Operations was reported at Rs. 2,479.89 Crore during the year under review as compared to Rs. 2,390.61 Crore reported in the previous year. There was a minor decrease of around 2.17% in Export Sales from Rs. 1,046.82 Crore in 2018-19 to Rs. 1,024.06 Crore in 2019-20 The Company incurred profit/loss of Rs. 98.59 Crore for the Financial Year 2019-20 as against loss of Rs. 635.77 Crore for Financial Year 2018-19.

B. PRODUCT WISE PERFORMANCE

Ductile Iron (DI) Pipes

The Ductile Iron Pipe Plant, with a total capacity of 2,80,000 TPA produced 3,09,404 MT of DI Pipes during the year 2019-20 compared to 3,03,838 MT in 2018-19. Initiatives continue by the Company to sustain improving productivity and product quality and variety.

The main raw materials used in the production of DI Pipes are Iron Ore and Coke. Iron Ore is mainly procured from Odisha and Jharkhand and Coke is captively produced at Haldia. The DI Pipes produced by the Company are sold in India and globally. The sale of DI Pipes contributed to 70% of the total revenues of the Company during the year amounting to Rs. 1,746.59 Crore.

Cast Iron (CI) Pipes

The Cast Iron Pipe Plant, with a total capacity of 90,000 TPA produced 38,206 MT of CI Pipe in 2019-20 compared to 31,930 MT in 2018-19. The capacity utilisation was much lower even after improvement in production in 2019-20 compared to previous year, as the demand for Cast Iron Pipes remained low.

The main raw material used in the production of CI Pipe is Pig Iron, which is obtained from domestic sources. The CI Pipe produced by the Company is sold mainly to the states in Southern India. The sale of CI Pipe contributed Rs. 183.61 Crore to the total revenues of the Company during the year.

« DI Fittings & Accessories

The Company produced 12,667 MT of DI Fittings in 2019-20 as against 12,085 MT in 2018-19. The Company has taken initiatives for higher productivity and utilization of capacity at its Haldia and Khardah Works and improving the performance of these divisions. Initiative continued to improve productivity. The sale of DI Fittings and Accessories contributed to Rs. 208.02 Crore in the total revenues of the Company during the year.

« Power Plant

The Company has installed new 5 MW capacity Turbo generator at its Haldia Works using the potentials of generation of steam from the waste gases of Coke Oven Plant. This has also enabled the Company to provide captive & cheaper power support to newly installed Ferro Alloys Plant at Haldia as well as overall environment & energy conservation improvement. In 2019-20, the new power plant has generated 3.23 million units. New Power plant started generation in fourth quarter of 2019-20. Ferro Alloy Plant was commissioned in July, 2019.

With new Power Plant, Haldia has generated 89.28 million units of power, out of which 28.15 million units were transmitted to SEB grid in 2019-20 as against generation of 80.80 million units and transmission of 49.70 million units in 2018-19. Higher captive power consumption mainly due to addition of a Ferro Alloy unit reduced sale to grid.

« Captive Coke Oven Plant

The Coke Oven Plant, with a total capacity of 2,25,000 TPA at Haldia, produced 1,65,413 MT of Metallurgical Coke in 2019-20 against 1,80,646 MT in 2018-19, mainly for captive consumption in Blast Furnace at Khardah Works. The production was restricted to the captive requirement level mainly because of poor market demand and lower market price of surplus coke, which was better in 2018-19. The primary raw material for producing Coke that is Coking Coal was imported mainly from Australia.

« Ferro Alloy Plant

The Company has installed a Ferro Alloy Plant at Haldia Works. The project was planned for production of Ferro Alloys which will have the flexibility to either serve captive Ferro-Silicon consumption of materials of Pipe plant and steel plant or selling alternatively products in the market. The plant commissioned in July 2019-20 with Si.Mn Product and produced 6,277 MT in 2019-20.

« Raw Materials Management

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

The Ministry of Mines, Government of India accorded the approval under Section 5(1) of the Mines and Minerals (Development and Regulation) Act, 1957 for grant of mining lease over an area of 192.50 ha in Village - Dirsumburu of Kodolibad forest in District - West Singhbhum, Jharkhand in the year 2006. The Company had received 1st stage forest clearance and 2nd stage forest clearance is pending with Ministry of Environment, Forest & Climate Change (MOEFCC) since September, 2014 for want of "Carrying Capacity Study of Saranda by the MOEFCC". As per amended MMDR Act, 2015, the sunset date of lease execution was 11 January, 2017. The Company filed a writ petition before the Hon'ble High Court of Jharkhand on 10 January, 2017, praying, inter-alia, for direction for grant of said lease in favour of the Company. The Hon'ble High Court in its order while observed, being not averse in granting relief with respect to cut off date, admitted the said petition and matter is pending before the Court.



Management Discussion (Contd.)

« Exports

The year gone by has had a number of challenges in export like anti-subsidy review in Europe, protectionism in most markets, economic downturn continuing in most world markets and so on. The Company has kept up with the challenge and is making deeper inroads into existing markets and venturing into new markets selling in 50+ countries in the world across five continents.

Towards the end of the Financial Year 2019-20, the world is facing an unprecedented economic crisis due to the novel coronavirus. This has led to many unfavourable situations for export like lockdowns in Europe, Middle East & Gulf, USA, Singapore, Hong Kong and also in India. Oil prices have fallen to very low levels reducing the capability of the Gulf nations to invest in infrastructure in the coming year. However, our products are mainly used for transportation of drinking water that is categorized as essential service in most countries. As such, activity in our products is still continuing, although at a slow pace. As such, we expect to improve faster than most businesses once the problem is controlled.

« Quality and Approvals

The Company has become one of the global leaders in Ductile Iron Pipes and Fittings by its commitment towards quality. Company is dedicated to uphold the brand value of its Pipes and Fittings, which is achieved in last 25 years.

To increase the faith of the customers, in addition to retaining the approval of DVGW of Germany, OVGW of Austria, BSI (UK), IGH (Croatia), UL (USA), FM (USA), NSF, etc., the Company has also taken approval of Bureau Veritas, Italy, who has the accreditation from ACCREDIA.

All these certificates help the Company to increase the confidence of customers. The Company is going on increasing its market share by penetrating newer markets.

A Quality product cannot be assured without proper system and for that Company maintains ISO 9001 (Quality Management System), ISO 14001 (Environment Management System) and SA 8000 (Social Accountability).

The Company takes care of the environment and proper utilisation of power is a focus and is certified ISO 50001 by BSI.

The Company has received the ISO 45001 (Occupational Health and Safety) certificate also from BSI.

C. OPPORTUNITIES AND THREATS

« Opportunities

The demand for DI pipe is expected to grow with the Government's continued focus on water, sanitation and irrigation schemes across India and with the development of smart cities. Recently in May 2019, Government of India has set up a new Ministry of Jal Shakti. The formation of this ministry reflects India's seriousness towards the resolving water challenges in the Country and providing drinking water to every household in the Country. The Government of India is continuing considerable investments in Smart City and AMRUT projects which is pushing the demand for pipe upwards. Urban sewerage system is being revamped in most cities which will require more pipes. ECL has always remained the distinct choice for water engineers and domain experts in Ductile Iron Pipes and Fittings.

« Threats

Despite the launching of Jal Jeevan Mission, the water sector may face a financing gap as more consistent funding and persistent monitoring is required to achieve the goal of "Har Ghar Nal Se Jal". Greater allocations of budgetary resources, more efficient use of those resources, and greater contributions from water users have to be ensured.

Fluctuating cost of raw materials is at times a real concern as the market prices are mainly market driven. Higher input and overhead cost, increasingly expensive pipe transportation/shipping logistics, coupled with increasingly competitive market with entry of new manufacturers, have created pressure on margins. The export market continues to be very challenging due to slow down of world economy. Anti-dumping/Anti-subsidy duties imposed on Indian DI Pipes by European Commission in EU countries has put us in a difficult spot. On the other side, a number of new DI

pipe manufacturers had emerged in recent years making the market more complex with a negative effect on the price structure and profitability.

However, the Company is confident of achieving sustained growth, with focus towards backward integration, cost reduction, exploring alternative markets, overcoming logistic constraints and long term planning for raw materials.

D. RISKS AND CONCERNS

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

E. FINANCIAL PERFORMANCE

The highlight of the operations for the year ended 31 March, 2020 and 31 March, 2019 are as under:

a) Financials

(Rs. in Crore)

| Particulars | Year ended 31 March, 2020 | Year ended 31 March, 2019 |
|--|------------------------------|------------------------------|
| Gross Sales & Income from Operations | 2,479.89 | 2,390.61 |
| Profit before Interest, Depreciation & Exceptional Items | 396.18 | 410.78 |
| - Finance Expenses | 219.90 | 225.40 |
| - Depreciation | 52.74 | 54.87 |
| Profit before Exceptional Items & Tax | 123.54 | 130.68 |
| Exceptional Items | - | (789.90) |
| Profit before Tax | 123.54 | (659.22) |
| Tax Expenses | 24.95 | (23.45) |
| Profit after Tax | 98.59 | (635.77) |

b) Company's Sales mix

(Rs. in Crore)

| | Year ended 31 March, 2020 | Year ended 31 March, 2019 |
|------------------------------|------------------------------|------------------------------|
| Revenue from sale of Product | | |
| D.I. Spun Pipes | 1,746.59 | 1,622.91 |
| D.I. Fittings | 208.02 | 253.50 |
| C.I. Spun Pipes | 183.61 | 154.10 |
| Others | 296.27 | 313.25 |

Other Financial Matters

During the year :

1. Net Worth of the Company increased to Rs. 2,548.55 Crore as at 31 March, 2020 from Rs. 2,379.24 Crore as at 31 March, 2019.
2. Gross Fixed Assets including Work in Progress & Capital Advances as at 31 March, 2020 increased to Rs. 3,073.95 Crore from Rs. 3,021.67 Crore as at 31 March, 2019.



Management Discussion (Contd.)

F. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

G. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company strongly believes that to achieve continual success, a dedicated and devoted workforce is very much required to get high performance and improved productivity. This has been endlessly encouraged by evolving human resource management systems and processes of the Company. The Company has left no stones unturned for enhancing the capabilities of employees across all levels of Organisation through engagement and continuous learning & development programmes. Further, the Company is strongly focused towards utilisation of its manpower to the optimum level. The total number of employees in the Company, including those inducted as trainees in the Company, as on 31 March, 2020 was 1,547.

The positive approach and cordial relationship between the Management and Unions has resulted in smooth industrial relations during the year under review. The relationship have developed over the years and has played a significant role in smooth running of the Company. Any issues/grievances are peacefully addressed to and amicably settled through different processes like discussion across the table, counseling, workers' participation and collective bargaining on mutually acceptable terms. The Company sincerely strives to enhance and value knowledge capital by improving the competence of its employee and their prospective and optimum usage.

The Company has been accredited with Social Accountability (SA) 8000 certification from British Standard Institute (BSI). The SA 8000:2014 audit was conducted successfully by BSI for the Financial Year 2019-20 & recommended for continuation of the Certificate. The Company is taking initiatives to maintain TPM excellence on a continuous basis.

« Safety & Health

Safety and Health management is the foremost priority of the Company. This management system is in practice through leadership commitment across the organization towards an established Occupational Health and Safety Policy.

The Company has taken different initiatives towards achievement of "Zero Accident" & "Zero Health Impairment". The process of upgradation of initiatives and additional initiatives are also continuing.

The Company :

- implemented and maintained an ongoing process to assess Work Hazards through established process of HIRA. All routine and non-routine activities are covered and probable risk level has been identified. Safe Operating Procedures (SOPs) have been prepared and linked with HIRA.
- have many safety committees which are performing their activities through active participation of staff and workman representatives to identify the work place hazards and its corrective action with proper time frame.
- OH&S management cell is monitoring the key characteristics of safety and health related activities on daily basis. Work zone monitoring is carried out through in-house facilities as well as external agencies duly certified by concerned regulatory authority at certain intervals.
- has conducted required health check-up for all level of employees at regular interval to prevent health impairment.
- has conducted plant inspection on a regular basis by senior officials to determine any deviation of standard safety practices.

- also carried out external safety audit through competent authority in every alternate year to assess the safety status and for its further improvement.
- is imparting various trainings to all levels of employees to improve their safety skills and increase awareness. Training feedback system is also in practice to evaluate efficacy of the trainings.
- celebrates National Safety Day/Week/Month in every year through various activities to renew awareness and to enhance safety attitudes among the employees.
- has first time distributed 140 saplings to primary school children of nearby village during celebration of World environmental day-2019.
- has installed automatic fire detection system in COP substation.

Being an ISO 45001:2018 and SA 8000:2014 certified company, we are following all the requirements and criteria of the said management system and trying to develop further to achieve our goals.

◀ Environment

With the objective to sustain clean and green environment in and around the factory and improve it with time, the Company is committed to provide cleaner and greener environment through sustainable development. The Company has taken various measures to achieve the target.

- The Company is using Cement bag to collect the Induction furnace bag filter dust.
- Operational control procedures have been prepared and maintained in operation that reduces risk level for creating a safe & environment friendly working atmosphere inside the plant. Life-cycle prospective are also analysed for each process starting from procurement of raw materials to the end use of the product.
- Eco-friendly advanced techniques have been adapted to the extent possible for reduction of natural resource consumption as well as minimizing energy conservation. This process is a continuing process for upgrading the technology for better environment and reduced pollution load.
- Ambient air monitoring stations have been installed at suitable locations to assess the ambient air quality in and around the factory premises.
- Discharge effluent quality is also monitored to comply with the prescribed standard of regulatory authority.
- Noise monitoring is also carried out on regular interval mainly to the high-noise prone areas and at boundaries of plant.
- Factory premises are having good greenery coverage with plantation being done on a regular basis from long back. Plantation programme is being still carried out throughout the year in and around the factory premises to increase the area of greenery and to provide a healthier and greener environment.
- Environmental awareness programmes have been conducted as per schedule to increase the environmental awareness level. Specific training also imparted to the concerned persons to run environmental management practices in effective ways.
- Celebration of World Environment Day is being done every year through Quiz-competition and Poster-competition, etc., to boost existing attitude towards the environment.
- TPM initiatives are also implemented to improve the environment condition through kaizens and good housekeeping practices.
- The Company has established a management information system to assess the effectiveness of existing Environmental Management System and also try to enhance the existing level.
- The Company is having an established review system of Environment Management activities through Audits of ISO 14001 and Monthly Review of Top Management.



Management Discussion (Contd.)

« Waste Minimization

The Company's waste management cell is taking initiatives for handling of waste in environmentally safe manner following all the guidelines of regulatory authority.

Some of the important initiatives are:

- Some of the process waste has been re-utilized in another process as raw materials without compromising the quality of the product. These helped to reduce the consumption of raw materials or sometimes fuel.
- Storing, handling and disposal of hazardous and other waste is carried out by established operational control procedures or as per regulatory guidelines. Different types of waste are stored only in designated bins or earmark places inside the plant.
- Reuse of packing waste which reduces wood consumption.
- Minimizing the generation of hazardous waste (discarded Asbestos) by replacing asbestos sheet of CB platform of Sponge iron unit by corrugated colour coated sheet.

The Company, being an ISO: 14001 certified Company, complies with all the criteria mentioned in the management system and is also committed to the society to provide a cleaner and greener environment.

« Corporate Social Responsibility ('CSR')

CSR activity for the Company is a setup of planned activities, taking into consideration the capabilities of the Company with a target on significant impact to inspire and excite its local community and near vicinities. The initiative of the Company is to strengthen its operating foundation and being engaged in ongoing efforts to contribute to the Society during enhancing corporate values.

The Company takes into account issues related to external stakeholders and also various range of programs that aim at social & environmental topics. The Company's code of conduct anchors its ethics and compliance affairs. It also creates and implements community based initiatives to solve issues in areas like education for children, environmental conservation & external cooperation keeping in mind the local culture and society.

Electrosteel Initiatives

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

The Company conducts the CSR activities based on the feedback from its stakeholders, customers and the local community.

« Information Technology

The Company has migrated to SAP HANA which has provided a suite of benefits including an in-memory column-based database that improves flexibility, memory, performance, and speed, improved reporting, and real-time analytics. It has embraced the database which is the future roadmap for ERP application.

The Company has also implemented SAP FIORI user interface application on mobile. Fiori's mobility and adaptive design will help us adapt to this new mobile model, allowing users to access essential self-service and other work apps from anywhere, using any device.

The Company has set up disaster recovery site for SAP ERP as a part of its business continuity plan. This will ensure the organization is ready to handle any future disasters in organized way while reducing the implications of such disaster.

The Company has also implemented secure Virtual Private Network so that employees and end users can access SAP and other data remotely and work from home.

H. DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

- i. Operating Profit Margin (%) witnessed a decrease from 15% in the Financial Year 2018-19 to 14% in the Financial Year 2019-20 and Net Profit Margin (%) from 7% to 4%.
- ii. There is a positive return on Net Worth at 4% in the Financial Year 2019-20 as against negative return on Net Worth at 27% in the Financial Year 2018-19.
- iii. Further, due to increase in Net Worth and decrease in Debt, the Debt Equity Ratio improved to 0.60 in the Financial Year 2019-20 from 0.68 in the Financial Year 2018-19.

I. OUTLOOK

Electrosteel Castings is the pioneer in bringing the first manufacturing technology of Ductile Iron Pipes and Fittings in India, in 1994. The group has the maximum capacity to produce DI Pipes, DI Fittings and Cast Iron Pipes in India. Electrosteel is also known for innovation and for adding diversity in its product lines. The Company was instrumental in developing various classes of pipes and various types of protective coatings and huge range of fittings. On the strength of quality, comparable to any other prime international manufactures, Electrosteel Castings DI Pipes and Fittings were accepted in Europe, Africa, Middle East, Far East and in USA. With this outlook, the Company is hopeful of having comfortable order position in domestic and export market in 2020-21.

CAUTIONARY STATEMENT

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



Management Discussion (Contd.)

Risk Management

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

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

« Economic Risk

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

To counter this, the Company has taken various steps including backward integration which comprises brownfield expansions, e.g., Sinter Plant, Sponge Iron Plant, Coke Oven Plant, Power Plant from waste heat recovery, Ferro Silicon Plant, upgrading and expanding manufacturing capacities, exploring alternate source for procurement of critical raw material in case of delay in mining planned earlier, managing resources to meet financial obligation, and increasing efforts on research and development. In addition, cost control measures are an ongoing process.

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

« Competitor Risk

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

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

Industrial Risk

The Company ardently believes in recognising its people's talent & their potential as one of the major source required for achieving success in this competitive market. As a measure to achieve, the Company continues to pay sincere attention on people development by evolving a continuously learning human resource base to help them in improving their potential and fulfilling their aspiration. It is essential to have employees engagement in various spheres to create a congenial, conducive and healthy work culture. In the process, the Company gives utmost priority to community services, sports, education and medical services to the employees as well as the locality.

The Company undertakes development program to enhance the competence of employees by imparting training in skill development and multiskilling, which increases the job security and scope for alternative redeployment.

The crucial factors in the smooth operation of the plant includes good public relations and liaisoning with statutory bodies, union leaders and community. The Company through its experienced team of management has been successful in maintaining an excellent labour relation over the years. As a consequence of such harmonious relations, there has not been a single man day loss over a decade. Recently, the Company has settled the Charter of Demands of the unions and arrived at a long term settlement for a period of four years from 1 September, 2019 to 31 August, 2023 and that too without any disturbance and or agitation. Virtually, the Company has bought peace for a period of four years.

The Company is optimistic that due to a loyal, devoted and dedicated workforce, the labour relation will continue to strengthen further and play an important role in the success of the Company.

Environmental Risk

Environmental risks are defined as those potential adverse situations which may come from any regulatory and environmental non-compliances arising out of the operation of the Company's plant activities as well as other risks due to any future stipulations and local conditions, etc. This may impact the Company's image and also generate financial liabilities. This can be combination of different situations together also.

Reduction of environmental risk is the main focus of the Environmental Management System of the Company as this makes a deep impact on Company's image towards the interested parties of our Company.

Sustainability is also associated with environmental risk. Sustainability will be there if we can take proactive actions for mitigating any environmental risk.

The Company's strong & effective Environmental Management System is always looking after the sustainable use of natural resources, continual improvement of process by adopting new technology and also to increase environmental awareness at all levels through training. Existing process improvement is also carried out for optimizing use of natural resources like water, fuel, etc.

The Company has installed an appropriate pollution control system to control the key characteristics of the environmental parameters in respect of air, water, noise, etc. The Company has also implemented the 4R techniques (Reduce, Reuse, Recycle, Reprocess) in waste management system that helps in utilization of waste, handling of waste in environmental safe manner and to obey the legal directives from time to time.

The Environmental Management System of the Company is always vigilant for monitoring activities of environmental performance, from time to time and analyzing the outcome of the results for further improvement. Being an ISO 14001 certified, the Company has to comply with each and every criteria of the said management system. Aspects of every activity related to environment is justified by related impacts and its associated risk. Control measures are also identified to reduce the risk level or eliminating the risk factors.

Environment Management Cell along with the support of engineering department is regularly assessing the designs of Pollution Control System and doing needful for up-gradation. It is also working for mitigation plan of any probable stringent stipulations which are going to come in near future. Environment objectives and targets are also set considering



Management Discussion (Contd.)

the present and probable future risks. All above are focused to identify the risks, evaluated and mitigated within a given time frame on a regular basis.

Management Review is being done on regular basis at different layers for checking the adequacy and effectiveness of the established Environmental Management System and keep risk mitigation plan effective.

«« Foreign Exchange Risk

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

The Company has adopted a comprehensive risk management review system wherein it actively hedges its foreign exchange exposures within defined parameters, through use of hedging instruments such as forward contracts, options and swaps. The Company periodically reviews its risk management initiatives and also takes expert advice on regular basis on hedging strategy.

«« Payment Risk

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

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

For and on behalf of the Board of Directors

Place: Kolkata
Date: 15 June, 2020

Pradip Kumar Khaitan
Chairman
DIN: 00004821

Annexure – 2

Report on Performance and Financial Position of the Subsidiaries, Associates and Joint Ventures of the Company for the year ended 31 March, 2020

There are 11 Subsidiaries, 1 Associate and 2 Joint Venture (JV) companies of the Company as on 31 March, 2020. The performance and financial position of these Subsidiaries, Associates and JVs of the Company and their contribution to the overall performance of the Company for the Financial Year ended 31 March, 2020 are summarised below:

A. SUBSIDIARIES

1. Electrosteel Algeria SPA, Algeria

Electrosteel Algeria SPA is a wholly owned subsidiary engaged in marketing and selling the products of the Company in Algeria and other African countries. This subsidiary has made a profit of DZD 41.33 million on a total income of DZD 75.79 million during the year under review as compared to a profit of DZD 71.98 million on a total income of DZD 109.46 million during the previous year. The Financial Year 2020-21 is expected to remain challenging due to COVID-19.

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

Electrosteel Castings (UK) Ltd. is a wholly owned subsidiary engaged in marketing and selling the products of the Company in United Kingdom. This subsidiary has earned a profit of GBP 202,942 on a turnover of GBP 14.68 million during the year under review as compared to a profit of GBP 865,412 on a turnover of GBP 20.25 million during the previous year. The Financial Year 2020-21 is expected to remain challenging due to COVID-19.

3. Electrosteel Castings Gulf FZE, UAE

Electrosteel Castings Gulf FZE is a wholly owned subsidiary engaged in marketing and selling the products of the Company in United Arab Emirates and other Middle-East countries. This subsidiary has earned a profit of AED 2,680,068 on a total income of AED 19.99 million during the year under review as compared to a profit of AED 473,886 on a total income of AED 9.50 million during the previous year. The outlook of the Company for the next Financial Year 2020-21 appears positive.

4. Electrosteel Doha for Trading LLC, Qatar

Electrosteel Doha for Trading LLC is a subsidiary engaged in marketing and selling the products of the Company in Qatar. The Company holds 49% stake and controlling interest in this subsidiary. This subsidiary has made a profit of QAR 7,190,103 on a total income of QAR 77.99 million during the year under review as compared to a profit of QAR 8,142,007 on a total income of QAR 50.76 million earned in the previous year. The outlook of the Company for the next Financial Year 2020-21 appears positive.

5. Electrosteel Europe SA, France

Electrosteel Europe SA is a wholly owned subsidiary engaged in marketing and selling the products of the Company in France, Spain, Italy, Portugal, Poland and other countries located in Mainland Europe. This subsidiary has earned a profit of Euro 529,658 on a total income of Euro 67.60 million during the year under review as compared to a profit



Subsidiaries, Associates (Contd.)

of Euro 450,445 on a total income of Euro 62.80 million during the previous year. The Financial Year 2020-21 will remain challenging due to the COVID-19 pandemic in Europe and other parts of the world.

6. Electrosteel Trading, S.A., Spain

Electrosteel Trading S.A. is a wholly owned subsidiary engaged in marketing and selling the products of the Company in Spain. This subsidiary has earned a profit of Euro 12,681 on a turnover of Euro 2.57 million during the year under review as compared to a profit of Euro 8,169 on a turnover of Euro 2.13 million during the previous year. The outlook for the Financial Year 2020-21 in respect of profitability is expected to be breakeven.

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

Electrosteel USA, LLC is a wholly owned subsidiary and this entity along with its wholly owned subsidiary, i.e., WaterFab LLC is engaged in marketing and selling the products of the Company in USA. This subsidiary has made a consolidated profit of USD 107,171 on a consolidated total income of USD 6.14 million during the year under review as compared to a consolidated profit of USD 1,273,357 on a consolidated total income of USD 7.93 million during the previous year. The outlook for the Financial Year 2020-21 in respect of volume and profitability is expected to be positive.

8. Electrosteel Brasil LTDA Tubos e Conexoes Duteis, Brazil

Electrosteel Brasil LTDA Tubos e Conexoes Duteis is a wholly owned subsidiary engaged in marketing and selling the products of the Company in Brazil and other South American markets. There has been no activity through this subsidiary during the Financial Year 2019-20.

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

Electrosteel Bahrain Holding SPC Company was incorporated as a wholly owned subsidiary to act as the holding company. Electrosteel Bahrain Holding SPC Company incorporated a subsidiary, Electrosteel Bahrain Trading W.L.L (i.e., step down subsidiary of the Company). This subsidiary mainly caters to the Saudi Arabia and Bahrain market. This subsidiary has made a consolidated profit of BHD 162,033 on a turnover of BHD 5.34 million as compared to profit of BHD 186,935 on a turnover of BHD 3.13 million during the previous year. The outlook for the next Financial Year 2020-21 appears positive.

B. ASSOCIATE

1. Srikalahasthi Pipes Limited, India

Srikalahasthi Pipes Limited ('SPL'), an associate of the Company, is a leader in the manufacture of Ductile Iron Pipes in South India. SPL has reported a gross operating revenue of Rs. 1,662.90 Crores during the Financial Year 2019-20 as against Rs. 1,558.80 Crores achieved in the previous year. The Company reported earnings before interest, tax, depreciation and amortization of Rs. 323.89 Crores and profit after tax of Rs. 187.68 Crores during the Financial Year 2019-20.

The expansion plans as envisaged during the Financial Year 2019-20 to install new MBF, additional Hot Blast Stoves, Raw material handling system, creating additional balancing facilities to increase production capacity of DI Pipes have been started by SPL. Commissioning of Facilities like Cement Lining Machine VI, Sand Blasting System, Gasket Storage system and 15 MT Cranes in connection with projects relating to capacity addition of DI Pipes have been completed. Further, SPL has successfully commenced commercial operations of Ferro Alloys Plant in the fourth quarter of the financial year under review, which marks completion of both the phases of Ferro Alloys project.

SPL is having comfortable order book for supply of Ductile Iron pipes. During this COVID-19 situation, safe and hygienic water supply is most important for the Government. Ductile Iron pipe is the safest and most suitable pipe for transportation of water not only in urban cities but also in rural India. The Company is hopeful that Central and State Governments will continue to give priority and remain committed in respect of ongoing and future water supply, sewerage and irrigation projects in the country.

SPL is presently listed with both BSE Limited and the National Stock Exchange of India Limited.

C. JOINT VENTURES

1. Domco Private Limited, India

The status of Domco Private Limited, a JV entity, has been covered under Note no. 8.2 of the Notes on Consolidated Financial Statements for the year ended 31 March, 2020.

2. North Dhadhu Mining Company Private Limited, India

The status of North Dhadhu Mining Company Private Limited, a JV entity, has been covered under Note no. 8.3 of the Notes on Consolidated Financial Statements for the year ended 31 March, 2020.

For and on behalf of the Board of Directors

Pradip Kumar Khaitan
Chairman
DIN: 00004821

Place: Kolkata
Date: 15 June, 2020



Report on Corporate Governance of the Company

for the year ended 31 March, 2020

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

1. Company's philosophy on Corporate Governance in brief

The Company's philosophy on Corporate Governance is based on the foundation of ethical and transparent business operations. The Company strongly believes that establishing good corporate governance practices in each and every function of the organization leads to increased operational efficiencies and sustained long term value creation for all the stakeholders. The Company is committed to the highest standards of corporate governance, and setting industry-leading benchmarks. Our goal is to promote and protect the long-term interest of all stakeholders while maintaining due compliance with all legal and regulatory requirements. The Company's philosophy on Corporate Governance extends across its business operations to meet the varied needs of all stakeholders and the society at large to create long term sustainable value.

Company has a proven track record of transparent and ethical corporate governance practices. The Company continues to maintain high standards of transparency and effective leadership coupled with ethical business practices. As a Company which believes in implementing corporate governance practices in letter and in spirit, the Company has adopted practices mandated by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and the Companies Act, 2013 ('the Act') and has established procedures and systems to comply with it. Some of the important codes, policies and programs adopted in this regard are -

- Code of Conduct for the Board of Directors and Senior Management Executives;
- Code of Conduct for regulating, monitoring and reporting trading by Designated Persons and their Immediate Relatives;
- Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information;
- Policy and Procedure for Inquiry in Case of Leak/Suspected Leak of Unpublished Price Sensitive Information;
- Vigil Mechanism/Whistle Blower Policy;
- Related Party Transaction Policy;
- Nomination and Remuneration Policy;
- Corporate Social Responsibility Policy;
- Policy for determining Material Subsidiaries;
- Policy on Board Diversity and Succession Planning for the Board of Director and Senior Management;
- Policy for determination of Materiality of Events/Information for disclosures;
- Familiarization Program for the Independent Directors.

2. Board of Directors

2.1 Composition and Category of Directors and number of other Directorship and Committee Positions and the names of the listed entities in which the Director is a Director and the category of such Directorship held as on 31 March, 2020

The Board of Directors of the Company consisted of 11 (eleven) members as on 31 March, 2020, which comprised of:

- Five Independent, Non-Executive Directors including one Independent Woman Director;
- Three Promoter Executive Directors;
- Two Non-Independent, Non-Executive Directors; and
- One Non-Promoter Executive Director.

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

The composition of the Board as on 31 March, 2020 was in accordance with the provisions of the Act and the Regulation 17 of the Listing Regulations. The details of each member of the Board as on 31 March, 2020 are provided herein below:

| Name of the Director | Number of Directorship(s) in other public limited companies ¹ | No. of committee positions in other public limited companies ² | | Directorship in other listed entities (Category of Directorship) |
|---|--|---|--------|--|
| | | Chairperson | Member | |
| Independent, Non-Executive Directors | | | | |
| Mr. Pradip Kumar Khaitan DIN: 00004821 | 7 | 2 | 6 | Dalmia Bharat Limited (Independent, Non-Executive) India Glycols Limited (Independent, Non-Executive) Graphite India Limited (Independent, Non-Executive) Emami Limited (Independent, Non-Executive) CESC Limited (Non-Independent, Non-Executive) Firstsource Solutions Limited (Non-Independent, Non-Executive) |
| Mr. Binod Kumar Khaitan DIN: 00128502 | 1 | 1 | 1 | The Phosphate Co. Ltd. (Non-Independent, Non-Executive) |
| Mr. Ram Krishna Agarwal ⁵ DIN: 00416964 | 5 | 3 | 6 | Srei Infrastructure Finance Limited (Independent, Non-Executive) Cigniti Technologies Limited (Independent, Non-Executive) |
| Mr. Amrendra Prasad Verma DIN: 00236108 | 4 | 2 | 3 | Solar Industries India Limited (Independent, Non-Executive) Security and Intelligence Services (India) Limited (Independent, Non-Executive) |



Corporate Governance (Contd.)

| Name of the Director | Number of Directorship(s) in other public limited companies ¹ | No. of committee positions in other public limited companies ² | | Directorship in other listed entities (Category of Directorship) |
|---|--|---|--------|--|
| | | Chairperson | Member | |
| Dr. Mohua Banerjee (Woman Director) DIN: 08350348 | – | – | – | – |
| Non-Independent, Executive Directors (Managing Directors & Whole-time Directors) | | | | |
| Mr. Umang Kejriwal DIN: 00065173 | 2 | – | – | – |
| Mr. Mayank Kejriwal DIN: 00065980 | 7 | – | – | Srikalahasthi Pipes Limited (Executive) |
| Mr. Uddhav Kejriwal DIN: 00066077 | 3 | – | – | – |
| Mr. Mahendra Kumar Jalan DIN: 00311883 | – | – | – | – |
| Non-Independent, Non-Executive Directors | | | | |
| Mr. Shermadevi Yegnaswami Rajagopalan DIN: 00067000 | – | – | – | – |
| Mr. Vyas Mitre Ralli DIN: 02892446 | – | – | – | – |

Notes :

1. Excludes Directorships/Chairpersonships in Associations, Private Limited Companies, Foreign Companies, Government Bodies, Companies registered under Section 8 of the Act and Alternate Directorships.
2. Only Audit Committee and Stakeholders' Relationship Committee of Indian Public Companies have been considered for committee positions.
3. None of the Directors on the Board hold directorships in more than ten public companies. Further, none of them is a member of more than ten committees or Chairman of more than five committees across all the public companies in which he/she is a Director. Necessary disclosures regarding Committee positions in other public companies as on 31 March, 2020 have been made by the Directors.
4. Mr. Umang Kejriwal and Mr. Mayank Kejriwal are brothers. Mr. Mayank Kejriwal is the father of Mr. Uddhav Kejriwal. Apart from this, none of the other Directors are in any way related to any other Director.
5. Mr. Ram Krishna Agarwal (DIN: 00416964) has ceased to be a Director of the Company, with effect from 8 June, 2020.
6. Mr. Sunil Katial (DIN: 07180348), has been appointed as an Additional (Whole-time) Director of the Company, with effect from 1 April, 2020, subject to approval of the shareholders at their ensuing Annual General Meeting.
7. Mr. Rajkumar Khanna (DIN: 05180042) has been appointed as an Additional (Independent) Director of the Company, with effect from 15 June, 2020, subject to approval of the shareholders at their ensuing Annual General Meeting.

2.2 Attendance of Directors at the Board Meetings during the Financial Year ended 31 March, 2020 and at the last Annual General Meeting

During the Financial Year ended 31 March, 2020, 5 (five) Board Meetings were held and the gap between any two consecutive meetings held during the year did not exceed 120 days. The attendance details of each Director at the Board Meetings and at the last Annual General Meeting ('AGM') is given below:

| Name of the Director | No. of Board Meetings Held | No. of Board Meetings Attended | Attendance at the last AGM held on 20 September, 2019 |
|---------------------------------------|----------------------------|--------------------------------|---|
| Mr. Pradip Kumar Khaitan | 5 | 3 | No |
| Mr. Binod Kumar Khaitan | 5 | 5 | Yes |
| Mr. Ram Krishna Agarwal ¹ | 5 | 5 | No |
| Mr. Amrendra Prasad Verma | 5 | 4 | No |
| Dr. Mohua Banerjee | 5 | 4 | No |
| Mr. Umang Kejriwal | 5 | 4 | No |
| Mr. Mayank Kejriwal | 5 | 3 | No |
| Mr. Uddhav Kejriwal | 5 | 5 | No |
| Mr. Mahendra Kumar Jalan | 5 | 4 | No |
| Mr. Shermadevi Yegnaswami Rajagopalan | 5 | 5 | No |
| Mr. Vyas Mitre Ralli | 5 | 3 | No |

Note :

1. Mr. Ram Krishna Agarwal (DIN: 00416964) has ceased to be a Director of the Company, with effect from 8 June, 2020.

2.3 Information placed before the Board

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

During the Financial Year 2019-20, information as mentioned in Schedule II (Part A) to the Listing Regulations has been placed before the Board for its consideration, to the extent it is applicable and relevant.

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

2.4 Details of Meeting-wise attendance of Board Members

| Date of the Board Meeting | Board Strength | No. of Directors Present |
|---------------------------|----------------|--------------------------|
| 15 May, 2019 | 11 | 9 |
| 13 August, 2019 | 11 | 10 |
| 21 August, 2019 | 11 | 7 |
| 12 November, 2019 | 11 | 8 |
| 13 February, 2020 | 11 | 11 |



Corporate Governance (Contd.)

2.5 Details of shares/convertible instruments held by the Non-Executive or Independent Directors of the Company as on 31 March, 2020 are as follows:

| Name of the Director | No. of shares held |
|---------------------------------------|--------------------|
| Mr. Pradip Kumar Khaitan | Nil |
| Mr. Binod Kumar Khaitan | 2,000 |
| Mr. Ram Krishna Agarwal ² | 1,000 |
| Mr. Amrendra Prasad Verma | Nil |
| Dr. Mohua Banerjee | Nil |
| Mr. Shermadevi Yegnaswami Rajagopalan | 10,100 |
| Mr. Vyas Mitre Ralli | 5,000 |

Notes:

- None of the Non-Executive or Independent Directors hold any convertible instruments and/or Stock Options of the Company as on 31 March, 2020.
- Mr. Ram Krishna Agarwal (DIN: 00416964) has ceased to be a Director of the Company, with effect from 8 June, 2020.

2.6 Details of familiarization programmes imparted to the Independent Directors

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

2.7 A chart or a matrix setting out the skills/expertise/competence of the Board of Directors

The list of core skills/expertise/competencies identified by the Board of Directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the board are:

| Name of the Director | Core Skills/Expertise/Competencies |
|--------------------------------------|---|
| Mr. Pradip Kumar Khaitan | a) Industry / Sector related knowledge b) Strategy Development, Planning and Implementation c) Compliance and Legal / Regulatory Experience d) Corporate Governance and Ethics |
| Mr. Binod Kumar Khaitan | a) Industry / Sector related knowledge b) Corporate Governance and Ethics |
| Mr. Ram Krishna Agarwal ¹ | a) Finance and Accounting b) Corporate Governance and Ethics c) Compliance and Legal / Regulatory Experience d) Risk Management |
| Mr. Amrendra Prasad Verma | a) Finance and Accounting b) Corporate Governance and Ethics c) Risk Management |
| Dr. Mohua Banerjee | a) Sales and Marketing |

| Name of the Director | Core Skills/Expertise/Competencies |
|---------------------------------------|---|
| Mr. Umang Kejriwal | a) Industry / Sector related knowledge b) Finance and Accounting c) Operations and Management Experience d) Corporate Governance and Ethics e) Strategy Development, Planning and Implementation f) Human Resources Management g) Risk Management |
| Mr. Mayank Kejriwal | a) Industry / Sector related knowledge b) Finance and Accounting c) Operations and Management Experience d) Corporate Governance and Ethics e) Strategy Development, Planning and Implementation f) Human Resources Management |
| Mr. Uddhav Kejriwal | a) Industry / Sector related knowledge b) Finance and Accounting c) Operations and Management Experience d) Corporate Governance and Ethics e) Strategy Development, Planning and Implementation f) Human Resources Management |
| Mr. Mahendra Kumar Jalan | a) Industry / Sector related knowledge b) Operations and Management Experience c) Sales and Marketing |
| Mr. Shermadevi Yegnaswami Rajagopalan | a) Operations and Management Experience b) Finance and Accounting c) Corporate Governance and Ethics d) Compliance and Legal / Regulatory Experience |
| Mr. Vyas Mitre Ralli | a) Industry / Sector related knowledge b) Operations and Management Experience c) Corporate Governance and Ethics |

Note:

1. Mr. Ram Krishna Agarwal (DIN: 00416964) has ceased to be a Director of the Company, with effect from 8 June, 2020.

2.8 Confirmation as regards independence of Independent Directors

The Independent Directors of the Company have confirmed that:

- a) they meet the criteria of Independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations, and
- b) in terms of Regulation 25(8) of the Listing Regulations, they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

Further, in the opinion of the Board, the Independent Directors fulfil the conditions prescribed under the Listing Regulations and are independent of the management of the Company.



Corporate Governance (Contd.)

3. Audit Committee

The composition, quorum and terms of reference of the Audit Committee are in accordance with the provisions of Section 177 of the Act and Regulation 18 read with Schedule II (Part C) to the Listing Regulations.

The Committee comprised of the following Directors as its members, as on 31 March, 2020:

Mr. Binod Kumar Khaitan, Chairman - Independent Director
Mr. Pradip Kumar Khaitan - Independent Director
Mr. Ram Krishna Agarwal - Independent Director
Mr. Amrendra Prasad Verma - Independent Director
Mr. Mahendra Kumar Jalan - Whole-time Director

Mr. Ram Krishna Agarwal (DIN: 00416964) has ceased to be a Director of the Company, with effect from 8 June, 2020.

The representatives of Statutory Auditors, Internal Auditors as well as the Executives heading the Finance, Accounts and other Departments of the Company are invited to attend meetings as and when required by the Committee. All members of the Audit Committee are financially literate and have accounting and related financial management expertise. Mr. Binod Kumar Khaitan, the Chairperson of the Committee was present at the 64th Annual General Meeting of the Company held on 20 September, 2019 to answer queries raised by the shareholders. The Company Secretary acts as the Secretary to the Audit Committee. During the year under review, the Board had accepted all the recommendations of Audit Committee.

The broad terms of reference of the Audit Committee, inter-alia, includes the following:

- i. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii. Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- iii. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- iv. Reviewing, with the management, the annual financial statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions;
 - g. Modified opinion(s) in the draft audit report;
- v. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- vi. Monitoring and reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

- vii. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- viii. Approval or any subsequent modification of transactions of the Company with related parties;
- ix. Scrutiny of inter-corporate loans and investments;
- x. Valuation of undertakings or assets of the Company, wherever it is necessary;
- xi. Evaluation of internal financial controls and risk management systems;
- xii. Reviewing, with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems;
- xiii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- xiv. Discussion with Internal Auditors of any significant findings and follow up there on;
- xv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- xvi. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xvii. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- xviii. To review the functioning of the whistle blower mechanism;
- xix. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- xx. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;
- xxi. Reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding rupees 100 Crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;
- xxii. To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable;
- xxiii. To perform such other functions as may be necessary or appropriate for the performance of its duties;
- xxiv. Review the following information:
 - a) Management Discussion and Analysis of financial condition and results of operations;
 - b) Statement of significant Related Party Transactions (as defined by the Audit Committee), submitted by the management;
 - c) Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
 - d) Internal Audit Reports relating to internal control weaknesses;
 - e) The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.



Corporate Governance (Contd.)

- f) The statement of deviations:
- quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations.
 - annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the Listing Regulations.

During the Financial Year 2019-20, 4 (four) Audit Committee meetings were held on 15 May, 2019, 13 August, 2019, 12 November, 2019 and 13 February, 2020. The gap between any two consecutive meetings did not exceed 120 days. Attendance at the said meetings is given below:

| Name of the Director | No. of meetings | |
|--------------------------------------|-----------------|----------|
| | Held | Attended |
| Mr. Binod Kumar Khaitan | 4 | 4 |
| Mr. Pradip Kumar Khaitan | 4 | 3 |
| Mr. Ram Krishna Agarwal ¹ | 4 | 4 |
| Mr. Amrendra Prasad Verma | 4 | 4 |
| Mr. Mahendra Kumar Jalan | 4 | 3 |

Note:

- Mr. Ram Krishna Agarwal (DIN: 00416964) has ceased to be a Director of the Company, with effect from 8 June, 2020.

4. Nomination & Remuneration Committee

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

The Committee comprised of the following Directors as its members, as on 31 March, 2020:

Mr. Binod Kumar Khaitan, Chairman – Independent Director

Mr. Pradip Kumar Khaitan – Independent Director

Mr. Ram Krishna Agarwal – Independent Director

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

Mr. Ram Krishna Agarwal (DIN: 00416964) has ceased to be a Director of the Company, with effect from 8 June, 2020.

All members of the NRC are Non-Executive Directors. Mr. Binod Kumar Khaitan, Independent Director, acts as the Chairperson of the Committee and was present at the 64th Annual General Meeting of the Company held on 20 September, 2019 to answer shareholder queries.

The terms of reference of the NRC, inter-alia, includes the following:

- formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of directors a policy relating to the remuneration of the Directors, Key Managerial Personnel (KMP) and other employees;
- formulation of criteria for evaluation of performance of independent directors and the board of directors;
- devising a policy on diversity of board of directors;

- iv. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
- v. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- vi. recommend to the board, all remuneration, in whatever form, payable to senior management;
- vii. to carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable;
- viii. to perform such other functions as may be necessary or appropriate for the performance of its duties.

The Board has adopted a Nomination and Remuneration Policy recommended by NRC. Nomination and Remuneration Policy governs the criteria for determining qualifications, positive attributes and independence of a Director and lays down the remuneration principles for Directors, Key Managerial Personnel and other employees. The Committee had also formulated the Policy on Board Diversity and Succession Planning for the Board of Directors and Senior Management.

During the Financial Year 2019-20, 4 (four) NRC meetings were held on 15 May, 2019, 13 August, 2019, 12 November, 2019 and 13 February, 2020. Attendance at the said meetings is given below:

| Name of the Director | No. of meetings | |
|---------------------------------------|-----------------|----------|
| | Held | Attended |
| Mr. Binod Kumar Khaitan | 4 | 4 |
| Mr. Pradip Kumar Khaitan | 4 | 3 |
| Mr. Ram Krishna Agarwal ¹ | 4 | 4 |
| Mr. Shermadevi Yegnaswami Rajagopalan | 4 | 4 |

Note:

1. Mr. Ram Krishna Agarwal (DIN: 00416964) has ceased to be a Director of the Company, with effect from 8 June, 2020.

The NRC has laid down the criteria for performance evaluation of Independent Directors of the Company as:

Evaluation of Non-Executive Directors

The broad parameters for reviewing the performance of Non-Executive Directors are:

- Participation at the Board/Committee meetings;
- Commitment (including guidance provided to senior management outside of Board/Committee meetings);
- Effective deployment of knowledge and expertise;
- Effective management of relationship with stakeholders;
- Integrity and maintaining of confidentiality;
- Independence of behaviour and judgment; and
- Impact and influence.



Corporate Governance (Contd.)

Evaluation of Independent Directors

In addition to the parameters laid down for Non-Executive Directors, an Independent Director shall also be evaluated on the following parameters:

- Exercise of objective independent judgment in the best interest of Company;
- Ability to contribute to and monitor Corporate Governance practice; and
- Adherence to the Code of Conduct for Independent Directors.

5. Stakeholders' Relationship Committee

The composition and terms of reference of the Stakeholders' Relationship Committee are in accordance with the provisions of Section 178 of the Act and Regulation 20 read with Schedule II (Part D) of the Listing Regulations.

The Stakeholders' Relationship Committee comprised of the following Directors as its members, as on 31 March, 2020:

Mr. Binod Kumar Khaitan, Chairman – Independent Director

Mr. Mayank Kejriwal – Joint Managing Director

Mr. Vyas Mitre Ralli – Non-Independent, Non-Executive Director

Mr. Mahendra Kumar Jalan – Whole-time Director

Mr. Binod Kumar Khaitan, Independent, Non-Executive Director is the Chairperson of the Committee. Mr. Khaitan was present at the 64th Annual General Meeting of the Company held on 20 September, 2019 to answer shareholder queries. Mr. Indranil Mitra, Company Secretary and Compliance Officer, acts as the Secretary to Stakeholders' Relationship Committee.

The terms of reference of the Stakeholders' Relationship Committee, inter-alia, includes the following:

- i. Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, issue of fresh/duplicate debenture certificate, general meetings, etc.
- ii. Review of measures taken for effective exercise of voting rights by shareholders.
- iii. To oversee the performance of the Registrar & Share Transfer Agent of the Company.
- iv. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- v. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.
- vi. To review and monitor implementation and compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Securities and Exchange Board of India (Substantial Acquisition Of Shares and Takeover) Regulations, 2011 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
- vii. To recommend measures for the overall improvement of the quality of investor services and related matter.
- viii. To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- ix. To perform such other functions as may be necessary or appropriate for the performance of its duties.

During the Financial Year 2019-20, 4 (four) Stakeholders' Relationship Committee meetings were held on 15 May, 2019, 13 August, 2019, 12 November, 2019 and 13 February, 2020. Attendance at the said meetings are given below:

| Name of the Director | No. of meetings | |
|--------------------------|-----------------|----------|
| | Held | Attended |
| Mr. Binod Kumar Khaitan | 4 | 4 |
| Mr. Mayank Kejriwal | 4 | 2 |
| Mr. Vyas Mitre Ralli | 4 | 3 |
| Mr. Mahendra Kumar Jalan | 4 | 3 |

At the beginning of the year under review, there was no complaint remaining unresolved. During the period under review, 6 (six) investor complaints were received by the Registrar & Share Transfer Agent of the Company, which were duly resolved to the satisfaction of the shareholders.

There was no pending complaint at the end of the year.

6. Corporate Social Responsibility Committee

The composition and terms of reference of the Corporate Social Responsibility ('CSR') Committee are in accordance with the provisions of Section 135 of the Act. As on 31 March, 2020, the CSR Committee of the Company was headed by Mr. Shermadevi Yegnaswami Rajagopalan, Non-Executive Director, as the Chairman, with Mr. Pradip Kumar Khaitan, Independent Director and Mr. Umang Kejriwal, Managing Director as other members of the Committee.

The terms of reference of the CSR Committee, inter alia, includes the following

- Formulate and recommend to the Board, a CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII to the Act.
- Recommend the amount of expenditure to be incurred on the CSR activities.
- Monitor the CSR Policy of the Company from time to time.

The Board has adopted the CSR Policy as formulated and recommended by the CSR Committee. The same is displayed on the website of the Company. The Annual Report on CSR activities for the Financial Year 2019-20 forms a part of the Report of the Directors.

During the Financial Year 2019-20, 2 (two) CSR Committee meetings were held on 15 May, 2019 and 13 August, 2019. Attendance at the said meetings is given below:

| Name of the Director | No. of meetings | |
|---------------------------------------|-----------------|----------|
| | Held | Attended |
| Mr. Shermadevi Yegnaswami Rajagopalan | 2 | 2 |
| Mr. Pradip Kumar Khaitan | 2 | 2 |
| Mr. Umang Kejriwal | 2 | 2 |

7. Remuneration of Directors

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

Further, the Board of Directors of the Company at its meeting held on 15 June, 2020, has approved the payment of commission to the Non-Executive Directors, including Independent Directors, as mentioned hereinunder.

The criteria for making payments to Non-Executive Directors is laid down in the Nomination and Remuneration Policy of the Company and can be accessed at the web-link, <https://www.electrosteelcastings.com/investors/pdf/nominationRemunerationPolicy.pdf>.



Corporate Governance (Contd.)

Details of remuneration paid to Directors during the Financial Year 2019-20

i. Remuneration paid to Independent & Non-Executive Directors:

(In Rupees)

| Name of the Director | Sitting Fees ¹ | Commission paid/payable ² | Total |
|---------------------------------------|---------------------------|--------------------------------------|--------------------|
| Mr. Pradip Kumar Khaitan | 4,30,000 | 12,00,000 | 16,30,000 |
| Mr. Binod Kumar Khaitan | 7,80,000 | 12,00,000 | 19,80,000 |
| Mr. Ram Krishna Agarwal ³ | 5,80,000 | 12,00,000 | 17,80,000 |
| Mr. Amrendra Prasad Verma | 4,50,000 | 12,00,000 | 16,50,000 |
| Dr. Mohua Banerjee | 2,50,000 | 12,00,000 | 14,50,000 |
| Mr. Shermadevi Yegnaswami Rajagopalan | 4,70,000 | 12,00,000 | 16,70,000 |
| Mr. Vyas Mitre Ralli | 2,10,000 | 12,00,000 | 14,10,000 |
| Total | 31,70,000 | 84,00,000 | 1,15,70,000 |

Notes :

- The amount of sitting fees for attending Board and Audit Committee meeting was Rs. 50,000 per meeting and for the meeting of Independent Directors of the Company, the sitting fees was fixed at Rs. 50,000 per meeting. The fees for attending any other meeting was fixed at Rs. 20,000 per meeting. The Directors are also entitled to reimbursement of expenses for participation in Board and other meetings.
- The Members at the 63rd AGM of the Company held on 14 September, 2018 had approved payment and distribution of Commission amongst Directors (other than Executive Directors) for a period of 5 years commencing from 1 April, 2019, in such amounts or proportions and in such manner as may be decided by the Board, within the ceiling of 1% per annum of the net profits of the Company computed in the manner referred to in Section 198 of the Act.
- Mr. Ram Krishna Agarwal (DIN: 00416964) has ceased to be a Director of the Company, with effect from 8 June, 2020.

ii. Remuneration paid to Executive Directors :

(In Rupees)

| Name of the Director & Designation | Salary | Perquisites | Commission paid/payable | Total | Service Contract, etc. |
|---|--------------------|--------------------|-------------------------|--------------------|--|
| Mr. Umang Kejriwal, Managing Director | 1,80,00,000 | 1,27,82,692 | 1,20,00,000 | 4,27,82,692 | Tenure of 5 years w.e.f. 1 April, 2017 |
| Mr. Mayank Kejriwal, Joint Managing Director | 3,00,000 | 8,13,416 | - | 11,13,416 | Tenure of 5 years w.e.f. 1 April, 2017 |
| Mr. Uddhav Kejriwal, Whole-time Director | 94,75,000 | 1,04,75,394 | 85,00,000 | 2,84,50,394 | Tenure of 5 years w.e.f. 16 June, 2018 |
| Mr. Mahendra Kumar Jalan, Whole-time Director | 52,18,065 | 1,17,51,101 | - | 1,69,69,166 | Tenure of 5 years w.e.f. 22 January, 2015 and thereafter, of 5 years w.e.f. 22 January, 2020 |
| Total | 3,29,93,065 | 3,58,22,603 | 2,05,00,000 | 8,93,15,667 | |

Notes:

- The appointments of Mr. Umang Kejriwal, Mr. Mayank Kejriwal, Mr. Uddhav Kejriwal and Mr. Mahendra Kumar Jalan can be terminated by either party by giving 1 (one) months' notice in writing. There is no separate provision for payment of severance fees.
- Mr. Mahendra Kumar Jalan has been re-appointed as a Whole-time Director for a period of 5 (five) years with effect from 22 January, 2020.
- No Stock Options have been granted to any Executive Directors of the Company.

8. Subsidiary Companies

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

The Company does not have any material unlisted subsidiary companies as on 31 March, 2020.

9. General Body Meetings

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

| Year | Location | Date | Time | Whether special resolutions passed |
|---------|--|---------------------|------------|------------------------------------|
| 2018-19 | Rathod Colony, Rajgangpur Sundergarh, Odisha - 770 017 | 20 September, 2019* | 11.30 A.M. | Yes, 4 (Four) |
| 2017-18 | Rathod Colony, Rajgangpur Sundergarh, Odisha - 770 017 | 14 September, 2018 | 11.30 A.M. | Yes, 9 (Nine) |
| 2016-17 | Rathod Colony, Rajgangpur Sundergarh, Odisha - 770 017 | 15 September, 2017 | 11.30 A.M. | No |

*M/s. Bihani Rashmi & Co., Chartered Accountants, was appointed as the Scrutinizer for scrutinizing the voting process (through remote e-voting and Ballot Paper) for and at the AGM held on 20 September, 2019 and submitting Report thereon.

b. During the Financial Year 2019-20, a Postal Ballot Process was conducted by the Company vide Notice dated 12 November, 2019 to propose the Ordinary Resolution passed by the members of Electrosteel Castings Limited on 16 February, 2020. Ms. Rashmi Bihani (Membership No.: FCA 064298) of M/s. Bihani Rashmi & Co., Chartered Accountants, 5, Clive Row, (4th floor), Room No. 92A, Kolkata – 700 001, was appointed by the Board of Directors as the Scrutinizer, after receiving her consent for the same, for conducting the Postal Ballot voting process (including e-voting) in a fair and transparent manner. The following was the Result of the Postal Ballot as per the Scrutiniser's Report:

| Item of Business | Votes in favour of the Resolution | % of Votes in favour | Votes against the Resolution | % of Votes against |
|---|-----------------------------------|----------------------|------------------------------|--------------------|
| Approval for appointment of Mrs. Nityangi Kejriwal Jaiswal, related party, as Executive Director (not being on the Board of Directors) in the Company and payment of remuneration thereof - Ordinary Resolution | 4,34,06,964 | 95.93 | 18,40,756 | 4.07 |

Note : % has been rounded off to two decimal figures.

c. Procedure of Postal Ballot:

The Company had, on Friday, 17 January, 2020, completed despatch as well as sending of e-mail of the Postal Ballot Notice dated 12 November, 2019, along with the Explanatory Statement thereto and the Postal Ballot Form and a postage-prepaid self-addressed Business Reply Envelope, to the Members of the Company, whose names appeared in the Register of Members / list of Beneficial Owners as received from the Depositories as on Friday, 6 December, 2019 ('Cut-off Date'), for obtaining the consent of the Members to the aforesaid item of business, via Ordinary Resolution, by means of Postal Ballot, including voting by electronic means.



Corporate Governance (Contd.)

In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Company had offered the facility to vote through electronic means in addition to voting by Postal Ballot Forms on the Resolution proposed in aforesaid Postal Ballot Notice. The Company had engaged the services of National Securities Depository Limited ('NSDL'), as the agency for facilitating e-voting, to provide the Members with an option to cast their votes electronically.

In case of voting through Postal Ballot Form, the Members were requested to read the instructions carefully in the accompanied Postal Ballot Form, vote either 'FOR' (Assent) or 'AGAINST' (Dissent) the Resolution and return the said Form, in original, duly completed in all respects and signed, in the attached self-addressed postage pre-paid Business Reply Envelope, so as to reach the Scrutinizer before 5:00 P.M. (IST) on Sunday, 16 February, 2020.

The e-voting period commenced on Saturday, 18 January, 2020 [9:00 A.M. (IST)] and ended on Sunday, 16 February, 2020 [5:00 P.M. (IST)].

The Scrutinizer, upon completion of the scrutiny of votes cast by Postal Ballot and votes cast through electronic means, submitted her Report, dated 18 February, 2020, to Mr. Indranil Mitra, Company Secretary of the Company, duly authorised by the Chairman of the Company, who countersigned the same, and the Result of the Postal Ballot was declared on Tuesday, 18 February, 2020 at the Corporate Office of the Company, at 4:00 p.m. (IST). The Result of the Postal Ballot, along with the Scrutinizer's Report, was posted under the 'Investors' section on the Company's website, www.electrosteelcastings.com and was also displayed on the Notice Boards of the Company at its Registered Office and at its Corporate Office. The Result of the Postal Ballot was simultaneously communicated to all the Stock Exchanges where the equity shares of the Company were listed and to NSDL.

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

10. Means of Communication

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

11. General Shareholder Information

| | |
|--|--|
| a) Date, time and venue of the next Annual General Meeting | 15 September, 2020, at 11.30 A.M., at Rathod Colony, Rajgangpur, Sundergarh, Odisha 770 017, India |
| b) Financial Year | 1 April, 2019 to 31 March, 2020 |
| c) Dividend payment date | Dividend for the Financial Year ended 31 March, 2020, if any, declared by the shareholders at the ensuing AGM will be paid to the shareholders on or after 15 September, 2020. |

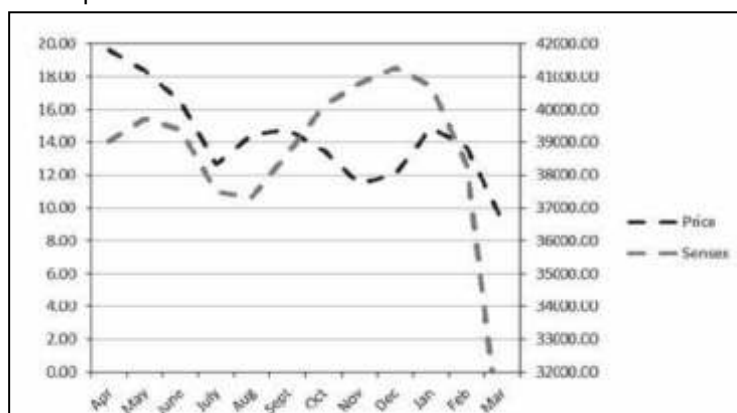
| | |
|---|---|
| d) Listing at Stock Exchanges Equity Shares & its Stock Codes at Stock Exchanges | <p>a) BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 (Scrip Code – 500128)</p> <p>b) National Stock Exchange of India Limited (NSE) Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051 (Symbol – ELECTCAST) ISIN for Equity Shares - INE086A01029</p> |
| e) Listing Fee to Stock Exchanges | Annual Listing Fees paid to BSE and NSE within timelines. |

f) Market Price data for the Scrip of the Company during the Financial Year 2019-20:

| Month | BSE Limited (BSE) | | | National Stock Exchange of India Limited (NSE) | | |
|--------|-------------------|-----------------|--------------|--|-----------------|--------------|
| | High Price (Rs.) | Low Price (Rs.) | Volume (No.) | High Price (Rs.) | Low Price (Rs.) | Volume (No.) |
| Apr-19 | 21.50 | 19.50 | 3,40,529 | 21.50 | 19.40 | 18,11,514 |
| May-19 | 19.90 | 17.30 | 3,57,747 | 20.00 | 17.25 | 22,64,760 |
| Jun-19 | 19.00 | 16.00 | 3,28,271 | 18.90 | 15.70 | 15,09,842 |
| Jul-19 | 17.80 | 12.25 | 6,33,280 | 17.80 | 12.15 | 21,17,489 |
| Aug-19 | 15.52 | 12.20 | 5,88,150 | 15.90 | 12.20 | 17,89,913 |
| Sep-19 | 17.10 | 14.19 | 2,05,650 | 17.25 | 14.25 | 13,26,120 |
| Oct-19 | 15.32 | 12.05 | 2,65,993 | 15.15 | 12.00 | 22,86,596 |
| Nov-19 | 13.59 | 10.40 | 78,61,581 | 13.70 | 10.30 | 45,86,247 |
| Dec-19 | 12.38 | 11.00 | 35,47,999 | 12.35 | 11.00 | 55,13,003 |
| Jan-20 | 18.95 | 12.35 | 11,60,619 | 19.00 | 12.10 | 1,19,32,256 |
| Feb-20 | 17.30 | 13.51 | 10,26,533 | 17.40 | 13.40 | 76,34,911 |
| Mar-20 | 14.25 | 8.10 | 4,68,089 | 14.40 | 8.00 | 69,45,970 |

g) Share price performance in comparison to broad based indices - BSE Sensex and NSE Nifty for the Financial Year 2019-20:

i) In comparison with BSE Sensex #

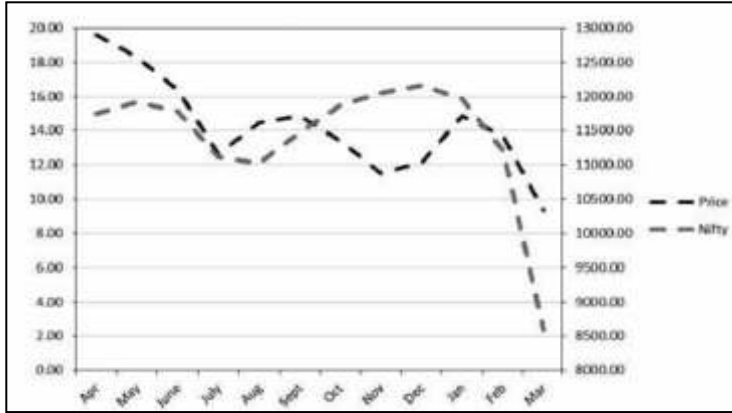


Monthly Closing prices of the Scrip and monthly Closing indices have been taken from BSE Limited website.



Corporate Governance (Contd.)

ii) In comparison with NSE Nifty #



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

| | |
|---|--|
| h) In case the securities are suspended from trading, the directors report shall explain the reason thereof | Not applicable as none of the securities of the Company are suspended from trading. |
| i) Registrar and Share Transfer Agent | Maheshwari Datamatics Pvt. Ltd., Registered Office: 23 R. N. Mukherjee Road, 5th Floor, Kolkata 700 001 Telephone No.: 033 2248 2248/2243 5029 Fax No.: 033 2248 4787 E-mail ID: mdpldc@yahoo.com |
| j) Share transfer system | Effective 1 April 2019, SEBI has amended Regulation 40 of the Listing Regulations, which deals with transfer or transmission or transposition of securities. According to this amendment, the requests for effecting the transfer of listed securities shall not be processed unless the securities are held in dematerialised form with a Depository. Therefore, for effecting any transfer, the securities shall mandatorily be required to be in demat form. The Company had sent necessary intimations to its shareholders regarding the restriction on transfer of securities in the physical form. |

k) Distribution of shareholding as on 31 March, 2020 :

| Equity Shares held | No. of Shareholders | % of Total Shareholders | No. of Shares held | % of Shares held |
|--------------------|---------------------|-------------------------|---------------------|------------------|
| Upto 500 | 32,396 | 65.83 | 63,42,976 | 1.46 |
| 501 to 1,000 | 7,012 | 14.25 | 61,42,487 | 1.42 |
| 1,001 to 2,000 | 4,262 | 8.66 | 70,26,039 | 1.62 |
| 2,001 to 3,000 | 1,505 | 3.06 | 39,29,173 | 0.91 |
| 3,001 to 4,000 | 865 | 1.76 | 31,80,207 | 0.73 |
| 4,001 to 5,000 | 751 | 1.53 | 35,90,389 | 0.83 |
| 5,001 to 10,000 | 1,184 | 2.41 | 89,18,583 | 2.06 |
| 10,001 and Above | 1,239 | 2.52 | 39,38,24,855 | 90.96 |
| Total | 49,214 | 100.00 | 43,29,54,709 | 100.00 |

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

| | |
|---|---|
| l) Dematerialization of shares and liquidity | As per directives of SEBI, the Company's shares are tradable compulsorily in electronic form. The Company's shares are available for dematerialization at National Securities Depository Ltd. ('NSDL') and Central Depository Services (India) Ltd. ('CDSL'). The International Securities Identification Number (ISIN) of the Company, as allotted by NSDL and CDSL, is INE086A01029. As on 31 March, 2020, 99.59% of the shares of the Company stand dematerialized. |
| m) Outstanding American Depository Receipts (ADRs) / Global Depository Receipts (GDRs) / warrants or any convertible instruments, conversion date and likely impact on equity | There are no outstanding ADR/GDR/warrants or any convertible instruments as on 31 March, 2020. |
| n) Commodity price risk or foreign exchange risk and hedging activities | <p>The Company is exposed to foreign exchange risk on account of import and export transactions entered. Also, it is a sizable user of various commodities, including base metals & others, which exposes it to the price risk on account of procurement of commodities.</p> <p>The Company is proactively mitigating these risks by entering into commensurate hedging transactions with banks as per applicable guidelines, risk management plan/policies and prevailing market scenario. This is periodically reviewed by senior management team.</p> <p>The Board monitors the foreign exchange exposures on a quarterly basis and the steps taken by management to limit the risks of adverse exchange rate movement. Similarly, the management monitors commodities/raw materials whose prices are volatile and procurement is contracted considering volatility and plant requirements to minimize risk on the same.</p> |



Corporate Governance (Contd.)

| | |
|--------------------------------|---|
| o) Plant locations: | <p>Unit 1 : 30, 48 & 49 B.T. Road, P. O. Sukchar, P.S. Khardah, Dist.: 24-Parganas (North), Kolkata - 700 115 (West Bengal)</p> <p>Unit 2 : Gummidipoondi Taluk, P.O. Elavur, District Tiruvallur, Tamil Nadu 601 201</p> <p>Unit 3 : Vill: Kashberia, P.O. Shibramnagar, Haldia, Purba Medinipur, West Bengal 721 635</p> <p>Unit 4 : Works: Chak Bansberia, Saptagram Gram Panchayat, P.O. Adconagar, Hooghly 712 121 West Bengal</p> |
| p) Address for Correspondence: | <p>Mr. Indranil Mitra Company Secretary Electrosteel Castings Limited G. K. Tower, 19 Camac Street, Kolkata 700 017 Phone: (033) 2283 9990 E-mail ID: companysecretary@electrosteel.com</p> |

p) List of Credit Ratings

During the year, India Ratings & Research Private Limited has re-affirmed a long term Issuer Rating of "IND A-" and for short term borrowings as "IND A2+". The outlook is Stable.

The Company has withdrawn the ratings assigned by CARE Ratings Limited ('CARE') for the long-term borrowings as "CARE BBB+" and for short-term borrowings as "CARE A2". The outlook is Stable.

12. Other Disclosures

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

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

B. Details of Non-Compliance, Penalties/Strictures imposed by Stock Exchanges/SEBI or any Statutory Authority, on any matter related to Capital Markets during last 3 years

An adjudication order dated 31 March, 2016 has been passed by the Securities and Exchange Board of India ('SEBI') imposing a penalty of Rs. 50 Lakh under Section 23A(a) and Rs. 50 Lakh under Section 23E of the Securities Contract (Regulation) Act, 1956 on the Company for violation of Clause 36 of the erstwhile Listing Agreement, read with Section 21 of Securities Contract (Regulation) Act, 1956. The Company had filed an appeal before the Securities Appellate Tribunal ('SAT') against the said order. However, during the year under review, SAT, Mumbai, vide its order, has, inter alia,

dismissed the said appeal filed by the Company and had directed the Company to deposit the penalty of Rs. 1 Crore with SEBI within 30 days thereof. Thereafter, the Company has filed a second appeal before the Hon'ble Supreme Court of India. However, in the meantime, as a bona fide gesture, the Company has deposited the aforesaid penal amount of Rs. 1 crore, under protest and without prejudice to its rights under applicable laws. As on the date of this Report, the matter is pending with the Hon'ble Supreme Court of India.

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

C. Vigil Mechanism

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

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

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

The Company had adopted the following discretionary requirements as stated in Part E of Schedule II to the Listing Regulations:

i) Modified opinion(s) in audit report

The Company endeavors to move towards a regime of financial statements with unmodified audit opinion. However, the modified opinion in the Independent Audit Reports on Standalone and Consolidated Financial Statements for the year under review forms an integral part of this Annual Report.

ii) Separate posts of Chairperson and Chief Executive Officer

The position of the Chairman and Chief Executive Officer are separate. Mr. Pradip Kumar Khaitan, Independent Director, is the Chairman and Mr. Sunil Katial is the Chief Executive Officer of the Company.

iii) Reporting of Internal Auditor

The Internal Auditor reports directly to the Audit Committee.

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

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

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

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

G. Disclosure of commodity price risks and commodity hedging activities

The same has been already disclosed in this Report, at point no. 11(n), above.

H. Details of utilization of funds raised through preferential allotment

During the Financial Year 2019-20, the Company had made a preferential issue of 2,74,72,526 Equity Shares of face value of Re.1/- each, fully paid-up, at a price of Rs. 18.20 per Equity Share (i.e., inclusive of a share premium of Rs. 17.20



Corporate Governance (Contd.)

per Equity Share), as approved by the Shareholders of the Company, at their Annual General Meeting ('AGM') held on 20 September, 2019, to Promoter/Promoter Group and others, for a cash consideration aggregating up to Rs. 50 Crore (Rupees Fifty Crore Only).

The Company has utilised the entire issue proceeds as per the objects of the issue stated in the Notice of AGM dated 21 August, 2019 for general corporate purpose, i.e., utilised for payment to vendors.

I. Certificate from the Practicing Company Secretary

The Company has received a certificate from M/s. K Arun & Co, Company Secretaries, certifying that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India/Ministry of Corporate Affairs or any such statutory authority.

J. Recommendations of Committees of the Board

There were no instances during the Financial Year 2019-20, wherein the Board had not accepted recommendations made by any Committee of the Board which was mandatorily required.

K. Total fees for all services paid by Company and its subsidiaries, on a consolidated basis, to the Statutory Auditor and all entities in the network firm/network entity of which the statutory auditor is a part.

The total fees paid by the Company for all services to the Statutory Auditor for the Financial Year 2019-20 was Rs. 74,09,025.72. No fee was paid by the Company for the Financial Year 2019-20 to the network firm/entity of which the Statutory Auditor was a part. Further, Electrosteel Doha for Trading LLC, a subsidiary of the Company, has paid a fees of around Rs. 7,97,684/- to an entity in the network firm/network entity of which the statutory auditor is a part.

Hence, the total fees for all services paid by Company and its subsidiaries, on a consolidated basis, to the Statutory Auditor and all entities in the network firm/network entity of which the statutory auditor is a part, stood at Rs. 82,06,709.72, for the Financial Year 2019-20.

L. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- a) number of complaints filed during the Financial Year 2019-20 - NIL
- b) number of complaints disposed of during the Financial Year 2019-20 - NIL
- c) number of complaints pending as on end of the Financial Year 2019-20 - NIL

13. The Company has complied with all the requirements as stated in Para C(2) to Para C(10) of Schedule V to the Listing Regulations.

14. The extent to which the discretionary requirements as specified in Part E of Schedule II to the Listing Regulations have been adopted has already been disclosed in this Report, at point no. 12(D), above.

15. The Company is in compliance with the applicable Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

16. Code of Conduct

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

Executive Officer to this effect is annexed hereto. The Code of Conduct is available on the Company's website, viz., www.electrosteelcastings.com.

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

As on 31 March, 2020, there were no shares lying in the demat suspense account/unclaimed suspense account.

For and on behalf of the Board of Directors

Place: Kolkata
Date: 15 June, 2020

Pradip Kumar Khaitan
Chairman
DIN: 00004821

Declaration for Compliance of Code of Conduct

To
The Members of
Electrosteel Castings Limited

I hereby declare that the Company has obtained affirmation from all the members of Board of Directors and Senior Management Personnel of the Company that they have complied with the 'Code of Conduct of the Company for Board of Directors and Senior Management Personnel' in respect of Financial Year 2019-20.

Place: Kolkata
Date: 15 June, 2020

Sunil Katial
Chief Executive Officer and Whole-time Director



Independent Auditors' Certificate

on Corporate Governance

To
The Members of
Electrosteel Castings Limited

This Certificate is issued in accordance with the terms of our engagement with **Electrosteel Castings Limited** ('the Company').

We have examined the compliance of conditions of Corporate Governance by the Company, for the year ended 31st March, 2020 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

Managements' Responsibility

The compliance of conditions of Corporate Governance is the responsibility of the management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditor's Responsibility

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), to the extent relevant, the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management and considering the relaxations granted by Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations during the year ended 31st March, 2020.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Restriction on use

The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose.

For Singhi & Co.
Chartered Accountants
Firm Registration No. 302049E

(Gopal Jain)
Partner
Membership No. 59147
UDIN: 20059147AAAAAZ7133

Place: Kolkata
Dated: 15th June, 2020



Annual Report on Corporate Social Responsibility (CSR) Activities for the Financial Year 2019-20

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

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

- a) Corporate Social Responsibility (CSR) is embedded in the Company's long-term strategy. The Company's community initiative helps elevate the quality of life of thousands, especially the disadvantaged sections of the society. The brief outline of the contents of CSR Policy are as follows:
 - i) **Area of Operations** – The focus areas would be in the surrounding of the Company's Corporate Office at Kolkata and Plants at Khardah, Bansberia & Haldia in West Bengal, Elavur in Tamil Nadu. However, for a wider impact, the Company may extend its outreach to the district or state levels and also to other geographies in the country as may be approved by the CSR Committee/Board from time to time.
 - ii) **CSR Interventions** – CSR thrust shall be in the field of Healthcare and Sanitation, Drinking water, Education, Livelihood enhancement, Environmental Sustainability & Rural development projects. It will also undertake programs to promote rural sports and culture, conservation of natural resources, skill development, entrepreneurship building and other community need based infrastructure projects/activities as stated in Schedule VII to the Companies Act, 2013.
 - iii) **Approach** – The Company shall follow the process of community need identification and selection of the projects through partnership and for leveraging the Company's CSR initiative and affirmative action for targeted intervention for scheduled castes and tribes, etc.
 - iv) **Delivery mechanism responsibilities** – The planning, implementation, execution, monitoring and reporting will be done through the CSR Committee with the help of other departments and/or any registered trust/society.
- b) With this firm conviction & commitment, the Company has been undertaking rural development projects with focus on social and environmental care to bring economic and social upliftment in the lives of the people in the surrounding areas where the Company operates. The Company had contributed to various trusts and society(ies) for upliftment of society via construction of speciality clinics and school building and medical support to the poor.

2. The Composition of the CSR Committee is:
Mr. Shermadevi Yegnaswami Rajagopalan, Chairman
Mr. Pradip Kumar Khaitan, Member
Mr. Umang Kejriwal, Member
3. Average Net Profit of the Company for last three Financial Years: Rs. 277.98 Lakh.
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): Rs. 5.56 Lakh (approx.)
5. Details of CSR spent during the Financial Year:
 - (a) Total amount to be spent for the Financial Year: Rs. 5.56 Lakh
 - (b) Amount unspent, if any: NIL
 - (c) Manner in which the amount spent during the financial year is detailed below:

| Sl. No. | CSR Project or activity identified | Sector in which the Project is covered (Clause no. of Schedule VII to the Companies Act, 2013, as amended) | Projects or Programs 1) Local Area or other 2) Specify the State and District where projects or programs was undertaken | Amount Outlay (budget) projects or programs-wise (in Rs.) | Amount spent on Projects or Programs Sub-heads (in Rs.) | | Cumulative expenditure upto the Reporting Period (as on 31.03.2020) (in Rs.) | Amount Spent (Direct or through Implementing Agency) |
|--------------|---|---|---|---|---|--------------|--|--|
| | | | | | 1) Direct expenditure on Projects or programs | 2) Overheads | | |
| 1. | Project Name: "Grass & Cattle Feed" - activities related to welfare of indigenous breed of cows | Clause no. (iv): Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga | Different regions of India | 5,75,000 | 5,75,000 | - | 5,75,000 | Implementing Agency: Sri Gopal Govardhan Gaushala, Rajasthan India |
| Total | | | | 5,75,000 | 5,75,000 | - | 5,75,000 | |

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

Place : Kolkata
Date : 15 June, 2020

Umang Kejriwal
Managing Director
DIN: 00065173

Shermadevi Yegnaswami Rajagopalan
Chairman of CSR Committee
DIN: 00067000



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

- (i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2019-20 is as under:

| Name of the Director | Ratio of remuneration of each Director to Median remuneration |
|--|---|
| Pradip Kumar Khaitan, Chairman, Independent Director | 3.79 |
| Binod Kumar Khaitan, Independent Director | 4.60 |
| Ram Krishna Agarwal, Independent Director | 4.14 |
| Amrendra Prasad Verma, Independent Director | 3.84 |
| Mohua Banerjee, Independent Director | 3.37 |
| Shermadevi Yegnaswami Rajagopalan, Non-Executive, Non-Independent Director | 3.88 |
| Vyas Mitre Ralli, Non-Executive, Non-Independent Director | 3.28 |
| Umang Kejriwal, Managing Director | 99.49 |
| Mayank Kejriwal, Joint Managing Director | 2.59 |
| Uddhav Kejriwal, Whole-time Director | 66.16 |
| Mahendra Kumar Jalan, Whole-time Director | 39.46 |

- (ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the Financial Year 2019-20 is as under:

| Name | % increase in Remuneration during the Financial Year 2019-20 |
|--|--|
| Pradip Kumar Khaitan, Chairman, Independent Director | 139.71 |
| Binod Kumar Khaitan, Independent Director | 98.00 |
| Ram Krishna Agarwal, Independent Director | 106.98 |
| Amrendra Prasad Verma, Independent Director | 175.00 |
| Mohua Banerjee, Independent Director | 1350.00 |
| Shermadevi Yegnaswami Rajagopalan, Non-Executive, Non-Independent Director | 187.93 |
| Vyas Mitre Ralli, Non-Executive, Non-Independent Director | 243.90 |
| Umang Kejriwal, Managing Director | 43.30 |
| Mayank Kejriwal, Joint Managing Director | (14.96) |
| Uddhav Kejriwal, Whole-time Director | 119.04 |
| Mahendra Kumar Jalan, Whole-time Director | 3.84 |
| Sunil Katial, Chief Executive Officer | 532.60 |

| Name | % increase in Remuneration during the Financial Year 2019-20 |
|---|--|
| Brij Mohan Soni, Chief Financial Officer (up to 24 July, 2019) | (68.33) |
| Ashutosh Agarwal, Executive Director (Group Finance) and CFO (w.e.f. 13 August, 2019) | – |
| Subhra Giri Patnaik, Company Secretary (up to 13 August, 2019) | (68.19) |
| Indranil Mitra, Company Secretary (w.e.f. 13 August, 2019) | – |

Notes :

1. Dr. Mohua Banerjee was appointed as an Independent Director of the Company, with effect from 29 January, 2019.
2. Mr. Sunil Katial was appointed as the Chief Executive Officer of the Company, with effect from 29 January, 2019.
3. Mr. Brij Mohan Soni ceased to be the Chief Financial Officer of the Company, with effect from 24 July, 2019.
4. Mr. Ashutosh Agarwal has been appointed as the Executive Director (Group Finance) and CFO of the Company, with effect from 13 August, 2019.
5. Ms. Subhra Giri Patnaik ceased to be the Company Secretary of the Company, with effect from 13 August, 2019.
6. Mr. Indranil Mitra has been appointed as the Company Secretary of the Company, with effect from 13 August, 2019.

(iii) The percentage increase in the median remuneration of employees in the Financial Year 2019-20: 19.11%.

(iv) The number of permanent employees on the rolls of Company: 1,547 as on 31 March, 2020.

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

Average % increase in salaries (median remuneration) of employees, other than managerial personnel in the last Financial Year, i.e., 2019-20 was around 19.34% and the percentage increase in managerial remuneration for the said Financial Year was 47.64%. This was due to annual increments, promotions and event based pay revisions of the employees. The remuneration of managerial personnel is linked to profit as per the provisions of the Companies Act, 2013.

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

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

For and on behalf of the Board of Directors

Place: Kolkata
Date: 15 June, 2020

Pradip Kumar Khaitan
Chairman
DIN: 00004821

**SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED 31ST DAY OF MARCH, 2020

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

To,
The Members
ELECTROSTEEL CASTINGS LIMITED

We have conducted the **Secretarial Audit** of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Electrosteel Castings Limited (hereinafter called “the Company”)**. The 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 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 and authorized representatives during the conduct of **Secretarial Audit**, we hereby report that in our opinion the Company has, during the audit period for the financial year ended **31st March, 2020**, 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 **31st March, 2020** according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the extent applicable to the Company;
- V. The following Regulations (as amended from time to time) and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (c) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
- VI. We in consultation with the Company came to a conclusion that no specific laws were directly applicable with regard to business activities of the Company during the period under review except that of the followings:

- i. The Factories Act, 1948 and Rules
- ii. The Explosives Act, 1884
- iii. The Petroleum Act, 1934
- iv. The West Bengal Fire Services Act, 1950

We have also examined the compliance by the Company of the following statutory provisions/standards/regulations:

- i. The uniform Listing Agreements entered into by the Company, with BSE Limited & National Stock Exchange of India Limited.
- ii. The Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- iii. The Secretarial Standards (SS - 1 and SS – 2) issued by the Institute of Company Secretaries of India.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director and the changes in the composition of Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, Committees Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines as also represented by the management.

We further report that:

During the year under review, the National Company Law Tribunal, Cuttack Branch, vide its order dated 2 September, 2019, approved the Scheme of Amalgamation of Mahadev Vyapaar Pvt Ltd, wholly owned subsidiary, with the Company, w.e.f. 1 April, 2014. Subsequently, Mahadev Vyapaar Pvt Ltd has ceased to be a Subsidiary Company of the Company.

Further, the Company has issued and allotted 2,74,72,526 Equity Shares of Re. 1/- each, fully paid-up, for cash, at a premium of Rs. 17.20 per share, on preferential basis, to Promoter/Promoter Group and others, on 11th day of October, 2019.

Further, during the period under review, Mr. Ashutosh Agarwal and Mr. Indranil Mitra have been appointed as the Executive Director (Group Finance) and CFO and Company Secretary of the Company, respectively, on and from 13th day of August, 2019.

Place: Kolkata
Date: 13.06.2020

For K. Arun & Co
Company Secretaries
Arun Kumar Khandelia
Partner
FCS: 3829
C.P. No.: 2270
UDIN:F003829B000340396

**Form No. MGT-9****EXTRACT OF ANNUAL RETURN****As on the Financial Year ended on 31 March, 2020**

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

I. REGISTRATION AND OTHER DETAILS

- i) CIN : L27310OR1955PLC000310
- ii) Registration Date : 26 November 1955
- iii) Name of the Company : Electrosteel Castings Limited
- iv) Category / Sub-Category of the Company : Public Company - Limited by Shares
- v) Address of the Registered Office and contact details : Rathod Colony, Rajgangpur,
Sundergarh,
Odisha 770 017
Telephone No.: 06624 220 332
Fax No.: 06624 220 332
E-mail Id: companysecretary@electrosteel.com
- vi) Whether listed company Yes / No : Yes
- vii) Name, Address and Contact details of Registrar and : Maheshwari Datamatics Pvt Ltd
Transfer Agent, if any Registered Office: 23 R. N. Mukherjee Road,
5th Floor, Kolkata 700 001
Telephone No.: 033 2248 2248
Fax No.: 033 2248 4787
E-mail ID: mdpldc@yahoo.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| Sl. No. | Name and Description of main products / services | NIC Code of the product / service | % to total turnover of the Company |
|---------|--|-----------------------------------|------------------------------------|
| 1. | Ductile Iron Pipes & Cast Iron Pipes | 24311 | 77.83% |
| 2. | Ductile Iron Fittings | 24311 | 8.26% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sl. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/Associate | % of shares held | Applicable Section |
|---------|--|---------------------------------|--|------------------|--|
| 1. | Electrosteel Europe S.A. Zone Industrielle Nord, 9, Rue Galilee F13200, Arles, France | RCS STARASCON 44029044300058 | Subsidiary | 100% | Section 2(87) of the Companies Act, 2013 |
| 2. | Electrosteel Algerie Spa Rua Alioua Fodil Villa No. 130, Cheraga, 16002 Algiers, Algeria | 04B96523400/16 | Subsidiary | 100% | Section 2(87) of the Companies Act, 2013 |
| 3. | Electrosteel Castings (UK) Limited Ambrose House, Broombank Road, Trading Estate, Broombank Road, Off Carrwood Road, Chesterfield, Derbyshire, S41 9QJ, UK | 04057880 | Subsidiary | 100% | Section 2(87) of the Companies Act, 2013 |
| 4. | Electrosteel USA, LLC 1101, Louisville Road, Savannah, GA 31415, USA | 42-1762327 | Subsidiary | 100% | Section 2(87) of the Companies Act, 2013 |
| 5. | Waterfab LLC 270 Doug Baker Blvd, Suite 700-291, Birmingham, 35242, USA | 27-1116056 | Wholly owned subsidiary of Electrosteel USA, LLC, referred to in Sl. No. 4 | 100% | Section 2(87) of the Companies Act, 2013 |
| 6. | Electrosteel Trading, S.A. C/Velazquez, 19-28001, Madrid | A86354305 | Subsidiary | 100% | Section 2(87) of the Companies Act, 2013 |
| 7. | Electrosteel Doha for Trading LLC P.O. Box 80368, Building No. 17, Office No 35, Barwa Village, Wakra, Doha, Qatar | CR NO. 57450 | Subsidiary | 49% | Section 2(87) of the Companies Act, 2013 |
| 8. | Electrosteel Castings Gulf FZE P O Box 261462 Jebel Ali Dubai, UAE | Regn. no. 153890 | Subsidiary | 100% | Section 2(87) of the Companies Act, 2013 |
| 9. | Electrosteel Brasil Ltda Tubos e Conexoes Duteis Rua Dona Maria Paula, 78, cj 01 sala 4, Bela Vista Sao Paulo, SP CEP 0139-000 | 17.581.655/0001-01 | Subsidiary | 100% | Section 2(87) of the Companies Act, 2013 |

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

| Sl. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/Associate | % of shares held | Applicable Section |
|---------|--|-----------------------|--|-------------------|--|
| 10. | Electrosteel Bahrain Holding S.P.C. Company Flat 1, Building No. 966, Road 5217, Block 952, Area Ras Zuwayed Kingdom of Bahrain | CR No 92991-1 | Subsidiary | 100% | Section 2(87) of the Companies Act, 2013 |
| 11. | Electrosteel Bahrain Trading W.L.L Flat 1, Building No. 966, Road 5217, Block 952, Area Ras Zuwayed Kingdom of Bahrain | CR No 95221-1 | Subsidiary of Electrosteel Bahrain Holding S.P.C. Company, referred to in Sl. No. 10 | 100% [#] | Section 2(87) of the Companies Act, 2013 |
| 12. | Srikalahasthi Pipes Limited Rachgunneri Village, Srikalahasthi Mandal, Chittoor District, Andhra Pradesh 517 641, India | L74999AP1991PLC013391 | Associate | 41.33% | Section 2(6) of the Companies Act, 2013 |
| 13. | North Dhadhu Mining Company Private Limited Sandhya Sukriti Apartment, Flat No. 6C, 6th Floor, Opposite Tagore Hill, Morabadi, Ranchi, Jharkhand 834 008, India | U10100JH2008PTC013349 | Joint Venture | 48.98% | Section 2(6) of the Companies Act, 2013 |
| 14. | Domco Private Limited 403 Commerce House, Sarda Babu Street, Ranchi, Jharkhand 834 001, India | U23101JH1988PTC002875 | Joint Venture | 50% | Section 2(6) of the Companies Act, 2013 |

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

Note: During the year, Mahadev Vyapaar Pvt Ltd (CIN: U51109WB2005PTC106882) and Electrosteel Thermal Power Limited (CIN: U45207JH2006PLC012662) ceased to be a Subsidiary and Associate Company, respectively, of the Company.

IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)**(i) Category-wise Shareholding**

| Category of Shareholders | No. of Shares held at the beginning of the year (as on 01-04-2019) | | | | No. of Shares held at the end of the year (as on 31-03-2020) | | | | % Change during the year |
|---|---|--------------|---------------------|-------------------|---|--------------|---------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | 4,09,90,703 | 0 | 4,09,90,703 | 10.11 | 4,31,88,505 | 0 | 4,31,88,505 | 9.98 | (0.13) |
| b) Central Govt. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) State Govt(s). | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) Bodies Corp. | 16,42,65,981 | 0 | 16,42,65,981 | 40.51 | 18,37,08,441 | 0 | 18,37,08,441 | 42.43 | 1.92 |
| e) Banks / FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f) Any Other | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub-total (A)(1) | 20,52,56,684 | 0 | 20,52,56,684 | 50.62 | 22,68,96,946 | 0 | 22,68,96,946 | 52.41 | 1.79 |
| (2) Foreign | | | | | | | | | |
| a) NRIs - Individuals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) Other - Individuals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) Bodies Corp. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) Banks / FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e) Any Other | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub-total (A)(2) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Total shareholding of Promoter (A) = (A)(1)+(A)(2) | 20,52,56,684 | 0 | 20,52,56,684 | 50.62 | 22,68,96,946 | 0 | 22,68,96,946 | 52.41 | 1.79 |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | 0 | 200 | 200 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) Banks / FI | 25,63,877 | 9,580 | 25,73,457 | 0.63 | 5,42,098 | 8,500 | 5,50,598 | 0.13 | (0.50) |
| c) Central Govt. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) State Govt(s). | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e) Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f) Insurance Companies | 1,86,49,039 | 0 | 1,86,49,039 | 4.60 | 2,04,31,031 | 0 | 2,04,31,031 | 4.72 | 0.12 |
| g) FIs | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| i) Others - Foreign Portfolio Investors | 2,72,71,127 | 0 | 2,72,71,127 | 6.73 | 4,77,79,059 | 0 | 4,77,79,059 | 11.04 | 4.31 |
| Sub-total (B)(1) | 4,84,84,043 | 9,780 | 4,84,93,823 | 11.96 | 6,87,52,188 | 8,500 | 6,87,60,688 | 15.88 | 3.92 |



Extract of Annual Return (Contd.)

| Category of Shareholders | No. of Shares held at the beginning of the year (as on 01-04-2019) | | | | No. of Shares held at the end of the year (as on 31-03-2020) | | | | % Change during the year |
|---|---|------------------|---------------------|-------------------|---|------------------|---------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 2,96,65,615 | 70,100 | 2,97,35,715 | 7.33 | 2,80,61,654 | 68,380 | 2,81,30,034 | 6.50 | (0.83) |
| ii) Overseas | 2,63,61,360 | 0 | 2,63,61,360 | 6.50 | 82,36,578 | 0 | 82,36,578 | 1.90 | (4.60) |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs.1 lakh | 6,03,27,236 | 18,38,825 | 6,21,66,061 | 15.33 | 6,08,60,093 | 16,51,405 | 6,25,11,498 | 14.44 | (0.89) |
| ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh | 3,00,09,445 | 0 | 3,00,09,445 | 7.40 | 3,48,91,675 | 0 | 3,48,91,675 | 8.06 | 0.66 |
| c) Others (specify) | | | | | | | | | |
| i) Trusts | 59,390 | 120 | 59,510 | 0.01 | 5,300 | 120 | 5,420 | 0.00 | (0.01) |
| ii) Clearing Member | 6,72,135 | 0 | 6,72,135 | 0.17 | 5,01,409 | 0 | 5,01,409 | 0.12 | (0.05) |
| iii) NRI | 18,96,709 | 34,800 | 19,31,509 | 0.48 | 21,35,850 | 34,800 | 21,70,650 | 0.50 | 0.02 |
| iv) NBFCs registered with RBI | 6,433 | 0 | 6,433 | 0.00 | 2,250 | 0 | 2,250 | 0.00 | 0.00 |
| v) Investor Education and Protection Fund Authority Ministry of Corporate Affairs | 7,89,508 | 0 | 7,89,508 | 0.19 | 8,47,561 | 0 | 8,47,561 | 0.20 | 0.01 |
| Sub-total (B)(2) | 14,97,87,831 | 19,43,845 | 15,17,31,676 | 37.42 | 13,55,42,370 | 17,54,705 | 13,72,97,075 | 31.71 | (5.71) |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | 19,82,71,874 | 19,53,625 | 20,02,25,499 | 49.38 | 20,42,94,558 | 17,63,205 | 20,60,57,763 | 47.59 | (1.79) |
| C. Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Grand Total (A+B+C) | 40,35,28,558 | 19,53,625 | 40,54,82,183 | 100 | 43,11,91,504 | 17,63,205 | 43,29,54,709 | 100 | 0.00 |

ii) Shareholding of Promoters

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year (as on 01-04-2019) | | | Shareholding at the end of the year (as on 31-03-2020) | | | % 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. | G. K. & Sons Private Ltd. | 4,46,78,936 | 11.02 | 5.00 | 4,49,84,593 | 10.39 | 8.72 | (0.63) |
| 2. | Umang Kejriwal - Trustee of Sreeji Family Benefit Trust / Mayank Kejriwal - Trustee of Sreeji Family Benefit Trust | 3,50,27,053 | 8.64 | 0.00 | 3,50,27,053 | 8.09 | 8.09 | (0.55) |
| 3. | Electrocast Sales India Limited | 3,38,93,710 | 8.36 | 5.00 | 3,73,45,158 | 8.63 | 7.03 | 0.27 |

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year (as on 01-04-2019) | | | Shareholding at the end of the year (as on 31-03-2020) | | | % 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 | |
| 4. | Murari Investment & Trading Company Ltd | 3,04,27,656 | 7.50 | 4.03 | 3,10,27,297 | 7.17 | 7.03 | (0.33) |
| 5. | Uttam Commercial Company Ltd. | 2,21,81,774 | 5.47 | 0.00 | 2,21,81,774 | 5.12 | 4.32 | (0.35) |
| 6. | G. K. Investments Limited | 2,18,14,560 | 5.38 | 4.03 | 2,18,14,560 | 5.04 | 5.04 | (0.34) |
| 7. | Malay Commercial Enterprises Limited | 37,48,190 | 0.92 | 0.00 | 45,48,190 | 1.05 | 0.87 | 0.13 |
| 8. | Sri Gopal Investments Ventures Ltd. | 37,42,885 | 0.92 | 0.00 | 37,42,885 | 0.86 | 0.86 | (0.06) |
| 9. | Uddhav Kejriwal | 32,39,540 | 0.80 | 0.00 | 32,39,540 | 0.75 | 0.75 | (0.05) |
| 10. | Cubbon Marketing Pvt. Limited | 25,00,000 | 0.62 | 0.00 | 25,00,000 | 0.58 | 0.58 | (0.04) |
| 11. | Uddhav Kejriwal HUF | 15,54,550 | 0.38 | 0.00 | 15,54,550 | 0.36 | 0.36 | (0.02) |
| 12. | Shashwat Kejriwal | 7,73,010 | 0.19 | 0.00 | 7,73,010 | 0.18 | 0.18 | (0.01) |
| 13. | Quinline Dealcomm Private Limited | 3,19,962 | 0.08 | 0.00 | 3,19,962 | 0.07 | 0.07 | (0.01) |
| 14. | Escal Finance Services Ltd. | 2,50,000 | 0.06 | 0.00 | 2,50,000 | 0.06 | 0.06 | 0 |
| 15. | Ellenbarrie Developers Pvt. Ltd. | 2,13,308 | 0.05 | 0.00 | 2,13,308 | 0.05 | 0.05 | 0 |
| 16. | Global Exports Ltd. | 2,00,000 | 0.05 | 0.00 | 12,98,901 | 0.30 | 0.05 | 0.25 |
| 17. | Pallavi Kejriwal | 1,87,950 | 0.05 | 0.00 | 1,87,950 | 0.04 | 0.04 | (0.01) |
| 18. | Greenchip Trexim Pvt. Limited | 1,65,000 | 0.04 | 0.00 | 1,65,000 | 0.04 | 0.04 | 0 |
| 19. | Samridhhi Kejriwal | 1,57,100 | 0.04 | 0.00 | 1,57,100 | 0.04 | 0.04 | 0 |
| 20. | Calcutta Diagnostics Centre (P) Ltd | 1,30,000 | 0.03 | 0.00 | 1,30,000 | 0.03 | 0.03 | 0 |
| 21. | Mayank Kejriwal, Aarti Kejriwal - Trustee of Priya Manjari Trust | 27,000 | 0.01 | 0.00 | 27,000 | 0.01 | 0.01 | 0 |
| 22. | Uddhav Kejriwal, Pallavi Kejriwal - Trustee of Samridhhi Trust | 24,500 | 0.01 | 0.00 | 24,500 | 0.01 | 0.01 | 0 |
| 23. | Sree Khemisati Constructions Pvt. Ltd | 0 | 0.00 | 0.00 | 1,31,86,813 | 3.05 | 0.00 | 3.05 |
| 24. | Mayank Kejriwal | 0 | 0.00 | 0.00 | 10,98,901 | 0.25 | 0.00 | 0.25 |
| 25. | Asha Kejriwal | 0 | 0.00 | 0.00 | 10,98,901 | 0.25 | 0.00 | 0.25 |
| | Total | 20,52,56,684 | 50.62 | 18.06 | 22,68,96,946 | 52.41 | 44.20 | 1.79 |

Note:

- The shares held by the Promoters and Promoter Group have been clubbed on the basis of their PAN.

**Extract of Annual Return (Contd.)****iii) Change in Promoters' Shareholding (please specify, if there is no change)**

| Sl. No. | Particulars | Shareholding at the beginning of the year and changes during the year | | Cumulative Shareholding during the year and 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 (01.04.2019) | 20,52,56,684 | 50.62 | | |
| | Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity, etc.) : | | | | |
| 1. | 11.10.2019 Sree Khemisati Constructions Pvt Ltd - Allotment under Preferential Issue | 1,31,86,813 | 3.05 | 21,84,43,497 | 50.45 |
| | Global Exports Ltd - Allotment under Preferential Issue | 10,98,901 | 0.25 | 21,95,42,398 | 50.71 |
| | Mayank Kejriwal - Allotment under Preferential Issue | 10,98,901 | 0.25 | 22,06,41,299 | 50.96 |
| | Asha Kejriwal - Allotment under Preferential Issue | 10,98,901 | 0.25 | 22,17,40,200 | 51.22 |
| 2. | 29.11.2019 Electrocast Sales India Limited – Transfer | 4,65,747 | 0.11 | 22,22,05,947 | 51.32 |
| 3. | 06.12.2019 Electrocast Sales India Limited – Transfer | 9,50,000 | 0.22 | 22,31,55,947 | 51.54 |
| | Malay Commercial Enterprises Ltd. – Transfer | 8,00,000 | 0.18 | 22,39,55,947 | 51.73 |
| 4. | 13.12.2019 Electrocast Sales India Limited – Transfer | 5,05,040 | 0.12 | 22,44,60,987 | 51.84 |
| 5. | 20.12.2019 Electrocast Sales India Limited – Transfer | 6,43,738 | 0.15 | 22,51,04,725 | 51.99 |
| 6. | 27.12.2019 Electrocast Sales India Limited – Transfer | 7,80,923 | 0.18 | 22,58,85,648 | 52.17 |
| 7. | 31.12.2019 Electrocast Sales India Limited – Transfer | 1,06,000 | 0.02 | 22,59,91,648 | 52.20 |
| | G. K. & Sons Private Ltd. – Transfer | 1,00,000 | 0.02 | 22,60,91,648 | 52.22 |
| 8. | 03.01.2020 G. K. & Sons Private Ltd. – Transfer | 2,05,658 | 0.05 | 22,62,97,306 | 52.27 |
| 9. | 28.02.2020 G. K. & Sons Private Ltd. – Transfer | 3,49,999 | 0.08 | 22,66,47,305 | 52.35 |
| | Murari Investment & Trading Company Ltd – Transfer | 6,09,641 | 0.14 | 22,72,56,946 | 52.49 |
| 10. | 06.03.2020 G. K. & Sons Private Ltd. – Transfer | (3,50,000) | (0.08) | 22,69,06,946 | 52.41 |
| | Murari Investment & Trading Company Ltd – Transfer | (10,000) | 0.00 | 22,68,96,946 | 52.41 |
| | At the end of the year (31.03.2020) | | | 22,68,96,946 | 52.41 |

Note:

1. Date of increase/decrease has been considered as the date on which beneficiary position was provided by the Depositories to the Company.

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

| Sl. No. | Name of the Shareholder | Shareholding at the beginning of the year | | Date wise Increase / Decrease in Shareholding during the year | | | Cumulative Shareholding during the year and Shareholding at the end of the year | |
|------------|---|---|----------------------------------|---|---------------------------|----------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | Date ¹ | Increase / Decrease | Reason | No. of shares | % of total shares of the Company |
| 1. | India Opportunities Growth Fund Ltd - Pinewood Strategy | 2,39,91,781 | 5.92 | 01.04.2019 | | | | |
| | | | | 24.01.2020 | (80,000) | Transfer | 2,39,11,781 | 5.52 |
| | | | | 31.01.2020 | (93,294) | Transfer | 2,38,18,487 | 5.50 |
| | | | | 07.02.2020 | (26,706) | Transfer | 2,37,91,781 | 5.50 |
| | | | | 20.03.2020 | 15,85,889 | Transfer | 2,53,77,670 | 5.86 |
| | | | | 27.03.2020 | 6,91,337 | Transfer | 2,60,69,007 | 6.02 |
| | | | | 31.03.2020 | 3,03,042 | Transfer | 2,63,72,049 | 6.09 |
| | | | | 31.03.2020 | | Transfer | 2,63,72,049 | 6.09 |
| 2. | SML Steel Metals (Cyprus) Limited ² | 1,81,24,782 | 4.47 | 01.04.2019 | | | | |
| | | | | 12.04.2019 | (2,272) | Transfer | 1,81,22,510 | 4.47 |
| | | | | 19.04.2019 | (3,043) | Transfer | 1,81,19,467 | 4.47 |
| | | | | 20.09.2019 | (1,47,350) | Transfer | 1,79,72,117 | 4.43 |
| | | | | 27.09.2019 | (60,988) | Transfer | 1,79,11,129 | 4.42 |
| | | | | 30.09.2019 | (25,885) | Transfer | 1,78,85,244 | 4.41 |
| | | | | 04.10.2019 | (19,825) | Transfer | 1,78,65,419 | 4.41 |
| | | | | 18.10.2019 | (1,15,981) | Transfer | 1,77,49,438 | 4.10 |
| | | | | 25.10.2019 | (526) | Transfer | 1,77,48,912 | 4.10 |
| | | | | 01.11.2019 | (5,94,704) | Transfer | 1,71,54,208 | 3.96 |
| | | | | 08.11.2019 | (1,18,631) | Transfer | 1,70,35,577 | 3.93 |
| | | | | 15.11.2019 | (3,74,845) | Transfer | 1,66,60,732 | 3.85 |
| | | | | 29.11.2019 | (70,93,801) | Transfer | 95,66,931 | 2.21 |
| | | | | 06.12.2019 | (11,01,707) | Transfer | 84,65,224 | 1.96 |
| | | | | 13.12.2019 | (6,70,435) | Transfer | 77,94,789 | 1.80 |
| | | | | 20.12.2019 | (34,45,083) | Transfer | 43,49,706 | 1.00 |
| | | | | 27.12.2019 | (4,97,537) | Transfer | 38,52,169 | 0.89 |
| | | | | 31.12.2019 | (4,00,000) | Transfer | 34,52,169 | 0.80 |
| | | | | 03.01.2020 | (1,38,779) | Transfer | 33,13,390 | 0.77 |
| | | | | 07.02.2020 | (25,333) | Transfer | 32,88,057 | 0.76 |
| 14.02.2020 | (11,83,319) | Transfer | 21,04,738 | 0.49 | | | | |
| 21.02.2020 | (8,68,849) | Transfer | 12,35,889 | 0.29 | | | | |
| 20.03.2020 | (12,35,889) | Transfer | 0 | 0.00 | | | | |
| 31.03.2020 | | | 0 | 0.00 | | | | |
| 3. | Avis Tie-Up Private Limited | 1,21,31,715 | 2.99 | 01.04.2019 | | | | |
| | | | | 31.03.2020 | No change during the year | | 1,21,31,715 | 2.80 |
| 4. | PGS Invest Corp | 82,36,578 | 2.03 | 01.04.2019 | | | | |
| | | | | 31.03.2020 | No change during the year | | 82,36,578 | 1.90 |
| 5. | General Insurance Corporation of India | 78,71,084 | 1.94 | 01.04.2019 | | | | |
| | | | | 31.03.2020 | No change during the year | | 78,71,084 | 1.82 |



Extract of Annual Return (Contd.)

| Sl. No. | Name of the Shareholder | Shareholding at the beginning of the year | | Date wise Increase / Decrease in Shareholding during the year | | | Cumulative Shareholding during the year and Shareholding at the end of the year | |
|---------|--|---|----------------------------------|--|---|--|--|--|
| | | No. of shares | % of total shares of the Company | Date ¹ | Increase / Decrease | Reason | No. of shares | % of total shares of the Company |
| 6. | United India Insurance Company Limited | 65,79,481 | 1.62 | 01.04.2019 31.03.2020 | No change during the year | | 65,79,481 | 1.52 |
| 7. | S. Shyam | 44,30,337 | 1.09 | 01.04.2019 19.07.2019 26.07.2019 02.08.2019 09.08.2019 23.08.2019 20.09.2019 31.03.2020 | (6,62,549) (10,00,000) 10,00,000 (15,00,000) 21,62,549 (6,62,000) | Transfer Transfer Transfer Transfer Transfer | 37,67,788 27,67,788 37,67,788 22,67,788 44,30,337 37,68,337 37,68,337 | 0.93 0.68 0.93 0.56 1.09 0.93 0.87 |
| 8. | Life Insurance Corporation of India | 37,93,318 | 0.94 | 01.04.2019 31.03.2020 | No change during the year | | 37,93,318 | 0.88 |
| 9. | Shivasaran Enterprises & Advisory LLP ² | 25,57,283 | 0.63 | 01.04.2019 26.04.2019 03.05.2019 10.05.2019 17.05.2019 20.03.2020 31.03.2020 | 26,295 2,000 35,616 45,100 (49,294) | Transfer Transfer Transfer Transfer Transfer | 25,83,578 25,85,578 26,21,194 26,66,294 26,17,000 26,17,000 | 0.64 0.64 0.65 0.66 0.60 0.60 |
| 10. | Vinithra Sekhar ² | 24,49,977 | 0.60 | 01.04.2019 23.08.2019 31.03.2020 | 16,915 | Transfer | 24,66,892 24,66,892 | 0.61 0.57 |
| 11. | Koushik Sekhar ³ | 23,98,703 | 0.59 | 01.04.2019 19.04.2019 26.04.2019 03.05.2019 10.05.2019 21.06.2019 19.07.2019 02.08.2019 06.09.2019 13.09.2019 11.10.2019 18.10.2019 20.12.2019 03.01.2020 17.01.2020 20.03.2020 31.03.2020 | 65,446 40,000 38,489 10,000 21,512 18,000 23,544 21,927 73 15,000 28,365 1,80,000 25,000 5,000 (15,000) (24,000) | Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer | 24,64,149 25,04,149 25,42,638 25,52,638 25,74,150 25,92,150 26,15,694 26,37,621 26,37,694 26,52,694 26,81,059 28,61,059 28,86,059 28,91,059 28,76,059 28,52,059 | 0.61 0.62 0.63 0.63 0.63 0.64 0.65 0.65 0.65 0.61 0.62 0.66 0.67 0.67 0.66 0.66 |

| Sl. No. | Name of the Shareholder | Shareholding at the beginning of the year | | Date wise Increase / Decrease in Shareholding during the year | | | Cumulative Shareholding during the year and Shareholding at the end of the year | |
|---------|---------------------------------------|---|----------------------------------|---|---------------------|----------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | Date ¹ | Increase / Decrease | Reason | No. of shares | % of total shares of the Company |
| | | | | 31.03.2020 | | | 28,52,059 | 0.66 |
| 12. | Vijaya S ³ | 22,90,223 | 0.56 | 01.04.2019 | | | | |
| | | | | 17.05.2019 | 70,418 | Transfer | 23,60,641 | 0.58 |
| | | | | 24.05.2019 | 40,000 | Transfer | 24,00,641 | 0.59 |
| | | | | 28.06.2019 | 1,43,471 | Transfer | 25,44,112 | 0.63 |
| | | | | 05.07.2019 | 55,145 | Transfer | 25,99,257 | 0.64 |
| | | | | 12.07.2019 | 63,948 | Transfer | 26,63,205 | 0.66 |
| | | | | 19.07.2019 | 1,65,184 | Transfer | 28,28,389 | 0.70 |
| | | | | 02.08.2019 | 1,17,408 | Transfer | 29,45,797 | 0.73 |
| | | | | 04.10.2019 | 13,700 | Transfer | 29,59,497 | 0.73 |
| | | | | 11.10.2019 | 14,000 | Transfer | 29,73,497 | 0.69 |
| | | | | 21.02.2020 | 5,500 | Transfer | 29,78,997 | 0.69 |
| | | | | 31.03.2020 | | | 29,78,997 | 0.69 |
| 13. | Belgrave Investment Fund ³ | 0 | 0.00 | 01.04.2019 | | | | |
| | | | | 26.07.2019 | 1,00,000 | Transfer | 1,00,000 | 0.02 |
| | | | | 02.08.2019 | 5,39,100 | Transfer | 6,39,100 | 0.16 |
| | | | | 09.08.2019 | 7,53,900 | Transfer | 13,93,000 | 0.34 |
| | | | | 11.10.2019 | 1,09,89,010 | Transfer | 1,23,82,010 | 2.86 |
| | | | | 22.11.2019 | 1,13,64,010 | Transfer | 2,37,46,020 | 5.16 |
| | | | | 29.11.2019 | (59,89,010) | Transfer | 1,77,57,010 | 4.10 |
| | | | | 06.12.2019 | 11,50,000 | Transfer | 1,89,07,010 | 4.37 |
| | | | | 20.12.2019 | 25,00,000 | Transfer | 2,14,07,010 | 4.94 |
| | | | | 31.03.2020 | | | 2,14,07,010 | 4.94 |

Notes:

- The Company is listed and 99.59% shareholding was in demat form as on 31 March, 2020. Date of increase/decrease has been considered as the date on which beneficiary position was provided by the Depositories to the Company.
- Ceased to be in the list of top 10 shareholders as on 31.03.2020. The details are provided above as the shareholder was appearing in the list of top 10 shareholders as on 01.04.2019.
- Not in the list of top 10 shareholders as on 01.04.2019. The details are provided above as the shareholder was one of the top 10 shareholders as on 31.03.2020.

**Extract of Annual Return (Contd.)****v) Shareholding of Directors and Key Managerial Personnel**

| Sl. No. | Name of the Director / KMP For each of the Directors and KMP | Shareholding at the beginning of the year | | Date wise Increase / Decrease in Shareholding during the year | | | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|---|---------------------------|------------------------------------|---|---|
| | | No. of shares | % of total shares of the Company | Date | Increase / Decrease | Reason | No. of shares | % of total shares of the Company ¹ |
| 1. | Pradip Kumar Khaitan, Chairman - Independent Director | 0 | 0.00 | 01.04.2019 31.03.2020 | No change during the year | | 0 | 0.00 |
| 2. | Umang Kejriwal, Managing Director | 0 | 0.00 | 01.04.2019 31.03.2020 | No change during the year | | 0 | 0.00 |
| 3. | Mayank Kejriwal, Joint Managing Director | 0 | 0.00 | 01.04.2019 11.10.2019 31.03.2020 | 10,98,901 | Allotment under Preferential Issue | 10,98,901 10,98,901 | 0.25 0.25 |
| 4. | Uddhav Kejriwal, Whole-time Director | 32,39,540 | 0.80 | 01.04.2019 31.03.2020 | No change during the year | | 32,39,540 | 0.80 |
| 5. | Binod Kumar Khaitan, Independent Director | 2,000 | 0.00 | 01.04.2019 31.03.2020 | No change during the year | | 2,000 | 0.00 |
| 6. | Amrendra Prasad Verma, Independent Director | 0 | 0.00 | 01.04.2019 31.03.2020 | No change during the year | | 0 | 0.00 |
| 7. | Ram Krishna Agarwal, Independent Director ² | 1,000 | 0.00 | 01.04.2019 31.03.2020 | No change during the year | | 1,000 | 0.00 |
| 8. | Mohua Banerjee, Independent Director | 0 | 0.00 | 01.04.2019 31.03.2020 | No change during the year | | 0 | 0.00 |
| 9. | Shermadevi Yegnaswami Rajagopalan, Non-Executive Director | 5,100 | 0.00 | 01.04.2019 31.01.2020 31.03.2020 | 5,000 | Transfer | 10,100 10,100 | 0.00 0.00 |
| 10. | Mahendra Kumar Jalan, Whole-time Director | 1,750 | 0.00 | 01.04.2019 31.03.2020 | No change during the year | | 1,750 | 0.00 |
| 11. | Vyas Mitre Ralli, Non-Executive Director | 5,000 | 0.00 | 01.04.2019 31.03.2020 | No change during the year | | 5,000 | 0.00 |
| 12. | Sunil Katial, Chief Executive Officer ³ | 0 | 0.00 | 01.04.2019 31.03.2020 | No change during the year | | 0 | 0.00 |
| 13. | Brij Mohan Soni, Chief Financial Officer ⁴ | 1,000 | 0.00 | 01.04.2019 24.07.2019 | No change during the year | | 1,000 | 0.00 |
| 14. | Ashutosh Agarwal, Executive Director (Group Finance) and CFO ⁵ | 31,700 | 0.00 | 13.08.2019 15.11.2019 09.03.2020 31.03.2020 | 30,000 50,000 | Transfer Transfer | 61,700 1,11,700 1,11,700 | 0.01 0.03 0.03 |
| 15. | Subhra Giri Patnaik, Company Secretary ⁶ | 0 | 0.00 | 01.04.2019 13.08.2019 | No change during the year | | 0 | 0.00 |
| 16. | Indranil Mitra, Company Secretary ⁷ | 0 | 0.00 | 13.08.2019 31.03.2020 | No change during the year | | 0 | 0.00 |

Notes:

- The Company receives shareholdings from the depositories for weekend positions only and therefore, weekend date and net quantity increase / decrease during the week could only be provided.
- Mr. Ram Krishna Agarwal (DIN: 00416964) has ceased to be a Director of the Company, with effect from 8 June, 2020.
- Mr. Sunil Katial (DIN: 07180348) has also been appointed as a Whole-time Director of the Company, with effect from 1 April, 2020, subject to approval of the shareholders at their ensuing Annual General Meeting ('AGM').

4. Mr. Brij Mohan Soni ceased to be the Chief Financial Officer of the Company, with effect from 24 July, 2019.
5. Mr. Ashutosh Agarwal was appointed as the Executive Director (Group Finance) and CFO of the Company, with effect from 13 August, 2019.
6. Ms. Subhra Giri Patnaik ceased to be the Company Secretary of the Company, with effect from 13 August, 2019
7. Mr. Indranil Mitra was appointed as the Company Secretary of the Company, with effect from 13 August, 2019.
8. Mr. Rajkumar Khanna (DIN: 05180042) has been appointed as an Independent Director of the Company, with effect from 15 June, 2020, subject to approval of the shareholders at their ensuing AGM.

V. INDEBTEDNESS

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

Amount (Rs. in Lakh)

| | Secured Loan excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---------------------------------------|--------------------|----------|-----------------------|
| Indebtedness at the beginning of the financial year (01.04.2019) | | | | |
| i) Principal Amount | 1,45,714.11 | 16,143.98 | - | 1,61,858.09 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 620.58 | - | - | 620.58 |
| Total (i+ii+iii) | 1,46,334.69 | 16,143.98 | - | 1,62,478.67 |
| Change in Indebtedness during the financial year | | | | |
| Additions | 58,323.65 | 9,142.77 | - | 67,466.42 |
| Reduction | 66,328.43 | 9,298.00 | - | 75,626.43 |
| Net Change | (8,004.78) | (155.23) | - | (8,160.01) |
| Indebtedness at the end of the financial year (31.03.2020) | | | | |
| i) Principal Amount | 1,37,367.22 | 15,846.48 | - | 1,53,213.70 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 962.69 | 142.27 | - | 1,104.96 |
| Total (i+ii+iii) | 1,38,329.91 | 15,988.75 | - | 1,54,318.66 |



Extract of Annual Return (Contd.)

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager

Amount in Rs.

| Sl. No. | Particulars of Remuneration | Name of the MD/WTD/Manager | | | | Total Amount |
|---------|---|---|-------------------------|---------------------|----------------------|--------------------|
| | | Umang Kejriwal | Mayank Kejriwal | Uddhav Kejriwal | Mahendra Kumar Jalan | |
| | | Managing Director | Joint Managing Director | Whole-time Director | Whole-time Director | |
| 1. | Gross salary | | | | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 2,71,76,135 | 5,16,439 | 1,74,97,673 | 1,57,75,091 | 6,09,65,338 |
| | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | 6,20,357 | 5,86,147 | 8,99,573 | 3,56,518 | 24,62,595 |
| | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | – | – | – | – | – |
| 2. | Stock option | – | – | – | – | – |
| 3. | Sweat Equity | – | – | – | – | – |
| 4. | Commission | | | | | |
| | – as % of profit | 1,20,00,000 | – | 85,00,000 | – | 2,05,00,000 |
| | – others (specify) | – | – | – | – | – |
| 5. | Others, please specify | – | – | – | – | – |
| | Total (A) | 3,97,96,492 | 11,02,586 | 2,68,97,246 | 1,61,31,609 | 8,39,27,933 |
| | Ceiling as per the Act (as per Schedule V) | 1,294.31 Lakh (10% of the net profits calculated as per Section 198 of the Companies Act, 2013) | | | | |

B. Remuneration to other directors

Amount in Rs.

| Sl. No. | Particulars of Remuneration | Name of Directors | | | | | | Total Amount | |
|---------|--|---|---------------------|---------------------|-----------------------|---|-----------------------------------|------------------|--------------------|
| | | Pradip Kumar Khaitan | Binod Kumar Khaitan | Ram Krishna Agarwal | Amrendra Prasad Verma | Mohua Banerjee | Shermadevi Yegnaswami Rajagopalan | | Vyas Mitre Ralli |
| | | Independent Directors | | | | Non-Executive, Non-Independent Director | | | |
| 1. | Independent Directors | | | | | | | | |
| | (a) Fee for attending board/ committee/ other meetings | 4,30,000 | 7,80,000 | 5,80,000 | 4,50,000 | 2,50,000 | -- | -- | 24,90,000 |
| | (b) Commission | 12,00,000 | 12,00,000 | 12,00,000 | 12,00,000 | 12,00,000 | -- | -- | 60,00,000 |
| | (c) Others, please specify | -- | -- | -- | -- | -- | -- | -- | -- |
| | Total (1) | 16,30,000 | 19,80,000 | 17,80,000 | 16,50,000 | 14,50,000 | -- | -- | 84,90,000 |
| 2. | Other Non-Executive Directors | | | | | | | | |
| | (a) Fee for attending board/ committee meetings | -- | -- | -- | -- | -- | 4,70,000 | 2,10,000 | 6,80,000 |
| | (b) Commission | -- | -- | -- | -- | -- | 12,00,000 | 12,00,000 | 24,00,000 |
| | (c) Others, please specify | -- | -- | -- | -- | -- | -- | -- | -- |
| | Total (2) | -- | -- | -- | -- | -- | 16,70,000 | 14,10,000 | 30,80,000 |
| | Total (B)=(1+2) | 16,30,000 | 19,80,000 | 17,80,000 | 16,50,000 | 14,50,000 | 16,70,000 | 14,10,000 | 1,15,70,000 |
| | Total Managerial Remuneration * (A+B) | | | | | | | | 9,54,97,933 |
| | Overall Ceiling as per the Act | 1,423.74 Lakh (11% of the net profits calculated as per Section 198 of the Companies Act, 2013) | | | | | | | |

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

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

Amount in Rs.

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | | | Total |
|---------|---|--------------------------|-------------------------|--|------------------------|--------------------|-------------|
| | | Chief Executive Officer | Chief Financial Officer | Executive Director (Group Finance) and CFO | Company Secretary | | |
| | | Sunil Katial | Brij Mohan Soni* | Ashutosh Agarwal** | Subhra Giri Patnaik*** | Indranil Mitra**** | |
| 1. | Gross salary | | | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 | 1,91,29,538 | 22,15,541 | 88,66,200 | 11,49,275 | 17,22,404 | 3,30,82,958 |
| | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | 10,98,800 | 10,800 | 21,600 | 13,500 | 21,600 | 11,66,300 |
| | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | - | - | - | - | - | - |
| 2. | Stock option | - | - | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - | - | - |
| 4. | Commission | | | | | | |
| | - as % of profit | - | - | - | - | - | - |
| | - others (specify) | - | - | - | - | - | - |
| 5. | Others, please specify | - | - | - | - | - | - |
| | Total | 2,02,28,338 | 22,26,341 | 88,87,800 | 11,62,775 | 17,44,004 | 3,42,49,258 |

* Mr. Brij Mohan Soni ceased to be the Chief Financial Officer of the Company, with effect from 24 July, 2019.

** Mr. Ashutosh Agarwal was appointed as the Executive Director (Group Finance) and CFO of the Company, with effect from 13 August, 2019.

*** Ms. Subhra Giri Patnaik ceased to be the Company Secretary of the Company, with effect from 13 August, 2019.

**** Mr. Indranil Mitra was appointed as the Company Secretary of the Company, with effect from 13 August, 2019

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

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

For and on behalf of the Board of Directors

Place: Kolkata
Date: 15 June, 2020Pradip Kumar Khaitan
Chairman
DIN: 00004821

**BUSINESS RESPONSIBILITY REPORT**

for the Financial Year ended March 31, 2020

[Pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Section A: General Information about the Company

| | | |
|-----|---|---|
| 1. | Corporate Identity Number (CIN) of the Company | L27310OR1955PLC000310 |
| 2. | Name of the Company | Electrosteel Castings Limited |
| 3. | Registered address | Rathod Colony, Rajgangpur, Sundergarh, Odisha 770 017 |
| 4. | Website | www.electrosteelcastings.com |
| 5. | E-mail ID | companysecretary@electrosteel.com |
| 6. | Financial Year reported | 2019-20 |
| 7. | Sector(s) that the Company is engaged in (industrial activity code-wise) | NIC Code: 24311; Ductile Iron Pipes & Cast Iron Pipes NIC Code: 24311; Ductile Iron Fittings |
| 8. | Key products/services that the Company manufactures/ provides | Company is engaged in manufacturing following key products: 1) Ductile Iron Pipes 2) Ductile Iron Pipe Fittings 3) Cast Iron Pipes |
| 9. | Total number of locations where business activity is undertaken by the Company a) Number of International Locations b) Number of National Locations | NIL 4 (manufacturing activity). The details are given in the Corporate Governance Report, forming part of this Annual Report. |
| 10. | Markets served by the Company | The Company's products have national as well as global presence. |

Section B: Financial Details of the Company

| | | |
|----|---|--|
| 1. | Paid-up Capital (INR) | Rs. 4,329.55 Lakh |
| 2. | Total Turnover (INR) | Rs. 2,47,988.93 Lakh |
| 3. | Total Profit after Taxes (INR) | Rs. 9,858.78 Lakh |
| 4. | Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after taxes | Rs. 5.75 Lakh, i.e., 0.06% |
| 5. | List of activities in which expenditure in 4 above has been incurred | The same has been detailed out in the Annual Report on CSR Activities, annexed to the Board's Report, marked as Annexure 4 thereto, forming part of this Annual Report |

Section C: Other Details

| | | |
|----|---|---|
| 1. | Does the Company have any Subsidiary Company/Companies? | Yes, the Company has 11 (eleven) Subsidiaries. |
| 2. | Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? | No, the Subsidiary Companies do not participate in the BR initiatives of the Company. |
| 3. | Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? | Other entity/entities (e.g., suppliers, distributors, etc.) that the Company does business with, do not participate in the BR initiatives of the Company. |

Section D: BR (Business Responsibility) Information

Mr. Mahendra Kumar Jalan, Whole-time Director of the Company, has been authorized by the Board of Directors of the Company to oversee the implementation of the Business Responsibility Policy. Mr. Ashutosh Agarwal, Executive Director (Group Finance) and CFO, is designated as the Business Responsibility Head.

1. Details of Director/Directors responsible for BR**a) Details of the Director/Directors responsible for implementation of the BR policy/policies**

| | | |
|----|-------------|--------------------------|
| 1. | DIN | 00311883 |
| 2. | Name | Mr. Mahendra Kumar Jalan |
| 3. | Designation | Whole-time Director |

b) Details of the BR head

| No. | Particulars | Details |
|-----|---------------------|--|
| 1. | DIN (if applicable) | Not Applicable |
| 2. | Name | Mr. Ashutosh Agarwal |
| 3. | Designation | Executive Director (Group Finance) and CFO |
| 4. | Telephone Number | +91-33-22839990/ 71034400 |
| 5. | E-mail ID | ashutosh@electrosteel.com |

2. Principle-wise (as per NVGs) BR Policy/policies

The BR Policy of the Company is based on the National Voluntary Guidelines on Social, Environment and Economic Responsibilities of Business (NVGs) issued by the Ministry of Corporate Affairs, Government of India.

The NVGs provide the following 9 (nine) principles:

| | |
|---|------------------------------------|
| Principle 1: Ethics, Transparency and Accountability [P1] | Principle 6: Environment [P6] |
| Principle 2: Products Lifecycle Sustainability [P2] | Principle 7: Policy Advocacy [P7] |
| Principle 3: Employees' Well-being [P3] | Principle 8: Inclusive Growth [P8] |
| Principle 4: Stakeholder Engagement [P4] | Principle 9: Customer Value [P9] |
| Principle 5: Human Rights [P5] | |



Business Responsibility Report (Contd.)

a) Details of Compliance (Reply in Y/N)

| No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|-----|--|---|----|----|----|----|----|----|----|----|
| 1. | Do you have a policy/ policies for | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 2. | Has the policy being formulated in consultation with the relevant stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 3. | Does the policy conform to any national/ international standards? If yes, specify? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| | | The Policies formulated by the Company conform to applicable national laws and standards. The policies are based on and are in compliance with the applicable regulatory international standards and requirements. | | | | | | | | |
| 4. | Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| | | The BR Policy has been signed by the Chairman of the Company. | | | | | | | | |
| 5. | Does the Company have a specified Committee of the Board/ Director/ Official to oversee the implementation of the policy? | Mr. Mahendra Kumar Jalan, Whole-time Director of the Company, has been authorized by the Board of Directors of the Company to oversee the implementation of the Business Responsibility Policy. Mr. Ashutosh Agarwal, Executive Director (Group Finance) and CFO, is designated as the Business Responsibility Head. | | | | | | | | |
| 6. | Indicate the link for the policy to be viewed online? | The BR Policy can be viewed at: https://www.electrosteelcastings.com/investors/pdf/business-responsibility-policy.pdf For further reference on various policies, the same can be viewed in link, as mentioned in the following notes: | | | | | | | | |
| | | 6a | | 6b | 6c | 6d | | | 6e | |
| 7. | Has the policy been formally communicated to all relevant internal and external stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 8. | Does the Company have in-house structure to implement the policy/ policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 9. | Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 10 | Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| | | Evaluation has been carried out internally by the Company. | | | | | | | | |

Notes to the Clause 2(a)(6):

6(a) - Code of Conduct of the Company: <https://www.electrosteelcastings.com/investors/pdf/code-of-conduct-49.pdf>

Vigil Mechanism/Whistle Blower Policy: <https://www.electrosteelcastings.com/investors/pdf/Vigil-Mechanism-Whistle-Blower-Policy.pdf>

6(b) - Vigil Mechanism/Whistle Blower Policy: <https://www.electrosteelcastings.com/investors/pdf/Vigil-Mechanism-Whistle-Blower-Policy.pdf>

6(c) – Corporate Social Responsibility ('CSR') Policy: <https://www.electrosteelcastings.com/investors/pdf/CSR-policy.pdf>

Vigil Mechanism/Whistle Blower Policy: <https://www.electrosteelcastings.com/investors/pdf/Vigil-Mechanism-Whistle-Blower-Policy.pdf>

6(d) - Vigil Mechanism/Whistle Blower Policy: <https://www.electrosteelcastings.com/investors/pdf/Vigil-Mechanism-Whistle-Blower-Policy.pdf>

6(e) - CSR Policy: <https://www.electrosteelcastings.com/investors/pdf/CSR-policy.pdf>

b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: Not applicable.

3. Governance related to BR

- a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year:** The Board of Directors of the Company, annually assess the BR Performance of the Company.
- b) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?** – The Company has published its first Business Responsibility Report, which forms part of the Annual Report for the Financial Year 2019-20. The same is available on the Company's website, www.electrosteelcastings.com.

Section E: Principle-wise Performance

Principle 1

- 1) **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?** – Yes, the Policy relating to ethics, bribery and corruption covers only the Company. This Policy does not extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others. However, the Company encourages them to participate in the BR initiatives of the Company.

The Company strives to maintain the highest standards of ethics in all spheres of its business activities. Apart from BR Policy, the Company has following policies dealing with ethics, transparency and accountability:

Code of Conduct: Code of Conduct is formulated to ensure that all Directors and senior management personnel act within limits of authority conferred upon them and they function in the best interest of the Company and all stakeholders. This Code is applicable to each member of the Board of Directors of the Company, as well as employees in the grade of General Managers and above of the Company, or such members of the 'Senior Management' of the Company or such other employees of the Company as may be designated as member of the Senior Management for the purpose of this Code by the Managing Director of the Company, from time to time.

Vigil Mechanism/Whistle Blower Policy: Vigil Mechanism Policy covers malpractices and events which have taken place / suspected to have taken place, misappropriation of monies, manipulations, negligence causing danger to public health and safety, misuse or abuse of authority, fraud or suspected fraud, leak/suspected leak of UPSI, violation of Company rules, and other matters or activity by which the Company's interest is affected and formally reported by whistle blowers. This policy provides a channel to the Directors and employees to report to the management concerns about unethical behavior, actual or suspected fraud and/or any instances of leak/suspected leak of UPSI and / or violation of the Code of Conduct or Policy. The mechanism also provides for adequate safeguards against victimization of employees to avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases.



Business Responsibility Report (Contd.)

- 2) **How many stakeholder complaints have been received in the Financial Year under review and what percentage was satisfactorily resolved by the management?** – During the Financial Year, 6 (six) shareholder complaints were received and resolved by the Company. No complaints were pending as on 31 March, 2020. All complaints received, were solved, by the Company, to the satisfaction of the shareholders.

Principle 2

- 1) **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities –**
- (a) The Company produces Sewage Pipe of Ductile Iron, which has the CE compliance (System 4). This product ensures zero contamination of soil and surrounding while conveying the sewage from one point to other.
 - (b) “Safe Drinking water for All” - The materials used in Ductile Iron Pipes for conveying potable water has the highest standard and certified by ‘All Leading Laboratories’ of the world, including ACS (France), Hygiene Institute (Germany) and WRAS (UK). Most importantly, most of these ingredients are ‘designed and manufactured’ by the Company.
 - (c) The Company designs and manufactures different restraining system which help the customer to avoid huge concrete block saving the resource (land) of the country.
- 2) **Does the Company have procedures in place for sustainable sourcing (including transportation)?** – For sustainable sourcing, the Company has taken various steps including backward integration, which comprises greenfield and brownfield expansions, e.g., Sinter Plant, Sponge Iron Plant, Coke Oven Plant, Power Plant from waste heat recovery, Ferro Alloy and DI Fittings & Accessories, upgrading and expanding manufacturing capacities, exploring alternate source for procurement of critical raw material and increasing efforts on R&D. In addition, cost control measures are ongoing process. The Company enters into contracts for bulk quantity preferably with direct sources or authorized distributors as well as keeps on exploring alternate sources of supply. Transporter with fleet dedicated for ECL is engaged for moving from Haldia key inputs required at Khardah plant, viz., Coke and PCI coal for MBF, Low VM Coal for sinter, Sponge Iron, Ferro Alloy, by-products, like, coke fines, etc.
- (a) **If yes, what percentage of your inputs was sourced sustainably?**
90.97% of inputs were sourced sustainably during the financial year 2019-20.
- 3) **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?** – The Company sources its goods at competitive prices in this world market as global village but preference is given to local suppliers, if possible, without compromising on business interest. Over the period, the Company has developed many suppliers to produce goods of required standards in self and national interest. Besides goods suppliers, the Company has enlisted number of local people as contractors and service providers for various job works and labour contracts, thereby, supporting communities surrounding the place of its work.
- 4) **Does the Company have a mechanism to recycle products and waste?** Yes, the Company has a mechanism to recycle products and waste.
- (a) The product declared “Reject” at the factory are cut to small pieces and are re-melted in the Furnace. 100% of the rejected products are recycled.
 - (b) The slag generated in the blast furnace is used in making Slag Cement.
 - (c) Almost 95% of the water used in the plant is recycled through our Effluent Treatment Plant.

Principle 3

- 1) **Total number of permanent employees** – 1,547, as on 31 March, 2020
- 2) **Total number of employees hired on temporary/contractual/casual basis** – Nil, as on 31 March, 2020
- 3) **Number of permanent women employees** – 15, as on 31 March, 2020
- 4) **Number of permanent employees with disabilities** – 1, as on 31 March, 2020
- 5) **Do you have an employee association that is recognized by management** – No
- 6) **Percentage of permanent employees who are members of this recognized employee association** – Not Applicable
- 7) **Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last Financial Year and pending, as on the end of the Financial Year –**

| No. | Category | No of complaints filed during the Financial Year | No of complaints pending as on end of the Financial Year |
|-----|---|--|--|
| 1. | Child labour/forced labour/involuntary labour | Nil | Not Applicable |
| 2. | Sexual harassment | Nil | Not Applicable |
| 3. | Discriminatory employment | Nil | Not Applicable |

- 8) **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year? –**
 - (a) **Permanent Employees** : 86%
 - (b) **Permanent Women Employees** : 87%
 - (c) **Casual/Temporary/Contractual Employees** : Not Applicable
 - (d) **Employees with Disabilities** : 100%

Principle 4

- 1) **Has the Company mapped its internal and external stakeholders? Yes/No** – Yes, the Company has mapped its internal and external stakeholders. The Company recognises employees, business associates (network of suppliers, stockists and dealers, etc.), customers, shareholders/investors, communities surrounding our operations and regulatory authorities as its key stakeholders.
- 2) **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?–** The Company understands that all its stakeholders are not equal and some of its stakeholders are disadvantaged, vulnerable and marginalized.
- 3) **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders?** – The Company proactively engages with and responds to safeguard the interest of those stakeholders that are disadvantaged, vulnerable and marginalized. The Company, through its Corporate Social Responsibility ('CSR') initiatives and other regular programmes/initiatives, works towards the benefit of its disadvantaged, vulnerable and marginalized stakeholders. The CSR initiatives taken by the Company have been detailed out in the Annual Report on CSR activities, which has been annexed to the Board's Report, marked as Annexure – 4, forming part of this Annual Report.



Business Responsibility Report (Contd.)

Principle 5

- 1) **Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?** – Apart from the Company's BR Policy, the Company, under its Code of Conduct, advises all its Directors and Senior Management Executives to practice a Code of giving highest respect for humans and human values and promote the same, in general. Though the said Policy and Code covers only the Company and its employees, the Company continuously strives to promote human rights as mentioned in the Constitution of India in the provisions of Fundamental Rights and Directive Principles of State Policy and also the guidelines of the International Bill of Human Rights. The Company strictly prohibits any unfair/unjust treatment to any human and violation of human rights.
- 2) **How many stakeholder complaints have been received in the past Financial Year and what percent was satisfactorily resolved by the management?** – No complaint was received pertaining to human rights violation during the past Financial Year. Details of complaints received from shareholders have been dealt in clause 2 of Principle 1.

Principle 6

- 1) **Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?** – The Policy related to Principle 6 cover only the Company. However, the Company encourages that the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others should follow the underlying standard stated under this principle.
- 2) **Does the Company has strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage, etc.** – With the objective to sustain clean and green environment in and around the factory and improve it with time, the Company has a strong and very effective Environment Management System that looks after all the environmental issues. Company's strategies/initiatives addressing global environmental issues have been given in various sections of the Annual Reports of the Company. Annual Reports of the Company are available at <https://www.electrosteelcastings.com/investors/annual-report.asp>.
- 3) **Does the Company identify and assess potential environmental risks? Y/N** – Yes, the Company identifies and assesses potential environmental risks. Environmental risks are defined as those potential adverse situations which may come from any regulatory and environmental non-compliances arising out of the operation of the Company's plant activities. This may impact the Company's image and also generate financial liabilities. This can be combination of different situations together also.
- 4) **Does the Company has any project related to Clean Development Mechanism?** – The Company has developed a 12 MW Waste Heat Recovery based Power Plant at Haldia as a CDM Project. It is reducing around 78000 T of CO₂ emission annually. It has been registered with UNFCCC (United Nations Framework Convention for Climate Change). Carbon Trading was done for emission reduction from this project with a UK based company.
- 5) **Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.?** – The Company has undertaken a number of other initiatives on clean technology and energy efficiency. One major initiative is usage of Blast Furnace Gas (a process by-product) to replace fuel oil in heat treatment furnaces, which is being implemented step by step over the last few years. Last major improvement in this regard was carried out in 2019-20. The Company has also taken initiatives on generation and usage of renewable energy. One major initiative was installation of a Rooftop Solar Power generating facility on canteen building roof of the Company's units at Khardah.
- 6) **Are the emissions/waste generated by the Company within the permissible limits given by CPCB/SPCB for the Financial Year being reported?** – During the Financial Year 2019-20, emissions/waste generated were within the limits given by CPCB/SPCB.

- 7) **Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e., not resolved to satisfaction) as on the end of Financial Year**– No show cause/legal notice was pending as on the end of the Financial Year 2019-20.

Principle 7

- 1) **Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with –**
- Confederation of Indian Industry
 - Engineering Export Promotion Council
 - Indian Chamber of Commerce, Kolkata
- 2) **Have you advocated/lobbied through above associations for the advancement or improvement of public good?** Yes, during the Financial Year 2019-20, the Company advocated for the Indian Government's "Nal Se Jal" (water from tap) mission rolled out by the Government during June, 2019. With more than 80% rural households yet to get piped water supply, the Government announced this mission for each house in villages in the next 5 years. This Mission is to cover 14 crore households. There will be a deficit of 43% between water availability and requirement in the coming years. The Company advocated the policy, on how the project needs to be undertaken.

Under the Jal Jeevan Mission, both ground and surface water will be used to meet the requirement. In villages, where the quality of water available is good, piped water would be sourced and supplied at the village level. In other areas, where the quality of water is poor, there could be a trunk water supply system for a cluster of villages and piped water could be sourced from other villages or locality. The communities, such as, village Panchayat would manage the operation and maintenance of the facilities wherever feasible. There can be 3rd party verification and funds could be released by the government. The focus of the scheme would be to recharge groundwater through point recharge source, basic treatment and re-use of grey-water for agriculture, de-silting minor irrigation tanks and rejuvenation of water bodies. There needs to be a huge focus on the campaign for creating awareness and behaviour change for the conservation of water. The Company feels that conservation of water has to become a people's movement since demand for water is going to grow.

Principle 8

- 1) **Does the Company has specified programmes/initiatives/projects in pursuit of the policy related to Principle 8?** – The Company supports the principles of inclusive growth and equitable development through not just its Corporate Social Responsibility initiatives but through its core business and various other events/initiatives.
- 2) **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?** – The Company undertakes programmes/ projects directly through in-house team as well as through other external bodies/associations.
- 3) **Have you done any impact assessment of your initiative?** – Yes, the Company internally performs an impact assessment of its initiatives, from time to time and takes necessary actions, accordingly.
- 4) **Company's direct/indirect contribution to community development projects and the details of the projects undertaken** – The Company's contribution to the community development projects undertaken during the Financial Year through its CSR activities is Rs. 5,75,000/-. The details of the projects have been given out in the Annual Report on CSR Activities, annexed to the Board's Report, marked as Annexure 4 thereto, forming part of this Annual Report. Apart from this, the Company also contributes, directly or indirectly, towards development projects for the community benefit.



Business Responsibility Report (Contd.)

- 5) **Have you taken steps to ensure that this community development initiative is successfully adopted by the community?** – Yes, the Company monitors its initiatives, from time to time, for their successful implementation.

Principle 9

- 1) **What percentage of customer complaints/consumer cases are pending as on the end of Financial Year?** – No customer complaint/consumer cases were pending as on the end of Financial Year.
- 2) **Does the Company display product information on the product label, over and above what is mandated as per local laws?** No
- 3) **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of Financial Year** – No case has been filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on the end of Financial Year.
- 4) **Did your Company carry out any consumer survey/consumer satisfaction trends?** – Yes, the Company carried out consumer survey/consumer satisfaction trends by taking customer feedback.

For and on behalf of the Board of Directors

Pradip Kumar Khaitan
Chairman
DIN: 00004821

Place: Kolkata
Date: 15 June, 2020

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

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

A) CONSERVATION OF ENERGY

- i) The steps taken or impact on conservation of energy:
- LDO has been replaced totally with Blast Furnace Gas (a process byproduct) as fuel in soaking zone of Main Annealing Furnace of Khardah Works, resulting in reduction of LDO consumption by 3,100 litre/day (avg.).
 - VVVF drives have been installed in Khardah Boiler ID fan, Coating line Pollution Control Device ID fan, Combustion air blowers for Main Annealing Furnace & ID fans of Pollution Control Device for Fittings Casting Plant (Khardah & Haldia) to reduce energy consumption of these equipments by approx. 30%.
 - Installation of energy efficient LED lights replacing conventional lamps in Khardah & Bansberia Works have resulted in reduction of energy consumption by approx. 40% for these lighting systems.
 - Entire lighting system for extension of Fittings Plant in Haldia has been made of energy efficient LED lights.
 - All the new equipments (continuous duty) installed during the year in Khardah, Bansberia & Haldia Works have been equipped with energy efficient (IE3 class) motors.
- ii) The steps taken by the Company for utilising alternate sources of energy:
- In 2019-20, 13855 kWh solar energy was utilized at Khardah, Bansberia & Haldia Works taken together.
 - Six solar street lighting poles have been installed in Haldia Ferro Alloy Plant.
 - Action has been initiated to increase roof-top solar power generating capacity by further 6 kWp at Khardah Works canteen building roof. Project commissioning is scheduled in 2020-21.
 - Action has been initiated to increase Blast Furnace Gas (a process byproduct) as fuel in Khardah Works Main Annealing Furnace heating zone, replacing fuel oil completely. Project commissioning is scheduled in 2020-21.
- iii) The capital investment on energy conservation equipments:
- The Company has made a total capital investment amounting to Rs. 130 lakh during the Financial Year 2019-20 on energy conservation equipments.

B) TECHNOLOGY ABSORPTION

- i) The efforts made towards technology absorption:
- The Company continues to develop high end paints for Ductile Iron Pipes and Fittings in their manufacturing facility and the quality is approved by different European laboratories.
- ii) The benefits derived like product improvement, cost reduction, product development or import substitution:
- A number of imported paints are substituted by the paint developed by the Company in-house. The Company is also developing expensive spares with help from local manufacturers. All these have helped the Company to improve its bottom-line.



Conservation of Energy (Contd.)

- iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –
- a) The details of technology imported – Nil
 - b) The year of import – Not Applicable
 - c) Whether the technology is fully absorbed – Not Applicable
 - d) If not fully absorbed, areas where absorption has not taken place, and the reason thereof – Not Applicable
- iv) The expenditure incurred on Research and Development:
The expenditure incurred by the Company towards Research and Development during the Financial Year 2019-20 amounted to Rs. 121.75 Lakh.

C) FOREIGN EXCHANGE EARNINGS & OUTGO

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflow is given below:

| | |
|--------------------------|--------------------|
| Foreign Exchange Earned: | Rs. 1,020.90 Crore |
| Foreign Exchange Outgo: | Rs. 566.79 Crore |

For and on behalf of the Board of Directors

Pradip Kumar Khaitan
Chairman
DIN: 00004821

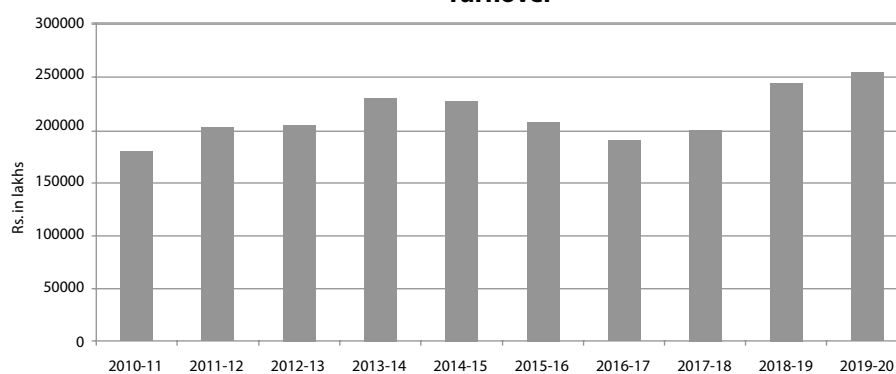
Place: Kolkata
Date: 15 June, 2020

Ten Years Financial Summary

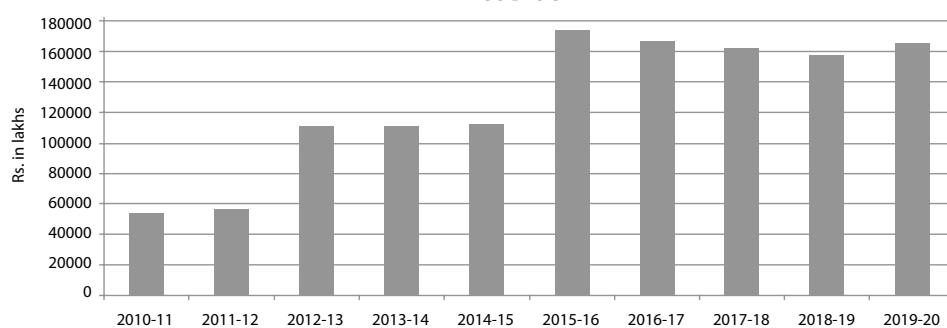
Rs. in Lakhs

| Year | Revenue from Operation | Earnings before Depreciation, Finance cost and Tax Expense (EBDIT) | Depreciation | Tax | Profit after Tax | Gross Block | Net Block | Capital Employed |
|---------|------------------------|--|--------------|----------|------------------|-------------|-----------|------------------|
| 2010-11 | 174967.18 | 31698.08 | 5441.26 | 6025.00 | 15463.74 | 91435.90 | 53084.79 | 320054.39 |
| 2011-12 | 195671.85 | 17749.38 | 5426.03 | -1979.72 | 4238.28 | 99166.78 | 55547.65 | 351714.07 |
| 2012-13 | 198231.53 | 28530.93 | 5308.68 | 2375.36 | 9722.71 | 158917.71 | 109450.41 | 465227.91 |
| 2013-14 | 223509.05 | 32475.39 | 5296.71 | 3540.88 | 10055.84 | 164668.04 | 109462.80 | 487165.21 |
| 2014-15 | 220328.82 | 30908.27 | 6743.00 | 2366.49 | 7267.16 | 174316.05 | 110880.11 | 499985.06 |
| 2015-16 | 201615.28 | 30595.05 | 6488.50 | 1611.74 | 5587.02 | 177804.26 | 171425.17 | 517183.25 |
| 2016-17 | 183207.85 | 37323.04 | 6368.85 | 3120.73 | 7728.30 | 176281.82 | 163991.26 | 508003.98 |
| 2017-18 | 194366.44 | 30512.54 | 5921.85 | -339.78 | 4698.64 | 177964.68 | 160261.49 | 470686.16 |
| 2018-19 | 239060.75 | -37911.95 | 5481.79 | -2348.16 | -63585.80 | 178392.85 | 155917.87 | 424563.46 |
| 2019-20 | 247988.93 | 39617.60 | 5274.32 | 2494.75 | 9858.78 | 190609.79 | 163284.82 | 432325.18 |

Turnover



Net Block





STANDALONE FINANCIAL STATEMENTS

Independent Auditors' Report

To The Members of Electrosteel Castings Limited

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying standalone financial statements of Electrosteel Castings Limited ("the Company"), which comprise the Balance sheet as at March 31, 2020, 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 notes to the financial statements, including a summary of significant accounting policies and other explanatory information. (hereinafter referred to as the "standalone financial statement")

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standard) Rules 2015, as amended (Ind As) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

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

- a) Note no. 47 in respect to cancellation of coal block allotted to the company in earlier years and non-recognition of the claims receipt thereof and non-carrying of any adjustment in the books of accounts for the reasons stated in the note. Pending finalisation of the matter and as the matter is sub judice, disclosures as per Indian Accounting standard will be given effect on final settlement of the matter and the balances appearing in the books of accounts in respect to such coal block have been carried forward at their carrying cost and disclosed as capital work in progress, property plant & equipment, inventories and other heads of account. The impact and consequential adjustment thereof are not presently ascertainable.
- b) Note No. 8A.2 in respect to Company's investment amounting to Rs. 1653.76 lakhs in Electrosteel Steels Limited (ESL), the pledge of which was invoked by the lenders of ESL and the same has been

set aside by the Hon'ble High Court at Calcutta. The plea of the company to release the pledge is pending before the Hon'ble High Court at Calcutta. Further certain fixed assets of Elavur plant of the Company which are mortgaged in favour of a Lender of ESL, who has assigned their rights to another entity and the symbolic possession has been taken during the year, has been disputed by the company as enumerated in the note. Above exposures have been carried forward at their existing carrying value & no impairment has been provided in respect to above and the impact of which is not presently ascertainable.

- c) Note No 48(b) in respect to carry forward of claim recoverable amounting to Rs. 1778.11 Lakhs towards the compensation claimed from the Railway Authorities as mentioned in the note. The recovery of the same is dependent on the outcome of the arbitration process and is not presently ascertainable.

Impacts with respect to (a) (b) & (c) above are presently not ascertainable and as such cannot be commented upon by us.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the standalone 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 (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules there under and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the basis for qualified opinion section, we have determined the matters described below as Key audit matters and for each matter, our description of how our audit addressed the matter is provided in that context.



Independent Auditors' Report (Contd.)

| Key audit matters | How our audit addressed the key audit matter |
|---|--|
| Taxation, litigations and disclosures of contingent liabilities | |
| <p>The Company is exposed to different laws, regulations and interpretations thereof. The company is also subject to number of significant claims and litigations. The assessment of the likelihood and quantum of any liability in respect of these matters can be judgmental due to the uncertainty inherent in their nature.</p> <p>At March 31, 2020, the Company has carried forward non-current income tax liabilities of Rs. 5157.78 Lakhs [Refer Note 27 to the financial statements]. Further, the Company has disclosed significant pending legal cases with respect to Kodilabad mines [Refer Note 48a to the financial statements] and other material contingent liabilities [Refer Note 53 to the financial statements].</p> <p>We considered this to be a key audit matter, since the accounting and disclosure of claims and litigations is complex and judgmental, and the amounts involved are, or can be, material to the financial statements.</p> | <p>Our audit procedures included among others:</p> <ol style="list-style-type: none"> I. Understanding and assessing the internal control environment relating to the identification, recognition and measurement of provisions for disputes, potential claims and litigation, and contingent liabilities; II. Analyzed significant changes/update from previous periods and obtained a detailed understanding of such items. Assessed recent judgments passed by the court authorities affecting such change; III. Discussed the status of significant known actual and potential litigations with the management & noted that information placed before the board for such cases and IV. Assessment of the management's assumptions and estimates related to the recognized provisions for disputes and disclosures of contingent liabilities in the financial statements. |
| Recoverability of Government Grant | |
| <p>The company has been entitled for various sales tax incentives under Industrial promotion scheme issued by the State Government. The company had complied with the conditions of such scheme and incentives were accounted for in the books in earlier years. A sum of Rs. 4680.58 Lakhs (grouped under other financial assets in note no. 18) is outstanding against said incentive as on 31st March 2020.</p> <p>We determined this to be a matter of significance to our audit due to the quantum of the government grant outstanding, compliance requirement of the scheme and also because of recovery pattern of the same.</p> | <ol style="list-style-type: none"> I. Evaluating eligibility requirements of schemes and compliances by the company. II. Understanding and testing the design and operating effectiveness of controls as established by the management in recognition and assessment of the recoverability of the grant. III. Considering the relevant notifications to ascertain the basis for determination, completion of performance obligation and assessing the appropriateness of the management estimates for accounting of government grant and timing of recognition & past receipt of the grants. |

| Key audit matters | How our audit addressed the key audit matter |
|--|--|
| Inventory measurement | |
| <p>The company deals with various types of bulk material & Finished goods such as ductile & Iron pipes, pipe fittings, coal, coke & Iron Ore etc. The total inventory of such materials amounts to Rs.54774.82 lakhs as on March 31, 2020. (refer note no. 12).</p> <p>The measurement of these inventories involved certain estimations/assumption and also involved volumetric measurements. Measurement of some of these inventories also involved consideration of handling loss, moisture loss/gain, spillage etc. and thus required assistance of technical expertise.</p> <p>We determined this to be a matter of significance to our audit due to quantum of the amount & estimation involved.</p> | <ol style="list-style-type: none"> I. Obtained the understanding of the management with regards to internal financial controls relating of Inventory management. II. The company has deployed an independent agency for verification of bulk Materials in which our team were also present to oversee the process of entire materials being verified. We have also reviewed the internal verification process followed by the management for certain inventory items. III. We have also reviewed the report submitted by external agency and obtained reasons/explanation for such differences and also confirmed the adjustment made by the company in accordance with the policy confirmed by the board of directors. |

Information other than the Standalone Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, for example Board's Report, Report on Corporate Governance, Management Discussion & Analysis Report etc., but does not include the standalone financial statements and our auditors' report thereon.

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

In connection with our audit of the standalone 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 during the course of our 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 standalone financial statements

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 standalone 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

Independent Auditors' Report *(Contd.)*

with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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.

Auditors' Responsibility for the Audit of the standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 financial statements.

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 standalone financial statements, 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 Companies Act, 2013,

we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system 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 made by management;
- Conclude on the appropriateness of management's 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 Company's ability to continue as a going concern. 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 financial statements 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; and
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Independent Auditors' Report (Contd.)

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 Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
 2. Further to our comments in the annexure referred to in the paragraph above, as required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account;
 - d) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - e) The matters described in the Basis for Qualified opinion paragraph above, in the event of being decided unfavorably, in our opinion, may have an adverse effect on the functioning of the Company;
 - f) On the basis of the written representations received from the directors as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of section 164 (2) of the Act;
 - g) The qualification relating to the maintenance of accounts and other matters connected therewith 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 Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
- i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of the section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanation given to us, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
 - j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. Except for the matters dealt with in the Basis of Qualified Opinion paragraph impact whereof are presently not ascertainable, impacts of pending litigations (Other than those already recognised in the accounts) on the financial position of the Company have been disclosed in the standalone financial statement as required in terms of the Ind AS and provisions of the Companies Act, 2013 - Refer Note No. 53 to the standalone financial statements.
 - ii. The Company has made provision, as required under the applicable law or Indian accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note no. 45 to the standalone financial statements; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Singhi & Co.
Chartered Accountants
Firm Registration No. : 302049E
(Gopal Jain)
Partner
Membership No. : 059147
UDIN: 20059147AAAAABA3397

Place : Kolkata
Date : 15th June, 2020

ANNEXURE “A” TO THE AUDITORS' REPORT OF EVEN DATE**(Referred to in paragraph 1 under “Report on Other Legal and Regulatory Requirements’ of our report of even date)**

- I. a. The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets except in case of furniture and fixture.
- b. During the year, fixed assets have been physically verified by the management according to a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets except in respect of fixed assets located at Parbatpur Coal Block for reasons stated in Note No. 47(a). As informed, 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 held in the name of the Company except as detailed below: (Refer Note no. 5.3 & 5.4 of the standalone financial statements)

(Amount Rs. In Lakhs)

| Nature of Immovable Properties | Gross Block | Net Block |
|--------------------------------|-------------|-----------|
| Freehold Land | 335.81 | 335.81 |
| Freehold Land | 1889.04 | 1889.04 |

- II. a. As informed, the inventories of the Company except for materials in transit, finished goods lying with third parties and inventories lying at Parbatpur Coal Block for reasons stated in Note no. 47(a), have been physically verified by the management at the reasonable intervals. In our opinion and according to the information and explanations given to us, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained and in respect of goods-in-transit, subsequent goods receipts have been verified or confirmations have been obtained from the parties. The discrepancies noticed on verification between the physical stocks and the book records were wherever material and have been properly dealt with in the books.
- b. As the Company's inventory of raw materials comprises mostly of bulk materials such as Coal, Coke, Iron ore, etc. requiring technical expertise for quantification, the Company has hired an independent agency for the physical verification of the stock of these materials. Considering the above, in our opinion, the procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- III. According to the information and explanations given to us, 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. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- IV. In our opinion and according to the information and explanations provided to us, the Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect of investments made or loans or guarantee or security provided to the parties covered under Section 186 of the Act.
- V. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.
- VI. We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148 (1) of the Act in respect of the Company's products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed records have been maintained. We have however not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
- VII. a. According to the information and explanations given to us, during the year, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service tax, duty of Custom, duty of Excise, Value Added Tax, Goods & Service Tax, Cess and other material statutory dues as applicable to it. No dues were in arrears as on 31st March 2020 for a period of more than six months from the date they became payable except non payment of employer contribution of provident fund amounting to Rs. 69.30 Lakhs
- b. According to the information and explanations given to us, the details of disputed dues of sales tax, income tax, customs duty, goods & service tax, excise duty, service tax, and Cess, if any, as at 31st March, 2020, are as follows:

| Name of the Statute | Nature of Dues | Amount (Rs. in lakhs) | Period to which the Amount relates | Forum where dispute is pending |
|---------------------|-------------------|-----------------------|------------------------------------|--|
| Sales Tax Act | Sales Tax/ VAT | 63.97 | 2010-12 | Commercial taxes Tribunal, Ranchi |
| | | 5732.35 | 2006-09, 2010-11 | West Bengal Appellate & Revisional Board |
| | | 469.59 | 2013-16 | Additional Commissioner, Commercial taxes, West Bengal |
| | | 58.06 | 2004-05, 2014-16 | Joint Commissioner (Appeal) Sales Tax, Dhanbad Circle, Dhanbad |
| | | 13.24 | 2009-10 | Hon'ble Jharkhand High Court |

**ANNEXURE “A” TO THE AUDITORS' REPORT OF EVEN DATE** (Contd.)

| Name of the Statute | Nature of Dues | Amount (Rs. in lakhs) | Period to which the Amount relates | Forum where dispute is pending |
|--------------------------|----------------|-----------------------|------------------------------------|--|
| | | 787.37 | 2012-14 | Deputy Commissioner, Sales Tax, Bokaro Circle, Bokaro |
| Central Excise Act | Excise Duty | 11.86 | 2005-06 | Customs, Excise and Service Tax Appellate Tribunal, Kolkata |
| | | 10.77 | 2008-2009 | Additional Director General, Director of Revenue Intelligence, New Delhi |
| | | 1910.34 | 2002-2003 to 2004-2005, 2005-2007 | Commissioner of Goods & Service Tax & Central Excise |
| Central Excise Act | Service Tax | 20.29 | 2004-05 to 2007-08 | Hon'ble Madras High Court |
| | | 470.84 | 2007-2008 to 2011-2016 | Customs, Excise and Service Tax Appellate Tribunal, Kolkata |
| | | 149.7 | 2006-2012 | Commissioner of Central Excise, Chennai II Commissionerate |
| | | 377.76 | 2002-2003 to 2006-2007 | CGST & CX Khardha Division Kolkata North Commissionerate |
| | | 1246.85 | 2016-17 | Director General of G.S.T. Intelligence, Zonal Unit, Patna. |
| The Income Tax Act, 1961 | Income Tax | 812.51 | 2015-16 | CIT (Appeals) |

- VIII. In our opinion and according to the information and explanations provided by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution and banks during the year. The company has not borrowed any funds from the government or through debentures during the year.
- IX. In our opinion and according to the information and explanations given to us, the company did not raise any money by way of initial public offer or further public offer (including debt instruments), however term loans raised during the year have been utilized for the purposes for which they were raised.
- X. During the course of our examination of books of account carried out in accordance with generally accepted auditing practices in

India, we have neither come across any incidence of fraud on or by the Company nor have we been informed of any such cases by the management.

- XI. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- XII. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- XIII. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable Indian accounting standards.
- XIV. According to the information and explanations given to us and based on our examination of the records of the Company, preferential allotment of equity shares made during the year is in compliance with section 42 of the Act and the amount raised by such allotment have been used for the purposes for which the amounts were raised.
- XV. According to the information and explanations given to us and as represented to us by the management and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- XVI. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Singhi & Co.
Chartered Accountants
Firm Registration No. : 302049E

(Gopal Jain)
Partner

Place : Kolkata
Date : 15th June, 2020

Membership No. : 059147
UDIN: 20059147AAAAABA3397

ANNEXURE “B” TO THE INDEPENDENT AUDITORS' REPORT

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

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

We have audited the internal financial controls over financial reporting of Electrosteel Castings Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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 Singhi & Co.
Chartered Accountants
Firm Registration No. : 302049E

(Gopal Jain)
Partner

Place : Kolkata
Date : 15th June, 2020

Membership No. : 059147
UDIN: 20059147AAAAABA3397



Standalone Balance Sheet as at March 31, 2020

(Amount Rs. in lakhs)

| | Note No. | As at March 31, 2020 | As at March 31, 2019 |
|--|-----------|-------------------------|-------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| (a) Property, Plant and Equipment | 5 | 16,07,89.28 | 15,77,65.20 |
| (b) Capital work-in-progress | 49 and 50 | 11,65,41.67 | 12,36,56.40 |
| (c) Other Intangible assets | 6 | 1,36.76 | 96.57 |
| (d) Right-of-use assets | 7 | 23,58.78 | - |
| (e) Investments in subsidiaries, associates and joint ventures | 8 | 5,18,97.69 | 5,19,44.24 |
| (f) Financial Assets | | | |
| (i) Investments | 8A | 21,20.41 | 21,34.88 |
| (ii) Loans | 9 | 13,16.50 | 13,86.56 |
| (iii) Other financial assets | 10 | 55,50.00 | 35,00.00 |
| (g) Other non-current assets | 11 | 5,54.09 | 2,62.74 |
| | | 34,12,65.18 | 34,07,46.59 |
| Current assets | | | |
| (a) Inventories | 12 | 6,13,55.11 | 5,63,11.21 |
| (b) Financial Assets | | | |
| (i) Investments | 13 | 0.52 | 75.81 |
| (ii) Trade receivables | 14 | 6,37,78.18 | 6,01,16.38 |
| (iii) Cash and cash equivalents | 15 | 22,23.55 | 56,47.38 |
| (iv) Bank balances other than (iii) above | 16 | 40,42.40 | 75,04.61 |
| (v) Loans | 17 | 13,17.27 | 21,30.06 |
| (vi) Other financial assets | 18 | 1,88,84.01 | 1,92,94.95 |
| (c) Other current assets | 19 | 56,26.04 | 54,99.92 |
| | | 15,72,27.08 | 15,65,80.32 |
| Total Assets | | 49,84,92.26 | 49,73,26.91 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity Share capital | 20 | 43,29.55 | 40,54.82 |
| (b) Other Equity | 21 | 25,05,25.16 | 23,38,69.77 |
| | | 25,48,54.71 | 23,79,24.59 |
| Liabilities | | | |
| Non-current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 22 | 7,01,30.07 | 8,34,84.15 |
| (ii) Lease liabilities | 23 | 4,67.87 | - |
| (b) Provisions | 24 | 20,95.26 | 19,13.52 |
| (c) Deferred tax liabilities (Net) | 25 | 2,42,56.77 | 2,51,76.52 |
| (d) Other non-current liabilities | 26 | 53,43.12 | 1,59,77.84 |
| (e) Non-current tax liabilities (Net) | 27 | 51,57.78 | 42,43.37 |
| | | 10,74,50.87 | 13,07,95.40 |
| Current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 28 | 6,03,91.31 | 6,33,61.52 |
| (ii) Lease liabilities | 23 | 1,22.29 | - |
| (iii) Trade payables | 29 | | |
| (a) Total Outstanding dues of Micro enterprises and small enterprises: and | | 1,61.85 | 38.24 |
| (b) Total Outstanding of creditor other than Micro enterprises and small enterprises | | 3,30,77.98 | 2,75,98.81 |
| (iv) Other financial liabilities | 30 | 2,59,08.08 | 1,77,72.89 |
| (b) Other current liabilities | 31 | 1,45,09.94 | 1,79,87.28 |
| (c) Provisions | 32 | 20,15.23 | 18,48.18 |
| (d) Current Tax Liabilities (Net) | | - | - |
| | | 13,61,86.68 | 12,86,06.92 |
| Total Equity and Liabilities | | 49,84,92.26 | 49,73,26.91 |

Significant accounting policies and other accompanying notes (1 to 59) form an integral part of the financial statements.

As per our report of even date

For Singhi & Co.

Chartered Accountants
(Firm Registration No. 302049E)

Gopal Jain
Partner
(Membership No. 059147)

Kolkata
June 15, 2020

Indranil Mitra
Company Secretary

For and on behalf of the Board of Directors

Umang Kejriwal
Managing Director
(DIN : 00065173)

Mahendra Kumar Jalan
Wholetime Director
(DIN : 00311883)

Ashutosh Agarwal
Executive Director
(Group Finance) and CFO

Sunil Katial
Chief Executive Officer &
Wholetime Director
(DIN :07180348)

Standalone Statement of Profit and Loss for the year ended March 31, 2020

(Amount Rs. in lakhs)

| Particulars | Note No. | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|----------|--------------------------------------|--------------------------------------|
| Revenue From Operations | 33 | 24,79,88.93 | 23,90,60.75 |
| Other Income | 34 | 41,81.89 | 64,13.50 |
| Total income | | 25,21,70.82 | 24,54,74.25 |
| EXPENSES | | | |
| Cost of materials consumed | 35 | 11,18,41.99 | 11,05,88.28 |
| Purchases of stock-in-trade | 36 | 31,66.87 | 56,41.66 |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 37 | (5,57.40) | (62,68.58) |
| Employee benefits expense | 38 | 1,71,93.30 | 1,51,85.11 |
| Finance costs | 39 | 2,19,89.75 | 2,25,40.22 |
| Depreciation and amortisation expense | 40 | 52,74.32 | 54,87.27 |
| Other expenses | 41 | 8,09,08.46 | 7,92,32.46 |
| Total expenses | | 23,98,17.29 | 23,24,06.42 |
| Profit / (Loss) before exceptional items and tax | | 1,23,53.53 | 1,30,67.83 |
| Exceptional Items | 42 | - | (7,89,90.08) |
| Profit / (Loss) before tax | | 1,23,53.53 | (6,59,22.25) |
| Tax expense : | 43 | | |
| Current tax | | 13,51.26 | 2.96 |
| Deferred tax | | 11,59.68 | (23,48.31) |
| Related to earlier year | | (16.19) | - |
| Profit / (Loss) for the year | | 98,58.78 | (6,35,76.90) |
| Other Comprehensive Income | 44 | | |
| A (i) Items that will not be reclassified to profit or loss | | | |
| a) Remeasurements of the defined benefit plans | | 3.39 | 1,88.18 |
| b) Equity instruments through other comprehensive income | | (14.46) | (6,23.72) |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | 43.2 | 2.46 | (70.75) |
| B (i) Items that will be reclassified to profit or loss | | | |
| a) Effective portion of Cash flow hedge reserve | | - | 2,67.44 |
| (ii) Income tax relating to items that will be reclassified to profit or loss | 43.2 | - | (93.46) |
| Other Comprehensive Income for the year (net of tax) | | (8.61) | (3,32.31) |
| Total Comprehensive Income for the year | | 98,50.17 | (6,39,09.21) |
| Earnings per equity share of par value of Re. 1 each. | 51 | | |
| (1) Basic (Rs.) | | 2.36 | (16.44) |
| (2) Diluted (Rs.) | | 2.36 | (16.44) |

Significant accounting policies and other accompanying notes (1 to 59) form an integral part of the financial statements.

As per our report of even date

For Singhi & Co.

Chartered Accountants
(Firm Registration No. 302049E)

Gopal Jain
Partner
(Membership No. 059147)

Kolkata
June 15, 2020

Indranil Mitra
Company Secretary

For and on behalf of the Board of Directors

Umang Kejriwal
Managing Director
(DIN : 00065173)

Mahendra Kumar Jalan
Wholetime Director
(DIN : 00311883)

Ashutosh Agarwal
Executive Director
(Group Finance) and CFO

Sunil Katial
Chief Executive Officer &
Wholetime Director
(DIN : 07180348)



Standalone Statement of changes in Equity for the year ended March 31, 2020

| A. Equity Share Capital | Amount (Rs. in lakhs) |
|-------------------------------------|--------------------------|
| Balance as at April 1, 2018 | 35,69.55 |
| Changes during the year | 4,85.27 |
| Balance as at March 31, 2019 | 40,54.82 |
| Changes during the year | 2,74.73 |
| Balance as at March 31, 2020 | 43,29.55 |

Note: During the year, the company had issued 27472526 (previous year 48526861) numbers of equity shares of Re. 1 each at a premium of Rs. 17.20 each (previous year Rs. 27.85 each) (full figure) on preferential basis. The equity shares issued during the year 2019-20 were allotted on October 11, 2019.

B. Other Equity

As at March 31, 2020

(Amount Rs. in lakhs)

| Particulars | Reserve & Surplus | | | | | Items of Other Comprehensive Income | | Total |
|---|-------------------|---------------------------------|--------------------|--------------------|-------------------|--|--|--------------------|
| | Capital Reserve | Capital Reserve on Amalgamation | Securities Premium | General Reserve | Retained Earnings | Equity Instrument through Other Comprehensive Income | | |
| Balance as at April 01, 2019 | 41,48.28 | (14,86.46) | 7,91,04.99 | 10,10,07.51 | 5,17,07.50 | (6,12.05) | | 23,38,69.77 |
| Total Comprehensive Income for the year | - | - | - | - | 98,58.78 | (11.15) | | 98,47.63 |
| Re-measurement of defined benefit plans | - | - | - | - | 2.54 | | | 2.54 |
| Remeasurement impact of opening Deferred Tax Liability on adoption of New Tax Regime. (refer note no. 27.2) | - | - | - | - | 20,79.95 | | | 20,79.95 |
| On issuance of 27472526 equity shares during the year | - | - | 47,25.27 | - | - | | | 47,25.27 |
| Balance at March 31, 2020 | 41,48.28 | (14,86.46) | 8,38,30.26 | 10,10,07.51 | 6,36,48.77 | (6,23.20) | | 25,05,25.16 |

Standalone Statement of changes in Equity for the year ended March 31, 2020 (Contd.)

| Particulars | (Amount Rs. in lakhs) | | | | | | | | | |
|--|-----------------------|-----------------|----------------------------|-----------------|-------------------------|-------------------|--|---------------------------------------|--------------|-------|
| | Reserve & Surplus | | | | | | Items of Other Comprehensive Income | | | Total |
| | Capital Reserve | Capital Reserve | Securities Premium Reserve | General Reserve | Debt Redemption Reserve | Retained Earnings | Equity Instrument through Other Comprehensive Income | Effective portion of Cash Flow hedges | | |
| Balance as at April 1, 2018 | 41,48.28 | - | 6,55,90.26 | 10,10,07.51 | 62,50.00 | 10,87,86.28 | 16.66 | (1,73.98) | 28,56,25.01 | |
| Total Comprehensive Income for the year | - | - | - | - | - | (6,35,76.90) | (6,28.71) | 1,73.98 | (6,40,31.63) | |
| Re-measurement of defined benefit plans | - | - | - | - | - | 1,22.42 | - | - | 1,22.42 | |
| Dividends including dividend distribution tax | - | - | - | - | - | (14,66.49) | - | - | (14,66.49) | |
| Transfer to Retained Earnings from Debt Redemption Reserve | - | - | - | - | (62,50.00) | 62,50.00 | - | - | - | |
| On issuance of 48526861 equity shares during the year | - | - | 1,35,14.73 | - | - | - | - | - | 1,35,14.73 | |
| Due to merger of Mahadev Vyapaar Pvt. Ltd. (refer note no. 57) | - | (14,86.46) | - | - | - | 15,92.19 | - | - | 1,05.73 | |
| Balance as at March 31, 2019 | 41,48.28 | (14,86.46) | 7,91,04.99 | 10,10,07.51 | - | 5,17,07.50 | (6,12.05) | - | 23,38,69.77 | |

Refer Note no. 21 for nature and purpose of reserves.

Significant accounting policies and other accompanying notes (1 to 59) form an integral part of the financial statements.

As per our report of even date

For Singhi & Co.
Chartered Accountants
(Firm Registration No. 302049E)

Gopal Jain
Partner
(Membership No. 059147)

Kolkata
June 15, 2020

For and on behalf of the Board of Directors

Umang Kejriwal
Managing Director
(DIN : 00065173)

Ashutosh Agarwal
Executive Director
(Group Finance) and CFO

Indranil Mitra
Company Secretary

Mahendra Kumar Jalan
Wholesale Director
(DIN : 00311883)

Sunil Katial
Chief Executive Officer &
Wholesale Director
(DIN : 07180348)



Standalone Statement of Cash Flow for the year ended March 31, 2020

(Amount Rs. in lakhs)

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit/(Loss) before Tax | 1,23,53.53 | (6,59,22.25) |
| Add: Depreciation and amortisation expenses | 52,74.32 | 54,87.27 |
| Sundry balances /Assets / Advances written off | 2,820.71 | 6,90.33 |
| Bad Debts | 47.93 | - |
| Credit loss allowances on trade receivables/advances | 41.23 | 1,96.02 |
| Advance/trade receivables written off | - | 2,11,21.70 |
| Impairment in valuation of investments | 45.05 | 8,22.81 |
| Loss on sale of Current Investment | 14.94 | - |
| Net gain/(loss) on Fair valuation of Investments | 0.15 | 5,78,76.71 |
| Fair Valuation of derivative instruments through Profit & Loss A/c | 6,65.97 | - |
| Profit/(Loss) on sale / discard of Fixed Assets (net) | 2,14.85 | 2,80.47 |
| Finance cost | 2,19,89.75 | 2,25,40.22 |
| | 3,11,14.90 | 10,90,15.53 |
| | 4,34,68.43 | 4,30,93.28 |
| Less: Interest income | 11,49.29 | 16,20.94 |
| Bad Debts realised | 89.58 | 1,37.00 |
| Dividend income from investments | 11,58.79 | 11,60.77 |
| Gain on redemption of financial liability at amortised cost | - | 8,03.25 |
| Net gain/(loss) on derecognition of financial assets at amortised cost | 29.71 | 56.39 |
| Fair Valuation of derivative instruments through Profit & Loss A/c | - | 3,39.54 |
| Unrealised foreign exchange fluctuation and translation | 13,15.23 | 26,81.10 |
| Provisions / Liabilities no longer required written back | 63.46 | 8,74.38 |
| | 38,06.06 | 76,73.37 |
| Operating Profit before Working Capital changes | 3,96,62.37 | 3,54,19.91 |
| Movements in working capital | | |
| Less: Increase/(Decrease) in Inventories | 50,12.63 | 1,54,78.37 |
| Increase/(Decrease) in Trade Receivables | 10,93.23 | 92,48.29 |
| Increase/(Decrease) in Loans & Advances, other financial and non-financial assets | 1,62.42 | 17,52.84 |
| (Increase)/Decrease in Trade Payables, other financial and non financial liabilities and provisions | 91,39.49 | 1,18,06.97 |
| | 1,54,07.77 | 3,82,86.47 |
| Cash generated from Operations | 2,42,54.60 | (28,66.56) |
| Less: Direct Taxes paid (Net) | 4,70.82 | 14,82.67 |
| Net cash flow from Operating Activities (A) | 2,37,83.78 | (43,49.23) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Property, Plant and Equipment, Intangible Assets and movements in Capital work in progress | (54,67.46) | (53,91.28) |
| Realisation of Property, Plant and Equipment, Intangible Assets | 22.46 | 1,26.84 |
| Sale of Investment in Associate | 1.50 | - |
| Sale of Current Investment | 60.20 | - |
| Interest received | 11,83.48 | 15,92.67 |
| Dividend received | 11,58.79 | 11,60.77 |
| Movement in Bank balances other than cash and cash equivalents | 14,12.21 | 61,97.91 |
| | (16,28.82) | 36,86.91 |
| Net Cash flow from Investing Activities (B) | (16,28.82) | 36,86.91 |

Standalone Statement of Cash Flow for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from preferential issue of Equity Shares | 50,00.00 | 1,40,00.00 |
| Proceeds/(Repayment) from short term borrowings (net) | (41,81.26) | 2,00,23.58 |
| Repayment of Long term borrowings | (1,16,44.33) | (6,51,12.41) |
| Proceeds from Long term borrowings | 60,00.00 | 6,00,00.00 |
| Interest and other borrowing cost paid | (2,06,81.64) | (2,79,27.34) |
| Interest paid on Lease Liability | (73.22) | - |
| Dividend paid | - | (12,32.31) |
| Tax on dividend | - | (2,50.04) |
| Net cash flow from Financing Activities (C) | (2,55,80.45) | (4,98.52) |
| D. Net increase / (Decrease) in Cash and Cash equivalents (A+B+C) | (34,25.49) | (11,60.84) |
| E. Cash and Cash equivalents at the beginning of the year | 56,47.38 | 67,95.77 |
| F. Add/(Less): Unrealised exchange gain/(loss) on bank balances | 1.66 | 12.45 |
| G. Cash and Cash equivalents at the end of the year | 22,23.55 | 56,47.38 |

Note :

- (a) The above Statement of Cash Flows has been prepared under the "Indirect Method" as set out in Ind AS 7, 'Statement of Cash Flows' as noted under Companies Act, 2013.
- (b) Ind AS 7 Cash flow statements requires the entities to provide disclosure that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet of liabilities arising from financing activities, to meet the disclosure requirements.

| Particulars | As at 31.03.2019 | Cash Flows | Non Cash Changes | | As at 31.03.2020 |
|-----------------------------|------------------|--------------|---|------------------------------------|------------------|
| | | | Foreign Exchange movement, Amortised cost & Other Adjustments | Current/Non-current classification | |
| Borrowings-Non Current | 8,34,84.15 | 60,00.00 | 33,38.24 | (2,26,92.32) | 7,01,30.07 |
| Other Financial Liabilities | 1,50,12.42 | (1,16,44.33) | (33,68.09) | 2,26,92.32 | 2,26,92.32 |
| Borrowings-Current | 6,33,61.52 | (41,81.26) | 12,11.05 | - | 6,03,91.31 |

Significant accounting policies and other accompanying notes (1 to 59) form an integral part of the financial statements.

As per our report of even date

For Singhi & Co.
Chartered Accountants
(Firm Registration No. 302049E)

Gopal Jain
Partner
(Membership No. 059147)

Kolkata
June 15, 2020

Indranil Mitra
Company Secretary

For and on behalf of the Board of Directors

Umang Kejriwal
Managing Director
(DIN : 00065173)

Mahendra Kumar Jalan
Wholetime Director
(DIN : 00311883)

Ashutosh Agarwal
Executive Director
(Group Finance) and CFO

Sunil Katial
Chief Executive Officer &
Wholetime Director
(DIN : 07180348)



Notes to Standalone Financial Statements for the year ended March 31, 2020

1 Corporate Information

Electrosteel Castings Limited ('the Company') is a public limited company in India having its corporate office in Kolkata in the State of West Bengal and registered office at Rajgangpur, District: Sundergarh in the State of Odisha and is engaged in the manufacture and supply of Ductile Iron (DI) Pipes, Ductile Iron Fittings (DIF) and Cast iron (CI) Pipes as its core business and produces and supplies Pig Iron, in the process. It also produces Metallurgic Coke, Sinter and Power for captive consumption. The company caters to the needs of Water Infrastructure Development. The Company's shares are listed on National Stock Exchange of India Limited and BSE Limited. The Board of Directors have approved the financial statements for the year ended March 31, 2020 and authorised for issue on June 15, 2020.

1A Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19)

The spread of COVID-19 pandemic has severely impacted businesses around the globe, including India. The regular business operations of the company has been impacted post lock-down declared by Government of India (GOI) on March 24, 2020, which includes suspension of significant portion of production facilities, disruptions in supply chain and adopting work from home policies of employees across the locations. Due to above, the volumes for the month of March 2020 have been impacted. The Company is monitoring the situation closely and operations are being resumed/ramped up in a phased manner from June 2020 considering various directives from GOI. The management has considered various internal and external sources of information up to the date of approval of the standalone financial statements by the Board of Directors in determining the impact of pandemic on the various elements of standalone financial statements. The management has also evaluated its liquidity position for the next year and used the principles of prudence in applying judgments, estimates & assumptions and based on the current estimates, it expects to fully recover the carrying amount of various non current & current assets. However considering the uncertainties involved, the eventual outcome of impact of the pandemic may be different from those estimated as on the date of approval of these standalone financial statements. The Company will continue to closely monitor any material changes in future economic conditions.

2A Application of New Accounting Pronouncements effective from April 01, 2019

2A.1 The Company has applied the following Indian Accounting Standards and its amendments for the first time for the annual reporting period commencing April 01, 2019.

Ind AS 116 - Leases

Amendment to Ind AS 12 - Income Taxes and Ind AS 12 Appendix 'C' - Uncertainty over Income Tax Treatments

Amendment to Ind AS 19 - Plan amendment, curtailment or settlement

Amendment to Ind AS 23 - Borrowing Cost

Amendment to Ind AS 103 - Business combination and Ind AS-111- Joint Arrangement

Amendment to Ind AS 109 - Prepayment features with negative compensation

Except for adoption of Ind AS-116, most of the above amendments did not have any impact on the current and previous financial period.

2B Recent Accounting Developments

Standards issued but not yet effective

2B.1 Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2020.

3. Statement of compliance and Significant Accounting Policies

3.1 Statement of Compliance

These financial statements, excepting as stated in note no 47, have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

Basis of Preparation

The Financial Statements have been prepared under the historical cost convention on accrual basis excepting certain financial instruments which are measured in terms of relevant Ind AS at fair value/ amortized costs at the end of each reporting period and certain class of Property, Plant and Equipment i.e. freehold land and building and Investment in Associates which as on the date of transition have been fair valued to be considered as deemed cost.

Historical cost convention is generally based on the fair value of the consideration given in exchange for goods and services.

Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

As the operating cycle cannot be identified in normal course, the same has been assumed to have duration of 12 months. All Assets and Liabilities have been classified as current or non-current as per the operating cycle and other criteria set out in Ind AS 1 'Presentation of Financial Statements' and Schedule III to the Companies Act, 2013.

The Standalone Financial Statements are presented in Indian Rupees and all values are rounded off to the nearest two decimal lakhs except otherwise stated.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed for such measurement:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable either directly or indirectly for the asset or liability.

Level 3: Inputs for the asset or liability which are not based on observable market data (unobservable inputs).

The company has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements who regularly review significant unobservable inputs, valuation adjustments and fair value hierarchy under which the valuation should be classified.

3.2 Property Plant and Equipment (PPE)

Property, plant and equipment are stated at cost of acquisition, construction and subsequent improvements thereto less accumulated depreciation and impairment losses, if any. For this purpose cost include deemed cost on the date of transition and comprises purchase price of assets or its construction cost including duties and taxes (net of recoverable taxes), inward freight and other expenses incidental to acquisition or installation and adjustment for exchange differences wherever applicable and any cost directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended for its use. For major projects, interest and other costs incurred on / related to borrowings to finance such projects or fixed assets during construction period and related pre-operative expenses are capitalized. Expenditure on Blast Furnace/Coke Oven Battery Relining is capitalized.

Parts of an item of PPE having different useful lives and material value and subsequent expenditure on Property, Plant and Equipment arising on account of capital improvement or other factors are accounted for as separate components.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Statement of Profit and Loss when incurred.

Capital Work-in-progress includes preoperative and development expenses, equipments to be installed, construction and erection materials, advances etc. Such items are classified to the appropriate categories of PPE when completed and ready for intended use.

The Company had opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules 2009 relating to Accounting Standard-11 notified by Government of India on 31st March, 2009 (as amended on 29th December 2011), which will be continued in accordance with Ind-AS 101 for all pre-existing long term foreign currency monetary items as at 31st March 2016. Accordingly, exchange differences relating to long term monetary items, arising during the year, in so far as they relate to the acquisition of fixed assets, are adjusted in the carrying amount of such assets.

Depreciation and Amortization

Depreciation on PPE except as stated below, is provided as per Schedule II of the Companies Act, 2013 on straight line method in respect of Plant and Equipments and Office Equipments at all location of the Company except Elavur Plant of the Company and on written down value method on all other assets including Plant and Equipments and Office Equipments at Elavur Plant. Certain Plant and Equipment's have been considered Continuous Process Plant on the basis of technical assessment. Depreciation on upgradation of Property, Plant and Equipment is provided over the remaining useful life of the mother plant / fixed assets.

Leasehold Land held under finance lease including leasehold land are depreciated over their expected lease terms. No depreciation is charged on Freehold land. Assets costing rupees five thousand or less are being depreciated fully in the year of addition/acquisition.

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 *(Contd.)*

In case the cost of part of tangible asset is significant to the total cost of the assets and useful life of that part is different from the remaining useful life of the asset, depreciation has been provided on straight line method based on internal assessment and independent technical evaluation carried out by external valuers, which the management believes that the useful lives of the component best represent the period over which it expects to use those components. Pipe Moulds of specified sizes are depreciated over a period of 3 years.

Railway siding constructed on Government land is amortised over the period of 10 years in terms of agreement.

Depreciation on Property, Plant and Equipments commences when the assets are ready for their intended use. Based on above, the useful lives as estimated for other assets considered for depreciation are as follows:

| Category | Useful life |
|--|-------------|
| Buildings | |
| Non-Factory Building (RCC Frame Structure) | 60 Years |
| Factory Building | 30 Years |
| Roads | |
| Carpeted Roads-RCC | 10 Years |
| Carpeted Roads-other than RCC | 5 Years |
| Non-Carpeted Roads | 3 Years |
| Plant and machinery | |
| Other than Continuous Process Plant | 15 Years |
| Sinter Plant, Blast Furnace, Coke Oven | 20 Years |
| Coke Oven Battery Relining | 5 Years |
| Blast Furnace Relining | 2 Years |
| Power Plant | 40 Years |
| Computer equipment | |
| Servers and networks | 6 Years |
| Others | 3 Years |
| Furniture and fixtures, Electrical Installation and Laboratory Equipment's | 10 Years |
| Office equipment | 5 Years |
| Vehicles | |
| Motor cycles, scooters and other mopeds | 10 Years |
| Others | 8 Years |

Depreciation methods, useful lives, residual values are reviewed and adjusted as appropriate, at each reporting date.

3.3 Intangible Assets

Intangible assets are stated at cost comprising of purchase price inclusive of duties and taxes (net of recoverable taxes) less accumulated amount of amortization and impairment losses. Such assets, are amortised over the useful life using straight line method and assessed for impairment whenever there is an indication of the same.

Accordingly, right to use wagons acquired under "Wagon Investment Scheme", cost of computer software packages (ERP and others) and mining rights are allocated / amortized over a period of 10 years, 5 years and available period of mining lease respectively.

Research cost are not capitalized and the related expenditure is recognized in the statement of profit and loss in the period in which the expenditure is incurred.

Depreciation methods, useful lives and residual values and are reviewed, and adjusted as appropriate, at each reporting date.

3.4 Derecognition of Tangible and Intangible assets

An item of PPE is de-recognised upon disposal or when no future economic benefits are expected to arise from its use or disposal gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

3.5 Leases**(i) Company as a lessee**

The Company has adopted Ind AS 116-Leases effective 1st April, 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognised on the date of initial application (1st April, 2019). Accordingly, previous period information has not been restated.

Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

The Company's lease asset classes primarily consist of leases for Land and Buildings. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

1. the contract involves the use of an identified asset
2. the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
3. the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short term leases) and leases of low value assets. For these short term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

(ii) Company as a lessor

1. Finance Lease

Leases which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item are classified and accounted for as finance lease. Lease rental receipts are apportioned between the finance income and capital repayment based on the implicit rate of return. Contingent rents are recognized as revenue in the period in which they are earned.

2. Operating Lease

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease except where scheduled increase in rent compensates the Company with expected inflationary costs.

3.6 Impairment of Tangible and Intangible Assets

Tangible and Intangible assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of assets is determined. An impairment loss is recognized in the statement of profit and loss, whenever the carrying amount of assets either belonging to Cash Generating Unit (CGU) or otherwise exceeds recoverable amount. The recoverable amount is the higher of assets' fair value less cost of disposal and its value in use. In assessing value in use, the estimated future cash flows from the use of the assets are discounted to their present value at appropriate rate.

Impairment losses recognized earlier may no longer exist or may have come down. Based on such assessment at each reporting period the impairment loss is reversed and recognized in the Statement of Profit and Loss. In such cases the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.



Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

3.7 Financial Assets and Financial Liabilities

Financial assets and financial liabilities (financial instruments) are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

The financial assets and financial liabilities are classified as current if they are expected to be realised or settled within operating cycle of the company or otherwise these are classified as non-current.

The classification of financial instruments whether to be measured at Amortized Cost, at Fair Value through Profit and Loss (FVTPL) or at Fair Value through Other Comprehensive Income (FVTOCI) depends on the objective and contractual terms to which they relate. Classification of financial instruments are determined on initial recognition.

(i) Cash and cash equivalents

All highly liquid financial instruments, which are readily convertible into determinable amounts of cash and which are subject to an insignificant risk of change in value and are having original maturities of three months or less from the date of purchase, are considered as cash equivalents. Cash and cash equivalents includes balances with banks which are unrestricted for withdrawal and usage.

(ii) Financial Assets and Financial Liabilities measured at amortised cost

Financial Assets held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost.

The above Financial Assets and Financial Liabilities subsequent to initial recognition are measured at amortized cost using Effective Interest Rate (EIR) method.

The effective interest rate is the rate that discounts estimated future cash payments or receipts (including all fees and points paid or received, transaction costs and other premiums or discounts) through the expected life of the Financial Asset or Financial Liability to the gross carrying amount of the financial asset or to the amortised cost of financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(iii) Financial Asset at Fair Value through Other Comprehensive Income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised directly in other comprehensive income.

(iv) For the purpose of para (ii) and (iii) above, principal is the fair value of the financial asset at initial recognition and interest consists of consideration for the time value of money and associated credit risk.

(v) Financial Assets or Liabilities at Fair value through profit or loss

Financial Instruments which does not meet the criteria of amortised cost or fair value through other comprehensive income are classified as Fair Value through Profit or loss. These are recognised at fair value and changes therein are recognized in the statement of profit and loss.

(vi) Equity Instruments measured at FVTOCI and FVTPL

Equity instruments which are, held for trading are classified as at FVTPL are measured at Fair Value as per Ind AS 109. For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the

Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

fair value. The company makes such election on an instrument-by instrument basis. The classification is made on initial recognition and is irrevocable. In case the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Profit and Loss, even on sale of investment.

(vii) Investment in Subsidiaries, Associates and Joint Ventures

Investments in subsidiaries, associates and joint ventures are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries or the loss of significant influence over associates, the difference between net disposal proceeds and the carrying amounts are recognized in the statement of profit and loss.

(viii) Derivative and Hedge Accounting

The company enters into derivative financial instruments such as foreign exchange forward, swap and option contracts to mitigate the risk of changes in foreign exchange rates in respect of financial instruments and forecasted cash flows denominated in certain foreign currencies. The Company uses hedging instruments which provide principles on the use of such financial derivatives consistent with the risk management strategy of the Company. The hedge instruments are designated and documented as hedges and effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis.

Any derivative that is either not designated as a hedge, or is so designated but is ineffective as per Ind AS 109 "Financial Instruments", is categorized as a financial asset, at fair value through profit or loss. Transaction costs attributable are also recognized in Statement of profit and loss. Changes in the fair value of the derivative hedging instrument designated as a fair value hedge are recognized in the Statement of profit and loss.

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized in other comprehensive income and presented within equity as cash flow hedging reserve to the extent that the hedge is effective.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity till that time remains and thereafter to the extent hedge accounting being discontinued is recognised in Statement of profit and loss. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss accumulated in equity is transferred to the Statement of profit and loss.

(ix) Impairment of financial assets

A financial asset is assessed for impairment at each balance sheet date. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

The company measures the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

However, for trade receivables or contract assets that result in relation to revenue from contracts with customers, the company measures the loss allowance at an amount equal to lifetime expected credit losses.

(x) Derecognition of financial instruments

The Company derecognizes a financial asset or a group of financial assets when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset (except for equity instruments designated as FVTOCI), the difference between the asset's carrying amount and the sum of the consideration received and receivable are recognized in statement of profit and loss.

On derecognition of assets measured at FVTOCI the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

Financial liabilities are derecognized if the Company's obligations specified in the contract expire or are discharged or cancelled. The



Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in Statement of Profit and Loss.

(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 specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirement of Ind AS 109 and the amount recognized less cumulative amortization.

3.8 Inventories

Inventories are valued at lower of cost or net realisable value. Cost of inventories is ascertained on 'weighted average' basis. Materials and other supplies held for use in the production of inventories are not written down below cost if the related finished products are expected to be sold at or above cost.

Cost in respect of raw materials and stores and spares includes expenses incidental to procurement of the same. Cost in respect of finished goods represents prime cost, and includes appropriate portion of overheads.

Cost in respect of process stock represents, cost incurred up to the stage of completion.

Cost in respect of work-in-progress represents cost of materials remaining uncertified / incomplete under the Turnkey Contracts undertaken by the Company.

Net Realizable Value is the estimated selling price in the ordinary course of business less estimated cost of completion and the estimated cost necessary to make the sale.

3.9 Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the spot rates of exchanges at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchanges at the reporting date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities are generally recognized in profit or loss in the year in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those qualifying assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings, the balance is presented in the Statement of Profit and Loss within finance costs.

Non monetary items which are carried in terms of historical cost denominated in foreign currency, are reported using the exchange rate as at the date of transaction.

The Company had opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules 2009 relating to Accounting Standard-11 notified by Government of India on 31st March, 2009 (as amended on 29th December 2011), which will be continued in accordance with Ind-AS 101 for all pre-existing long term foreign currency monetary items as at 31st March 2016. Accordingly, exchange differences relating to long term monetary items, arising during the year, in so far as they relate to the acquisition of fixed assets, are adjusted in the carrying amount of such assets.

3.10 Equity Share Capital

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Par value of the equity shares is recorded as share capital and the amount received in excess of par value is classified as Securities Premium.

Costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.11 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a legal or constructive obligation as a result of past events and it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses. The amount recognized as a provision is the best estimate of the

Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Contingent liabilities are not recognized and are disclosed by way of notes to the financial statements when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or when there is a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the same or a reliable estimate of the amount in this respect cannot be made.

Contingent assets are not recognised but disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

3.12 Employee Benefits

Short Term Benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided. Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period.

Other Long Term Employee Benefits

The liabilities for leave encashment that are not expected to be settled wholly within twelve months are measured as the present value of the expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the government securities (G-Sec) at the end of the reporting period that have terms approximating to the terms of related obligation. Remeasurements as the result of experience adjustment and changes in actuarial assumptions are recognized in statement of profit and loss.

Post Employment Benefits

The Company operates the following post employment schemes:

— Defined Benefit Plans

The liability or asset recognized in the Balance Sheet in respect of defined benefit 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 Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods.

The defined benefit obligation is calculated annually by Actuaries using the projected unit credit method.

The liability recognized for defined benefit plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The benefits are discounted using the government securities (G-Sec) at the end of the reporting period that have terms approximating to the terms of related obligation.

Remeasurements of the net defined benefit obligation, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling, are recognized in other comprehensive income. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to the statement of profit and loss.

— Defined Contribution Plan

Defined contribution plans such as provident fund etc are charged to the statement of profit and loss as and when incurred. Contribution to Superannuation fund, a defined contribution plan is made in accordance with the company's policy and is recognised in the Statement of profit and loss.

3.13 Revenue

Revenue from contract with customers is recognized when the Company satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations are satisfied at a point of time or over a period of time. Performance obligations satisfied over a period of time are recognized as per the terms of relevant contractual agreements/ arrangements. Performance obligations are said to be satisfied at a point of time when the customer obtains controls of the asset.



Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and value added tax. Transaction price is recognized based on the price specified in the contract, net of the estimated sales incentives/ discounts. Accumulated experience is used to estimate and provide for the discounts/ right of return, using the expected value method.

A refund liability is recognized for expected returns in relation to sales made corresponding assets are recognized for the products expected to be returned.

The Company recognises as an asset, the incremental costs of obtaining a contract with a customer, if the Company expects to recover those costs. The said asset is amortised on a systematic basis consistent with the transfer of goods or services to the customer.

3.14 Borrowing Costs

Borrowing cost comprises of interest and other costs incurred in connection with the borrowing of the funds. All borrowing costs are recognized in the Statement of Profit and Loss using the effective interest method except to the extent attributable to qualifying Property Plant Equipment (PPE) which are capitalized to the cost of the related assets. A qualifying PPE is an asset, that necessarily takes a substantial period of time to get ready for its intended use or sale. Borrowing cost also includes exchange differences to the extent considered as an adjustment to the borrowing costs.

3.15 Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of the carrying amount and the fair value less cost to sell.

An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the non-current asset (or disposal group) is recognized at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Non-current assets (or disposal group) classified as held for sale are presented separately in the balance sheet. Any profit or loss arising from the sale or remeasurement of discontinued operations is presented as part of a single line item in statement of profit and loss.

3.16 Government Grants

Government grants are recognized on systematic basis when there is reasonable certainty of realization of the same. Revenue grants including subsidy/rebates are credited to Statement of Profit and Loss Account under "Other Income" or deducted from the related expenses for the period to which these are related. Grants which are meant for purchase, construction or otherwise acquire non current assets are recognized as Deferred Income and disclosed under Non Current Liabilities and transferred to Statement of Profit and Loss on a systematic basis over the useful life of the respective asset. Grants relating to non-depreciable assets is transferred to Statement of Profit and Loss over the periods that bear the cost of meeting the obligations related to such grants.

3.17 Taxes on Income

Income tax expense representing the sum of current tax expenses and the net charge of the deferred taxes is recognized in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current income tax is provided on the taxable income and recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

Deferred tax assets include Minimum Alternative Tax (MAT) measured in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability and such benefit can be measured reliably and it is probable that the future economic benefit associated with same will be realized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

3.18 Earnings Per Share

Basic earnings per share are computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

3.19 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker of the Company is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the chief operating decision maker.

The Company has identified one reportable segment "Pipes and all other activities revolve around the main business" based on the information reviewed by the CODM.

3.20 Business Combination

Common control business combination where the Company is transferee, is accounted using the pooling of interest method. Assets and liabilities of the combining entities are reflected at their carrying amounts and no new asset or liability is recognised other than those adjustments that are made are to harmonise accounting policies. Identity of reserves of the transferor company is preserved by reflecting them in the same form in the Company's financial statements in which they appeared in the financial statement of the transferor company. The excess between the amounts of consideration paid over the share capital of the transferor company is recognised and disclosed as capital reserve on business combination.

The financial information in the financial statements in respect of prior periods is restated from the beginning of the preceding period in the financial statements if the business combination date is prior to that date. However, if business combination date is after that date, the financial information in the financial statements is restated from the date of business combination.

4. Critical accounting judgments, assumptions and key sources of estimation and uncertainty

The preparation of the financial statements in conformity with the measurement principle of Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Differences between the actual results and estimates are recognized in the year in which the results are known / materialized and, if material, their effects are disclosed in the notes to the financial statements.

Application of accounting policies that require significant areas of estimation, uncertainty and critical judgments and the use of assumptions in the financial statements have been disclosed below. The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

4.1 Depreciation / amortization and impairment on property, plant and equipment / intangible assets.

Property, plant and equipment and intangible assets are depreciated/ amortized on straight-line /written down value basis over the estimated useful lives (or lease term if shorter) in accordance with Schedule II of the Companies Act, 2013, taking into account the estimated residual value, wherever applicable.



Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

The company reviews its carrying value of its Tangible and Intangible Assets whenever there is objective evidence that the assets are impaired. In such situation Assets' recoverable amount is estimated which is higher an asset's or cash generating units (CGU) fair value less cost of disposal and its value in use. In assessing value in use the estimated future cash flows are discounted using pre-tax discount rate which reflect the current assessment of time value of money. In determining fair value less cost of disposal, recent market realisations are considered or otherwise in absence of such transactions appropriate valuations are adopted. The Company reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation / amortization and amount of impairment expense to be recorded during any reporting period. This reassessment may result in change estimated in future periods.

4.2 Impairment on Investments in Subsidiaries, Associates and Joint Ventures

Investments in Subsidiaries, Associates and Joint Ventures are being carried at cost or deemed cost. The company has tested for impairment at year end based on the market value where the shares are quoted, P/E ratio of similar sector company along with premium/discount for nature of holding and Net Asset Value computed with reference to the book value/ projected discounted cash flow of such company in respect of unquoted investments.

4.3 Right-of-use assets and lease liability

The Company has exercised judgement in determining the lease term as the noncancellable term of the lease, together with the impact of options to extend or terminate the lease if it is reasonably certain to be exercised.

Where the rate implicit in the lease is not readily available, an incremental borrowing rate is applied. This incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar nature and value to the right-of-use asset in a similar economic environment. Determination of the incremental borrowing rate requires estimation.

4.4 Claims and Compensation

Claims including insurance claims are accounted for on determination of certainty of realisation thereof. Compensation receivable against acquisition of coal mine (Refer Note No. 47) pending final acceptance or settlement thereof even though has not been given effect to, as amount expected to be realised in this respect has been considered to be covering the carrying amount of the relevant assets and other recoverables.

4.5 Impairment allowances for on trade receivables

The Company evaluates whether there is any objective evidence that trade receivables are impaired and determines the amount of impairment allowance as a result of the inability of the customers to make required payments. The Company bases the estimates on the ageing of the trade receivables balance, credit-worthiness of the trade receivables and historical write-off experience.

4.6 Income taxes

Significant judgment is required in determination of taxability of certain income and deductibility of certain expenses during the estimation of the provision for income taxes.

4.7 Defined benefit obligation (DBO)

Critical estimate of the DBO involves a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate, anticipation of future salary increases etc. as estimated by Independent Actuary appointed for this purpose by the Management. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

4.8 Provisions and Contingencies

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change.

Management judgment is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations/ against the Company as it is not possible to predict the outcome of pending matters with accuracy.

The carrying amounts of provisions and liabilities and estimation for contingencies are reviewed regularly and revised to take account of changing facts and circumstances.

Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

5. Property, Plant and Equipment :

(Amount Rs. in lakhs)

| Particulars | Freehold land | Buildings | Plant and Equipments | Furniture and Fixtures | Vehicles | Office Equipment | Railway Siding | Live stock | Total |
|---------------------------------|---------------|------------|----------------------|------------------------|----------|------------------|----------------|------------|-------------|
| Gross Block | | | | | | | | | |
| As at April 1, 2019 | 11,99,63.35 | 1,18,78.19 | 4,04,16.80 | 2,28.26 | 10,32.62 | 3,90.73 | 33,63.20 | 1.11 | 17,72,74.26 |
| Additions | - | 15,05.63 | 85,56.87 | 10.70 | 64.57 | 49.11 | - | - | 1,01,86.88 |
| Disposal | - | (1.07) | (6,68.87) | (0.18) | (49.03) | (3.53) | - | - | (7,22.68) |
| As at March 31, 2020 | 11,99,63.35 | 1,33,82.75 | 4,83,04.80 | 2,38.78 | 10,48.16 | 4,36.31 | 33,63.20 | 1.11 | 18,67,38.46 |
| Accumulated Depreciation | | | | | | | | | |
| As at April 1, 2019 | - | 46,32.67 | 1,38,56.97 | 1,21.28 | 5,94.83 | 1,64.75 | 19,47.18 | - | 2,13,17.68 |
| Charge for the period | - | 8,39.30 | 35,50.81 | 23.61 | 1,44.19 | 46.59 | 4,81.10 | - | 50,85.60 |
| Disposal | - | - | (4,15.88) | (0.16) | (37.05) | (1.01) | - | - | (4,54.10) |
| As at March 31, 2020 | - | 54,71.97 | 1,69,91.90 | 1,44.73 | 7,01.97 | 2,10.33 | 24,28.28 | - | 2,59,49.18 |
| Net carrying amount | | | | | | | | | |
| As at March 31, 2020 | 11,99,63.35 | 79,10.78 | 3,13,12.90 | 94.05 | 3,46.19 | 2,25.98 | 9,34.92 | 1.11 | 16,07,89.28 |

| Particulars | Freehold land | Leasehold land | Buildings | Plant and Equipments | Furniture and Fixtures | Vehicles | Office Equipment | Railway Siding | Live stock | Total |
|---|---------------|----------------|------------|----------------------|------------------------|----------|------------------|----------------|------------|-------------|
| Gross Block | | | | | | | | | | |
| As at April 1, 2018 | 11,81,42.86 | 19,24.39 | 1,17,54.37 | 4,02,34.30 | 2,09.49 | 8,26.15 | 3,59.41 | 33,63.20 | 1.11 | 17,68,15.28 |
| Additions | - | - | 39.19 | 12,08.74 | 18.78 | 2,23.52 | 36.78 | - | - | 15,27.01 |
| Addition on account of amalgamation of MVPL (refer note no. 57) | 18,89.04 | - | 84.63 | - | - | - | - | - | - | 19,73.67 |
| Disposal | (68.55) | - | - | (10,26.24) | (0.01) | (17.05) | (5.46) | - | - | (11,17.31) |
| As at March 31, 2019 | 11,99,63.35 | 19,24.39 | 1,18,78.19 | 4,04,16.80 | 2,28.26 | 10,32.62 | 3,90.73 | 33,63.20 | 1.11 | 17,91,98.65 |
| Accumulated Depreciation | | | | | | | | | | |
| As at April 1, 2018 | - | 86.34 | 37,04.44 | 1,08,33.83 | 94.57 | 4,65.64 | 1,24.79 | 14,64.35 | - | 1,67,73.95 |
| Charge for the period | - | 29.44 | 8,98.45 | 37,20.53 | 26.72 | 1,41.41 | 40.34 | 4,82.83 | - | 53,39.72 |
| Addition on account of amalgamation of MVPL (refer note no. 57) | - | - | 29.78 | - | - | - | - | - | - | 29.78 |
| Disposal | - | - | - | (6,97.39) | (0.01) | (12.22) | (0.38) | - | - | (7,10.00) |
| As at March 31, 2019 | - | 1,15.78 | 46,32.67 | 1,38,56.97 | 1,21.28 | 5,94.83 | 1,64.75 | 19,47.18 | - | 2,14,33.45 |
| Net carrying amount | | | | | | | | | | |
| As at March 31, 2019 | 11,99,63.35 | 18,08.61 | 72,45.52 | 2,65,59.83 | 1,06.98 | 4,37.79 | 2,25.98 | 14,16.02 | 1.11 | 15,77,65.20 |

Notes :

- Plant and Equipments of Rs. 4,09.23 lakhs (previous year Rs.4,09.73 lakhs) being contribution for laying the Power line, the ownership of which does not vest with the Company.
- Railway Siding represents the cost of construction of the assets for company's use over the specified period as per the terms of the agreement.
- Freehold land includes Rs. 3,35.81 lakhs (previous year Rs.3,35.81 lakhs) in respect of which the execution of conveyance deeds is pending. Freehold land also includes Rs. 2,75.27 lakhs (previous year Rs. 2,75.27 lakhs) towards contribution in relation of Joint Venture Company "North Dhadhu Mining Company Private Limited".
- Addition to freehold land amounting to Rs. 18,89.04 lakhs during the year 2018-19 is on account of merger with Mahadev Vyapaar Private Limited (MVPL) and transfer of the same in the name of the Company is in the process. (Also refer note no. 57)
- Other adjustments includes Rs. 2,33.64 lakhs (previous year nil) being interest capitalized during the year.

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 (Contd.)

- 5.6 Land with factory buildings of Rs.2,95,54.62 lakhs (previous year Rs.2,95,71.05 lakhs) at Elavur plant of the Company are mortgaged in the favour of lender to Electrosteel Steel Limited, an erstwhile associate of the Company. (Also refer note no.8A.2)
- 5.7 Refer note no 22 to financial statements in respect of charge created against borrowings.
- 5.8 Refer note 47 dealing with coal mine assets and note no 48 (a) in respect of Iron-ore and manganese Ore mine.

6. Other Intangible Assets

(Amount Rs. in lakhs)

| Particulars | Computer Softwares | Mining Rights | Right to Use under wagon investment scheme | Total |
|---------------------------------|--------------------|---------------|--|-----------------|
| Gross Block | | | | |
| As at April 1, 2019 | 2,94.59 | 8.13 | 8,65.14 | 11,67.86 |
| Additions | 62.01 | – | – | 62.01 |
| Disposal | – | – | – | – |
| Other Adjustments | – | – | – | – |
| As at March 31, 2020 | 3,56.60 | 8.13 | 8,65.14 | 12,29.87 |
| Accumulated Depreciation | | | | |
| As at April 1, 2019 | 2,00.03 | 6.12 | 8,65.14 | 10,71.29 |
| Charge for the year | 20.28 | 1.54 | – | 21.82 |
| Disposal | – | – | – | – |
| Other Adjustments | – | – | – | – |
| As at March 31, 2020 | 2,20.31 | 7.66 | 8,65.14 | 10,93.11 |
| Net carrying amount | | | | |
| As at March 31, 2020 | 1,36.29 | 0.47 | – | 1,36.76 |

| Particulars | Computer Softwares | Mining Rights | Right to Use under wagon investment scheme | Total |
|---------------------------------|--------------------|---------------|--|-----------------|
| Gross Block | | | | |
| As at April 1, 2018 | 2,76.13 | 8.13 | 8,65.14 | 11,49.40 |
| Additions | 18.46 | – | – | 18.46 |
| Disposal | – | – | – | – |
| Other Adjustments | – | – | – | – |
| As at March 31, 2019 | 2,94.59 | 8.13 | 8,65.14 | 11,67.86 |
| Accumulated Depreciation | | | | |
| As at April 1, 2018 | 1,64.95 | 4.59 | 7,59.68 | 9,29.22 |
| Charge for the year | 35.08 | 1.53 | 1,05.46 | 1,42.07 |
| Disposal | – | – | – | – |
| Other Adjustments | – | – | – | – |
| As at March 31, 2019 | 2,00.03 | 6.12 | 8,65.14 | 10,71.29 |
| Net carrying amount | | | | |
| As at March 31, 2019 | 94.56 | 2.01 | – | 96.57 |

Notes :

- 6.1 Right to use Wagon represents cost incurred in connection with wagon procured under "Wagon investment Scheme" and handed over to railway authorities for their normal operations against priority over availability of the wagons for transportation as and when required.
- 6.2 Refer note no 22 to financial statements in respect of charge created against borrowings.
- 6.3 Refer note 47 dealing with coal mine assets.

Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

7. Right of Use

(Amount Rs. in lakhs)

| Particulars | Land | Building | Total |
|--|-----------------|----------------|-----------------|
| Gross Carrying Amount | | | |
| As at April 1, 2019 | - | - | - |
| Transfer from PPE on of adoption of Ind AS 116 | 19,24.39 | - | 19,24.39 |
| Additions | 26.01 | 6,91.06 | 7,17.07 |
| Disposal | - | - | - |
| As at March 31, 2020 | 19,50.40 | 6,91.06 | 26,41.46 |
| Accumulated Depreciation | | | |
| As at April 1, 2019 | - | - | - |
| Transfer from PPE on of adoption of Ind AS 116 | 1,15.78 | - | 1,15.78 |
| Charge for the period | 28.69 | 1,38.21 | 1,66.90 |
| Disposal | - | - | - |
| As at March 31, 2020 | 144.47 | 138.21 | 2,82.68 |
| Net carrying amount | | | |
| As at March 31, 2020 | 18,05.93 | 5,52.85 | 23,58.78 |

Note :

- 7.1 The Company has adopted Ind AS 116 'Leases' effective April 01, 2019 and applied the Standard to its leases, pursuant to which it has reclassified its leased asset as Right-of-Use Assets. The impact on the profit for the year is not material.
- 7.2 The Company has taken land on leases for lease period ranging from 5 to 90 years. Lease term includes non-cancellable period and expected lease period.
- 7.3 Refer note no 22 to financial statements in respect of charge created against borrowings.



Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

8. Investment in Subsidiaries, Associates and Joint Ventures
(Fully paid up except otherwise stated)

(Amount Rs. in lakhs)

| Particulars | As at Mar 31, 2020 | | As at Mar 31, 2019 | |
|--|--------------------|------------|--------------------|------------|
| | Holding (Nos.) | Amount | Holding (Nos.) | Amount |
| Investments in Equity Instruments | | | | |
| Investment measured at Cost/Deemed Cost | | | | |
| Quoted | | | | |
| Associates | | | | |
| Srikalahasthi Pipes Limited (Face value of Rs.10/- each) (Refer note no. 8.1) | 19301218 | 4,55,29.64 | 19301218 | 4,55,29.64 |
| | | 4,55,29.64 | | 4,55,29.64 |
| Unquoted | | | | |
| Associates | | | | |
| Electrosteel Thermal Power Ltd. (Face value of Rs.10/- each) | - | - | 15000 | 1.50 |
| Subsidiaries | | | | |
| Electrosteel Europe SA (Face value of Euro 10 each) | 380000 | 23,23.41 | 380000 | 23,23.41 |
| Electrosteel Algeria SPA (Face value of 3550 Algerian Dinar each) | 82500 | 9,14.41 | 82500 | 9,14.41 |
| Electrosteel Castings (UK) Ltd. (Face value of GBP 1 each) | 1100000 | 10,59.26 | 1100000 | 10,59.26 |
| Electrosteel USA, LLC | # | 14,45.60 | # | 14,45.60 |
| Electrosteel Trading S.A.Spain (Face Value of Euro 10 each) | 6500 | 45.10 | 6500 | 45.10 |
| Electrosteel Castings Gulf FZE (Face Value of UAE Dhiram 1000000 each) | 1 | 1,50.60 | 1 | 1,50.60 |
| Electrosteel Brasil LTDA Tubos E Conexoes Duteis (Face Value of BRL 1 each) | 150000 | 45.05 | 150000 | 45.05 |
| Electrosteel Doha for Trading LLC (Face Value of QAR 1000 each) | 98 | 14.84 | 98 | 14.84 |
| Electrosteel Baharain Holding S.P.C.Company (Face value of BHD 100 each) | 2500 | 4,14.83 | 2500 | 4,14.83 |
| Joint Venture | | | | |
| Domco Private Limited (Face value of Rs 100/- each) (Refer note no. 8.2) | 30000 | 30.00 | 30000 | 30.00 |
| North Dhadhu Mining Company Pvt Ltd (Face value of Rs.10/- each) (Refer note no. 8.3) | 8228053 | 8,22.81 | 8228053 | 8,22.81 |
| Less: Impairment in value of Investments | | (8,97.86) | | (8,52.81) |
| | | 63,68.05 | | 64,14.60 |
| Total investment in Subsidiaries, Associate and Joint Venture #Towards 100% Capital Contribution | | 5,18,97.69 | | 5,19,44.24 |
| Aggregate amount of Quoted Investments | | 4,55,29.64 | | 4,55,29.64 |
| Aggregate amount of Market value of Quoted Investments | | 2,13,37.50 | | 4,41,22.58 |
| Aggregate amount of Unquoted Investments | | 63,68.05 | | 64,14.60 |
| Aggregate amount of Impairment in value of Investments | | 8,97.86 | | 8,52.81 |

- 8.1 7004903 Equity shares (previous year 7004903) of Rs. 10/- each fully paid up equity shares of Srikalahasthi Pipes Limited have been pledged in favour of Yes Bank Limited for securing term loan given to the Company. (Refer note no.22)
- 8.2 The Company has investment of Rs.30.00 lakhs (previous year Rs.30.00 lakhs) in equity shares and given advance of Rs.7,00.00 lakhs (previous year Rs.7,00.00 lakhs) against equity to Domco Private Limited (DPL), a Company incorporated in India, and has joint control (proportion of ownership interest of the Company being 50%) over DPL along with other venturers (the Venturers) in terms of the Shareholder's Agreement dated March 27, 2004. The Venturers had filed a petition before the Company Law Board, Principal Bench, New Delhi (CLB) against the Company against operation and mismanagement of the company inter alia on various matters including for forfeiture of the Company's investment in equity shares of the DPL. The matter was later transferred to the Company Law Board, Kolkata Bench and is now being taken up by the National Company Law Tribunal, Kolkata Bench. The Company had also inter alia filed an arbitration proceeding under Arbitration & Conciliation Act, 1996 against recovery of the said amount against which the ventures also filed their counter claims on the company. The matter is sub judice before the NCLT.

Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

Pending final outcome of the above matter, the amounts in equity shares and advance have been fully provided for in the financial statements in the earlier years. The other venturers since not providing the financial statements of DPL, and thereby necessary disclosures could not be provided in these financial statements.

- 8.3 (a) The North Dhadhu Coal Block located in the state of Jharkhand was allocated to the Company, Adhunik Alloys & Power Limited (AAP), Jharkhand Ispat Pvt. Ltd. (JPL) and Pawanjay Steel & Power Limited (PSPL) (collectively referred to as venturers) for working through North Dhadhu Mining Company Private Limited (NDMCPL), a joint venture company. The Company has joint control (proportion of ownership interest of the Company being 48.98 %) along with other venturers represented by investment of Rs. 8,22.81 lakhs in equity shares of NDMCPL.
- (b) In pursuance of the Order dated September 24, 2014 issued by the Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated October 21, 2014 (Ordinance) for implementing the Order, The Ministry of Coal, Government of India had issued an order for de-allocation of North Dhadhu Coal Block and deduction of Bank Guarantee of Rs.56,03.00 lakhs issued for the same. The Company's share in the Bank Guarantee is Rs.27,45.00 lakhs. On a writ petition filed by the Company for quashing the order, stay in the matter together with encashment of bank guarantee has been granted by the Hon'ble High Court of Jharkhand. The Company has also submitted its claim for compensation which is awaiting acceptance. In the view of the management the compensation to be received in terms of ordinance is expected to cover the cost incurred by the Joint venture company. However as an abundant precaution, impairment in the value of the investment amounting to Rs. 822.81 lakhs in Joint venture has been provided in the previous year. In view of stay order by High Court, no provision in the share of bank guarantee has been considered necessary.
- 8.4 Particulars of investments as required in terms of section 186(4) of the Companies Act, 2013 have been disclosed under note 8, 8A & 13.
- 8.5 **Details of Subsidiaries, Associates and Joint Ventures in accordance with Ind AS 112 "Disclosure of interests in other entities":**

| Name of the Company | Country of Incorporation | Proportion of ownership interest/ voting rights held by the Company | |
|---|--------------------------|---|----------------------|
| | | At at March 31, 2020 | At at March 31, 2019 |
| Subsidiary | | | |
| Electrosteel Europe SA | France | 100.00% | 100.00% |
| Electrosteel Algeria SPA | Algeria | 100.00% | 100.00% |
| Electrosteel Castings (UK) Limited | United Kingdom | 100.00% | 100.00% |
| Electrosteel USA LLC | United States of America | 100.00% | 100.00% |
| Mahadev Vyapaar Private Limited* | India | - | 100.00% |
| Electrosteel Trading S.A, Spain | Spain | 100.00% | 100.00% |
| Electrosteel Castings Gulf FZE | United Arab Emirates | 100.00% | 100.00% |
| Electrosteel Doha for Trading (LLC) | Qatar | 98.00% | 98.00% |
| Electrosteel Brasil LTDA. Tubos e Conexoes Duteis | Brazil | 100.00% | 100.00% |
| Electrosteel Bahrain Holding SPC Company | Bahrain | 100.00% | 100.00% |
| Associate | | | |
| Srikalahasthi Pipes Limited | India | 41.33% | 41.33% |
| Electrosteel Thermal Power Limited ** | India | - | 30.00% |
| Joint Ventures | | | |
| North Dhadhu Mining Company Private Limited | India | 48.98% | 48.98% |
| Domco Private Limited | India | 50.00% | 50.00% |

* amalgamated with the Company (refer note no. 57)

** sold during the year

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

8A. Non Current Investment
(Fully paid up except otherwise stated)

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|----------------------|----------|----------------------|----------|
| | Holding (Nos.) | Amount | Holding (Nos.) | Amount |
| Investment designated at Fair Value through Other Comprehensive Income | | | | |
| Quoted | | | | |
| R.G. Ispat Limited (Face value of Rs.10/- each)* | 50 | 0.00 | 50 | 0.00 |
| MSTC Limited (Face value of Rs. 10/- each) | 16000 | 12.68 | 16000 | 25.58 |
| | | 12.68 | | 25.58 |
| Unquoted | | | | |
| Rainbow Steels Limited(Face value of Rs.10/- each) | 100 | 0.01 | 100 | 0.01 |
| Singardo International Pte Ltd. (Face value of SGD 1 each) | 25000 | 19.69 | 25000 | 19.69 |
| N Marshall Hi-tech Engineers Pvt. Ltd. (Face value of Rs.10/- each) | 50000 | 8.69 | 50000 | 10.26 |
| Electrosteel Steels Ltd. (Face value Rs. 10/-each) (Refer note no. 8A.1 and 8A.2) | 21796000 | 20,79.34 | 21796000 | 20,79.34 |
| | | 21,07.73 | | 21,09.30 |
| | | 21,20.41 | | 21,34.88 |
| Investments in Preference Shares | | | | |
| Mukand Limited (0.01% Cumulative Redeemable Preference Shares face value of Rs. 10/-each)* | 16 | 0.00 | 16 | 0.00 |
| | | - | | - |
| Total - Non Current Investments | | 21,20.41 | | 21,34.88 |
| Aggregate amount of Quoted Investments | | 12.68 | | 25.58 |
| Aggregate amount of Market value of Quoted Investments | | 12.68 | | 25.58 |
| Aggregate amount of Unquoted Investments | | 21,07.73 | | 21,09.30 |
| Aggregate amount of Impairment in value of Investments | | - | | - |

* figures below rounding off limit

8A.1 17334999 Equity shares (Previous year 17334999) of Rs 10/- each fully paid up of Electrosteel Steels Limited (ESL) have been pledged in favour of lenders of Electrosteel Steels Limited for securing financial assistance to ESL.

8A.2 Due to delisting of Electrosteel Steels Limited (ESL) and in absence of other available ways of valuation, the Company has continued to consider the exit price, which was open till December 20, 2019, as the basis of valuation of investment in ESL. Further the notices issued by the consortium of lenders of ESL for invocation of pledge of company's investment of 17334999 equity shares of Rs. 10 each in ESL amounting to Rs. 1653.76 lakhs was set aside by the Hon'ble High Court at Calcutta. The plea of the Company for release of the pledge is pending before the Hon'ble Court.

Furthermore during the previous period the party, in whose favour rights of mortgage of certain Land & Building amounting to Rs. 2,95,54.62 lakhs of the Company situated at Elavur, Tamilnadu, were assigned by a lender of the ESL, has taken the symbolic possession of said mortgaged property and the same was contested by the Company before Hon'ble Madras High Court. On disposal of Company's application by the Hon'ble High Court, the Company has preferred an appeal before Commercial Appellate, Hon'ble High Court at Madras and the matter is subjudice. Pending finalization of the matter, these assets have been carried forward at their carrying book value.

8A.3 The Company has made an irrevocable decision to consider investment in equity instruments, other than in Subsidiaries, Associates and Joint ventures not held for trading to be recognized at FVTOCI.

Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

Non Current Assets

9. Loans

| Particulars | Ref. note no. | As at March 31, 2020 | As at March 31, 2019 |
|-----------------------------------|---------------|----------------------|----------------------|
| Unsecured, Considered Good | | | |
| Security Deposits | 9.1, 28.1, 54 | 13,16.50 | 13,86.56 |
| | | 13,16.50 | 13,86.56 |

9.1 Security deposits include Rs. 5,57.50 lakhs (previous year Rs. 5,57.50 lakhs) with private limited companies in which directors are interested as a member / director, Rs 2,02.23 lakhs (previous year Rs. 2,00.18 lakhs) with related parties. Also include Rs. 3,71.91 lakhs (previous year Rs.1,95.85 lakhs) lying with customer in terms of agreement/order towards supplies of goods.

10. Other Financial Assets

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| Fixed Deposit with Banks (having maturity of more than 1 year from Balance Sheet date) | 55,50.00 | 35,00.00 |
| | 55,50.00 | 35,00.00 |

10.1 Fixed Deposits with banks include Rs. 24,80.00 lakhs (previous year nil) which have been pledged with banks against guarantees issued by them.

11. Other Non-Current Assets

| Particulars | Ref. note no. | As at March 31, 2020 | As at March 31, 2019 |
|------------------|---------------|----------------------|----------------------|
| Capital Advances | | 2,43.55 | 1,17.81 |
| Prepaid expenses | | 3,02.13 | 1,43.96 |
| Others | 11.1 | 8.41 | 0.97 |
| | | 5,54.09 | 2,62.74 |

11.1 Represents loans and advance to employees amounting to Rs. 8.41 lakhs (previous year Rs. 0.97 lakhs).

12. Inventories (At lower of cost or Net Realisable Value)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| Raw materials | 3,07,52.37 | 1,69,05.86 |
| Raw materials in transit | 91.84 | 1,07,41.33 |
| Process stock | 70,67.25 | 51,63.52 |
| Finished goods [including in transit Rs. 15,01.37 lakhs (previous year Rs. 8,28.67 lakhs)] | 1,68,63.36 | 1,78,63.24 |
| Stock-in-trade (in respect of goods acquired for trading) | 29.95 | 29.95 |
| Stores and spares | 65,09.93 | 55,93.63 |
| Stores and spares in transit | 40.41 | 13.68 |
| | 6,13,55.11 | 5,63,11.21 |

12.1. Refer note no. 28.1 to Financial Statements in respect of charge created against borrowings.



Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

13. Current Investment

(Fully paid up except otherwise stated)

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|-------------|----------------------|--------------|
| | Holding (Nos.) | Amount | Holding (Nos.) | Amount |
| Investment measured at fair value through Profit and Loss | | | | |
| Investment in Equity Instruments | | | | |
| Equity Shares (Quoted) | | | | |
| MOIL Limited (Face value of Rs 10/- each) | - | - | 7588 | 12.04 |
| Reliance Industries Ltd (Face value of Rs 10/- each) | - | - | 1000 | 13.63 |
| Andhra Bank (Face value of Rs 10/- each) | - | - | 5000 | 1.40 |
| 3I Infotech Ltd. (Face value of Rs 10/- each) | - | - | 60000 | 2.31 |
| BGR Energy Systems Ltd. (Face value of Rs 10/- each) | - | - | 1500 | 0.94 |
| Bharat Heavy Electricals Ltd. (Face value of Rs 2/- each) | - | - | 18750 | 14.05 |
| GTL Infrastructure Ltd. (Face value of Rs 10/- each) | 60000 | 0.45 | 60000 | 0.57 |
| Garden Silk Mills Ltd. (Face value of Rs 10/- each) | - | - | 1000 | 0.20 |
| Jyoti Structures Ltd. (Face value of Rs 2/- each) | 5000 | 0.07 | 5000 | 0.10 |
| National Aluminium Company Ltd. (Face value of Rs 5/- each) | - | - | 2500 | 1.39 |
| Punjab National Bank (Face value of Rs 2/- each) | - | - | 10000 | 9.55 |
| Pilani Investment and Industries Corporation Ltd. (Face value of Rs 10/- each) | - | - | 700 | 15.08 |
| Vedanta Ltd. (Face value of Rs 1/- each) | - | - | 2000 | 3.69 |
| Tata Teleservices (Maharashtra) Ltd. (Face value of Rs 10/- each) | - | - | 28333 | 0.86 |
| Total | | 0.52 | | 75.81 |
| Aggregate amount of Quoted Investments | | | | |
| - In Equity Shares | | 0.52 | | 75.81 |
| Aggregate amount of Market value of Quoted Investments | | | | |
| - In Equity Shares | | 0.52 | | 75.81 |

14. Trade Receivables

| Particulars | Ref. note no. | As at March 31, 2020 | As at March 31, 2019 |
|--|---------------|----------------------|----------------------|
| Trade Receivables considered good - Secured | | 1,82,37.15 | 1,74,33.98 |
| Trade Receivables considered good -Unsecured | | 4,55,41.03 | 4,26,82.40 |
| Trade Receivables which have significant increase in Credit Risk | | - | - |
| Trade Receivables - credit impaired | | 74.00 | 4,02.78 |
| Less: Credit loss allowances on Trade Receivable | 14.2 | (74.00) | (4,02.78) |
| | | 6,37,78.18 | 6,01,16.38 |

14.1 Ageing of Trade Receivable:

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| Within the credit period | 5,52,86.10 | 5,32,34.23 |
| 1-180 days past due | 78,81.26 | 39,37.53 |
| More than 180 days past due | 6,84.82 | 33,47.40 |
| Less: Credit loss allowances on Trade Receivable | (74.00) | (4,02.78) |
| Total | 6,37,78.18 | 6,01,16.38 |
| Current Trade Receivable | 6,37,78.18 | 6,01,16.38 |

Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

14.2 Movement of Impairment allowances for doubtful debts

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--------------------------------------|----------------------|----------------------|
| Balance at the beginning of the year | 4,02.78 | 3,12.78 |
| Recognised during the year | 53.00 | 90.00 |
| Reversal during the year | (381.78) | - |
| Balance at the end of the year | 74.00 | 4,02.78 |

14.3 Balances of Trade Receivables including for Turnkey Contracts and retention money are subject to confirmation/reconciliation and adjustments in this respect are carried out as and when amounts thereof, if any are ascertained.

14.4 Refer note no. 28.1 to Financial Statements in respect of charge created against borrowings.

14.5 Refer note no. 54 for balances with related parties.

15. Cash and Cash Equivalents

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|-------------------------------------|----------------------|----------------------|
| Balances with banks | | |
| In current and cash credit accounts | 22,17.29 | 56,40.25 |
| Cash on hand | 6.26 | 7.13 |
| | 22,23.55 | 56,47.38 |

15.1 Refer note no. 28.1 to Financial Statements in respect of charge created against borrowings.

16. Bank Balances Other than Cash and Cash Equivalents

| Particulars | Ref. note no. | As at March 31, 2020 | As at March 31, 2019 |
|--|---------------|----------------------|----------------------|
| Other balance with banks | | | |
| In Fixed Deposit Escrow account | 24.1 | 5,36.93 | 5,36.93 |
| In dividend accounts | | 70.66 | 82.54 |
| Fixed deposits with Banks (having original maturity of more than 3 months and less than 12 months) | 16.1 | 34,34.81 | 68,85.14 |
| | | 40,42.40 | 75,04.61 |

16.1 Fixed Deposits with banks include Fixed Deposit of Rs. 33,03.97 lakhs (previous year Rs.58,42.96 lakhs) which have been pledged with banks against guarantee issued by them. Further fixed deposit includes Rs. 1,30.84 lakhs (previous year Rs. 2,82.19 lakhs) lying with customer against deposit for supplies of materials.

16.2 Refer note no. 28.1 to Financial Statements in respect of charge created against borrowings.

17. Loans

| Particulars | Ref. note no. | As at March 31, 2020 | As at March 31, 2019 |
|--|---------------|----------------------|----------------------|
| Loan Receivables Considered Good- Secured | | - | - |
| Loan Receivables Considered Good- Unsecured | | | |
| Security Deposits | 17.1 | 13,17.27 | 21,30.06 |
| | | 13,17.27 | 21,30.06 |
| Loan Receivables- Credit impaired | | | |
| Loans and Advances to related party | 54 | 7,00.00 | 7,00.00 |
| Others | | 10.62 | 10.62 |
| | | 7,10.62 | 7,10.62 |
| Less: Impairment Allowances for doubtful advances | 8.2 and 17.2 | 7,10.62 | 7,10.62 |
| | | - | - |
| | | 13,17.27 | 21,30.06 |

17.1 Include Rs. 12,70.85 lakhs (previous year Rs.20,82.01 lakhs) lying with customer as security deposit in terms of agreement/order towards supplies of goods.

17.2 Movement of Allowances for doubtful advances.

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--------------------------------------|----------------------|----------------------|
| Balance at the beginning of the year | 7,10.62 | 7,10.62 |
| Recognised during the year | - | - |
| Reversal during the year | - | - |
| Balance at the end of the year | 7,10.62 | 7,10.62 |

17.3 Refer note no.28.1 to Financial Statements in respect of charge created against borrowings.

18. Other Financial Assets

| Particulars | Ref. note no. | As at March 31, 2020 | As at March 31, 2019 |
|--|---------------|----------------------|----------------------|
| Interest receivable | | 36.56 | 70.75 |
| Claim receivable against coal block | 47 | 93,16.85 | 93,16.85 |
| Claim receivable against railway siding | 48 (b) | 17,78.11 | - |
| Derivative Assets at fair value through profit or loss | | - | 6,33.20 |
| Export incentive receivable | | 21,07.80 | 30,48.84 |
| Incentive/Subsidy/Cess receivable | | 55,87.42 | 61,59.26 |
| Others | 18.1 | 57.27 | 66.05 |
| | | 1,88,84.01 | 1,92,94.95 |

18.1 Includes nil (previous year Rs.31.11 lakhs) receivable from Directors of the company towards recovery of excess remuneration paid for the previous financial year.

18.2 Refer note no.28.1 to Financial Statements in respect of charge created against borrowings.

19. Other Current Assets

| Particulars | Ref. note no. | As at March 31, 2020 | As at March 31, 2019 |
|---|---------------|----------------------|----------------------|
| Loans and Advances to related party | 54 | - | 1.00 |
| Advances for supply of goods and rendering of services | | | |
| - Considered Good | | 26,12.86 | 12,12.34 |
| - Considered Doubtful | 9.1 | 47.03 | 1,06.02 |
| - Less: Impairment Allowances for doubtful advances | | (47.03) | (1,06.02) |
| Loans and advances to employees | | 37.79 | 34.21 |
| Balance with Government authorities | | 24,82.67 | 33,48.00 |
| Prepaid expenses | | 4,92.72 | 9,04.37 |
| | | 56,26.04 | 54,99.92 |

19.1 Movement of Allowances for doubtful advances

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--------------------------------------|----------------------|----------------------|
| Balance at the beginning of the year | 1,06.02 | - |
| Recognised during the year | 16.96 | 1,06.02 |
| Reversal during the year | (75.95) | - |
| Balance at the end of the year | 47.03 | 106.02 |

19.2. Refer note no. 28.1 to Financial Statements in respect of charge created against borrowings.

Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

20. Equity Share Capital

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------------|----------------------|
| Authorised Equity shares, Re. 1/- par value 500200000 (previous year 500000000) equity shares* | 50,02.00 | 50,00.00 |
| Issued, Subscribed and Paid-up Equity shares, Re. 1/- par value 432954709 (previous year 405482183) equity shares fully paid up | 43,29.55 | 40,54.82 |
| | 43,29.55 | 40,54.82 |

* addition on account of amalgamation of Mahadev Vyapaar Private Limited.

- 20.1 The Company has only one class of shares referred to as equity shares having a par value of Re. 1/-. Each holder of equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company, after distribution of all preferential amounts, in proportion of their shareholding.
- 20.2 During the year, the Company had issued 27472526 (previous year 48526861) numbers of equity shares of Re. 1 each at a premium of Rs. 17.20 each (previous year Rs. 27.85 each) (full figure) on preferential basis. The equity shares issued during the year 2019-20 were allotted on October 11, 2019.
- 20.3 Reconciliation of the number of equity shares outstandings :

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|-----------------------------------|----------------------|----------------------|
| Number of shares at the beginning | 405482183 | 356955322 |
| Add: Addition during the year | 27472526 | 48526861 |
| Number of shares at the end | 432954709 | 405482183 |

20.4 Shareholders holding more than 5% equity shares

(No. of Shares)

| Name of shareholders | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------------|----------------------|
| G. K. & Sons Private Ltd | 44984593 | 44678936 |
| Umang Kejriwal-Trustee of Sreeji Family Benefit Trust/Mayank Kejriwal -Trustee of Sreeji Family Benefit Trust | 35027053 | 35027053 |
| Electrocast Sales India Ltd. | 37345158 | 33893710 |
| Murari Investment & Trading Company Ltd. | 31027297 | 30427656 |
| India Opportunities Growth Fund Ltd. - Pinewood Strategy | 26372049 | 23991781 |
| Uttam Commercial Company Ltd. | 22181774 | 22181774 |
| G. K. Investments Ltd. | 21814560 | 21814560 |

Holding less than 5% as at March 31, 2019.

21. Other Equity

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| Capital Reserve | 41,48.28 | 41,48.28 |
| Capital Reserve on Amalgamation | (14,86.46) | (14,86.46) |
| Securities Premium | 8,38,30.26 | 7,91,04.99 |
| General Reserve | 10,10,07.51 | 10,10,07.51 |
| Retained Earnings | 6,36,48.77 | 5,17,07.50 |
| Other Comprehensive Income Equity instrument through other comprehensive income | (6,23.20) | (6,12.05) |
| | 25,05,25.16 | 23,38,69.77 |

- 21.1 Refer Statement of changes in Equity for movement in balances of reserves.

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 *(Contd.)***21.2 Capital Reserve**

The reserve was created mainly on account of forfeiture of warrants convertible into equity shares.

21.3 Capital Reserve on Amalgamation

The reserve was created on account of merger of Mahadev Vyapaar Private Limited. (Refer note no. 57)

21.4 Securities Premium

Securities Premium represents the amount received in excess of par value of securities and is available for utilisation as specified under Section 52 of Companies Act, 2013.

21.5 General Reserve

The reserve arises on transfer of portion of the net profit pursuant to the provisions of Companies Act.

21.6 Retained Earnings

Retained earnings generally represents the undistributed profit/ amount of accumulated earnings of the company. This includes Rs. 8,10,43.78 lakhs (previous year Rs. 7,75,67.92 lakhs) which is not available for distribution as these are represented by changes in carrying amount of Property, Plant and Equipments and Investment in associates being measured at fair value as on the date of transition as deemed cost.

21.7 Other Comprehensive Income

Other Comprehensive Income (OCI) represent the balance in equity for items to be accounted under OCI and comprises of the following:

i) Items that will not be reclassified to Profit and Loss

- a. The company has elected to recognise changes in the fair value of non-current investments (other than in subsidiaries, associates and joint ventures) in OCI. This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value. The company transfers amounts from this reserve to retained earnings when the relevant equity securities are disposed.
- b. The actuarial gains and losses arising on defined benefit obligations have been recognised in OCI.

ii) Items that will be reclassified to profit and loss.

- a. This Reserve represents the cumulative effective portion of changes in fair value of currency swap that are designated as cash flow hedge are recognised in OCI. This is reclassified to statement of Profit and Loss.

21.8 The Board of Directors at its meeting held on June 15, 2020 recommended a final dividend of Re. 0.30 per equity share of face value of Re. 1 each for the financial year ended March 31, 2020. The same amounts to Rs.12,98.86 lakhs. The above is subject to approval at the ensuing Annual General Meeting of the Company and hence not recognised as a liability.

22. Borrowings

(Amount Rs. in lakhs)

| Particulars | Ref. note no. | As at March 31, 2020 | | As at March 31, 2019 | |
|--|--|----------------------|-------------------|----------------------|------------|
| | | Non Current | Current | Non Current | Current |
| SECURED BORROWINGS | | | | | |
| Term loan from banks | | | | | |
| External Commercial Borrowing | 22.1.1 | - | 1,65,05.65 | 1,51,07.42 | 75,53.71 |
| Rupee Loan | 22.1.2, 22.1.3, 22.1.4, 22.1.5, 22.1.6, 22.1.7 | 6,34,78.18 | 41,20.00 | 6,01,56.17 | 48,32.88 |
| Term loan from a financial institutions | 22.2 | 14,55.41 | 4,16.67 | 18,69.08 | 8,33.33 |
| | | 6,49,33.59 | 2,10,42.32 | 7,71,32.67 | 1,32,19.92 |
| UNSECURED BORROWINGS | | | | | |
| Term loan from financial institutions | 22.3.1, 22.3.2, 22.3.3 | 51,96.48 | 16,50.00 | 63,51.48 | 17,92.50 |
| | | 51,96.48 | 16,50.00 | 63,51.48 | 17,92.50 |
| | | 7,01,30.07 | 2,26,92.32 | 8,34,84.15 | 1,50,12.42 |

Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

- 22.1.1 External Commercial Borrowings of USD 1,39.00 million is repayable in 12 semi annual instalments from August 29, 2015. The outstanding as on March 31, 2020 is Rs 1,65,05.65 lakhs (previous year Rs.2,26,61.13 lakhs). The interest rate ranges from 6M Libor + 400 to 500 basis points. External Commercial Borrowings is secured by way of first pari-passu charge on all immovable and movable Property, Plant and Equipment and other intangible assets, both present and future of the Company other than the assets located at Elavur.
- 22.1.2 Rupee Term Loan of Rs 50,00.00 lakhs from bank is secured by way of first pari-passu charge on all immovable and movable Property, Plant and Equipment and other intangible assets, both present and future of the Company other than the assets located at Elavur and Vadgaon (Pune). The outstanding as on March 31, 2020 is Rs 26,39.43 lakhs (previous year Rs 33,41.52 lakhs). The balance loan is repayable in 14 equal quarterly instalments starting from October 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 9.50% p.a to 10.50% p.a.
- 22.1.3 FCNR loan of Rs 1,10,00.00 lakhs from bank (converted into Rupee Term Loan in December 2018) is secured by way of first pari-passu charge on both movable and immovable fixed assets of the company, both present and future other than assets located at Elavur and Vadgaon (Pune). The outstanding as on March 31, 2020 is Rs 50,53.14 lakhs (previous year Rs. 62,04.36 lakhs).The balance loan is repayable in 12 equal quarterly instalments starting from September 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 9.50% p.a to 10.50% p.a.
- 22.1.4 Rupee Term Loan of Rs 1,50,00.00 lakhs from bank is secured by way of first pari-passu charge on both movable and immovable fixed assets of the company, both present and future other than assets located at Elavur and Vadgaon (Pune). The outstanding as on March 31, 2020 is Rs 1,28,07.35 lakhs (previous year 1,30,48.35 lakhs).The balance loan is repayable in 22 structured quarterly instalments starting from September 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 9.50% p.a to 10.50% p.a.
- 22.1.5 Rupee Term Loan of Rs 50,00.00 lakhs from bank is secured by way of first pari-passu charge on both movable and immovable fixed assets of the company, both present and future other than assets located at Elavur and Vadgaon (Pune). The outstanding as on March 31, 2020 is Rs 45,72.29 lakhs (previous year 45,63.08 lakhs). The balance loan is repayable in 24 structured quarterly instalments starting from October 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 9.50% p.a to 10.50% p.a.
- 22.1.6 Rupee Term Loan of Rs 4,00,00.00 lakhs from bank is secured by way of first pari-passu charge on all immovable and movable Property, Plant and Equipment both present and future of the Company other than assets located at Elavur and Vadgaon (Pune). The loan is further secured by way of pledge of investment in Srikalahasthi Pipes Limited (SPL) to the extent of 15% with non disposal undertaking over remaining shares held by the company in SPL.The loan is further secured by pledge of 10% equity shares of the company held by promoter/promoter entities with non disposal undertaking over remaining shares held by them in the company. The outstanding as on March 31, 2020 is Rs 3,69,73.17 lakhs (previous year 3,73,33.86 lakhs). The balance loan is repayable in 45 structured quarterly instalments starting from September 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 12.00% p.a to 13.00% p.a.
- 22.1.7 Rupee Term Loan of Rs 60,00.00 lakhs from bank is secured by way of first pari-passu charge on all immovable and movable Property, Plant and Equipment both present and future of the Company other than assets located at Elavur and Vadgaon (Pune). The outstanding as on March 31, 2020 is Rs 55,52.79 lakhs (previous year nil). The balance loan is repayable in 72 structured monthly instalments starting from November 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 10.00% p.a to 10.50% p.a.
- 22.2 Term Loan of Rs 50,00.00 lakhs from a financial institution is secured by way of first pari-passu charge on all immovable and movable Property, Plant and Equipment and other intangible assets, both present and future of the Company other than assets located at Elavur. The outstanding as on March 31, 2020 is Rs 18,72.07 lakhs (previous year Rs 27,02.41 lakhs). The balance loan is repayable in 9 equal quarterly instalments starting from October 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 11.00% p.a to 12.00% p.a.
- 22.3.1 Term Loan of Rs. 41,00.00 lakhs is from a financial institution. The outstanding as on March 31, 2020 is Rs. 30,75.00 lakhs (previous year Rs 36,90.00 lakhs). The balance loan is repayable in 9 structured quarterly instalments starting from September 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020.The interest rate ranges from 11.50% p.a to 12.00% p.a.
- 22.3.2 Term Loan of Rs. 33,00.00 lakhs is from a financial institution. The outstanding as on March 31, 2020 is Rs. 15,21.48 lakhs (previous year Rs 20,16.48 lakhs). The balance loan is repayable in 6 structured quarterly instalments starting from September 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020.The interest rate ranges from 11.50% p.a to 12.00% p.a.

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

22.3.3 Term Loan of Rs. 25,00.00 lakhs is from a financial institution. The outstanding as on March 31, 2020 is Rs. 22,50.00 lakhs (previous year Rs 24,37.50 lakhs). The balance loan is repayable in 12 structured quarterly instalments starting from September 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 11.50% p.a to 12.00% p.a.

22.4 The outstanding balances disclosed in note 22.1 to 22.3 are based on the amortised cost in accordance with Ind AS 109 "Financial Instruments".

23. Lease Liabilities

| Particulars | Ref. note no. | As at March 31, 2020 | As at March 31, 2019 |
|-------------|----------------|----------------------|----------------------|
| Non-Current | 7, 23.1 & 41.4 | 4,67.87 | - |
| Current | 41.4 & 23.1, 7 | 1,22.29 | - |
| | | 5,90.16 | - |

23.1 Lease liability represents present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

24. Provisions

| Particulars | Ref. note no. | As at March 31, 2020 | As at March 31, 2019 |
|--|---------------|----------------------|----------------------|
| Provision for employee benefits | 46 | 15,35.28 | 13,53.54 |
| Provision for mine closure and restoration charges | 24.1 | 5,59.98 | 5,59.98 |
| | | 20,95.26 | 19,13.52 |

24.1 Provision for Mines closure and restoration charges are made in terms of statutory obligations specified for the purpose and deposited in the Escrow account in terms of the stipulation made by Ministry of Coal, for Mines closure Plan. In view of cancellation of allotment of coal mines, no further provision has been considered necessary. (Refer note no. 16 and 47)

24.2 Movement in Mine closure and Restoration Obligation provision are provided below:

| Particulars | (Amount Rs. in lakhs) |
|-----------------------------|-----------------------|
| As at March 31, 2018 | 5,59.98 |
| Provision during the year | - |
| As at April 1, 2019 | 5,59.98 |
| Provision during the year | - |
| As at March 31, 2020 | 5,59.98 |

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|-------------|----------------------|----------------------|
| Current | - | - |
| Non current | 5,59.98 | 5,59.98 |

25. Deferred Tax Liabilities

The following is the analysis of deferred tax (assets)/liabilities presented in the Balance Sheet:

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| Deferred tax Assets | (36,35.24) | (75,12.37) |
| Deferred tax Liabilities | 2,78,92.01 | 3,26,88.89 |
| Net Deferred Tax (Assets)/Liabilities | 2,42,56.77 | 2,51,76.52 |

Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

Components of Deferred tax (Assets)/ Liabilities as at March 31, 2020 are given below:

| Particulars | As at April 1, 2019 | Charge/ (Credit) recognised due to adoption of New Tax Regime with effect from 01.04.2019 in the | | Charge/ (Credit) recognised in Profit or Loss | Charge/ (Credit) recognised in other comprehensive income | As at March 31, 2020 |
|--|---------------------|--|-------------------|---|---|----------------------|
| | | Transferred to Equity | Profit & Loss | | | |
| Deferred Tax Assets: | | | | | | |
| Fair valuation of Financial Assets | (5,35.20) | - | 1,48.86 | (73.71) | - | (4,60.05) |
| Provision for Other Items u/s 43B of Income Tax Act, 1961 | (28,92.95) | - | 8,09.34 | (3,35.31) | - | (24,18.92) |
| Provision for Employee benefits u/s 43B of Income Tax Act, 1961 | (7,21.64) | - | 2,01.88 | (30.15) | - | (5,49.91) |
| Carried forward unabsorbed Long Term Capital Loss under Income Tax Act, 1961 | (5,88.99) | - | 10.52 | 3,42.08 | - | (2,36.39) |
| Unabsorbed Depreciation under Income Tax Act, 1961 | (12,13.93) | - | 3,96.36 | 8,17.57 | - | - |
| Unabsorbed Business Loss under Income Tax Act, 1961 | (15,07.47) | - | 4,21.73 | 10,85.74 | - | - |
| Derivative instruments designated at fair value through P&L A/c | (14.34) | - | 4.03 | 66.75 | - | 56.44 |
| Remeasurement of defined benefit obligations through OCI | (37.85) | - | 10.59 | - | 0.85 | (26.41) |
| Total Deferred Tax Assets | (75,12.37) | | 20,03.31 | 18,72.97 | 0.85 | (36,35.24) |
| Deferred Tax Liabilities: | | | | | | |
| Fair valuation of Financial Liabilities | 20,83.42 | - | (5,82.86) | (1,14.30) | - | 13,86.26 |
| Temporary difference with respect to Property, Plant & Equipment | 3,03,97.40 | (2,079.95) | (16,48.12) | (1,69.70) | - | 2,64,99.63 |
| Fair valuation of Derivative instruments designated through P&L A/c | 1,98.03 | - | (55.40) | (143.06) | - | (0.43) |
| Investments designated at fair value through OCI | 10.04 | - | (0.18) | - | (3.31) | 6.55 |
| Total Deferred Tax Liabilities | 3,26,88.89 | (20,79.95) | (22,86.56) | (4,27.06) | (3.31) | 2,78,92.01 |
| NET DEFERRED TAX (ASSETS)/ LIABILITIES | 2,51,76.52 | (20,79.95) | (2,83.25) | 14,45.91 | (2.46) | 2,42,56.77 |

Note: Current year charge / credit includes Rs. 2.98 lakhs representing written off / set off during the year and clubbed in adjustment related to earlier years.

Components of Deferred tax (Assets)/ Liabilities as at March 31, 2019 are given below:

| Particulars | As at April 1, 2018 | Charge/ (Credit) recognised in profit or loss | Charge/ (Credit) recognised in other comprehensive income | Charge/ (Credit) recognised due to Amalgamation of Mahadev Vyapaar Pvt. Ltd. | As at March 31, 2019 |
|--|---------------------|---|---|--|----------------------|
| Deferred Tax Assets: | | | | | |
| Fair valuation of Financial Assets | (4,93.87) | (38.39) | - | (2.94) | (5,35.20) |
| Provision for Other Items u/s 43B of Income Tax Act, 1961 | (24,36.35) | (4,56.60) | - | - | (28,92.95) |
| Provision for Employee benefits u/s 43B of Income Tax Act, 1961 | (7,62.46) | 40.82 | - | - | (7,21.64) |
| Carried forward unabsorbed Long Term Capital Loss under Income Tax Act, 1961 | (5,88.99) | - | - | - | (5,88.99) |
| Unabsorbed Depreciation under Income Tax Act, 1961 | - | (12,13.93) | - | - | (12,13.93) |
| Unabsorbed Business Loss under Income Tax Act, 1961 | - | (15,07.47) | - | - | (15,07.47) |
| Derivative instruments designated at fair value through P&L A/c | (42.74) | 28.40 | - | - | (14.34) |
| Remeasurement of defined benefit obligations through OCI | (1,03.61) | - | 65.76 | - | (37.85) |
| Derivative instruments designated at fair value through OCI (CFHR) | (93.46) | - | 93.46 | - | - |
| Total Deferred Tax Assets | (45,21.48) | (31,47.17) | 1,59.22 | (2.94) | (75,12.37) |
| Deferred Tax Liabilities: | | | | | |
| Fair valuation of Financial Liabilities | 3,90.73 | 16,92.69 | - | - | 20,83.42 |
| Temporary difference with respect to Property, Plant & Equipment | 3,09,02.93 | (7,89.73) | - | 2,84.20 | 3,03,97.40 |
| Fair valuation of Derivative instruments designated through P&L A/c | 3,02.13 | (1,04.10) | - | - | 1,98.03 |
| Investments designated at fair value through OCI | 5.05 | - | 4.99 | - | 10.04 |
| Total Deferred Tax Liabilities | 3,16,00.84 | 7,98.86 | 4.99 | 2,84.20 | 3,26,88.89 |
| NET DEFERRED TAX (ASSETS)/ LIABILITIES | 2,70,79.36 | (23,48.31) | 1,64.21 | 2,81.26 | 2,51,76.52 |

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

26. Other Non-Current Liabilities

| Particulars | Ref. note no. | As at March 31, 2020 | As at March 31, 2019 |
|------------------------|---------------|----------------------|----------------------|
| Advance from customers | 26.1 | 52,48.14 | 1,58,70.76 |
| Others | | 94.98 | 1,07.08 |
| | | 53,43.12 | 1,59,77.84 |

26.1 Advance from customers amounting to Rs.52,31.00 lakhs (previous year Rs. 1,58,57.91 lakhs) received as interest bearing advance for sale of DI Pipes, Fittings and related accessories has been classified and disclosed as aforesaid as per terms of the contract.

27. Non Current Tax Liabilities (Net)

| Particulars | Ref. note no. | As at March 31, 2020 | As at March 31, 2019 |
|---|---------------|----------------------|----------------------|
| Provision for taxation (net of advance tax) | 27.1 | 51,57.78 | 42,43.37 |
| | | 51,57.78 | 42,43.37 |

27.1 Includes Rs. 15,15.22 lakhs (net) [previous year Rs. 11,37.01 lakhs (net)] being interest received pertaining to Assessment Years 2003-04 to 2011-12 and AY 2014-15 & AY 2015-16 as the Income Tax Department has filed an appeal before the Calcutta High Court / Income Tax Appellate Tribunal, Kolkata against the order of the Income Tax Appellate Tribunal, Kolkata / Commissioner of Income Tax (Appeals) and the said appeals are pending.

Further includes Rs. 97.55 lakhs (net) [previous year Rs. 97.55 lakhs (net)] being interest received pertaining to Assessment Year 2012-13 and Assessment Year 2013-14. The Income Tax Appellate Tribunal, Kolkata has dismissed the Income Tax Department's appeal. Considering the pendency of similar matters for other assessment years, no adjustment has been carried out in the books, however till date the intimation of filing the appeal before the Calcutta High Court by the Income Tax Department has not been received by the company.

27.2 During the year, the company has opted to exercise the option under section 115BAA of the Income Tax 1961, as introduced by the Taxation Laws (Amendment) Ordinance 2019 and effective from April 1, 2019, which provides an option to opt for lower rate of Corporate Income Tax Rate subject to fulfilling of certain conditions. Consequently deferred tax liability (net) recognised till March 31, 2019 has been re-measured on the basis the rates prescribed under the new tax regime and credits amounting to Rs. 20,79.95 lakhs and Rs. 2,83.25 lakhs have been given effect in the equity and current year deferred tax expenses respectively in line with the requirements of relevant accounting standards.

28. Borrowings

| Particulars | Ref. note no. | As at March 31, 2020 | As at March 31, 2019 |
|--------------------------------|---------------|----------------------|----------------------|
| SECURED | | | |
| Repayable on demand from banks | 28.1 | | |
| Indian Currency | | 3,54,35.72 | 3,01,17.25 |
| Foreign Currency | | 1,00,08.95 | 72,51.83 |
| Suppliers Credit | | 59,46.64 | 1,79,92.44 |
| | | 5,13,91.31 | 5,53,61.52 |
| UNSECURED | | | |
| From Body Corporates | | 90,00.00 | 80,00.00 |
| | | 90,00.00 | 80,00.00 |
| | | 6,03,91.31 | 6,33,61.52 |

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

Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

29. Trade Payables

| Particulars | Ref. note no. | As at March 31, 2020 | As at March 31, 2019 |
|--|---------------|----------------------|----------------------|
| Payable for Goods and Services | | | |
| Total Outstanding dues of Micro enterprises and small enterprises: and | 29.1 | 1,61.85 | 38.24 |
| Total Outstanding of creditor other than Micro enterprises and small enterprises | 29.3 | 3,30,77.98 | 2,75,98.81 |
| | | 3,32,39.83 | 2,76,37.05 |

29.1 Disclosure of Trade payables as required under section 22 of Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, based on the confirmation and information received by the company from the suppliers regarding the status under the Act.

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------------|----------------------|
| a) Principal & Interest amount remaining unpaid but not due as at year end | 1,61.85 | 38.24 |
| b) Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year | Nil | Nil |
| c) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006 | Nil | Nil |
| d) Interest accrued and remaining unpaid as at year end | 0.17 | Nil |
| e) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise | Nil | Nil |

29.2 Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

29.3 Including acceptances of Rs. 87,73.81 lakhs (previous year Rs. 1,00,76.60 lakhs).

30. Other Financial Liabilities

| Particulars | Ref. note no. | As at March 31, 2020 | As at March 31, 2019 |
|---|---------------|----------------------|----------------------|
| Current maturities of long-term debt | | | |
| Secured | 22 | 2,10,42.32 | 1,32,19.92 |
| Unsecured | 22 | 16,50.00 | 17,92.50 |
| Interest accrued but not due on borrowings | | 11,04.96 | 6,20.58 |
| Employee related liability | | 8,77.42 | 10,63.82 |
| Derivatives at fair value through profit & loss | | 32.77 | - |
| Unclaimed dividends | 30.1 | 70.66 | 82.54 |
| Capital vendors | | 7,72.13 | 6,35.36 |
| Others | | 3,57.82 | 3,58.17 |
| | | 2,59,08.08 | 1,77,72.89 |

30.1 The same is not due for deposit to Investor Education and Protection Fund.

31. Other Current Liabilities

| Particulars | Ref. note no. | As at March 31, 2020 | As at March 31, 2019 |
|------------------------|---------------|----------------------|----------------------|
| Advance from customers | 31.1 & 54 | 57,73.95 | 1,00,76.57 |
| Statutory Payables | | 86,95.60 | 78,82.29 |
| Others | | 40.39 | 28.42 |
| | | 1,45,09.94 | 1,79,87.28 |

31.1 Advance from customers includes Rs.6,13.55 lakhs (previous year Rs. 25,56.70 lakhs) received as interest bearing advance and Rs. 22,80.43 lakhs (previous year Rs. 55,00.24 lakhs) received from related parties out of which Rs.22,74.52 lakhs is interest bearing advance, against sale of DI Pipes, Fittings and related accessories has been classified and disclosed as aforesaid as per terms of the contract.



Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

32. Provisions

| Particulars | Ref. note no. | As at March 31, 2020 | As at March 31, 2019 |
|---------------------------------|---------------|----------------------|----------------------|
| Provision for employee benefits | 46 | 20,15.23 | 18,48.18 |
| | | 20,15.23 | 18,48.18 |

33. Revenue From Operations

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--------------------------|--------------------------------------|--------------------------------------|
| Sale of products | 24,34,49.13 | 23,43,75.67 |
| Other operating revenues | | |
| Incentive / Subsidy | 44,02.25 | 43,83.15 |
| Others | 1,37.55 | 3,01.93 |
| | 24,79,88.93 | 23,90,60.75 |

33.1 Revenue From Contracts with Customer (additional disclosures under Ind AS 115)

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| A. Revenue from contracts with customers disaggregated based on nature of product or services | | |
| Revenue from Sale of products (Transferred at point in time) | | |
| Manufacturing | | |
| Ductile Iron pipes | 17,46,58.82 | 16,21,48.18 |
| Ductile Iron fittings | 2,04,85.95 | 2,39,94.53 |
| Cast Iron pipes | 1,83,60.83 | 1,54,10.47 |
| Others | 2,96,27.22 | 3,04,34.17 |
| Trading | | |
| Coke and Coal | - | 8,90.39 |
| Ductile Iron pipes | - | 1,42.63 |
| Ductile Iron fittings | 3,16.31 | 13,55.30 |
| Other operating revenues | | |
| Incentive / Subsidy | 44,02.25 | 43,83.15 |
| Others | 1,37.55 | 3,01.93 |
| | 24,79,88.93 | 23,90,60.75 |
| B. Revenue from contracts with customers disaggregated based on geography # | | |
| Within India | 14,10,42.98 | 12,96,93.90 |
| Outside India | 10,24,06.15 | 10,46,81.77 |
| | 24,34,49.13 | 23,43,75.67 |
| C. Revenue from contracts with customers disaggregated based on type of customer | | |
| Government | 3,02,81.62 | 5,06,42.40 |
| Non Government | 21,31,67.51 | 18,37,33.27 |
| | 24,34,49.13 | 23,43,75.67 |
| Reconciliation of revenue from contract with customer: | | |
| Revenue from contracts with customer as per the contract price | 24,34,89.22 | 23,43,82.10 |
| Adjustments made to contract price on account of: | | |
| a) Price Adjustments | 40.09 | 6.43 |
| | 24,34,49.13 | 23,43,75.67 |

for detail refer note no. 55

- (i) The amounts receivable from customers become due after the expiry of credit period which on an average is ranging between 90 to 270 days.
- (ii) The Company does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration.
- (iii) There are no contracts for sale of services wherein, performance obligation is unsatisfied to which transaction price has been allocated.
- (iv) Revenue from sale of the products are recorded at a point in time and those from sale of services over a period of time.

Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

34. Other Income

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| Interest Income | | |
| On loans, deposits, overdue debts etc. | 10,35.02 | 14,73.14 |
| On Financial Assets measured at amortised cost | 1,14.27 | 1,47.80 |
| Dividend income | | |
| Current investments | 0.72 | 1.51 |
| Non current investments | 11,58.07 | 11,59.26 |
| Net gain/(loss) on derecognition of financial assets at amortised cost | 29.71 | 56.39 |
| Net gain/(loss) on foreign currency transaction and translation | 10,39.39 | - |
| Net gain/(loss) on Derivative Instruments on fair valuation through profit and loss | 4,20.67 | 10,33.60 |
| Bad debts realised | 89.58 | 1,37.00 |
| Liability / Provision no longer required written back | 47.15 | 8,74.38 |
| Excess provision against trade receivable/advances written back (net) | 16.31 | - |
| Gain on redemption of financial liability at amortised cost | - | 8,03.25 |
| Miscellaneous income | 2,31.00 | 7,27.17 |
| | 41,81.89 | 64,13.50 |

35. Cost of materials consumed

| Particulars | Ref. note no. | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|------------------------|---------------|--------------------------------------|--------------------------------------|
| Raw materials consumed | 35.1 | 11,18,41.99 | 11,05,88.28 |
| | | 11,18,41.99 | 11,05,88.28 |

35.1 Cost of material consumed includes Rs. 8,04.38 lakhs (previous year Rs.6,97.88 lakhs) in relation to cost of goods sold as raw materials.

36. Purchases of Stock In Trade

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|----------------|--------------------------------------|--------------------------------------|
| Coke and coal | - | 1,81.99 |
| Rubber gaskets | 21,29.94 | 24,24.01 |
| DI Fittings | 2,75.42 | 12,88.54 |
| Others | 7,61.51 | 17,47.12 |
| | 31,66.87 | 56,41.66 |

37. Changes in inventories of Finished goods, Stock-in-Trade and Work-in-progress

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| Opening stock | | |
| Finished goods | 1,78,63.24 | 80,30.95 |
| Add: Trial run stock from preoperative period | 3,46.45 | - |
| Stock-in-trade (in respect of goods acquired for trading) | 29.95 | 1,58.82 |
| Process stock | 51,63.52 | 85,98.36 |
| | 2,34,03.16 | 1,67,88.13 |
| Less : Closing Stock | | |
| Finished goods | 1,68,63.36 | 1,78,63.24 |
| Stock-in-trade (in respect of goods acquired for trading) | 29.95 | 29.95 |
| Process stock | 70,67.25 | 51,63.52 |
| | 2,39,60.56 | 2,30,56.71 |
| | (5,57.40) | (62,68.58) |

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

38. Employee Benefits Expense

| Particulars | Ref. note no. | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---------------|--------------------------------------|--------------------------------------|
| Salaries and wages | 46 | 1,53,33.85 | 1,34,04.12 |
| Contribution to provident and other funds | 46 | 9,65.50 | 9,22.39 |
| Staff welfare expenses | | 8,93.95 | 8,58.60 |
| | | 1,71,93.30 | 1,51,85.11 |

39. Finance Costs

| Particulars | Ref. note no. | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|---------------|--------------------------------------|--------------------------------------|
| Interest expense | | 1,76,12.97 | 1,66,40.67 |
| Net (gain)/loss on foreign currency transactions and translation | | 24,77.86 | 27,41.21 |
| Other borrowing cost | 39.2 & 41.4 | 18,98.92 | 31,58.34 |
| | | 2,19,89.75 | 2,25,40.22 |

39.1 Borrowing cost capitalised during the year is Rs. 1,27.72 lakhs (previous year Rs. 1,05.92 lakhs). The capitalisation has been considered at 11.80%.

39.2 Other Borrowing cost includes Rs. 73.22 lakh (previous year nil) towards lease obligation of Right Of Use Assets.

40. Depreciation and Amortisation Expenses

| Particulars | Ref. note no. | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--------------|---------------|--------------------------------------|--------------------------------------|
| Depreciation | 40.1 | 52,52.50 | 53,45.20 |
| Amortization | 6 | 21.82 | 1,42.07 |
| | | 52,74.32 | 54,87.27 |

40.1 Depreciation includes Rs. 1,66.90 lakhs (previous year nil) towards depreciation charge for Right of Use assets.

41. Other Expenses

| Particulars | Ref. note no. | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|---------------|--------------------------------------|--------------------------------------|
| Consumption of stores and spare parts | | 1,62,15.32 | 1,49,19.47 |
| Power and fuel | | 1,67,37.10 | 1,63,68.00 |
| Material Handling Charges | | 25,94.64 | 23,08.96 |
| Rent | 41.4 | 9,23.49 | 9,29.13 |
| Repairs to buildings | | 3,07.12 | 3,56.02 |
| Repairs to machinery | | 4,84.56 | 5,38.22 |
| Insurance | | 4,21.55 | 2,25.05 |
| Rates and taxes | | 4,10.71 | 3,44.34 |
| Directors fees and commission | | 1,15.70 | 45.50 |
| Freight & forwarding charges | | 1,74,66.87 | 1,59,02.09 |
| Commission to selling agents | | 39,91.17 | 57,74.01 |
| Loss on sale of fixed assets (net) | | 2,14.85 | 2,80.47 |
| Net Loss/(Gain) on foreign currency transaction and translation | | - | 19,90.92 |
| Net Loss/(Gain) on fair valuation of Current investments through Profit and Loss (net) | | 0.15 | 8.33 |
| Sundry balances/Advances written off (net off provision written back Rs. 75.63 lakhs) | | 5,02.36 | - |
| Bad debts (net off of provision written back Rs. 3,12.78 lakhs) | | 47.93 | - |
| Credit loss allowances on Trade Receivable/Advances/Others | | 41.23 | 1,96.02 |
| Capital Work In Progress written off | 48 (b) | 23,18.35 | 6,90.33 |
| Impairment of non current investment | | 45.05 | 8,22.81 |
| Miscellaneous expenses | 41.1 & 41.3 | 1,80,70.31 | 1,75,32.79 |
| | | 8,09,08.46 | 7,92,32.46 |

Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

41.1 Miscellaneous expenses includes Auditor's Remuneration

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|-------------------------------|--------------------------------------|--------------------------------------|
| (a) Audit Fees | 20.00 | 20.00 |
| (b) Certification charges | 53.55 | 35.15 |
| (c) Reimbursement of expenses | 0.54 | 0.45 |

41.2 During the year, the Company has incurred Rs. 1,21.75 lakhs (previous year Rs. 1,11.77 lakhs) in the nature of salary and wages on account of research and development expenses which has been charged to Statement of Profit and Loss.

41.3 During the year, the Company has incurred Rs. 5.75 lakhs (previous year Rs.1,15.00 lakhs) on account of Corporate Social Responsibility (CSR) included under Other Miscellaneous Expenses.

| | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| (a) Gross amount required to be spent by the Company during the year | 5.56 | 115.00 |
| (b) Amount spent during the year on : | | |
| (i) Construction / acquisition of any assets | | |
| – In Cash | – | – |
| – Yet to be paid in cash | – | – |
| Total | – | – |
| (ii) On purpose other than (i) above | | |
| – In Cash | 5.75 | 1,15.00 |
| – Yet to be paid in cash | – | – |
| Total | 5.75 | 1,15.00 |

41.4 Leases

The company has elected to apply Ind AS 116 to its leases with modified retrospective approach. Under this approach, the company has recognized lease liabilities and corresponding equivalent right of use assets. In the statement of profit & loss for the year ended, operating lease expenses which were recognised as other expenses in previous periods is now recognised as depreciation expenses on right of use assets and finance cost for interest accrued on such lease liability.

41.4.1 Movement in Lease Liabilities during the year ended March 31, 2020

| Particulars | As at March 31, 2020 |
|---|-------------------------|
| Balance at the beginning | 6.06 |
| Additions | 6,91.06 |
| Interest Cost accrued during the period | 73.22 |
| Deletions | – |
| Payment of lease liabilities | 1,80.18 |
| Balance at the end | 5,90.16 |

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

41.4.2 Future Payment of Lease liabilities on an undiscounted basis

At March 31, 2020, the future payment of lease liabilities on an undiscounted basis are as follows:

| Particulars | As at March 31, 2020 |
|--|-------------------------|
| Less than one year | 1,85.44 |
| One to five years | 5,66.05 |
| More than five years | 23,54.80 |
| Total undiscounted lease liabilities at March 31,2020 | 31,06.29 |
| Lease liabilities included in the statement of financial position at March 31, 2020 | 5,90.16 |
| Current Lease Liabilities | 1,22.29 |
| Non- Current Lease Liabilities | 4,67.87 |

41.4.3 Amounts recognized in Profit or Loss

| Particulars | For the year ended March 31, 2020 |
|--|--------------------------------------|
| Interest expense on lease liabilities | 73.22 |
| Depreciation expense of right-of-use assets | 1,66.90 |
| Expense relating to short-term leases (included in other expenses) | 4,44.50 |
| Total | 6,84.62 |

41.4.4 The weighted average incremental borrowing rate of 11.40% has been applied to lease liabilities recognised in the Balance Sheet.

42. Exceptional Items

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| Exceptional Items | | |
| On account of: | | |
| Fair valuation of investment of Electrosteel Steels Ltd. | - | (5,78,68.38) |
| Write off of advances/trade receivable pertaining to Electrosteel Steels Ltd. | - | (2,11,21.70) |
| | - | (7,89,90.08) |

43. Tax Expense

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| Current tax | | |
| In respect of the current year | 13,51.26 | 2.96 |
| In respect of prior years | (16.19) | - |
| Total Current tax expense recognised in the current year | 13,35.07 | 2.96 |
| Deferred tax | | |
| In respect of the current year | 14,42.93 | (23,48.31) |
| Impact of section 115BAA of the Income Tax Act, 1961 as on April 01, 2019 | (2,83.25) | - |
| Total Deferred tax expense recognised in the current year | 11,59.68 | (23,48.31) |
| Total Tax expense recognised in the current year | 24,94.75 | (23,45.35) |

Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

43.1 Reconciliation of Income tax expense for the year with accounting profit is as follows:

Taxable Income differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Details in this respect are as follows:

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| Profit before tax | 1,23,53.53 | (6,59,22.25) |
| Income tax expense calculated at 25.168% (previous year 34.944%) | 31,09.13 | (2,30,35.87) |
| Less : Effect of income Exempt from taxation/ deductible for computing taxable profit | | |
| – Dividend | (2,91.65) | (4,05.62) |
| – Additional Business loss claimed on recomputation of Taxable Income | (3,96.63) | – |
| – Effect of other adjustments in respect of earlier year | (16.19) | – |
| Add : Effect of expenses that are not deductible in determining taxable profit | | |
| – CSR Expenditure | 1.45 | – |
| – Donation u/s 80-G | 0.35 | 40.33 |
| – Provision for diminution in value of investments | 11.34 | 2,05,09.05 |
| – Effect of other adjustments | 76.95 | 5,46.76 |
| Income tax expense recognised in Statement of Profit and Loss | 24,94.75 | (23,45.35) |

The income tax rate used for reconciliations above is 25.168% under section 115BAA of the Income Tax Act, 1961 (previous year 34.944% under normal provision) as applicable for corporate entities on taxable profits under the Indian tax laws.

43.2 Income tax recognised in other comprehensive income

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| Deferred tax | | |
| Arising on income and expenses recognised in other comprehensive income: | | |
| Net fair value gain on investments in equity shares at FVTOCI | 3.31 | (4.99) |
| Remeasurement of defined benefit obligation | (0.85) | (65.76) |
| Derivative instrument designated at fair value through Cash Flow Hedge Reserve | – | (93.46) |
| Total income tax recognised in other comprehensive income | 2.46 | (1,64.21) |
| Bifurcation of the income tax recognised in other comprehensive income into: | | |
| Items that will not be reclassified to profit or loss | 2.46 | (70.75) |
| Items that will be reclassified to profit or loss | – | (93.46) |

44. Components of Other Comprehensive Income

| Particulars | Ref. note no. | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---------------|--------------------------------------|--------------------------------------|
| Items that will not be reclassified to Statement of Profit and Loss | | | |
| Remeasurement of defined benefit plans | 46 | 3.39 | 1,88.18 |
| Equity Instrument through Other Comprehensive Income | | (14.46) | (6,23.72) |
| | | (11.07) | (4,35.54) |
| Items that will be reclassified to Statement of Profit and Loss | | | |
| Effective portion of Cash flow hedge reserve | | – | 2,67.44 |
| | | – | 2,67.44 |

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

45. FINANCIAL INSTRUMENTS

a) The accounting classification of each category of financial instrument, their carrying amount and fair value are as follows:-

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|-------------|----------------------|-------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Financial Assets (Current and Non-Current) | | | | |
| Financial Assets measured at Amortised Cost | | | | |
| Trade receivables | 6,37,78.18 | 6,37,78.18 | 6,01,16.38 | 6,01,16.38 |
| Cash and cash equivalents | 22,23.55 | 22,23.55 | 56,47.38 | 56,47.38 |
| Bank Balances Other than Cash and Cash Equivalents | 40,42.40 | 40,42.40 | 75,04.61 | 75,04.61 |
| Loans | 26,33.77 | 26,33.77 | 35,16.62 | 35,16.62 |
| Other Financial Assets | 2,44,34.01 | 2,44,34.01 | 2,21,61.75 | 2,21,61.75 |
| Financial Assets measured at Fair Value through Profit and Loss Account | | | | |
| Derivative Instruments | - | - | 633.20 | 633.20 |
| Investment in Equity Instruments | 0.52 | 0.52 | 75.81 | 75.81 |
| Financial Assets measured at Fair Value through Other Comprehensive Income | | | | |
| Investment in Equity Instruments other than Subsidiaries, Associates and Joint Venture | 21,20.41 | 21,20.41 | 2,134.88 | 2,134.88 |
| Financial Liabilities (Current and Non-Current) | | | | |
| Financial Liabilities measured at Amortised Cost | | | | |
| Borrowings – fixed rate | 4,86,63.72 | 4,86,63.72 | 5,12,82.33 | 5,15,29.47 |
| Borrowings – floating rate | 10,45,49.98 | 10,45,49.98 | 11,05,75.76 | 11,05,75.76 |
| Lease Liabilities | 5,90.16 | 5,90.16 | - | - |
| Trade Payables | 3,32,39.83 | 3,32,39.83 | 2,76,37.05 | 2,76,37.05 |
| Other Financial Liabilities | 31,82.99 | 31,82.99 | 27,60.47 | 27,60.47 |
| Financial Liabilities measured at Fair Value through Profit and Loss Account | | | | |
| Derivative Instruments | 32.77 | 32.77 | - | - |

b) **Fair Valuation Techniques**

The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

- The fair value of cash and cash equivalents, current trade receivables and payables, current loans, current financial liabilities and assets and borrowings approximate their carrying amount largely due to the short-term nature of these instruments. The management considers that the carrying amounts of financial assets and financial liabilities recognised at nominal cost/amortised cost in the financial statements approximate their fair values. In respect of non current trade receivables and loans, fair value is determined by using discount rates that reflect the present borrowing rate of the company.
- A substantial portion of the company's long-term debt has been contracted at floating rates of interest, which are reset at short intervals. Fair value of variable interest rate borrowings approximates their carrying value subject to adjustments made for transaction cost. In respect of fixed interest rate borrowings, fair value is determined by using discount rates that reflects the present prevailing rates for similar borrowing in the market.
- Investments (other than Investments in Associates, Joint Venture and Subsidiaries) traded in active market are determined by reference to the quotes from the Stock exchanges as at the reporting date. Quoted Investments for which quotations are not available have been included in the market value at the face value/paid up value, whichever is lower except in case of debentures, bonds and government securities where the net present value at current yield to maturity have been considered. Unquoted investments in shares have been valued based on the historical net asset value as per the latest audited financial statements and wherever the same is not available, alternate available inputs are considered for the purpose of valuations.
- The fair value of derivative financial instruments is determined based on observable market inputs including currency spot and forward rates, yield curves, currency volatility etc. These derivatives are estimated by using the pricing models, where the inputs to those models are based on readily observable market parameters, contractual terms, period to maturity, maturity parameters and foreign exchange rates. These models

Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

do not contain a high level of subjectivity as the valuation techniques used do not require significant judgement, and inputs thereto are readily observable from market rates. The said valuation has been carried out by the counter party with whom the contract has been entered with and management has evaluated the credit and non-performance risks associated with the counterparties and believes them to be insignificant and not requiring any credit adjustments.

c) Fair value hierarchy

1. The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at balance sheet date:

(Amount Rs. in lakhs)

| Particulars | As at March 31, 2020 | Fair value measurements at reporting date using | | |
|---|-------------------------|---|-------------------------------------|---------------------------------------|
| | | Level 1 | Level 2 | Level 3 |
| | | Quoted Price in active market | Significant observable inputs | Significant unobservable inputs |
| Financial Assets | | | | |
| Investment in Equity Instruments (Current) | 0.52 (75.81) | 0.52 (75.81) | – | – |
| Investment in Equity Instruments other than Subsidiaries, Associates and Joint Venture (Non-Current) | 21,20.41 (21,34.88) | 12.68 (25.58) | 20,79.34 (20,79.34) | 28.39 (29.96) |
| Derivative Instrument | – (633.20) | – | – (633.20) | – |
| Financial Liabilities | | | | |
| Derivative Instrument | 32.77 – | – | 32.77 – | – |

(*) Figures in round brackets () indicate figures as at March 31, 2019

2. During the year ended March 31, 2020 and March 31, 2019, there were no significant transfers between Level 1, Level 2 and Level 3.
3. The Inputs used in fair valuation measurement are as follows:
- Fair valuation of Financial assets and liabilities not within the operating cycle of the company is amortised based on the borrowing rate of the company.
 - Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace. The inputs used for forward contracts are Forward foreign currency exchange rates and Interest rates to discount future cash flow.
 - Unquoted investments in equity shares have been valued based on the amount available to shareholder's as per the latest audited financial statements wherever available. Further, external observable inputs or assumptions have been used in such valuation of equity shares in other cases.

(d) Derivatives financial assets and liabilities:

The Company follows established risk management policies, including the use of derivatives to hedge its exposure to foreign currency fluctuations on foreign currency assets / liabilities. The counter party in these derivative instruments is a bank and the Company considers the risks of non-performance by the counterparty as non-material.

- (i) The following tables present the aggregate contracted principal amounts of the Company's derivative contracts outstanding:

| Sl. No. | Underlying Purpose | Category | As at March 31, 2020 | | As at March 31, 2019 | | Currency |
|---------|--------------------|----------|----------------------|----------------------------|----------------------|----------------------------|----------|
| | | | No. of deals | Amount in Foreign Currency | No. of deals | Amount in Foreign Currency | |
| 1 | Export Receivables | Forward | 33 | 2,20,59,634 | 43 | 2,78,92,662 | USD/INR |
| 2 | Export Receivables | Forward | 13 | 41,98,216 | 15 | 62,37,714 | GBP/USD |
| 3 | Export Receivables | Forward | 1 | 3,00,000 | 1 | 5,00,000 | GBP/INR |
| 4 | Export Receivables | Forward | 27 | 1,57,96,666 | 18 | 95,74,224 | EURO/USD |



Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

| Sl. No. | Underlying Purpose | Category | As at March 31, 2020 | | As at March 31, 2019 | | Currency |
|---------|---|--------------------|----------------------|----------------------------|----------------------|----------------------------|----------|
| | | | No. of deals | Amount in Foreign Currency | No. of deals | Amount in Foreign Currency | |
| 5 | Export Receivables | Forward | 9 | 75,92,066 | 18 | 1,08,21,557 | EURO/INR |
| 6 | Export Receivables | Forward | 3 | 9,81,728 | 5 | 20,00,000 | SGD/USD |
| 7 | Export Receivables | Forward | - | - | 2 | 9,95,858 | SGD/INR |
| 8 | Suppliers Credit/Imports/Other payables | Forward | 16 | 1,06,27,617 | 13 | 1,89,72,666 | USD/INR |
| 9 | Suppliers Credit/Imports/Other payables | Option | 3 | 29,91,426 | 3 | 1,06,20,384 | USD/INR |
| 10 | External Commercial Borrowings Principal & Interest payment | Option | 2 | 1,09,00,000 | 4 | 2,00,00,000 | USD/INR |
| 11 | External Commercial Borrowings Interest payment | Interest Rate Swap | 12 | 1,19,00,000 | 14 | 2,72,00,000 | USD |
| 12 | External Commercial Borrowings Interest payment | Interest Rate Cap | 3 | 25,50,000 | 3 | 63,75,000 | USD |

(ii) Un hedged Foreign Currency exposures are as follows: -

(Amount in Foreign Currency)

| Nature | Currency | As at March 31, 2020 | As at March 31, 2019 |
|--|----------|----------------------|----------------------|
| Payables | | | |
| ECB Payable (include accrued interest) | USD | 1,10,52,577 | 1,29,73,394 |
| Suppliers Credit /PCFC/Acceptances (includes accrued interest) | USD | 1,32,79,672 | 1,35,51,299 |
| Imports & Other payables | USD | 19,67,366 | 34,11,230 |
| Imports & Other payables | EURO | 1,71,444 | 96,052 |
| Imports & Other payables | GBP | 54,166 | 28,198 |
| Imports & Other payables | AED | 1,479 | 4,397 |
| Imports & Other payables | SGD | 16,900 | - |
| Imports & Other payables | AUD | 5,340 | - |
| Receivables | | | |
| Exports & Other receivables | GBP | 3,37,408 | - |
| Exports & Other receivables | SGD | 6,57,095 | 1,29,283 |
| Exports & Other receivables | USD | 1,52,42,159 | 79,18,197 |
| Exports & Other receivables | EURO | 15,96,996 | - |

(iii) The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as at the balance sheet date:

(Amount Rs. in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| Not later than one month | 52.22 | (3,43.13) |
| Later than one month and not later than three months | 2,29.17 | 26.35 |
| Later than three months and not later than one year | (3,14.16) | 6,65.57 |
| Later than one year | - | 2,84.41 |

(iv) The company had entered into USD INR Currency Swap to hedge both the principal and interest payments of the borrowing from bank amounting to USD 16.62 Mn. The critical terms of both the hedging instrument (i.e the Full currency swap) and the hedged item (i.e the borrowing) are closely aligned, thereby establishing an economic relationship between them. The Currency Swap is hence designated as hedging instrument in cash flow hedges. As the economic relationship ceased to exist during the previous year, cash flow hedge reserve has been transferred to statement of profit and loss during the year ended 31.03.2019.

Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

(v) The following table provides the reconciliation of cash flow hedge reserve:

(Amount Rs. in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| Balance at the beginning of the period | - | (173.98) |
| Gain/(loss) recognised in OCI during the period | - | 3,97.52 |
| Amount reclassified to Profit and Loss account during the period | - | (130.07) |
| Tax impact on above | - | (93.46) |
| Balance at the end of period | - | - |

(e) **Sale of Financial Assets**

In the normal course of business, the Company transfers its bill receivables to banks. Under the terms of the agreements, the Company surrenders control over the financial assets and the transfer is with recourse. Under arrangement with recourse, the company is obligated to repurchase the uncollected financial assets, subject to limits specified in the agreement with banks. As at March 31, 2020 and March 31, 2019 the maximum amount of recourse obligation in respect of financial assets are Rs 81,13.52 lakhs and Rs. 46,70.54 lakhs respectively.

(f) **Financial Risk Factors**

The Company's activities are exposed to variety of financial risks. The key financial risks includes market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors reviews and approves policies for managing these risks. The risks are governed by appropriate policies and procedures and accordingly financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

1. **Market Risk**

Market risk is the risk or uncertainty arising from possible market fluctuations resulting in variation in the fair value of future cash flows of a financial instrument. The major components of Market risks are currency risk, interest rate risk and other price risk. Financial instruments affected by market risk includes trade receivables, borrowings, investments and trade and other payables.

i) **Foreign Currency Risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's foreign currency denominated borrowings, trade receivables and trade or other payables.

The Company has adopted a comprehensive risk management review system wherein it actively hedges its foreign exchange exposures within defined parameters through use of hedging instruments such as forward contracts, options and swaps. The Company periodically reviews its risk management initiatives and also takes experts advice on regular basis on hedging strategy.

The carrying amount of various exposures to foreign currency as at the end of the reporting period are as follows:

As at March 31, 2020

(Amount Rs. in lakhs)

| Particulars | Trade receivables | Loans and borrowings | Trade payables & Other Current Liabilities | Net Assets/ (Liabilities) |
|--------------|-------------------|----------------------|--|---------------------------|
| USD # | 1,09,75.66 | 3,31,43.17 | 1,18,44.07 | (3,40,11.58) |
| EURO | 2,09,38.55 | - | 142.85 | 2,07,95.70 |
| GBP | 45,46.07 | - | 50.82 | 44,95.25 |
| SGD | 8,71.00 | - | 8.98 | 8,62.02 |
| AED | - | - | 0.30 | (0.30) |
| AUD | - | - | 2.48 | (2.48) |
| TOTAL | 3,73,31.28 | 3,31,43.17 | 1,20,49.50 | (78,61.39) |

Trade receivables and Loans and Borrowings includes Rs 6,81.94 lakhs towards bill discounting.

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 (Contd.)

As at March 31, 2019

(Amount Rs. in lakhs)

| Particulars | Trade receivables | Loans and borrowings | Trade payables & Other Current Liabilities | Net Assets/ (Liabilities) |
|-------------|-------------------|----------------------|--|---------------------------|
| USD # | 1,04,09.31 | 4,79,05.40 | 2,57,39.87 | (6,32,35.96) |
| EURO | 1,53,83.23 | - | 74.50 | 1,53,08.73 |
| GBP | 58,08.29 | - | 25.41 | 57,82.88 |
| SGD | 15,94.27 | - | - | 15,94.27 |
| AED | - | - | 0.83 | (0.83) |
| TOTAL | 3,31,95.10 | 4,79,05.40 | 2,58,40.61 | (4,05,50.91) |

Trade receivables and Loans and Borrowings includes Rs 3,36.83 lakhs towards bill discounting.

Derivative financial assets and liabilities dealing with outstanding derivative contracts and unhedged foreign currency exposure has been detailed in earlier parts. Unhedged foreign currency exposure is primarily on account of long term foreign currency borrowings for which hedge cover is taken as per the policy followed by the company depending upon the remaining period of maturity of the installments falling due for payment.

The following table demonstrates the sensitivity in the USD, Euro, GBP and other currencies to the Indian Rupee with all other variables held constant. The impact on the Company's profit/(loss) before tax in the fair value of monetary assets and liabilities is given below:

(Amount Rs. in lakhs)

| Particulars | Effect on Profit before tax | |
|---|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
| RECEIVABLES (Weaking of INR by 5%) | | |
| USD | 5,75.77 | 2,73.77 |
| EURO | 66.53 | - |
| GBP | 15.83 | - |
| SGD | 17.46 | 3.30 |
| PAYABLES (Weaking of INR by 5%) | | |
| USD | (9,93.47) | (10,35.03) |
| EURO | (7.14) | (3.73) |
| GBP | (2.54) | (1.27) |
| SGD | (0.45) | - |
| AED | (0.02) | - |
| AUD | (0.12) | - |

A 5% strengthening of INR would have an equal and opposite effect on the Company's financial statements. Sensitivity includes fluctuation towards cross currency exposures also.

ii) **Interest rate risk**

The company's exposure in market risk relating to change in interest rate primarily arises from floating rate borrowing with banks and financial institutions. Borrowings at fixed interest rate exposes the company to the fair value interest rate risk. The Company has entered into interest rate swap contracts in respect of certain foreign currency borrowings whereby interest at an agreed rate are to be applied on agreed upon principal amount. The company maintains a portfolio mix of fixed and floating rate borrowings. As at March 31, 2020, after taking into account interest rate swaps, approximately 37.63% (March 31, 2019: 43.30%) of the company's borrowings become fixed rate interest borrowing.

Further there are deposits with banks which are for short term period are exposed to interest rate risk, falling due for renewal. These deposits are however generally for trade purposes as such do not cause material implication.

Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

With all other variables held constant, the following table demonstrates the impact of the borrowing cost on floating rate portion of loans and borrowings and excluding loans on which interest rate swaps are taken.

(Amount Rs. in lakhs)

| Nature of Borrowing | Increase in basis points | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|-----------------------|--------------------------|-----------------------------------|-----------------------------------|
| Rupee Loan | +0.50 | 4,40.22 | 4,39.57 |
| Foreign Currency Loan | +0.25 | 18.79 | 9.63 |

A decrease in 0.50 basis point in Rupee Loan and 0.25 basis point in Foreign Currency Loan would have an equal and opposite effect on the Company's financial statements.

iii) Other price risk

The Company's equity exposure in Subsidiaries, Associates and Joint Ventures are carried at cost or deemed cost and these are subject to impairment testing as per the policy followed in this respect. The company's current investments which are fair valued through profit and loss are not material. Accordingly, other price risk of the financial instrument to which the company is exposed is not expected to be material.

2. Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables). The management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Major water infrastructure projects are Government funded or foreign aided and the risk involved in payment default is minimum with respect to these customers. Besides, export receivables are primarily from subsidiaries and sales made by them is covered under Credit Insurance. The Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends and ageing of accounts receivable. Individual risk limits are set accordingly and the company obtains necessary security including letter of credits and/or bank guarantee to mitigate.

The carrying amount of respective financial assets recognised in the financial statements, (net of impairment losses) represents the Company's maximum exposure to credit risk. The concentration of credit risk is limited due to the customer base being large and unrelated. Of the trade receivables balance at the end of the year (other than subsidiaries), there are no single customer accounted for more than 10% of the accounts receivable and 10% of revenue as at March 31, 2020 and March 31, 2019.

The Company extends credit to customers as per the internal credit policy. Any deviation are approved by appropriate authorities, after due consideration of the customers credentials and financial capacity, trade practices and prevailing business and economic conditions. The Company's historical experience of collecting receivables and the level of default indicate that credit risk is low and generally uniform across markets; consequently, trade receivables are considered to be a single class of financial assets. All overdue customer balances are evaluated taking into account the age of the dues, specific credit circumstances, the track record of the customers etc. Company computes credit loss allowance based on a matrix based historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates.

Financial assets that are neither past due nor impaired

Cash and cash equivalents, investment and deposits with banks are neither past due nor impaired. Cash and cash equivalents with banks are held with reputed and credit worthy banking institutions.

Financial assets that are past due but not impaired

Trade receivables amounts that are past due at the end of the reporting period against which no credit losses has been expected to arise.

3. Liquidity Risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's objective is to maintain optimum level of liquidity to meet its cash and collateral requirements at all times. The company's assets represented by financial instruments comprising of receivables, and those relating to Parbatpur Coal mines (refer note no. 47) are largely funded by borrowed funds. The company relies on borrowings and internal accruals to meet its fund requirement. The current committed line of credit are sufficient to meet its short to medium term fund requirement.

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 (Contd.)**i) Liquidity and interest risk tables**

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows as at balance sheet date:

Interest rate and currency of borrowings**As at March 31, 2020**

(Amount Rs. in lakhs)

| Particulars | Total Borrowings | Floating rate borrowings | Fixed rate borrowings | Weighted average Interest Rate (%) |
|--------------|--------------------|--------------------------|-----------------------|------------------------------------|
| INR | 12,00,70.53 | 8,80,44.33 | 3,20,26.20 | 11.21% |
| USD | 3,31,43.17 | 1,65,05.65 | 1,66,37.52 | 5.07% |
| Total | 15,32,13.70 | 10,45,49.98 | 4,86,63.72 | |

As at March 31, 2019

| Particulars | Total Borrowings | Floating rate borrowings | Fixed rate borrowings | Weighted average Interest Rate (%) |
|--------------|--------------------|--------------------------|-----------------------|------------------------------------|
| INR | 11,39,52.69 | 8,79,14.62 | 2,60,38.07 | 11.58% |
| USD | 4,79,05.40 | 2,26,61.13 | 2,52,44.27 | 5.67% |
| Total | 16,18,58.09 | 11,05,75.75 | 5,12,82.34 | |

Maturity Analysis of Financial Liabilities**As at March 31, 2020**

(Amount Rs. in lakhs)

| Particulars | Carrying Amount | On Demand | Less than 6 months | 6 to 12 months | > 1 year | Total |
|---|-----------------|------------|--------------------|----------------|------------|-------------|
| Interest bearing borrowings* (including current maturities) | 15,32,13.70 | 1,17,27.60 | 5,32,76.54 | 1,80,79.49 | 7,01,30.07 | 15,32,13.70 |
| Other Liabilities | 31,82.99 | 31,82.99 | - | - | - | 31,82.99 |
| Trade and other payables | 3,32,39.83 | 3,32,39.83 | - | - | - | 3,32,39.83 |

* Include Rs 51,34.74 lakhs as Prepaid Finance Charges.

As at March 31, 2019

| Particulars | Carrying Amount | On Demand | Less than 6 months | 6 to 12 months | > 1 year | Total |
|---|-----------------|------------|--------------------|----------------|------------|-------------|
| Interest bearing borrowings* (including current maturities) | 16,18,58.09 | 1,82,83.55 | 4,09,87.52 | 1,91,02.88 | 8,34,84.14 | 16,18,58.09 |
| Other Liabilities | 27,60.47 | 27,60.47 | - | - | - | 27,60.47 |
| Trade and other payables | 2,76,37.05 | 2,76,37.05 | - | - | - | 2,76,37.05 |

* Include Rs 57,16.87 lakhs as Prepaid Finance Charges.

The company has current financial assets which will be realised in ordinary course of business. The Company ensures that it has sufficient cash on demand to meet expected operational expenses.

The company relies on mix of borrowings and operating cash flows to meet its need for funds and ensures that it does not breach any financial covenants stipulated by the lender. The company has availed the option of moratorium vide RBI Circular No. DOR.NO. BPBC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BPBC.71/21.04.048/2019-2020 dated May 23, 2020 on its certain borrowings due to which instalments/interest amounting to Rs 22,57.09 lakhs which were due to be paid during the current financial year have been carried forward in the next financial year.

Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

g) Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value. The Company's objective when managing capital is to safeguard their ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stake holders. The Company is focused on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required without where the risk profile of the Company.

The gearing ratio are as follows:

(Amount Rs. in lakh)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--------------------------------|----------------------|----------------------|
| Borrowings | 15,32,13.70 | 16,18,58.09 |
| Less Cash and Cash Equivalents | 22,23.55 | 56,47.38 |
| Net Debt | 15,09,90.15 | 15,62,10.71 |
| Equity | 25,48,54.71 | 23,79,24.59 |
| Equity and Net Debt | 40,58,44.86 | 39,41,35.30 |
| Gearing Ratio | 0.37 | 0.40 |

46. Post Retirement Employee Benefits

The disclosures required under Indian Accounting Standard 19 on "Employee Benefits" are given below:

a) Defined Contribution Plans

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

(Amount Rs. in lakhs)

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| Employer's Contribution to Provident Fund | 3,60.53 | 2,97.10 |
| Employer's Contribution to Pension Fund | 2,19.64 | 2,09.38 |
| Employer's Contribution to Superannuation Fund | 44.22 | 43.40 |
| Employer's Contribution to NPS Fund | 59.70 | 48.40 |

b) Defined Benefit Plans

The employee's gratuity fund scheme managed by Life Insurance Corporation of India and ICICI Prudential Life Insurance Company Ltd. is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

(Amount Rs. in lakhs)

| | Gratuity (Funded) | |
|--|-------------------|----------|
| | 2019-20 | 2018-19 |
| i) Change in the fair value of the defined benefit obligation : | | |
| Liability at the beginning of the year | 31,11.15 | 29,05.13 |
| Interest Cost | 2,15.78 | 2,20.17 |
| Current Service Cost | 2,04.71 | 1,75.33 |
| Actuarial (gain) / loss on obligations | 1,15.52 | (97.89) |
| Benefits paid | (56.98) | (91.59) |
| Liability at the end of the year | 35,90.18 | 31,11.15 |

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

| | Gratuity (Funded) | |
|--|--------------------------|----------------|
| | 2019-20 | 2018-19 |
| ii) Changes in the Fair Value of Plan Asset | | |
| Fair value of Plan Assets at the beginning of the year | 23,04.18 | 20,06.94 |
| Expected Return on Plan Assets | 1,61.29 | 1,54.54 |
| Contributions by the Company | 1,22.91 | 2,14.13 |
| Benefits paid | (56.98) | (91.59) |
| Actuarial gain / (loss) on Plan Assets | 84.07 | 20.16 |
| Fair value of Plan Assets at the end of the year | 26,15.47 | 23,04.18 |
| iii) Actual return on Plan Asset | | |
| Expected return on Plan assets | 1,61.29 | 1,54.54 |
| Actuarial gain / (loss) on Plan Assets | 84.07 | 20.16 |
| Actual Return on Plan Assets | 2,45.36 | 1,74.70 |
| iv) Amount Recognized in Balance Sheet | | |
| Liability at the end of the year | 35,90.18 | 31,11.15 |
| Fair value of Plan Assets at the end of the year | 26,15.47 | 23,04.18 |
| | 9,74.71 | 8,06.97 |
| v) Components of Defined Benefit Cost | | |
| Current Service Cost | 2,04.71 | 1,75.33 |
| Interest Cost | 2,15.78 | 2,20.17 |
| Expected Return on Plan Assets | (1,61.29) | (1,54.54) |
| Net Actuarial (gain) / loss on remeasurement recognised in OCI | 31.45 | (118.05) |
| Total Defined Benefit Cost recognised in Profit and Loss and OCI | 2,90.65 | 1,22.91 |
| vi) Balance Sheet Reconciliation | | |
| Opening Net Liability | 8,06.97 | 8,98.19 |
| Expenses as above | 2,90.65 | 1,22.91 |
| Employers Contribution | (1,22.91) | (2,14.13) |
| Amount Recognized in Balance Sheet | 9,74.71 | 8,06.97 |

vii) Percentage allocation of plan assets in respect of fund managed by insurer/trust is as follows:

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--------------------------------|-----------------------------|-----------------------------|
| G-Sec/ Corporate Securities | 93.32% | 85.80% |
| Equity | 2.87% | 3.02% |
| Fixed Deposit and other assets | 3.80% | 11.18% |

The above information have been furnished to the extent available with the company by the funds managed by the insurance company.

Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

Compensated Absences

The obligation for compensated absences is recognized in the same manner as gratuity except remeasurement benefit which is treated as part of OCI. The actuarial liability of Compensated Absences (unfunded) of accumulated privileged and sick leaves of the employees of the Company as at March 31, 2020 is given below:

(Amount Rs. in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------------|----------------------|
| Privileged Leave | 14,42.99 | 13,38.97 |
| Sick Leave | 10,28.68 | 9,51.64 |
| Principal Actuarial assumptions as at the Balance Sheet date | | |
| Discount Rate | 7.00% | 7.70% |
| Rate of Return on Plan Assets | 7.00% | 7.70% |
| Salary Escalation Rate | 6.00% | 6.00% |
| Withdrawal Rate | 1-8 % | 1-8 % |

Notes : i) Assumptions relating to future salary increases, attrition, interest rate for discount & overall expected rate of return on Assets have been considered based on relevant economic factors such as inflation, market growth & other factors applicable to the period over which the obligation is expected to be settled.

ii) The Company expects to contribute Rs. 3,00.00 lakhs (previous year Rs. 150.00 lakhs) to Gratuity fund in 2020-21.

Recognised in Other Comprehensive Income

(Amount Rs. in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---------------------------------------|----------------------|----------------------|
| Remeasurement - Actuarial loss/(gain) | 31.45 | (1,18.05) |
| For the year ended March 31, 2020 | 31.45 | (1,18.05) |

Sensitivity Analysis :

| Particulars | Change in Assumption | Effect in Gratuity Obligation |
|--|----------------------|-------------------------------|
| For the year ended 31st March, 2019 | | |
| Discount Rate | +1% | 29,33.86 |
| | -1% | 33,48.20 |
| Salary Growth Rate | +1% | 33,46.54 |
| | -1% | 29,34.10 |
| Withdrawal Rate | +1% | 31,51.19 |
| | -1% | 31,02.39 |
| For the year ended 31st March, 2020 | | |
| Discount Rate | +1% | 33,61.67 |
| | -1% | 38,49.28 |
| Salary Growth Rate | +1% | 38,47.46 |
| | -1% | 33,61.44 |
| Withdrawal Rate | +1% | 36,04.96 |
| | -1% | 35,73.83 |

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation recognised within the Balance Sheet.

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 *(Contd.)*

(Amount Rs. in lakhs)

History of experience adjustments is as follows:

| Particulars | Gratuity |
|--|----------------|
| For the year ended March 31, 2019 | |
| Plan Liabilities – loss/(gain) | (1,11.47) |
| Plan Assets – (loss)/gain | (20.16) |
| For the year ended March 31, 2020 | |
| Plan Liabilities – loss/(gain) | (40.56) |
| Plan Assets – (loss)/gain | (84.07) |

Estimate of expected benefit payments (In absolute terms i.e. undiscounted)

| Particulars | Gratuity |
|--------------------------------|----------|
| 01 April 2020 to 31 March 2021 | 11,28.27 |
| 01 April 2021 to 31 March 2022 | 1,26.18 |
| 01 April 2022 to 31 March 2023 | 1,79.62 |
| 01 April 2023 to 31 March 2024 | 183.16 |
| 01 April 2024 Onwards | 47,06.77 |

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--------------------------------|----------------------|----------------------|
| Average no. of people employed | 1549 | 1532 |

- 47(a).** In pursuance of the Order dated September 24, 2014 issued by the Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated October 21, 2014 (Ordinance) for implementing the Order, allotment of Parbatpur coal block (coal block/mines) to the Company which was under advanced stage of implementation, had been cancelled w.e.f. April 01, 2015. In terms of the Ordinance, the Company was allowed to continue the operations in the said block till March 31, 2015. Accordingly, the said block had been handed over to Bharat Coking Coal Limited (BCCL) as per the direction from Coal India Ltd. (CIL) with effect from April 01, 2015 and the same has been subsequently allotted to Steel Authority of India Limited (SAIL).

Following a petition filed by the Company, the Hon'ble High Court at Delhi had pronounced its judgement on March 09, 2017. Accordingly based on the said judgement, the Company has claimed Rs.15,31,76.00 lakhs towards compensation against the said coal block, acceptance whereof is awaited. Aggrieved due to delay in acceptance of claim and on a petition filed by the Company, the Hon'ble High Court had directed the Nominated Authority appointed under Ministry of Coal to determine the compensation. Earlier the Nominated Authority had upheld its decision of compensation already paid and the same was set aside by the Hon'ble High Court with a direction to the Nominated authority to reconsider. The Nominated authority further passed an order dated 11.11.2019 awarding an additional compensation of Rs. 1,80.00 lakhs and with a further direction to re-determine the value of certain assets by the appropriate authority. The Company has approached the newly appointed Nominated Authority/ Ministry of Coal to reconsider the compensation determined by the previous Nominated Authority vide its order dated 11.11.2019 and grant an opportunity to present its case and also exploring other possibilities.

Pending finalisation of the matter as above;

- (i) Rs.12,88,84.11 lakhs incurred pertaining to the coal block till March 31, 2015 after setting off income, stocks etc. there against as per the accounting policy then followed by the Company has been continued to be shown as freehold land, capital work in progress, other fixed assets and other respective heads of account.
- (ii) Interest and other finance cost for the year ended March 31, 2016 against the fund borrowed and other expenses directly attributable in this respect amounting to Rs. 95,14.74 lakhs has been considered as other recoverable under current assets; and
- (iii) Compensation of Rs. 83,12.34 lakhs so far received and net realisations/claims against sale of assets, advances, input credits etc. amounting to Rs. 20,54.70 lakhs have been adjusted. Bank guarantee amounting to Rs. 9,20.00 lakhs (previous year Rs. 9,20.00 lakhs) has been given against the compensation received.

Disclosures of above balances as per Indian Accounting Standard and adjustments arising with respect to above will be given effect to on final acceptance/settlement of the claim.

Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

47(b). Various balances pertaining to Coal Block claim and handing over the same as detailed in different heads of accounts includes:

(Amount Rs. in lakhs)

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|----------------------|--------------------|----------------------|--------------------|
| | | | | |
| Inventories | | 14,78.76 | | 14,78.76 |
| Other current assets | | 13,99.78 | | 13,99.78 |
| Capital Work in Progress: | | | | |
| Plant and Equipment and others assets under Installation (refer note no: 49) | 3,34,93.90 | | 3,34,93.90 | |
| Mine Development including overburden removal expenses (Net) (refer note no: 50) | 8,69,09.74 | 12,04,03.64 | 8,69,09.74 | 12,04,03.64 |
| Other Property, Plant and Equipment | | 22,43.99 | | 22,43.99 |
| Capital Advance | | 1,08.94 | | 1,08.94 |
| Freehold Land | | 32,49.00 | | 32,49.00 |
| Other balances with Banks in Fixed Deposit Escrow Accounts | 5,36.93 | | 5,36.93 | |
| Less: Provision for mine closure and restoration charges | 5,36.93 | - | 5,36.93 | - |
| Sub Total | | 12,88,84.11 | | 12,88,84.11 |
| Other Recoverable | | 95,14.74 | | 95,14.74 |
| Less: Compensation received | | (83,12.34) | | (83,12.34) |
| Less: Cenvat credit utilised/claimed/written off | (13,99.78) | | (13,99.78) | |
| Less: Sale of Assets and other realisations | (6,54.92) | (20,54.70) | (6,54.92) | (20,54.70) |
| Total | | 12,80,31.81 | | 12,80,31.81 |

47(c). Due to reasons stated in note no. 47(a) and pending determination of the amount of the claim, balances under various heads which otherwise would have been measured and disclosed as per the requirements of various Indian Accounting Standard ' have been included under various heads as disclosed under note no. 47(b) considering the circumstances and objective of the financial statements.

48(a). Due to delay in grant of forest, environment and other clearances from various authorities and execution of mining lease of an area of 192.50 ha. by the State Government of Jharkhand for iron and manganese ores at Dirsumburu in Kodilabad Reserve Forest, Saranda of West Singhbhum, Jharkhand, the validity period of letter of intent granted in this respect has expired on January 11, 2017. The Company has filed a writ petition before the Hon'ble High Court of Jharkhand on January 10, 2017, praying inter-alia for direction for grant of said lease in favour of the Company.

The Hon'ble High Court in its order while observed, being not averse in granting relief with respect to cut off date, has admitted the said petition and fixed the case for further hearing and adjudication. Pending decision of the High Court, Rs. 43,80.45 lakhs (previous year Rs. 48,63.43 lakhs) so far incurred in connection with these mines/related facilities, have been carried forward under respective heads of fixed assets, capital work in progress, advances and security deposit.

48(b). The Railway Authorities had withdrawn the permission of operation of Railway siding under construction which is situated at Haldia, West Bengal. The company has claimed the compensation from the Railway Authorities for the amount incurred for the said siding which was denied and the matter is under arbitration based on the direction of Hon'ble High Court at Calcutta. Pending arbitration proceedings, the company has recognised a charge of Rs. 23,18.35 lakhs during the year and a balance amounting to Rs. 17,78.11 lakhs has been considered recoverable.

49. Capital work in progress includes plant and equipments and other assets amounting to Rs.2,85,55.93 lakhs (previous year Rs. 3,56,70.68 lakhs) under installation and capital and other expenditure incurred pending completion thereof. (refer note no. 47 and 48)

50. The expenses incurred for projects/assets during the construction/mine development period are classified as "Pre-operative Expenses" pending capitalization are included under capital work in progress and will be allocated to the assets on completion of the project/assets. Consequently

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

expenses disclosed under the respective head are net of amount classified as preoperative expenses by the Company (refer note no. 47 and 48). The details of these expenses are as follows :

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| Balance brought forward | 8,79,85.74 | 8,79,64.28 |
| Add: | | |
| Miscellaneous Expenses | - | 21.46 |
| Total preoperative/development expenses | 8,79,85.74 | 8,79,85.74 |
| Add: Opening stock 64,502 MT (previous year 64,502 MT) | 14,46.25 | 14,46.25 |
| Less: Closing stock 64,502 MT(previous year 64,502 MT) | (14,46.25) | (14,46.25) |
| Total preoperative and development expenses carried forward pending allocation | 8,79,85.74 | 8,79,85.74 |

51. Calculation of Earning Per Share is as follows:

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| (a) Net profit for basic and diluted earnings per share as per Statement of Profit and Loss | 98,58.78 | (6,35,76.90) |
| Net profit for basic and diluted earnings per share | 98,58.78 | (6,35,76.90) |
| (b) Weighted average number of equity shares for calculation of basic and diluted earnings per share (Face value Re. 1/- per share) | | |
| Number of equity shares outstanding as on 31st March | 432954709 | 405482183 |
| Number of equity shares considered in calculating basic and diluted EPS | 418467831 | 386736190 |
| (c) Weighted average number of equity shares outstanding | 418467831 | 386736190 |
| (d) Earnings per share (EPS) of Equity Share of Re. 1 each: | | |
| i) Basic (Rs.) | 2.36 | (16.44) |
| ii) Diluted (Rs.) | 2.36 | (16.44) |

52. Commitments

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|----------------------|--------------|----------------------|--------------|
| | in million | Rs. in lakhs | in million | Rs. in lakhs |
| (a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances): | | 4,74.02 | | 9,39.60 |
| (b) Other commitments | | | | |
| i) Sell Forward contract outstanding | | | | |
| In USD | 22.06 | 1,66,66.05 | 27.89 | 1,92,87.78 |
| In Euro | 23.39 | 1,94,88.45 | 20.40 | 1,58,20.10 |
| In GBP | 4.50 | 42,20.14 | 6.74 | 60,71.31 |
| In SGD | 0.98 | 5,21.77 | 3.00 | 15,28.32 |
| ii) Buy Forward contract outstanding | | | | |
| In USD | 10.63 | 80,29.16 | 18.97 | 1,31,19.60 |
| iii) Option contract outstanding | | | | |
| In USD | 13.89 | 1,04,94.97 | 30.62 | 2,11,74.00 |
| iv) Capital Commitment towards contribution in equity share capital of Electrosteel Algeria SPA | | 9,57.89 | | 11,82.25 |

Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

53.(i) Contingent Liabilities not provided for in respect of :

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------------|----------------------|
| a) Various show cause notices/demands issued/ raised, which in the opinion of the management are not tenable and are pending with various forum / authorities: | | |
| i) Sales Tax | 71,96.98 | 72,86.34 |
| ii) Excise, Custom Duty and Service tax | 44,36.59 | 52,07.54 |
| iii) Income Tax | 8,49.20 | 14,21.14 |
| b) Penalty for non compliance of listing agreement and disputed by the Company. | - | 1,00.00 |
| c) Employees State Insurance Corporation has raised demand for contribution in respect of Gross Job Charges for the year 2001-02, 2003-04 and March'08 to January'10. In the opinion of the management demand is adhoc and arbitrary and is not sustainable legally. | 92.51 | 92.51 |
| d) Demand of Tamilnadu Electricity Board disputed by the Company. | 8.20 | 8.20 |
| e) During the year 1994 UPSEB had raised demand for electricity charges by revising the power tariff schedule applicable to the Company retrospectively from Feb'86. In the opinion of the management the revised power tariff is not applicable to the Company and accordingly the Company disputed the demand and the matter is pending before Hon'ble High Court at Allahabad. | 2,61.74 | 2,61.74 |
| f) Standby Letter of Credit issued by banks on behalf of the company in favour of Subsidiary Companies | 85,64.62 | 83,26.82 |
| g) Financial Guarantees given by banks on behalf of the Company | 42,03.82 | 42,36.91 |
| h) Demand of differential railway freight for the year 2008-09 to 2010-11 is Rs. 57,33.29 lakhs (previous year Rs. 57,33.29 lakhs) which is contested by the Company and the matter is pending before the Hon'ble High Court at Calcutta. | | |

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

53.(ii) Contingent assets (not recognised for) in respect of :

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|------------------------|------------------------|
| a) Claims Under Target Plus Scheme pending completion of legal clearances. | 3,55.00 | 3,55.00 |
| b) Claim of commission income from Electrosteel Steels Limited. The matter is pending before the National Company Law Tribunal at Kolkata. | 8,66.72 | 8,66.72 |
| c) Benefits under Industrial Promotion Scheme ** | Amount unascertainable | Amount unascertainable |

** Pre Goods & Service Tax (GST), the Company was enjoying certain benefits under Industrial Promotion scheme of state government. Post GST, pending notifications by the state government, on prudent basis, the company has not recognised any income under the scheme for the period July 01, 2017 to March 31, 2020.

**Notes to Standalone Financial Statements** for the year ended March 31, 2020 (Contd.)**54. Related party disclosure as identified by the management in accordance with the Indian Accounting Standard (Ind AS) 24 on "Related Party Disclosures" are as follows:****A) Names of related parties and description of relationship**

- 1) Subsidiary Company**
- Electrosteel Europe SA
 - Electrosteel Algeria SPA
 - Electrosteel Castings (UK) Limited
 - Electrosteel USA LLC
 - WaterFab, LLC (subsidiary of Electrosteel USA, LLC)
 - Mahadev Vyapaar Private Limited
 - Electrosteel Trading S.A, Spain
 - Electrosteel Castings Gulf Fze
 - Electrosteel Doha for Trading (LLC)
 - Electrosteel Brasil Ltda. Tubos e Conexoes Duteis
 - Electrosteel Bahrain Holding SPC Company
 - Electrosteel Bahrain Trading WLL (subsidiary of Electrosteel Bahrain Holding SPC Company)
- 2) Associate Company**
- Srikalahasthi Pipes Limited
 - Electrosteel Steels Limited (ceased to be associate w.e.f 06.06.2018)
 - Electrosteel Thermal Power Limited (ceased to be associate w.e.f 01.08.2019)
- 3) Joint Venture**
- North Dhadhu Mining Company Private Limited
 - Domco Private Limited
- 4) Key Management Personnel (KMP) and close member of their family**
- Mr. Umang Kejriwal - Managing Director
 - Mr. Mayank Kejriwal - Joint Managing Director
 - Mr. Uddhav Kejriwal - Wholetime Director
 - Mr. Mahendra Kumar Jalan - Wholetime Director
 - Mr. Pradip Kr. Khaitan - Chairman
 - Mr. Binod Kumar Khaitan - Director
 - Mr. Ram Krishna Agarwal - Director (ceased to be director w.e.f 08.06.2020)
 - Mr. S Y Rajagopalan - Director
 - Mr. Vyas Mitre Ralli - Director
 - Mr. Amrendra Prasad Verma - Director
 - Dr. Mohua Banerjee - Director
 - Mr. Rajkumar Khanna - Director (appointed w.e.f 15.06.2020)
 - Mr. Sunil Katial - Chief Executive Officer & Wholetime Director (Wholetime Director w.e.f 01.04.2020)
 - Mr. Ashutosh Agarwal - Executive Director (Group Finance) & CFO w.e.f 13.08.2019
 - Mr. Brij Mohan Soni - Chief Financial Officer till 24.07.2019
 - Mrs. Asha Kejriwal - Wife of Mr. Umang Kejriwal - KMP
 - Ms. Nityangi Kejriwal Jaiswal - Daughter of Mr. Umang Kejriwal -KMP
 - Ms. Priya Manjari Todi - Daughter of Mr. Mayank Kejriwal - KMP
 - Ms. Priya Sakhi Kejriwal Mehta - Daughter of Mr. Umang Kejriwal - KMP
 - Ms. Radha Kejriwal Agarwal - Daughter of Mr. Umang Kejriwal - KMP
 - Mr. Madhav Kejriwal - Son of Mr. Umang Kejriwal - KMP
 - Mr. Anirudh Jalan - Son of Mr. Mahendra Kumar Jalan - KMP
- 5) Enterprise where KMP and/or Close member of the family have control**
- Gaushree Enterprises
 - Tulsi Highrise Private Limited
 - Sri Gopal Investments Ventures Ltd.
 - Global Exports Ltd.
 - Ultimo Logistics Private Limited
 - Krisna Logistics Private Limited
 - Sree Khemisati Constructions Private Limited
 - G K & Sons Private Limited
 - Electrosteel Thermal Coal Limited
 - Badrinath Industries Ltd.
 - Electrocast Sales India Limited
 - Uttam Commercial Company Limited

Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

B) Related Party Transactions

| Particulars | Subsidiary | Associate | Joint Venture | KMP & Close members of family | KMP have control | Total | Outstanding as on 31.03.2020 | Outstanding as on 31.03.2019 |
|-----------------------------------|-------------------|-------------------|---------------|-------------------------------|------------------|-------------------|------------------------------|------------------------------|
| Sale | | | | | | | | |
| Electrosteel Europe SA | 4,38,09.27 | - | - | - | - | 4,38,09.27 | 2,03,77.23 | |
| Electrosteel Castings (UK) Ltd | 66,44.90 | - | - | - | - | 66,44.90 | 49,92.54 | |
| Electrosteel USA, LLC | 11,73.08 | - | - | - | - | 11,73.08 | 4,14.31 | |
| Electrosteel Castings Gulf FZE | 32,10.91 | - | - | - | - | 32,10.91 | 14,04.06 | |
| Electrosteel Bahrain Trading WLL | 79,69.21 | - | - | - | - | 79,69.21 | 20,30.29 | |
| Electrosteel Doha for Trading LLC | 1,24,98.01 | - | - | - | - | 1,24,98.01 | 25,33.41 | |
| Srikalahasthi Pipes Limited | - | 18,56.43 | - | - | - | 18,56.43 | - | |
| Total | 7,53,05.38 | 18,56.43 | - | - | - | 7,71,61.81 | 3,17,51.84 | |
| Previous Year | | | | | | | | |
| Electrosteel Europe SA | 3,42,29.13 | - | - | - | - | 3,42,29.13 | | 1,54,41.50 |
| Electrosteel Castings (UK) Ltd | 1,14,23.96 | - | - | - | - | 1,14,23.96 | | 70,53.41 |
| Electrosteel USA, LLC | 8,19.35 | - | - | - | - | 8,19.35 | | 12.16 |
| Electrosteel Castings Gulf FZE | 11,23.36 | - | - | - | - | 11,23.36 | | 1.45 |
| Electrosteel Bahrain Trading WLL | 46,72.88 | - | - | - | - | 46,72.88 | | 6,35.67 |
| Electrosteel Doha for Trading LLC | 61,74.84 | - | - | - | - | 61,74.84 | | 1,59.05 |
| Srikalahasthi Pipes Limited | - | 2,84.19 | - | - | - | 2,84.19 | | - |
| Purchase | | | | | | | | |
| Electrosteel Castings (UK) Ltd | 1.35 | - | - | - | - | 1.35 | 1.36 | |
| Electrosteel Europe SA | 0.57 | - | - | - | - | 0.57 | 0.57 | |
| Srikalahasthi Pipes Limited | - | 1,27,93.97 | - | - | - | 1,27,93.97 | 35,48.44 | |
| Total | 1.92 | 1,27,93.97 | - | - | - | 1,27,95.89 | 35,50.37 | |
| Previous Year | | | | | | | | |
| Electrosteel Castings (UK) Ltd | 15.07 | - | - | - | - | 15.07 | | - |
| Srikalahasthi Pipes Limited | - | 1,07,30.54 | - | - | - | 1,07,30.54 | | 14,68.58 |
| Remuneration | | | | | | | | |
| Mr. Umang Kejriwal | - | - | - | 4,27.83 | - | 4,27.83 | 78.63 | |
| Mr. Mayank Kejriwal | - | - | - | 11.13 | - | 11.13 | 0.11 | |
| Mr. Uddhav Kejriwal | - | - | - | 2,84.50 | - | 2,84.50 | 49.79 | |
| Mr. Mahendra Kumar Jalan | - | - | - | 1,69.69 | - | 1,69.69 | 4.33 | |
| Mr. Sunil Katial | - | - | - | 2,17.12 | - | 2,17.12 | 5.78 | |
| Mr. Ashutosh Agarwal | - | - | - | 95.31 | - | 95.31 | 3.09 | |
| Mr. Brij Mohan Soni | - | - | - | 24.23 | - | 24.23 | - | |
| Ms. Priya Manjari Todi | - | - | - | 24.01 | - | 24.01 | 0.62 | |
| Ms. Priya Sakhi Kejriwal Mehta | - | - | - | 5.73 | - | 5.73 | - | |
| Ms. Radha Kejriwal Agarwal | - | - | - | 23.28 | - | 23.28 | 0.79 | |
| Mr. Madhav Kejriwal | - | - | - | 17.20 | - | 17.20 | - | |
| Ms. Nityangi Kejriwal | - | - | - | 34.15 | - | 34.15 | 2.39 | |
| Dr. Mohua Banerjee | - | - | - | 14.50 | - | 14.50 | 10.80 | |
| Mr. Ram Krishna Agarwal | - | - | - | 17.80 | - | 17.80 | 10.80 | |
| Mr. Vyas Mitre Ralli | - | - | - | 14.10 | - | 14.10 | 10.80 | |
| Mr. S Y Rajagopalan | - | - | - | 16.70 | - | 16.70 | 10.80 | |
| Mr. Binod Khaitan | - | - | - | 19.80 | - | 19.80 | 10.80 | |
| Mr. Pradeep Kr. Khaitan | - | - | - | 16.30 | - | 16.30 | 10.80 | |
| Mr. Amrendra Prasad Verma | - | - | - | 16.50 | - | 16.50 | 10.80 | |
| Total | - | - | - | 14,49.88 | - | 14,49.88 | 2,21.13 | |



Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

| Particulars | Subsidiary | Associate | Joint Venture | KMP & Close members of family | KMP have control | Total | Outstanding as on 31.03.2020 | Outstanding as on 31.03.2019 |
|--|----------------|-----------|---------------|-------------------------------|------------------|----------------|------------------------------|------------------------------|
| Previous Year | | | | | | | | |
| Mr. Umang Kejriwal | - | - | - | 2,98.56 | - | 2,98.56 | | (9.62) |
| Mr. Mayank Kejriwal | - | - | - | 13.09 | - | 13.09 | | - |
| Mr. Uddhav Kejriwal | - | - | - | 1,29.89 | - | 1,29.89 | | (21.49) |
| Mr. Mahendra Kumar Jalan | - | - | - | 1,63.41 | - | 1,63.41 | | - |
| Mr. Sunil Katial | - | - | - | 34.32 | - | 34.32 | | - |
| Mr. Brij Mohan Soni | - | - | - | 76.50 | - | 76.50 | | - |
| Ms. Priya Manjari Todi | - | - | - | 17.89 | - | 17.89 | | - |
| Ms. Priya Sakhi Kejriwal Mehta | - | - | - | 5.83 | - | 5.83 | | - |
| Ms. Radha Kejriwal Agarwal | - | - | - | 11.64 | - | 11.64 | | - |
| Mr. Madhav Kejriwal | - | - | - | 4.60 | - | 4.60 | | - |
| Ms. Nityangi Kejriwal Jaiswal | - | - | - | 7.80 | - | 7.80 | | - |
| Dr. Mohua Banerjee | - | - | - | 1.00 | - | 1.00 | | - |
| Mr. Ram Krishna Agarwal | - | - | - | 8.60 | - | 8.60 | | - |
| Mr. Vyas Mitre Ralli | - | - | - | 4.10 | - | 4.10 | | - |
| Mr. S Y Rajagopalan | - | - | - | 5.80 | - | 5.80 | | - |
| Mr. Binod Khaitan | - | - | - | 10.00 | - | 10.00 | | - |
| Mr. Pradeep Kr. Khaitan | - | - | - | 6.80 | - | 6.80 | | - |
| Mr. Amrendra Prasad Verma | - | - | - | 6.00 | - | 6.00 | | - |
| Rent Paid | | | | | | | | |
| Tulsi Highrise Private Limited | - | - | - | - | 60.27 | 60.27 | - | - |
| Sri Gopal Investments Ventures Ltd | - | - | - | - | 23.10 | 23.10 | - | - |
| Sree Khemisati Constructions Private Limited | - | - | - | - | 7.20 | 7.20 | 0.65 | - |
| Badrinath Industries Limited | - | - | - | - | 30.00 | 30.00 | - | - |
| Total | - | - | - | - | 1,20.57 | 1,20.57 | 0.65 | - |
| Previous Year | | | | | | | | |
| Tulsi Highrise Private Limited | - | - | - | - | 52.01 | 52.01 | | - |
| Sri Gopal Investments Ventures Ltd | - | - | - | - | 21.00 | 21.00 | | - |
| Sree Khemisati Constructions Private Limited | - | - | - | - | 7.20 | 7.20 | | - |
| Badrinath Industries Limited | - | - | - | - | 30.00 | 30.00 | | - |
| Service Charges Paid | | | | | | | | |
| Sree Khemisati Constructions Private Limited | - | - | - | - | 2,83.05 | 2,83.05 | 30.03 | |
| Global Exports Ltd. | - | - | - | - | 90.00 | 90.00 | - | |
| Sri Gopal Investments Ventures Ltd | - | - | - | - | 2.20 | 2.20 | - | |
| Total | - | - | - | - | 3,75.25 | 3,75.25 | 30.03 | |
| Previous Year | | | | | | | | |
| Sree Khemisati Constructions Private Limited | - | - | - | - | 2,69.71 | 2,69.71 | | 4.37 |
| Krsna Logistics Private Limited | - | - | - | - | - | - | | 1.20 |
| Global Exports Ltd. | - | - | - | - | 90.00 | 90.00 | | - |
| Mr. Anirudh Jalan | - | - | - | 1.20 | - | 1.20 | | - |
| Sri Gopal Investments Ventures Ltd | - | - | - | - | 2.19 | 2.19 | | - |
| Service Charges Received | | | | | | | | |
| Electrosteel Europe SA | 1,19.42 | - | - | - | - | 1,19.42 | 1,19.42 | |
| Electrosteel Castings (UK) Ltd | 47.11 | - | - | - | - | 47.11 | 9.38 | |
| Electrosteel USA, LLC | 60.87 | - | - | - | - | 60.87 | 60.87 | |
| Total | 2,27.40 | - | - | - | - | 2,27.40 | 1,89.67 | |

Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

| Particulars | Subsidiary | Associate | Joint Venture | KMP & Close members of family | KMP have control | Total | Outstanding as on 31.03.2020 | Outstanding as on 31.03.2019 |
|--|----------------|-----------------|---------------|-------------------------------|------------------|-----------------|------------------------------|------------------------------|
| Previous Year | | | | | | | | |
| Electrosteel Steels Limited | - | 1,09.67 | - | - | - | 1,09.67 | | - |
| Electrosteel Europe SA | 69.6 | - | - | - | - | 69.60 | | - |
| Electrosteel Castings (UK) Ltd | 52.32 | - | - | - | - | 52.32 | | - |
| Electrosteel USA, LLC | 34.07 | - | - | - | - | 34.07 | | - |
| Electrosteel Castings Gulf FZE | 1,11.74 | - | - | - | - | 1,11.74 | | - |
| Reimbursements of expenses paid | | | | | | | | |
| Electrosteel Europe SA | 63.05 | - | - | - | - | 63.05 | 28.45 | |
| Electrosteel Bahrain Trading WLL | 3.63 | - | - | - | - | 3.63 | 3.63 | |
| Total | 66.68 | - | - | - | - | 66.68 | 32.08 | |
| Previous Year | | | | | | | | |
| Electrosteel Europe SA | 15.91 | - | - | - | - | 15.91 | | 5.28 |
| Electrosteel Bahrain Trading WLL | 5.36 | - | - | - | - | 5.36 | | - |
| Reimbursements of expenses received | | | | | | | | |
| Previous Year | | | | | | | | |
| Srikalahasthi Pipes Limited | - | 12.03 | - | - | - | 12.03 | | - |
| Corporate Guarantee, Standby Letter of Credit and Letter of Comfort | | | | | | | | |
| Electrosteel Europe SA | - | - | - | - | - | - | 36,66.26 | |
| Electrosteel Algeria SPA | - | - | - | - | - | - | 11,33.25 | |
| Electrosteel Castings (UK) Ltd | - | - | - | - | - | - | 18,76.36 | |
| Electrosteel USA, LLC | - | - | - | - | - | - | 18,88.75 | |
| Total | - | - | - | - | - | - | 85,64.62 | |
| Previous Year | | | | | | | | |
| Electrosteel Europe SA | - | - | - | - | - | - | | 34,12.88 |
| Electrosteel Algeria SPA | - | - | - | - | - | - | | 13,83.00 |
| Electrosteel Castings (UK) Ltd | - | - | - | - | - | - | | 18,02.19 |
| Electrosteel USA, LLC | - | - | - | - | - | - | | 17,28.75 |
| Commission | | | | | | | | |
| Electrosteel Doha for Trading LLC | - | - | - | - | - | - | 81.70 | |
| Electrosteel Castings Gulf Fze | 2,59.92 | - | - | - | - | 2,59.92 | 2,76.87 | |
| Total | 2,59.92 | - | - | - | - | 2,59.92 | 3,58.57 | |
| Previous Year | | | | | | | | |
| Electrosteel Doha for Trading LLC | 9,95.67 | - | - | - | - | 9,95.67 | | 8,61.66 |
| Electrosteel Castings Gulf Fze | 1,77.55 | - | - | - | - | 1,77.55 | | 1,36.97 |
| Security Deposits | | | | | | | | |
| Sri Gopal Investments Ventures Ltd | - | - | - | - | 1.05 | 1.05 | 11.55 | |
| Electrosteel Thermal Coal Limited | - | - | - | - | - | - | 1,90.68 | |
| Tulsi Highrise Private Limited | - | - | - | - | - | - | 2,85.00 | |
| Total | - | - | - | - | 1.05 | 1.05 | 4,87.23 | |
| Previous Year | | | | | | | | |
| Sri Gopal Investments Ventures Ltd | - | - | - | - | - | - | | 10.50 |
| Electrosteel Thermal Coal Limited | - | - | - | - | - | - | | 1,89.68 |
| Tulsi Highrise Private Limited | - | - | - | - | - | - | | 2,85.00 |
| Dividend Received | | | | | | | | |
| Srikalahasthi Pipes Limited | - | 11,58.07 | - | - | - | 11,58.07 | - | |
| Total | - | 11,58.07 | - | - | - | 11,58.07 | - | |



Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

| Particulars | Subsidiary | Associate | Joint Venture | KMP & Close members of family | KMP have control | Total | Outstanding as on 31.03.2020 | Outstanding as on 31.03.2019 |
|--|-----------------|-----------------|---------------|-------------------------------|------------------|-----------------|------------------------------|------------------------------|
| Previous Year | | | | | | | | |
| Srikalahasthi Pipes Limited | - | 11,58.07 | - | - | - | 11,58.07 | | - |
| Advances Given | | | | | | | | |
| Domco Private Limited | - | - | - | - | - | - | 7,00.00 | |
| Total | - | - | - | - | - | - | 7,00.00 | |
| Previous Year | | | | | | | | |
| Electrosteel Thermal Coal Limited | - | - | - | - | - | - | | 1.00 |
| Domco Private Limited | - | - | - | - | - | - | | 7,00.00 |
| Advances Taken | | | | | | | | |
| Electrosteel Doha for Trading LLC | 44,42.94 | - | - | - | - | 44,42.94 | 3.37 | |
| Electrosteel Castings Gulf FZE | 6,94.11 | - | - | - | - | 6,94.11 | 2.54 | |
| Srikalahasthi Pipes Limited | - | 25,00.00 | - | - | - | 25,00.00 | 22,74.52 | |
| Total | 51,37.05 | 25,00.00 | - | - | - | 76,37.05 | 22,80.43 | |
| Previous Year | | | | | | | | |
| Electrosteel Doha for Trading LLC | 12,81.23 | - | - | - | - | 12,81.23 | | 3,88.50 |
| Electrosteel Castings Gulf FZE | 9,75.18 | - | - | - | - | 9,75.18 | | 2,95.56 |
| Srikalahasthi Pipes Limited | - | 50,00.00 | - | - | - | 50,00.00 | | 48,16.18 |
| Interest Paid | | | | | | | | |
| Srikalahasthi Pipes Limited | - | 3,80.47 | - | - | - | 3,80.47 | 1,02.73 | |
| Total | - | 3,80.47 | - | - | - | 3,80.47 | 1,02.73 | |
| Previous Year | | | | | | | | |
| Srikalahasthi Pipes Limited | - | 230.14 | - | - | - | 230.14 | | - |
| Equity Share contribution | | | | | | | | |
| Sree Khemisati Constructions Private Limited | - | - | - | - | 24,00.00 | 24,00.00 | - | |
| Global Exports Ltd. | - | - | - | - | 2,00.00 | 2,00.00 | - | |
| Mr. Mayank Kejriwal | - | - | - | 2,00.00 | - | 2,00.00 | - | |
| Mrs. Asha Kejriwal | - | - | - | 2,00.00 | - | 2,00.00 | - | |
| Total | - | - | - | 4,00.00 | 26,00.00 | 30,00.00 | - | |
| Previous Year | | | | | | | | |
| Electrocast Sales India Ltd. | - | - | - | - | 10,00.00 | 10,00.00 | | - |
| Uttam Commercial Co Ltd | - | - | - | - | 10,00.00 | 10,00.00 | | - |
| G.K. & Sons Pvt. Ltd. | - | - | - | - | 20,00.00 | 20,00.00 | | - |
| Sale of Investment | | | | | | | | |
| Sree Khemisati Constructions Private Limited | - | - | - | - | 0.75 | 0.75 | - | |
| Global Exports Ltd. | - | - | - | - | 0.75 | 0.75 | - | |
| Total | - | - | - | - | 1.50 | 1.50 | - | |
| Previous Year | | | | | | | | |
| Employee Welfare Expenses | | | | | | | | |
| Previous Year | | | | | | | | |
| Gaushree Enterprises | - | - | - | - | 0.37 | 0.37 | | - |

Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

C. Details of compensation paid to KMP during the year are as follows:

| Particulars | For the Year ended March 31, 2020 | For the Year ended March 31, 2019 |
|------------------------------|--------------------------------------|--------------------------------------|
| Short-term employee benefits | 12,09.18 | 6,98.63 |
| Post-employment benefits * | - | - |
| Other long-term benefits * | - | - |

*Post-employment benefits and other long-term benefits is being disclosed based on actual payment made on retirement /resignation of services, but does not includes provision made on actuarial basis as the same is available for all employees together.

D. Terms and conditions of transactions with related parties

- The transactions with related parties have been entered at an amount which are not materially different from those on normal commercial terms.
- The amounts outstanding are unsecured and will be settled in cash and cash equivalent. No guarantees have been given or received.
- The remuneration of directors is determined by the Nominations & Remuneration Committee having regard to the performance of individuals and market trends.

54.1 In respect of the above parties, there is no provision for doubtful debts as on March 31,2020 and no amount has been written off or written back during the year in respect of debt due from/to them.

54.2 The above related party information is as identified by the management.

54.3 Details of Loans, Investments and Guarantees covered u/s 186(4) of the Companies Act, 2013:

- Details of Loans and Investments are given under the respective heads (refer note no. 8, 8A, and 13)
- Details of Corporate Guarantee/ Standby Letter of Credit given by the Company are as follows:

(Amount Rs. in lakhs)

| Name of the Company | Purpose | As at March 31, 2020 | As at March 31, 2019 |
|---------------------------------|--------------------------|-------------------------|-------------------------|
| Electrosteel Europe SA | Short Term Loan Facility | 24,99.72 | 23,26.97 |
| | Short Term Loan Facility | 11,66.54 | 10,85.92 |
| Electrosteel Algerie SPA | Working capital facility | 11,33.25 | 13,83.00 |
| Electrosteel Castings (UK) Ltd. | Short Term Loan Facility | 18,76.36 | 18,02.19 |
| Electrosteel USA LLC | Working capital facility | 18,88.75 | 17,28.75 |

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

| Particulars | 2019-20 | | | 2018-19 | | |
|---|--------------|---------------|-------------|--------------|---------------|-------------|
| | Within India | Outside India | Total | Within India | Outside India | Total |
| Sales (gross) | 14,10,42.98 | 10,24,06.15 | 24,34,49.13 | 12,96,93.90 | 10,46,81.77 | 23,43,75.67 |
| Non-Current Assets other than financial instruments | 28,03,80.58 | - | 28,03,80.58 | 28,17,80.91 | - | 28,17,80.91 |

56. The company has opted for continuing accounting policy in respect of exchange difference arising on reporting of long term foreign currency monetary items in accordance with Ind AS 101 "First time adoption of Indian Accounting Standards". Accordingly, during the year ended March 31, 2020 the net exchange difference of nil [previous year nil] on foreign currency loans have been adjusted in the carrying amount of fixed assets / capital work in progress. The unamortised balance is Rs 2,64,39.70 lakhs (previous year Rs 2,64,39.70 lakhs).

57. Vide order dated September 2, 2019, The National Company Law Tribunal, Cuttack Branch (NCLT) had approved the scheme of Amalgamation ("the Scheme") of Mahadev Vyapaar Private Limited (MVPL), a wholly owned subsidiary with the Company w.e.f April 01, 2014. The impact of scheme has been carried out in the current year with the restatement of previous year's figures. MVPL has a registered office in Kolkata,



Notes to Standalone Financial Statements for the year ended March 31, 2020 (Contd.)

India and was engaged in the renting of properties. No fresh shares are issued to effect the merger as MVPL is wholly owned subsidiary of the Company. The merger has been accounted for using pooling of interest method, involving the following:

- (a) The assets and liabilities of MVPL have been reflected at their carrying amounts. No adjustment is made to reflect the fair values, or recognise any new asset or liabilities other than those adjustments that are made to harmonise accounting policies.
- (b) The balance of retained earnings appearing in the financial statements of MVPL is aggregated with the corresponding balance appearing in the financial statements of the Company.
- (c) The excess of amount of investment by the Company in MVPL over the share capital of MVPL is treated as Capital reserve in Company's financial statements and is presented separately from other Capital reserve (refer note no. 21) after adjustment of deferred tax liability (net) of Rs. 2,81.26 lakhs as on April 01, 2019.
- (d) The impact of the scheme on the current year / previous year results is not material. Further previous year comparative numbers are not comparable with the published figure last year due to impact of scheme given w.e.f April 01, 2018.

58. These financial statements have been approved by the Board of Directors of the Company on June 15, 2020 for issue to the shareholders for their adoption.

59. The figures for the corresponding previous year have been regrouped/reclassified wherever necessary, to make them comparable.

As per our report of even date

For Singhi & Co.
Chartered Accountants
(Firm Registration No. 302049E)

Gopal Jain
Partner
(Membership No. 059147)

Kolkata
June 15, 2020

Indranil Mitra
Company Secretary

For and on behalf of the Board of Directors

Umang Kejriwal
Managing Director
(DIN : 00065173)

Ashutosh Agarwal
Executive Director
(Group Finance) and CFO

Mahendra Kumar Jalan
Wholetime Director
(DIN : 00311883)

Sunil Katial
Chief Executive Officer &
Wholetime Director
(DIN :07180348)

Form AOC 1

(Pursuant to first proviso to sub-section(3) of Section 129 read with Rule 5 of Companies (Accounts) Rules,2014)
Statement containing salient features of the Financial Statement of Subsidiaries/Associate Companies/Joint Ventures of Electrosteel Castings Limited as on 31st March, 2020

PART 'A' : Subsidiaries

(Amount Rs. in lakhs)

| Sl. No. | Name of the Subsidiary | Date since when subsidiary was acquired | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | Reporting Currency | Year | Exchange Rate | Equity Share Capital | Other Equity | Total Assets | Total Liabilities | Investment | Revenue from Operation/ Total Income | Profit before Taxation | Provision for Taxation | Profit after Taxation | Other Comprehensive Income | Total Comprehensive Income | Proposed dividend | %age of share holding | Country |
|---------|---|---|---|--------------------|---------|---------------|----------------------|--------------|--------------|-------------------|------------|--------------------------------------|------------------------|------------------------|-----------------------|----------------------------|----------------------------|-------------------|-----------------------|----------------|
| 1 | Electrosteel Algeria SPA* | January 21, 2004 | N.A. | DZD | 2019-20 | 0.61 | 17,78.10 | (13,86.07) | 12,66.92 | 8,74.89 | - | 4,54.78 | (621.42) | - | (621.42) | - | (621.42) | - | 100% | Algeria |
| 2 | Electrosteel Castings (UK) Limited | January 17, 2005 | N.A. | GBP | 2019-20 | 93.82 | 10,32.00 | 10,33.21 | 1,34,50.50 | 1,13,85.29 | - | 1,35,28.35 | 10,92.93 | 59.73 | 10,33.20 | - | 10,33.20 | - | 100% | United Kingdom |
| 3 | Electrosteel Europe S.A. | December 24, 2001 | N.A. | EURO | 2019-20 | 83.32 | 31,66.32 | 35,58.80 | 4,34,37.16 | 3,671.04 | 0.47 | 5,65,51.17 | 4,41.33 | 74.13 | 3,67.20 | - | 3,67.20 | - | 100% | France |
| 4 | Electrosteel USA, LLC# | September 30, 2008 | N.A. | USD | 2019-20 | 75.55 | 22,66.50 | (4,55.27) | 42,51.11 | 24,39.88 | - | 46,41.69 | 80.97 | - | 80.97 | - | 80.97 | - | 100% | USA |
| 5 | Electrosteel Trading S.A., Spain | December 13, 2011 | N.A. | EURO | 2019-20 | 83.32 | 54.16 | 57.25 | 9,03.79 | 7,92.38 | - | 21,40.56 | 10.57 | 2.64 | 7.93 | - | 7.93 | - | 100% | Spain |
| 6 | Electrosteel Doha for Trading LLC | September 30, 2012 | N.A. | QAR | 2019-20 | 20.76 | 41.51 | 36,55.29 | 81,61.11 | 44,64.31 | - | 1,61,86.27 | 16,40.94 | 1,48.60 | 14,92.34 | - | 14,92.34 | - | 49% | Qatar |
| 7 | Electrosteel Castings Gulf FZE | August 2, 2012 | N.A. | AED | 2019-20 | 20.57 | 2,05.70 | 20,62.44 | 38,57.25 | 15,89.11 | - | 41,10.65 | 5,51.29 | - | 5,51.29 | - | 5,51.29 | - | 100% | UAE |
| 8 | Electrosteel Brasil LTDA. Tubos e Conexões Dureis | January 22, 2013 | N.A. | BRL | 2019-20 | 14.52 | 21.77 | (70.78) | - | 49.01 | - | - | (0.02) | - | (0.02) | - | (0.02) | - | 100% | Brazil |
| 9 | Electrosteel Bahrain Holding S.P.C Company ## | March 17, 2015 | N.A. | BHD | 2019-20 | 1,99.87 | 4,99.67 | 15,05.62 | 61,80.13 | 41,74.84 | - | 1,07,30.14 | 3,23.85 | - | 3,23.85 | - | 3,23.85 | - | 100% | Bahrain |

Notes :

Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, are based on the exchange rates as on March 31, 2020.

* The financial year of the company is calendar year as per host country law. However for the purpose of consolidation, financial statement has been drawn as at March end.

Consolidated Financial Statement includes its wholly owned subsidiary WaterFab LLC.

Consolidated Financial Statement includes its subsidiary Electrosteel Bahrain Trading WLL.



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

| Sl. No. | Name of the Associates/Joint Ventures | Latest Audited Balance Sheet Date | Date on which Associate or Joint Venture was acquired | Shares of Associate or Joint Ventures held by the company on the year end | | | Description of how there is significant influence | Reason why the associate/Joint Venture is not consolidated | Net Worth attributable to shareholding as per latest audited Balance Sheet (Rs in lakhs.) | Total Comprehensive Income | |
|---------|---|-----------------------------------|---|---|-------------------------------------|--------------------|---|--|---|--|--|
| | | | | No. of Shares held by the Company as on March 31, 2020 | Amount of investment (Rs in lakhs.) | Extent of holding% | | | | Considered in consolidation (Rs in lakhs.) | Not considered in consolidation (Rs in lakhs.) |
| 1 | Srikalahasti Pipes Limited | March 31, 2020 | March 30, 2002 | 1,93,01,218 | 4,55,29,64 | 41.33% | Extent of holding more than 20% | N.A | 7,25,46,86 | 75,13,17 | - |
| 2 | Electrosteel Thermal Power Limited # | - | October 31, 2010 | - | - | - | - | - | - | (0.08) | - |
| 3 | Domco Private Limited | Ref Note No. 8.2 | August 24, 2005 | 30,000 | 30,00 | 50.00% | Extent of holding more than 20% | Ref Note No 8.2 | - | - | - |
| 4 | North Dhadhu Mining Company Private Limited | Ref Note No. 8.3 | October 22, 2008 | 82,28,053 | 8,22,81 | 48.98% | Extent of holding more than 20% | Ref Note No 8.3 | - | - | - |

Ceased to be associate during the year.

As per our report of even date
For Singhi & Co.
 Chartered Accountants
 (Firm Registration No. 302049E)

Gopal Jain
 Partner
 (Membership No. 059147)

Kolkata
 June 15, 2020

For and on behalf of the Board of Directors

Umang Kejriwal
 Managing Director
 (DIN : 00065173)

Mahendra Kumar Jalan
 Wholetime Director
 (DIN : 00311883)

Ashutosh Agarwal
 Executive Director
 (Group Finance) and CFO

Sunil Katial
 Chief Executive Officer &
 Wholetime Director
 (DIN : 07180348)

Indranil Mitra
 Company Secretary

ANNEXURE I**Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted alongwith Annual Standalone Audited Financial Results****Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020**

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

(Amount Rs. in lakhs)

| Sl. No. | Particulars | Audited Figures (as reported before adjusting for qualifications) | Adjusted Figures (audited figures after adjusting for qualifications) |
|----------------|---|--|--|
| 1. | Turnover / Total income | 252,170.82 | Not Ascertainable |
| 2. | Total Expenditure | 239,817.29 | |
| 3. | Net Profit/(Loss) (including other comprehensive income) | 9,850.17 | |
| 4. | Earnings Per Share | 2.36 | |
| 5. | Total Assets | 498,492.26 | |
| 6. | Total Liabilities | 243,637.55 | |
| 7. | Net Worth (Equity Share Capital plus Other Equity) | 254,854.71 | |
| 8. | Any other financial item(s) (as felt appropriate by the management) | - | |

II. Audit Qualification (each audit qualification separately):**a. Details of Audit Qualification :**

Attention has been drawn by the Auditors' under the heading "Basis of Qualified Opinion" of the Auditors' Report to the following notes of the financial results for the quarter and year ended 31st March 2020 -

Sub Para (a): Note no. 4 in respect to cancellation of coal block allotted to the company in earlier years and non-recognition of the claims receipt thereof & non-carrying of any adjustment in the books of accounts for the reasons stated in the note. Pending finalisation of the matter & as the matter is sub-judice, disclosures as per Indian Accounting standard will be given effect on final settlement of the matter & the balances appearing in the books of accounts in respect to such coal block have been carried forward at their carrying cost and disclosed as capital work in progress, property plant & equipment, inventories and other heads of account. The impact and consequential adjustment thereof are not presently ascertainable.

Sub Para (b): Note No. 6 in respect to Company's investment amounting to Rs. 1653.76 lakhs in Electrosteel Steels Limited (ESL), the pledge of which was invoked by the lenders of ESL and the same has been set aside by the Hon'ble High Court at Calcutta. The plea of the company to release the pledge is pending before the Hon'ble Calcutta High Court. Further certain fixed assets of Elavur plant of the Company which are mortgaged in favour of a Lender of ESL, who has assigned their rights to another entity and the symbolic possession has been taken during the quarter ended June 30, 2019, has been disputed by the company as enumerated in the note. Above exposures have been carried forward at their existing carrying value & no impairment has been provided in respect to above and the impact of which is not presently ascertainable.

Sub Para (c): Note No 7 in respect to carry forward of claim recoverable amounting to Rs. 1778.11 Lakhs towards the compensation claimed from the Railway Authorities as mentioned in the note. The recovery of the same is dependent on the outcome of the arbitration process and is not presently ascertainable.

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

c. **Frequency of qualification:** Whether appeared first time / repetitive / since how long continuing – Note no. 4 since financial year 2014-15, Note no. 6 since financial year 2017-18 and Note no. 7 for the first time.

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



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

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

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

Sub Para (a) – In pursuance of the Order dated September 24, 2014 issued by the Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated October 21, 2014 (Ordinance) for implementing the Order, allotment of Parbatpur coal block (coal block/mines) to the Company which was under advanced stage of implementation, had been cancelled w.e.f. April 01, 2015. In terms of the Ordinance, the Company was allowed to continue the operations in the said block till March 31, 2015. Accordingly, the said block had been handed over to Bharat Coking Coal Limited (BCCL) as per the direction from Coal India Ltd. (CIL) with effect from April 01, 2015 and the same has been subsequently allotted to Steel Authority of India Limited (SAIL).

Following a petition filed by the Company, the Hon'ble High Court at Delhi had pronounced its judgement on March 09, 2017. Accordingly based on the said judgement, the Company has claimed Rs.153176.00 lakhs towards compensation against the said coal block, acceptance whereof is awaited. Aggrieved due to delay in acceptance of claim and on a petition filed by the Company, the Hon'ble High Court had directed the Nominated Authority appointed under Ministry of Coal to determine the compensation. Earlier the Nominated Authority had upheld its decision of compensation already paid and the same was set aside by the Hon'ble High Court with a direction to the Nominated authority to reconsider. The Nominated authority further passed an order dated 11.11.2019 awarding an additional compensation of Rs. 180 lakhs and with a further direction to re-determine the value of certain assets by the appropriate authority. The Company has approached the newly appointed Nominated Authority/ Ministry of Coal to reconsider the compensation determined by the previous Nominated Authority vide its order dated 11.11.2019 and grant an opportunity to present its case and also exploring other possibilities.

Pending finalisation of the matter as above;

- (i) Rs.128884.11 lakhs incurred pertaining to the coal block till March 31, 2015 after setting off income, stocks etc. there against as per the accounting policy then followed by the Company has been continued to be shown as freehold land, capital work in progress, other fixed assets and other respective heads of account;
- (ii) Interest and other finance cost for the year ended March 31, 2016 against the fund borrowed and other expenses directly attributable in this respect amounting to Rs. 9514.74 lakhs has been considered as other recoverable under current assets; and
- (iii) Compensation of Rs. 8312.34 lakhs so far received and net realisations/claims against sale of assets, advances, input credits etc. amounting to Rs. 2054.70 lakhs have been adjusted.

Disclosure as per Indian Accounting Standard and adjustments arising with respect to above will be given effect to on final acceptance/ settlement of the claim.

Sub Para (b) - In view of approved resolution plan as confirmed by Hon'ble National Company Law Appellate Tribunal (NCLAT) by its order dated August 10, 2018 and pursuant to issuance of additional Equity Shares by Electrosteel Steels Limited (ESL) for giving impact of the resolution plan, ESL had ceased to be an associate of the Company during the quarter ended June 30, 2018. To comply with the requirements of Ind AS 109 "Financial Instruments", the Company had fair valued the investment in ESL and a sum of Rs. 57868.38 lakhs representing difference between the carrying value of said investment and fair value on the date of change of status was considered as exceptional item in statement of Profit and Loss in the quarter ended June 30, 2018.

The Company had elected the option under the said Ind AS to present the subsequent fair value changes of the said investment through Other Comprehensive Income. Further in terms of the approved resolution plan, advances and trade receivable amounting to Rs. 21121.70 lakhs receivable from ESL was written off during the quarter ended September 2018 shown as exceptional item in the statement of Profit and Loss.

During the quarter ending December 2018, shares of ESL were delisted and Vedanta Star Limited (holding company of ESL) has made an exit offer to the shareholders of ESL at a price of Rs. 9.54 per share which was open till December 20, 2019. Due to delisting of Electrosteel Steels Limited (ESL) and in absence of other available ways of valuation, the Company has continued to consider the exit price, which was open till December 20, 2019, as the basis of valuation of Investment in ESL.

Further 1,73,34,999 equity shares of Rs. 10 each in ESL amounting to Rs. 1653.76 lakhs as on March 31, 2019 are pledged with the lenders of the ESL. The consortium of the lenders of ESL had issued notice for the invocation of pledged shares which has been disputed by the Company and on the plea filed by the Company, the Hon'ble High Court of Calcutta has set aside the notices issued by the lenders. The Company's plea for release of the pledge is pending before the Hon'ble Court.

One of the lenders of ESL in whose favour the Company had mortgaged certain Land & Building amounting to Rs. 29571.05 lakhs of the Company situated at Elavur, Tamilnadu, has assigned its rights in favour of another entity which has been disputed by the company. Pending settlement of the matter, these assets have been carried forward at their carrying book value.

Sub Para (c): As reported earlier, the Railway Authorities had withdrawn the permission of operation of Railway siding under construction which is situated at Haldia, West Bengal. The company has claimed the compensation from the Railway Authorities for the amount incurred for the said siding which was denied and the matter is under arbitration based on the direction of Hon'ble High Court at Kolkata. Pending arbitration proceedings, the company has recognised a charge of Rs. 2318.35 lakhs during the quarter and a balance amounting to Rs. 1778.11 lakhs have been considered recoverable by the management of the company and shown as "Other Financial Assets" under the "Current Assets".

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

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

III. Signatories :

| | |
|--------------------------|--|
| CEO/Managing Director | Umang Kejriwal <i>Managing Director</i> |
| CFO | Ashutosh Agarwal <i>Executive Director (Group Finance) & CFO</i> |
| Audit Committee Chairman | Binod Kumar Khaitan <i>(Audit Committee Chairman)</i> |
| Statutory Auditor | For Singhi & Co <i>Chartered Accountants</i> Firm's Registration No.: 302049E Gopal Jain <i>(Partner)</i> Membership No: 059147 |

Place: Kolkata
Date: June 15, 2020



CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditors' Report

To the Members of Electrosteel Castings Limited Report on the Audit of Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated financial statements of **Electrosteel Castings Limited** ("herein referred to as the Holding Company"), and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and joint ventures comprising the consolidated balance sheet as at March 31, 2020, the consolidated statement of profit and loss including the statement of other comprehensive income, consolidated statement of cash flow and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statement including a summary of significant accounting policies and other explanatory notes for the year ended on that date (hereinafter referred to as "consolidated financial statements").

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 separate financial statements of the subsidiaries, Associates & Joint Ventures referred to in the other matter paragraph section below, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standard) Rules 2015, as amended (Ind As) and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Group, its associates and joint ventures as at 31st March, 2020, and their consolidated profit (financial performance including other comprehensive income) and its consolidated statement cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Qualified Opinion

Attention is drawn to the following notes to the accompanying consolidated financial statements:

- a) Note no. 49 in respect to cancellation of coal block allotted to the company in earlier years and non-recognition of the claims receipt thereof and non-carrying of any adjustment in the books of accounts for the reasons stated in the note. Pending finalisation of the matter and as the matter is sub judice, disclosures as per Indian Accounting standard will be given effect on final settlement of the matter and the balances appearing in the books of accounts in respect to such coal block have been carried forward at their carrying cost and disclosed as capital work in progress, property plant & equipment, inventories and other heads of account. The impact and consequential adjustment thereof are not presently ascertainable.

- b) Note No. 8A.2 in respect to Company's investment amounting to Rs. 1653.76 lakhs in Electrosteel Steels Limited (ESL), the pledge of which was invoked by the lenders of ESL and the same has been set aside by the Hon'ble High Court at Calcutta. The plea of the company to release the pledge is pending before the Hon'ble High Court at Calcutta. Further certain fixed assets of Elavur plant of the Company which are mortgaged in favour of a Lender of ESL, who has assigned their rights to another entity and the symbolic possession has been taken during the year, has been disputed by the company as enumerated in the note. Above exposures have been carried forward at their existing carrying value & no impairment has been provided in respect to above and the impact of which is not presently ascertainable.
- c) Note No 50(b) in respect to carry forward of claim recoverable amounting to Rs. 1778.11 Lakhs towards the compensation claimed from the Railway Authorities as mentioned in the note. The recovery of the same is dependent on the outcome of the arbitration process and is not presently ascertainable.

Impacts with respect to (a) (b) & (c) above are presently not ascertainable and as such cannot be commented upon by us.

We conducted our audit of the consolidated financial statement in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the consolidated 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 (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, 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 qualified audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the basis for qualified opinion section, we have determined the matters described below as Key audit matters and for each matter, our description of how our audit addressed the matter is provided in that context.



Independent Auditors' Report (Contd.)

| Key audit matters | How our audit addressed the key audit matter |
|---|--|
| Provision for taxation, litigations and disclosures of contingent liabilities | |
| <p>The Holding Company is exposed to different laws, regulations and interpretations thereof. The Holding company is also subject to number of significant claims and litigations. The assessment of the likelihood and quantum of any liability in respect of these matters can be judgmental due to the uncertainty inherent in their nature.</p> <p>At March 31, 2020, the Holding Company has carried forward non-current income tax liabilities of 5157.78 Lakhs [Refer Note 28 to the financial statements]. Further, the Holding Company has disclosed significant pending legal cases with respect to Kodilabad mines [Refer Note 50(a) to the financial statements] and other material contingent liabilities [Refer Note 55 to the financial statements].</p> <p>We considered this to be a key audit matter, since the accounting and disclosure of claims and litigations is complex and judgmental, and the amounts involved are, or can be, material to the financial statements.</p> | <p>Our audit procedures included among others:</p> <ol style="list-style-type: none"> I. Understanding and assessing the internal control environment relating to the identification, recognition and measurement of provisions for disputes, potential claims and litigation, and contingent liabilities; II. Analyzed significant changes/update from previous periods and obtained a detailed understanding of such items. Assessed recent judgments passed by the court authorities affecting such change; III. Discussed the status of significant known actual and potential litigations with the management & noted that information placed before the board for such cases and IV. Assessment of the management's assumptions and estimates related to the recognized provisions for disputes and disclosures of contingent liabilities in the financial statements. |
| Recoverability of Government Grant | |
| <p>The Holding company has been entitled for various sales tax incentives under Industrial promotion scheme issued by the State Government. The Holding company had complied with the conditions of such scheme and incentives were accounted for in the books in earlier years. A sum of Rs. 4680.58 Lakhs (grouped under other financial assets in note no. 18) is outstanding against said incentive as on 31st March 2020.</p> <p>We determined this to be a matter of significance to our audit due to the quantum of the government grant outstanding, compliance requirement of the scheme and also because of recovery pattern of the same.</p> | <ol style="list-style-type: none"> I. Evaluating eligibility requirements of schemes and compliances by the company. II. Understanding and testing the design and operating effectiveness of controls as established by the management in recognition and assessment of the recoverability of the grant. III. Considering the relevant notifications to ascertain the basis for determination, completion of performance obligation and assessing the appropriateness of the management estimates for accounting of government grant and timing of recognition & past receipt of the grants. |

| Key audit matters | How our audit addressed the key audit matter |
|--|--|
| Inventory measurement | |
| <p>The Holding company deals with various types of bulk material & Finished goods such as ductile & Iron pipes, pipe fittings, coal, coke & Iron Ore etc. The total inventory of such materials amounts to Rs.54774.82 lakhs as on March 31, 2020. (refer note no. 12).</p> <p>The measurement of these inventories involved certain estimations/assumption and also involved volumetric measurements. Measurement of some of these inventories also involved consideration of handling loss, moisture loss/gain, spillage etc. and thus required assistance of technical expertise.</p> <p>We determined this to be a matter of significance to our audit due to quantum of the amount & estimation involved.</p> | <ol style="list-style-type: none"> I. Obtained the understanding of the management with regards to internal financial controls relating of Inventory management. II. The company has deployed an independent agency for verification of bulk Materials in which our team were also present to oversee the process of entire materials being verified. We have also reviewed the internal verification process followed by the management for certain inventory items. III. We have also reviewed the report submitted by external agency and obtained reasons/explanation for such differences and also confirmed the adjustment made by the company in accordance with the policy confirmed by the board of directors. |

Information other than the Consolidated Financial Statements and Auditor's Report thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, for example Board's Report, Report on Corporate Governance, Management Discussion & Analysis Report, but does not include the consolidated financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our 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 consolidated financial statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 (hereinafter referred to as "the Act") with respect to the preparation of these Consolidated financial

Independent Auditors' Report *(Contd.)*

statements that give a true and fair view of the financial position, financial performance including other comprehensive income, state of affairs (consolidated financial position), Profit or Loss (consolidated financial performance including other comprehensive income), changes in equity of the Group including its Associates and Joint Ventures and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group including its Associates and Joint Ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the group including its Associates and Joint Ventures 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 consolidated financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint venture are responsible for assessing the ability of the Group and of its associates & joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate 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 associates and joint venture are also responsible for overseeing the financial reporting process of the Group and of its associates and joint venture.

Auditors' Responsibility for the Audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 financial statements.

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 financial statements, 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system 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 made by management;
- Conclude on the appropriateness of management's 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 group's including its Associates and Joint Ventures ability to continue as a going concern. 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 financial statements 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 to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group including its Associates and Joint Ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by the 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.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit



Independent Auditors' Report *(Contd.)*

work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Holding Company 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 of the Holding Company 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.

From the matters communicated with those charged with governance of the Holding Company, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- 1) The consolidated financial statements includes the audited financial statements and the other financial information, in respect of:
 - (i) 10 (ten) Subsidiaries (including two step down subsidiaries), whose financial statements include total assets of Rs. 81692.29 lakhs as at 31st March, 2020, total revenues of Rs. 102400.06 lakhs, total net profit after tax of Rs 2054.31 lakhs, total comprehensive profit of Rs. 1280.65 lakhs for the year ended on 31st March, 2020, and net cash flows of Rs. 1868.78 lakhs for the year ended 31st March, 2020 as considered in the consolidated financial statement which have been audited by their respective independent auditors.
 - (ii) An associate, whose financial statement reflect Group's share of net profit of Rs 7513.09 lakhs for the year ended on 31st March, 2020 as considered in the consolidated financial statement whose financial statement and other financial information have been audited by their respective independent auditors.
 - (iii) The independent auditors report on the financial statements of the above entities have been furnished to us by the management and our opinion on these financial statements in so far as it relates to the amounts and disclosures included in the respect of these subsidiaries and the associate is based solely on the reports of such auditors.
 - (iv) The above subsidiaries are located outside India whose annual financial results have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been reviewed by other auditors
 - 2) The consolidated financial statements also includes unaudited financial statement and other unaudited financial information in respect of:
 - (i) 1 (one) Subsidiary, whose financial statement and other financial information reflect total assets of Rs. 0.32 thousand as at 31st March, 2020 and total revenues of Rs. 0.35 thousand, total net loss after tax of Rs. 1.99 thousand, total comprehensive loss of Rs. 589.33 thousand for the year ended on that date and net cash outflows of Rs. 48.75 thousand for the year ended 31st March, 2020.
 - (ii) This unaudited financial statement has been approved and furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosure included in respect of this subsidiary, is based solely on such unaudited financial statement. In our opinion and according to the information and explanation given to us by the Management, this financial statement is not material to the group.
 - 3) As stated in Note No. 8.3 of the consolidated financial statements, the investment in North Dhadhu Mining Company Private Limited, a Joint Venture of the Holding Company, have been fully provided in the books. In view of this the results of North Dhadhu Mining Company Private Limited have not been incorporated in the books.
 - 4) As stated in Note No. 8.2 of the consolidated financial statement regarding non-availability of the financial statement of Domco Private Limited, a joint venture company due to which these has not been consolidated in these consolidated financial statements as required in terms of Ind AS- 28, "Investments in Associates and Joint Ventures".
- Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

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 report of other auditors on separate

Independent Auditors' Report *(Contd.)*

financial statements of subsidiaries and Associates companies incorporated in India, referred in other matters paragraph above, we report that to the extent applicable, 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 of the aforesaid consolidated financial statements;
 - (b) In our opinion, proper books of account as required by law relating to aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
 - (c) The consolidated balance sheet, the consolidated statement of profit and loss including the statement of other comprehensive income, the consolidated cash flow statement and 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 financial statement;
 - (d) *Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph*, In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under section 133 of the Act;
 - (e) The matter described in the *Basis for Qualified opinion paragraph above*, in the event of being decided unfavorably, in our opinion, may have an adverse effect on the functioning of the Holding Company;
 - (f) On the basis of the written representations received from the directors of the Holding Company as on March 31st, 2020, taken on record by the Board of Directors of the Holding Company and the report of the other statutory auditors of an associate company incorporated in India, none of the directors of the Holding company and an associate incorporated in India is disqualified as on March 31, 2020, from being appointed as a director in terms of section 164 (2) of the Act;
 - (g) The qualification relating to the maintenance of accounts and other matters connected therewith 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 and the operating effectiveness of such controls, refer to our Report in "Annexure A", which is based on the auditors' reports of the Holding company and its associate company incorporated in India. This does not include the report on two Joint venture companies for the reasons stated in Note No. 8.2 & 8.3 of the consolidated financial statements. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of these companies;
- (i) In respect to the other matters to be included in the Auditor's Report in accordance with the requirements of the section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanation given to us, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Holding Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act; and
 - (j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. *Except for the matters dealt with in the basis for Qualified Opinion paragraph impact whereof are presently not ascertainable*, impact of pending litigations (other than those already recognised in the consolidated financial statements) on the consolidated financial position of the group and its associates have been disclosed in the consolidated financial statement as required in terms of the accounting standards and provisions of the Companies Act, 2013 - Refer Note no. 55 of the consolidated financial statements;
 - ii. The Group and its Associate have made provision, as required under the applicable law or Indian accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts- Refer Note no. 47 of the consolidated financial statements;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group and its associate incorporated in India.

For Singhi & Co.
Chartered Accountants
Firm Registration No. : 302049E

(Gopal Jain)
Partner

Place : Kolkata
Date : 15th June, 2020

Membership No. : 059147
UDIN: 20059147AAAABB3769



Annexure “A” to the Independent Auditors' Report on Consolidated Financial Statements

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

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

In conjunction with our audit of the consolidated financial statements of the Holding Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Electrosteel Castings Limited (hereinafter referred to as “the Holding Company”) and its associate company, which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies and associate companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its associate, 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, 2020, based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control

Annexure “A” to the Independent Auditors' Report on Consolidated Financial Statements *(Contd.)*

stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to one associate company, which is companies incorporated in India, is based on the corresponding standalone reports of the auditors, as applicable, of such companies incorporated in India. In respect of two ventures as stated in Para (h) of

Report on other legal and regulatory requirements, these companies could not be considered for the purpose of this report for the reasons stated in the note no. 8.2 & 8.3 of consolidated financial statements.

For Singhi & Co.
Chartered Accountants
Firm Registration No. : 302049E

(Gopal Jain)

Partner

Place : Kolkata
Date : 15th June, 2020

Membership No. : 059147
UDIN: 20059147AAAABB3769



Consolidated Balance Sheet as at March 31, 2020

(Amount Rs. in lakhs)

| | Note No. | As at March 31, 2020 | As at March 31, 2019 |
|--|-----------|-------------------------|-------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| (a) Property, Plant and Equipment | 5 | 16,62,15.33 | 16,29,33.01 |
| (b) Capital work-in-progress | 51 and 52 | 11,65,61.86 | 12,36,61.71 |
| (c) Goodwill on consolidation | | 2,16.03 | 2,16.03 |
| (d) Other Intangible assets | 6 | 1,92.99 | 1,61.58 |
| (e) Right-of-use assets | 7 | 36,75.65 | - |
| (f) Investments in associates and joint ventures | 8 | 7,25,46.86 | 6,61,92.58 |
| (g) Financial Assets | | | |
| (i) Investments | 8A | 21,20.68 | 21,35.24 |
| (iii) Loans | 9 | 13,37.96 | 14,06.20 |
| (iv) Other financial assets | 10 | 55,50.00 | 35,00.00 |
| (h) Other non-current assets | 11 | 5,93.25 | 2,62.74 |
| | | 36,90,10.61 | 36,04,69.09 |
| Current assets | | | |
| (a) Inventories | 12 | 8,97,02.96 | 7,54,21.41 |
| (b) Financial Assets | | | |
| (i) Investments | 13 | 0.52 | 75.81 |
| (ii) Trade receivables | 14 | 6,17,93.70 | 6,08,78.06 |
| (iii) Cash and cash equivalents | 15 | 59,45.63 | 75,01.16 |
| (iv) Bank balances other than (iii) above | 16 | 40,42.40 | 75,04.61 |
| (v) Loans | 17 | 19,42.89 | 37,76.90 |
| (vi) Other financial assets | 18 | 1,88,84.01 | 1,92,94.95 |
| (c) Other current assets | 19 | 79,55.92 | 72,18.99 |
| | | 19,02,68.03 | 18,16,71.89 |
| Total Assets | | 55,92,78.64 | 54,21,40.98 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity Share Capital | 20 | 43,29.55 | 40,54.82 |
| (b) Other Equity | 21 | 28,36,85.44 | 25,95,13.33 |
| (c) Non-Controlling Interest | 22 | 1,21.65 | 65.87 |
| | | 28,81,36.64 | 26,36,34.02 |
| Liabilities | | | |
| Non-current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 23 | 7,02,64.81 | 8,38,24.97 |
| (ii) Lease Liabilities | 24 | 15,72.62 | - |
| (b) Provisions | 25 | 21,03.20 | 19,19.27 |
| (c) Deferred tax liabilities (Net) | 26 | 2,42,71.72 | 2,51,91.55 |
| (d) Other non-current liabilities | 27 | 53,67.63 | 1,60,19.27 |
| (e) Non-current tax liabilities (Net) | 28 | 51,57.78 | 42,43.37 |
| | | 10,87,37.76 | 13,11,98.43 |
| Current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 29 | 7,88,45.64 | 7,70,30.51 |
| (ii) Lease Liabilities | 24 | 2,14.90 | - |
| (iii) Trade payables | 30 | | |
| (a) Total Outstanding dues of Micro enterprises and small enterprises: and | | 1,61.85 | 38.24 |
| (b) Total Outstanding of creditor other than Micro enterprises and small enterprises | | 3,84,17.95 | 3,08,46.00 |
| (iii) Other financial liabilities | 31 | 2,61,69.40 | 1,81,95.96 |
| (b) Other current liabilities | 32 | 1,61,82.03 | 1,87,63.22 |
| (c) Provisions | 33 | 21,07.36 | 20,51.51 |
| (d) Current Tax Liabilities (Net) | 34 | 3,05.11 | 3,83.09 |
| | | 16,24,04.24 | 14,73,08.53 |
| Total Equity and Liabilities | | 55,92,78.64 | 54,21,40.98 |

Significant accounting policies and other accompanying notes (1 to 64) form an integral part of the consolidated financial statements.

As per our report of even date

For Singhi & Co.

Chartered Accountants
(Firm Registration No. 302049E)

Gopal Jain
Partner
(Membership No. 059147)

Kolkata
June 15, 2020

Indranil Mitra
Company Secretary

For and on behalf of the Board of Directors

Umang Kejriwal
Managing Director
(DIN : 00065173)

Ashutosh Agarwal
Executive Director
(Group Finance) and CFO

Mahendra Kumar Jalan
Wholetime Director
(DIN : 00311883)

Sunil Katial
Chief Executive Officer &
Wholetime Director
(DIN : 07180348)

Consolidated Statement of Profit and Loss for the year ended March 31, 2020

(Amount Rs. in lakhs)

| Particulars | Note No. | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|----------|--------------------------------------|--------------------------------------|
| Revenue from Operations | 35 | 27,11,04.29 | 26,99,43.64 |
| Other Income | 36 | 33,20.77 | 56,90.94 |
| Total income | | 27,44,25.06 | 27,56,34.58 |
| EXPENSES | | | |
| Cost of materials consumed | 37 | 11,18,41.99 | 11,05,88.28 |
| Purchases of Stock-in-Trade | 38 | 1,56,61.63 | 1,51,66.64 |
| Changes in inventories of finished goods, Stock-in-Trade and work-in-progress | 39 | (97,95.08) | (52,09.81) |
| Employee benefits expense | 40 | 2,26,60.63 | 2,08,62.25 |
| Finance costs | 41 | 2,27,58.44 | 2,34,64.52 |
| Depreciation and amortisation expense | 42 | 57,14.65 | 58,51.40 |
| Other expenses | 43 | 9,41,33.40 | 8,90,68.03 |
| Total expenses | | 26,29,75.66 | 25,97,91.31 |
| Profit before exceptional items and tax | | 1,14,49.40 | 1,58,43.27 |
| Exceptional Items | 44 | - | (1,83,97.20) |
| Profit before tax | | 1,14,49.40 | (25,53.93) |
| Tax expense: | 45 | | |
| Current tax | | 17,16.28 | 5,37.80 |
| Deferred tax | | 11,59.62 | (23,37.65) |
| Related to earlier year | | (56.02) | - |
| Profit after tax | | 86,29.52 | (7,54.08) |
| Add: Share of Profit/(Loss) in Associates and Joint Venture (Net) | | 75,18.85 | 46,19.89 |
| Profit for the year | | 1,61,48.37 | 38,65.81 |
| Profit for the year attributable to: | | | |
| - Owners of the Company | | 1,61,06.51 | 38,17.06 |
| - Non-Controlling Interest | | 41.86 | 48.75 |
| Other Comprehensive Income | 46 | | |
| A (i) Items that will not be reclassified to profit or loss | | | |
| a) Remeasurements of the defined benefit plans | | 3.39 | 1,88.18 |
| b) Equity instruments through other comprehensive income | | (14.46) | (6,23.72) |
| (ii) Income tax related to items that will not be reclassified to profit or loss | 45.2 | 2.46 | (70.75) |
| B (i) Items that will be reclassified to profit or loss | | | |
| a) Foreign currency translation differences | | 12,74.76 | (30.33) |
| b) Effective portion of cash flow hedge reserve | | - | 2,67.44 |
| (ii) Income tax related to items that will be reclassified to profit or loss | 45.2 | - | (93.46) |
| C Share of Other Comprehensive Income in Associates and Joint Ventures (Net of tax) | | (5.76) | (6.45) |
| Other Comprehensive Income for the year (net of tax) | | 12,60.39 | (3,69.09) |
| Other Comprehensive Income for the year attributable to: | | | |
| - Owners of the Company | | 12,60.39 | (3,69.09) |
| - Non-Controlling Interest | | - | - |
| Total Comprehensive Income for the year | | 1,74,08.76 | 34,96.72 |
| Total Comprehensive Income for the year attributable to: | | | |
| - Owners of the Company | | 1,73,66.90 | 34,47.97 |
| - Non-Controlling Interest | | 41.86 | 48.75 |
| Earnings per equity share of par value of Re. 1 each. | 53 | | |
| (1) Basic (Rs.) | | 3.85 | 0.99 |
| (2) Diluted (Rs.) | | 3.85 | 0.99 |

Significant accounting policies and other accompanying notes (1 to 64) form an integral part of the consolidated financial statements.

As per our report of even date

For Singhi & Co.
Chartered Accountants
(Firm Registration No. 302049E)

Gopal Jain
Partner
(Membership No. 059147)

Kolkata
June 15, 2020

Indranil Mitra
Company Secretary

For and on behalf of the Board of Directors

Umang Kejriwal
Managing Director
(DIN : 00065173)

Ashutosh Agarwal
Executive Director
(Group Finance) and CFO

Mahendra Kumar Jalan
Wholetime Director
(DIN : 00311883)

Sunil Katial
Chief Executive Officer &
Wholetime Director
(DIN : 07180348)



Consolidated Statement of changes in Equity for the year ended March 31, 2020

| A. Equity Share Capital | Amount (Rs. in lakhs) |
|-------------------------------------|--------------------------|
| Balance as at April 1, 2018 | 35,69.55 |
| Changes during the year | 4,85.27 |
| Balance as at March 31, 2019 | 40,54.82 |
| Changes during the year | 2,74.73 |
| Balance as at March 31, 2020 | 43,29.55 |

Note: During the year, the Parent company had issued 27472526 (previous year 48526861) numbers of equity shares of Re. 1 each at a premium of Rs. 17.20 each (previous year Rs. 27.85 each) (full figure) on preferential basis. The equity shares issued during the year 2019-20 were allotted on October 11, 2019.

B. Other Equity

(Amount Rs. in lakhs)

As at March 31, 2020

| Particulars | Reserve & Surplus | | | | Items of Other Comprehensive Income | | | Total | |
|---|-------------------|--------------------|--------------------|-------------------|-------------------------------------|--|---|------------------|------------------------------------|
| | Capital Reserve | Securities Premium | General Reserve | Statutory Reserve | Retained Earnings | Equity Instrument through other Comprehensive Income | Exchange difference on translating the financial statements of foreign operations | | Share of Associates/ Joint Venture |
| Balance as at April 01, 2019 | 41,67.77 | 7,91,04.99 | 10,05,65.95 | 2,96.09 | 7,39,58.84 | (6,12.07) | 21,26.96 | (95.20) | 25,95,13.33 |
| Total Comprehensive Income for the year (Net of tax) | - | - | - | - | 1,61,06.51 | (11.15) | 12,74.76 | (5.76) | 1,73,64.36 |
| Re-measurement of defined benefit plans | - | - | - | - | 2.54 | - | - | - | 2.54 |
| Remeasurement impact of opening Deferred Tax Liability on adoption of New Tax Regime. (refer note no. 28.2) | - | - | - | - | 20,79.95 | - | - | - | 20,79.95 |
| Exchange difference on translation of foreign operations | - | - | - | 13.07 | - | - | (13.07) | - | - |
| Transfer from Retained Earnings | - | - | - | 96.35 | (96.35) | - | - | - | - |
| On issuance of 2,74,72,526 equity shares during the year | - | 47,25.26 | - | - | - | - | - | - | 47,25.26 |
| Balance at March 31, 2020 | 41,67.77 | 8,38,30.25 | 10,05,65.95 | 4,05.51 | 9,20,51.49 | (6,23.22) | 33,88.65 | (1,00.96) | 28,36,85.44 |

Consolidated Statement of changes in Equity for the year ended March 31, 2020 (Contd.)

B. Other Equity (Contd.)

As at March 31, 2019

(Amount Rs. in lakhs)

| Particulars | Reserve & Surplus | | | | | Items of Other Comprehensive Income | | | | | Total |
|---|-------------------|----------------------------|-----------------|------------------------------|-------------------|-------------------------------------|--|--------------------------------------|---|------------------------------------|-------------|
| | Capital Reserve | Securities Premium Reserve | General Reserve | Debenture Redemption Reserve | Statutory Reserve | Retained Earnings | Equity Instrument through other Comprehensive Income | Effective portion of Cash Flow hedge | Exchange difference on translating the financial statements of foreign operations | Share of Associates/ Joint Venture | |
| Balance as at April 01, 2018 | 41,67.77 | 6,55,90.26 | 10,05,65.95 | 62,50.00 | 1,71.18 | 6,56,48.66 | 16.65 | (1,73.98) | 21,53.84 | (88.75) | 24,43,01.58 |
| Total Comprehensive Income for the year (Net of tax) | - | - | - | - | - | 38,17.06 | (6,28.71) | 1,73.98 | (30.33) | (6.45) | 33,25.55 |
| Re-measurement of defined benefit plans | - | - | - | - | - | 1,22.42 | - | - | - | - | 1,22.42 |
| Dividends including dividend distribution tax | - | - | - | - | - | (14,66.49) | - | - | - | - | (14,66.49) |
| Transfer to Retained Earnings from Debenture Redemption Reserve | - | - | - | (62,50.00) | - | 62,50.00 | - | - | - | - | - |
| Exchange difference on translation of foreign operations | - | - | - | - | (3.45) | - | - | - | 3.45 | - | - |
| Transfer from Retained Earnings | - | - | - | - | 1,28.36 | (1,28.36) | - | - | - | - | - |
| On issuance of 48526861 equity shares during the year | - | 1,35,14.73 | - | - | - | - | - | - | - | - | 1,35,14.73 |
| Due to merger of Mahadev Vyapaar Pvt. Ltd. (Ref. note no.59) | - | - | - | - | - | (2,84.46) | - | - | - | - | (2,84.46) |
| Balance at March 31, 2019 | 41,67.77 | 7,91,04.99 | 10,05,65.95 | - | 2,96.09 | 7,39,58.84 | (6,12.07) | - | 21,26.96 | (95.20) | 25,95,13.33 |

Refer Note no. 21 for nature and purpose of reserves

Significant accounting policies and other accompanying notes (1 to 64) form an integral part of the consolidated financial statements

As per our report of even date

For Singhi & Co.

Chartered Accountants
(Firm Registration No. 302049E)

Gopal Jain
Partner
(Membership No. 059147)

Kolkata
June 15, 2020

For and on behalf of the Board of Directors

Umang Kejriwal
Managing Director
(DIN : 00065173)

Ashutosh Agarwal
Executive Director
(Group Finance) and CFO

Indranil Mitra
Company Secretary

Sunil Katial
Chief Executive Officer &
Wholetime Director
(DIN : 07180348)

Mahendra Kumar Jalan
Wholetime Director
(DIN : 00311883)



Consolidated Statement of Cash Flow for the year ended March 31, 2020

(Amount Rs. in lakhs)

| | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit/(Loss) before Tax | 1,14,49.40 | (25,53.93) |
| Add: Depreciation and amortisation expenses | 57,14.65 | 58,51.40 |
| Bad debts | 6,32.09 | 1,56.46 |
| Assets / Advances written off | 28,20.71 | 6,90.33 |
| Credit loss allowances on trade receivables/advances | 8,32.18 | 1,96.02 |
| Advance/trade receivables written off | - | 2,11,21.70 |
| Impairment in valuation of investments | - | 8,38.13 |
| Fair valuation of derivative instruments through profit & loss | 6,65.97 | - |
| Loss on sale of current investment | 14.94 | - |
| Net gain/(loss) on fair valuation of investments | 0.15 | - |
| Profit/(Loss) on sale / discard of fixed assets (net) | 2,14.85 | 2,77.58 |
| Finance costs | 2,27,58.44 | 2,34,64.52 |
| | 3,36,53.98 | 5,25,96.14 |
| Less: Interest income | 11,68.03 | 16,32.86 |
| Bad debts realised | 89.58 | 1,37.00 |
| Dividend income from investments | 0.72 | 2.71 |
| Gain on redemption of financial liability at amortised cost | - | 8,03.25 |
| Net gain/(loss) on sale of investments | 0.75 | - |
| Net gain/(loss) on derecognition of financial assets at amortised cost | 29.71 | 56.39 |
| Fair valuation of derivative instruments through profit & loss | - | 3,39.54 |
| Net gain/(loss) on fair valuation of investments | - | 27,16.17 |
| Unrealised foreign exchange fluctuation and translation | 13,15.23 | 26,81.10 |
| Reversal of impairment allowances for doubtful debts | 3,55.41 | 60.61 |
| Provisions / liabilities no longer required written back | 63.46 | 8,74.38 |
| | 30,22.89 | 93,04.01 |
| Operating Profit before Working Capital changes | 4,20,80.49 | 4,07,38.20 |
| Less: Increase/(decrease) in inventories | 1,42,50.28 | 1,44,19.62 |
| Increase/(decrease) in trade receivables | (5,92.01) | 1,34,71.56 |
| Increase/(decrease) in loans and advances, other financial and non-financial assets | (2,70.44) | 532.67 |
| (Increase)/decrease in trade payables, other financial and non-financial liabilities and provisions | 53,63.07 | 1,52,32.42 |
| | 1,87,50.90 | 4,36,56.27 |
| Cash generated from Operations | 2,33,29.59 | (29,18.07) |
| Less: Direct Taxes paid (Net) | 8,54.89 | 16,98.52 |
| Net cash flow from Operating activities | 2,24,74.70 | (46,16.59) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment, intangible assets and movements in capital work in progress | (58,98.80) | (57,85.43) |
| Realisation of property, plant and equipment, intangible assets | 22.46 | 1,37.81 |
| Sale of investment in an associate | 1.50 | - |
| Sale of current investment | 60.20 | - |
| Interest received | 12,02.22 | 16,04.59 |
| Dividend received | 11,58.79 | 11,60.77 |
| Movement in bank balances other than cash and cash equivalents | 14,12.21 | 61,97.91 |
| | (20,41.42) | 33,15.65 |
| Net Cash flow from Investing Activities | (20,41.42) | 33,15.65 |

Consolidated Statement of Cash Flow for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

| | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from preferential issue of equity shares | 50,00.00 | 1,40,00.00 |
| Repayment of minority shares | - | (20.60) |
| Proceeds/(repayments) from short term borrowings (net) | 6,04.08 | 2,08,74.95 |
| Repayment of long term borrowings | (1,20,83.88) | (7,43,63.94) |
| Proceeds from long term borrowings | 60,00.00 | 6,00,00.00 |
| Interest and other borrowing cost paid | (2,13,94.55) | (1,95,24.18) |
| Interest paid on lease liability | (1,16.12) | - |
| Dividend paid | - | (12,32.31) |
| Tax on dividend | - | (2,50.04) |
| Net cash flow from Financing activities | (2,19,90.47) | (5,16.12) |
| Cash and Cash equivalents (A+B+C) | (15,57.19) | (18,17.06) |
| Cash and Cash equivalents as at 1st April | 75,01.16 | 93,05.77 |
| Add / (Less) : Unrealised exchange gain / (loss) on Bank balances | 1.66 | 12.45 |
| Cash and Cash equivalents at the end of the year (Refer note 15) | 59,45.63 | 75,01.16 |

Note :

- (a) The above Statement of Cash Flows has been prepared under the "Indirect Method" as set out in Ind AS 7, 'Statement of Cash Flows' as noted under Companies Act, 2013.
- (b) Ind AS 7 Cash flow statements requires the entities to provide disclosure that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet of liabilities arising from financing activities, to meet the disclosure requirements.

| Particulars | As at 31.03.2019 | Cash Flows | Non Cash Changes | | As at 31.03.2020 |
|-----------------------------|---------------------|--------------|---|---|---------------------|
| | | | Foreign Exchange movement, Amortised cost & Other Adjustments | Current/ Non-current classification | |
| Borrowings-Non Current | 8,38,24.97 | 60,00.00 | 2,41,74.48 | (4,37,34.64) | 7,02,64.81 |
| Other Financial Liabilities | 1,52,58.42 | (1,20,83.88) | (31,74.54) | 4,37,34.64 | 4,37,34.64 |
| Borrowings-Current | 7,70,30.51 | 6,04.08 | 12,11.05 | - | 7,88,45.64 |

Significant accounting policies and other accompanying notes (1 to 64) form an integral part of the consolidated financial statements.

As per our report of even date

For Singhi & Co.
Chartered Accountants
(Firm Registration No. 302049E)

Gopal Jain
Partner
(Membership No. 059147)

Kolkata
June 15, 2020

Indranil Mitra
Company Secretary

For and on behalf of the Board of Directors

Umang Kejriwal
Managing Director
(DIN : 00065173)

Ashutosh Agarwal
Executive Director
(Group Finance) and CFO

Mahendra Kumar Jalan
Wholetime Director
(DIN : 00311883)

Sunil Katial
Chief Executive Officer &
Wholetime Director
(DIN :07180348)

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020**1. Group Information**

Electrosteel Castings Limited ('the Company') is a public limited company in India having its corporate office in Kolkata in the State of West Bengal and registered office at Rajgangpur, District: Sundergarh in the State of Odisha and is engaged in the manufacture and supply of Ductile Iron (DI) Pipes, Ductile Iron Fittings (DIF) and Cast iron (CI) Pipes as its core business and produces and supplies Pig Iron in the process. It also produces Metallurgic Coke, Sinter and Power for captive consumption. The company caters to the needs of Water Infrastructure Development and its operation are spread over 35 countries across the Indian Sub-continent, South East Asia and the Middle East Europe, USA, South America and Africa by setting up subsidiaries and developing strong relations with customer abroad. The Company's shares are listed on the National Stock Exchange of India Limited and BSE Limited. The Board of Directors have approved the financial statements for the year ended March 31, 2020 and authorised for issue on June 15, 2020.

The Consolidated Financial Statements relates to Electrosteel Castings Limited (hereinafter referred to as 'the Company') and its subsidiaries (collectively hereinafter referred to as 'the Group') and its joint ventures and associates as detailed below:

Investment in Subsidiaries

| Name of the Company | Principal Activity | Country of Incorporation | % of holding as at March 31, 2020 | % of holding as at March 31, 2019 |
|---|----------------------------------|--------------------------|-----------------------------------|-----------------------------------|
| Electrosteel Europe SA | Trading of DI Pipes and Fittings | France | 100% | 100% |
| Electrosteel Algeria SPA | Trading of DI Pipes and Fittings | Algeria | 100% | 100% |
| Electrosteel Castings (UK) Limited | Trading of DI Pipes and Fittings | United Kingdom | 100% | 100% |
| Electrosteel USA LLC | Trading of DI Pipes and Fittings | United States of America | 100% | 100% |
| WaterFab LLC (subsidiary of Electrosteel USA, LLC) | Trading of DI Pipes and Fittings | United States of America | 100% | 100% |
| Mahadev Vyapaar Pvt Ltd * | Renting of Immovable Properties | India | - | 100% |
| Electrosteel Trading, S.A. | Trading of DI Pipes and Fittings | Spain | 100% | 100% |
| Electrosteel Castings Gulf FZE | Trading of DI Pipes and Fittings | United Arab Emirates | 100% | 100% |
| Electrosteel Doha for Trading LLC | Trading of DI Pipes and Fittings | Qatar | 97% | 97% |
| Electrosteel Brasil Ltda. Tubos e Conexoes Duteis | Trading of DI Pipes and Fittings | Brazil | 100% | 100% |
| Electrosteel Bahrain Holding SPC Company | Commercial and Other Activity | Bahrain | 100% | 100% |
| Electrosteel Bahrain Trading W.L.L (subsidiary of Electrosteel Bahrain Holding S.P.C Company)** | Trading of DI Pipes and Fittings | Bahrain | 100% | 100% |

* amalgamated with the parent company (refer note no. 59).

** includes 51% shares held through beneficial trust.

Investment in Associates

| Name of the Company | Principal Activity | Country of Incorporation | % of holding as at March 31, 2020 | % of holding as at March 31, 2019 |
|-------------------------------------|---------------------------|--------------------------|-----------------------------------|-----------------------------------|
| Srikalahasthi Pipes Limited | Manufacturing of DI Pipes | India | 41.33% | 48.98% |
| Electrosteel Thermal Power Limited* | Generation of power | India | - | 30.00% |

* Ceased to be associate during the year.

Investment in Joint Venture

| Name of the Company | Principal Activity | Country of Incorporation | % of holding as at March 31, 2020 | % of holding as at March 31, 2019 |
|--|---------------------------------------|--------------------------|-----------------------------------|-----------------------------------|
| North Dhadhu Mining Company Private Limited (refer note no. 8.3) | Mining and agglomeration of Hard Coal | India | 48.98% | 48.98% |
| Domco Private Limited (refer note no. 8.2) | Manufacturing of Coke Oven products | India | 50.00% | 50.00% |

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

1A. Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19)

The spread of COVID-19 pandemic has severely impacted businesses around the globe. The regular business operations of the Group has been impacted post lock-down declared by Government of various countries, which includes suspension of significant portion of production facilities, disruptions in supply chain and adopting work from home policies of employees across the locations. Due to above, the volumes for the month of March 2020 have been impacted. The Group is monitoring the situation closely and operations are being resumed/ramped up in a phased manner from June 2020 considering various directives from the respective governments. The management has considered various internal and external sources of information up to the date of approval of the consolidated financial statements by the Board of Directors in determining the impact of pandemic on the various elements of consolidated financial statements. The management has also evaluated its liquidity position for the next year and used the principles of prudence in applying judgments, estimates & assumptions and based on the current estimates, it expects to fully recover the carrying amount of various non current & current assets. However considering the uncertainties involved, the eventual outcome of impact of the pandemic may be different from those estimated as on the date of approval of these consolidated financial statements. The Group will continue to closely monitor any material changes in future economic conditions.

2A. Application of New Accounting Pronouncements effective from April 01, 2019

2A.1 The Group has applied the following Indian Accounting Standards and its amendments for the first time for the annual reporting period commencing April 01, 2019.

Ind AS 116 - Leases

Amendment to Ind AS 12 - Income Taxes and Ind AS 12 Appendix 'C' - Uncertainty over Income Tax Treatments

Amendment to Ind AS 19 - Plan amendment, curtailment or settlement

Amendment to Ind AS 23 - Borrowing Cost

Amendment to Ind AS 103 - Business combination and Ind AS-111- Joint Arrangement

Amendment to Ind AS 109 - Prepayment features with negative compensation

Except for adoption of Ind AS -116, most of the above amendments did not have any impact on the current and previous financial period.

2B. Recent Accounting Developments

Standards issued but not yet effective

2B.1 Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2020.

3. Statement of compliance and Significant Accounting Policies

3.1 Statement of Compliance

These Consolidated financial statements, excepting as stated in note no 49, have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

Basis of Preparation

The Consolidated Financial Statements have been prepared under the historical cost convention on accrual basis excepting certain financial instruments which are measured in terms of relevant Ind AS at fair value/ amortised costs at the end of each reporting period and certain class of Property, Plant and Equipment i.e. Freehold land and building and Investment in Associates which as on the date of transition have been fair valued to be considered as deemed cost.

Historical cost convention is generally based on the fair value of the consideration given in exchange for goods and services.

As the operating cycle cannot be identified in normal course, the same has been assumed to have duration of 12 months. All Assets and Liabilities have been classified as current or non-current as per the operating cycle and other criteria set out in Ind AS 1 'Presentation of Financial Statements' and Schedule III to the Companies Act, 2013.

Functional and Presentation Currency

Item included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the company operates (the "functional currency"). The consolidated financial statements are presented in Indian Rupee ("INR")



Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

which is the Group's functional and presentation currency. All financial information presented in the consolidated financial statements has been presented in INR and all values have been rounded off to the nearest two decimal lakhs except otherwise stated.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

The Group categorises assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed for such measurement:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable either directly or indirectly for the asset or liability.

Level 3: Inputs for the asset or liability which are not based on observable market data (unobservable inputs).

The Group has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements who regularly review significant unobservable inputs, valuation adjustments and fair value hierarchy under which the valuation should be classified.

Consolidation Procedure

The Consolidated Financial Statements have been prepared in accordance with principles laid down in Ind AS 110 on "Consolidated Financial Statements", Ind AS 28 on "Accounting for Investments in Associates and Joint Ventures" as notified vide Companies (Accounting Standards) Rules, 2015 (as amended).

Subsidiaries

i. Subsidiaries are entities over which the Group has control and the Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its:

- (a) Power over the investee
- (b) Exposure or rights to variable returns from its involvement with the investee
- (c) The ability to use its power over the investee to affect its returns

Subsidiaries are consolidated from the date control over the subsidiary is acquired and they are discontinued from the date of cessation of control.

ii. The Group combines the financial statements of the Company and its subsidiaries based on a line-by-line consolidation by adding together the book value of like items of assets and liabilities, revenue and expenses as per the respective financial statements. Intra group balances, intra group transactions and the unrealised profits on stocks arising out of intra group transaction have been eliminated.

iii. The consolidated financial statements are prepared using uniform accounting policies for similar material transactions and other events in similar circumstances otherwise as stated elsewhere.

iv. The difference between the costs of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the consolidated financial statements as Goodwill or Capital reserve as the case may be. The said goodwill is not amortised, however it is tested for impairment at each balance sheet date and impairment loss, if any is recognised in the consolidated financial statements.

v. Non-controlling interest's share of net profit of subsidiaries for the year is identified and adjusted against the revenue of the Group in order to arrive at the net revenue attributable to the owners of the Company. The excess of loss for the year over the non-controlling interest is adjusted in owner's interest.

vi. Non-controlling interest's share of net assets of subsidiaries is identified and presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Company's shareholders.

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

Non-controlling Interest

Non-controlling interests represent the proportion of income, other comprehensive income and net assets in subsidiaries that is not attributable to the Company's owners.

Non-controlling interests are initially measured at proportionate share on the date of acquisition of the recognised amounts of the acquiree's identifiable net assets. Subsequent to the acquisition, the carrying amount of the non-controlling interests is the amount of the interest at initial recognition plus the proportionate share of subsequent changes in equity.

Investment in Associates and Joint Ventures

Investments in Associates and Joint Ventures are accounted in accordance with Ind AS - 28 on "Accounting for Investments in Associates and Joint Venture", under "equity method". Unrealised profit/loss are eliminated other than in respect of transactions pertaining to non depreciable assets.

The difference between the cost of investment in Associates and Joint Ventures and the share of net assets at the time of acquisition of such shares is identified in the consolidated financial statements as Goodwill or Capital reserve as the case may be. Under the equity method, the investments are recognised at cost and thereafter the carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group. Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

The statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

When the Group's share of losses in an equity accounted investments equals or exceeds its interest in the entity, the Group does not recognise further losses, unless it has incurred obligations or made payment on behalf of the other entity. The carrying amount of equity accounted investments are tested for impairment in accordance with the policy of the group.

Business Combination and Goodwill

The Group except for combination of group entities which are under common control applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. Assets acquired and liabilities assumed are generally measured at their acquisition date fair values.

In case of combination of entities under control, business combination are accounted for under pooling of interest method whereby the assets and liabilities are combined at the carrying amount and no adjustments are made to reflect their fair values or recognise any new assets or liabilities.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the combination date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

3.2 Property Plant and Equipment (PPE)

Property, plant and equipment are stated at cost of acquisition, construction and subsequent improvements thereto less accumulated depreciation and impairment losses, if any. For this purpose cost include deemed cost on the date of transition and comprises purchase price of assets or its construction cost including duties and taxes (net of recoverable taxes), inward freight and other expenses incidental to acquisition or installation and adjustment for exchange differences wherever applicable and any cost directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended for its use. For major projects, interest and

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

other costs incurred on / related to borrowings to finance such projects or fixed assets during construction period and related pre-operative expenses are capitalised. Expenditure on Blast Furnace/Coke Oven Battery Relining is capitalised.

Parts of an item of PPE having different useful lives and material value and subsequent expenditure on Property, Plant and Equipment arising on account of capital improvement or other factors are accounted for as separate components.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Statement of Profit and Loss when incurred.

Capital Work-in-progress includes preoperative and development expenses, equipments to be installed, construction and erection materials, advances etc. Such items are classified to the appropriate categories of PPE when completed and ready for intended use.

The Group had opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules 2009 relating to Accounting Standard-11 notified by Government of India on 31st March, 2009 (as amended on 29th December 2011), which will be continued in accordance with Ind-AS 101 for all pre-existing long term foreign currency monetary items as at 31st March 2016. Accordingly, exchange differences relating to long term monetary items, arising during the year, in so far as they relate to the acquisition of fixed assets, are adjusted in the carrying amount of such assets.

Depreciation and Amortisation

Depreciation on PPE except as stated below, is provided as per Schedule II of the Companies Act, 2013 on straight line method in respect of Plant and Equipments and Office Equipments at all location of the Company except Elavur Plant of the Company and on written down value method on all other assets including Plant and Equipments and Office Equipments at Elavur Plant. Certain Plant and Equipments have been considered Continuous Process Plant on the basis of technical assessment. Depreciation on upgradation of Property, Plant and Equipment is provided over the remaining useful life of the mother plant / fixed assets.

Leasehold Land held under finance lease including leasehold land are depreciated over their expected lease terms. No depreciation is charged on Freehold land. Assets costing rupees five thousand or less are being depreciated fully in the year of addition/acquisition.

In case the cost of part of tangible asset is significant to the total cost of the assets and useful life of that part is different from the remaining useful life of the asset, depreciation has been provided on straight line method based on internal assessment and independent technical evaluation carried out by external valuers, which the management believes that the useful lives of the component best represent the period over which it expects to use those components. Pipe Moulds of specified sizes are depreciated over a period of 3 years.

Railway siding constructed on Government land is amortised over the period of 10 years in terms of agreement.

Depreciation on Property, Plant and Equipments commences when the assets are ready for their intended use. Based on above, the useful lives as estimated for other assets considered for depreciation are as follows:

| Category | Useful life |
|--|-------------|
| Buildings | |
| Non-Factory Building (RCC Frame Structure) | 60 Years |
| Factory Building | 30 Years |
| Roads | |
| Carpeted Roads-RCC | 10 Years |
| Carpeted Roads-other than RCC | 5 Years |
| Non-Carpeted Roads | 3 Years |
| Plant and machinery | |
| Other than Continuous Process Plant | 15 Years |
| Sinter Plant, Blast Furnace, Coke Oven | 20 Years |
| Coke Oven Battery Relining | 5 Years |
| Blast Furnace Relining | 2 Years |
| Power Plant | 40 Years |

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

| Category | Useful life |
|--|-------------|
| Computer equipment | |
| Servers and networks | 6 Years |
| Others | 3 Years |
| Furniture and fixtures, Electrical Installation and Laboratory Equipment's | 10 Years |
| Office equipment | 5 Years |
| Vehicles | |
| Motor cycles, scooters and other mopeds | 10 Years |
| Others | 8 Years |

In case of the subsidiaries, depreciation is provided on straight line method on the basis of estimated useful life of the assets applying the depreciation rates ranging from 1.5% to 35% per annum.

Depreciation methods, useful lives, residual values are reviewed and adjusted as appropriate, at each reporting date.

3.3 Intangible Assets

Intangible assets are stated at cost comprising of purchase price inclusive of duties and taxes (net of recoverable taxes) less accumulated amount of amortization and impairment losses. Such assets, are amortised over the useful life using straight line method and assessed for impairment whenever there is an indication of the same.

Accordingly, right to use wagons acquired under "Wagon Investment Scheme", cost of computer software packages (ERP and others) and mining rights are allocated / amortised over a period of 10 years, 5 years and available period of mining lease respectively.

Research cost are not capitalised and the related expenditure is recognised in the statement of profit and loss in the period in which the expenditure is incurred.

Depreciation methods, useful lives and residual values and are reviewed, and adjusted as appropriate, at each reporting date.

3.4 Derecognition of Tangible and Intangible assets

An item of PPE is de-recognised upon disposal or when no future economic benefits are expected to arise from its use or disposal. Gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

3.5 Leases

(i) Group as a lessee

The Group has adopted Ind AS 116-Leases effective 1st April, 2019, using the modified retrospective method. The Group has applied the standard to its leases with the cumulative impact recognised on the date of initial application (1st April, 2019). Accordingly, previous period information has not been restated.

The Group's lease asset classes primarily consist of leases for Land and Buildings. The Group assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Group assesses whether:

1. the contract involves the use of an identified asset
2. the Group has substantially all of the economic benefits from use of the asset through the period of the lease and
3. the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short term leases) and leases of low value assets. For these short term and leases of low value assets, the Group recognises the lease payments as an operating expense on a straight line basis over the term of the lease.



Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

(ii) Group as a lessor

a. Finance Lease

Leases which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item are classified and accounted for as finance lease. Lease rental receipts are apportioned between the finance income and capital repayment based on the implicit rate of return. Contingent rents are recognized as revenue in the period in which they are earned.

b. Operating Lease

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease except where scheduled increase in rent compensates the Group with expected inflationary costs.

3.6 Impairment of Tangible and Intangible Assets

Tangible and Intangible assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of assets is determined. An impairment loss is recognised in the statement of profit and loss, whenever the carrying amount of assets either belonging to Cash Generating Unit (CGU) or otherwise exceeds recoverable amount. The recoverable amount is the higher of assets' fair value less cost of disposal and its value in use. In assessing value in use, the estimated future cash flows from the use of the assets are discounted to their present value at appropriate rate.

Impairment losses recognised earlier may no longer exist or may have come down. Based on such assessment at each reporting period the impairment loss is reversed and recognised in the Statement of Profit and Loss. In such cases, the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

3.7 Financial Assets and Financial Liabilities

Financial assets and financial liabilities (financial instruments) are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

The financial assets and financial liabilities are classified as current, if they are expected to be realised or settled within operating cycle of the Group or otherwise these are classified as non-current.

The classification of financial instruments whether to be measured at Amortised Cost, at Fair Value through Profit and Loss (FVTPL) or at Fair

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

Value through Other Comprehensive Income (FVTOCI) depends on the objective and contractual terms to which they relate. Classification of financial instruments are determined on initial recognition.

(i) Cash and cash equivalents

All highly liquid financial instruments, which are readily convertible into determinable amounts of cash and which are subject to an insignificant risk of change in value and are having original maturities of three months or less from the date of purchase, are considered as cash equivalents. Cash and cash equivalents includes balances with banks which are unrestricted for withdrawal and usage.

(ii) Financial Assets and Financial Liabilities measured at amortised cost

Financial Assets held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortised cost.

The above Financial Assets and Financial Liabilities subsequent to initial recognition are measured at amortised cost using Effective Interest Rate (EIR) method.

The effective interest rate is the rate that discounts estimated future cash payments or receipts (including all fees and points paid or received, transaction costs and other premiums or discounts) through the expected life of the Financial Asset or Financial Liability to the gross carrying amount of the financial asset or to the amortised cost of financial liability, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

(iii) Financial Asset at Fair Value through Other Comprehensive Income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised directly in other comprehensive income.

(iv) For the purpose of para (ii) and (iii) above, principal is the fair value of the financial asset at initial recognition and interest consists of consideration for the time value of money and associated credit risk.

(v) Financial Assets or Liabilities at Fair value through profit or loss

Financial Instruments which does not meet the criteria of amortised cost or fair value through other comprehensive income are classified as Fair Value through Profit and loss. These are recognised at fair value and changes therein are recognised in the statement of profit and loss.

(vi) Equity Instruments measured at FVTOCI and FVTPL

Equity instruments which are, held for trading are classified as at FVTPL are measured at Fair Value as per Ind AS 109. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such election on an instrument-by instrument basis. The classification is made on initial recognition and is irrevocable. In case the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment.

(vii) Derivative and Hedge Accounting

The Group enters into derivative financial instruments such as foreign exchange forward, swap and option contracts to mitigate the risk of changes in foreign exchange rates in respect of financial instruments and forecasted cash flows denominated in certain foreign currencies. The Company uses hedging instruments which provide principles on the use of such financial derivatives consistent with the risk management strategy of the Company. The hedge instruments are designated and documented as hedges and effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis.



Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

Any derivative that is either not designated as a hedge, or is so designated but is ineffective as per Ind AS 109 "Financial Instruments", is categorised as a financial asset, at fair value through profit or loss. Transaction costs attributable are also recognised in Statement of profit and loss. Changes in the fair value of the derivative hedging instrument designated as a fair value hedge are recognised in the Statement of profit and loss.

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised in other comprehensive income and presented within equity as cash flow hedging reserve to the extent that the hedge is effective.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity till that time remains and thereafter to the extent hedge accounting being discontinued is recognised in Statement of profit and loss. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss accumulated in equity is transferred to the Statement of profit and loss.

(viii) Impairment of financial assets

A financial asset is assessed for impairment at each balance sheet date. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

The Group measures the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

However, for trade receivables or contract assets that result in relation to revenue from contracts with customers, the group measures the loss allowance at an amount equal to lifetime expected credit losses.

(ix) Derecognition of financial instruments

The Group derecognises a financial asset or a group of financial assets when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset (except for equity instruments designated as FVTOCI), the difference between the asset's carrying amount and the sum of the consideration received and receivable are recognised in statement of profit and loss.

On derecognition of assets measured at FVTOCI, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in Statement of Profit and Loss.

(x) Financial Guarantee Contracts

Financial guarantee contracts issued by the group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirement of Ind AS 109 and the amount recognised less cumulative amortisation.

3.8 Inventories

Inventories are valued at lower of cost or net realisable value. Cost of inventories is ascertained on 'weighted average' basis. Materials and other supplies held for use in the production of inventories are not written down below cost if the related finished products are expected to be sold at or above cost.

Cost in respect of raw materials and stores and spares includes expenses incidental to procurement of the same. Cost in respect of finished goods represents prime cost, and includes appropriate portion of overheads.

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

Cost in respect of process stock represents, cost incurred up to the stage of completion.

Cost in respect of work-in-progress represents cost of materials remaining uncertified / incomplete under the Turnkey Contracts undertaken by the Group.

Net Realisable Value is the estimated selling price in the ordinary course of business less estimated cost of completion and the estimated cost necessary to make the sale.

3.9 Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the spot rates of exchanges at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchanges at the reporting date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities are generally recognised in profit or loss in the year in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those qualifying assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings, the balance is presented in the Statement of Profit and Loss within finance costs.

Non monetary items which are carried in terms of historical cost denominated in foreign currency, are reported using the exchange rate as at the date of transaction.

The Group had opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules 2009 relating to Accounting Standard-11 notified by Government of India on 31st March, 2009 (as amended on 29th December 2011), which will be continued in accordance with Ind-AS 101 for all pre-existing long term foreign currency monetary items as at 31st March 2016. Accordingly, exchange differences relating to long term monetary items, arising during the year, in so far as they relate to the acquisition of fixed assets, are adjusted in the carrying amount of such assets.

3.10 Equity Share Capital

An equity instrument is a contract that evidences residual interest in the assets of the Group after deducting all of its liabilities. Par value of the equity shares is recorded as share capital and the amount received in excess of par value is classified as Securities Premium.

Costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.11 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a legal or constructive obligation as a result of past events and it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Contingent liabilities are not recognised and are disclosed by way of notes to the financial statements when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or when there is a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the same or a reliable estimate of the amount in this respect cannot be made.

Contingent assets are not recognised but disclosed in the consolidated financial statements by way of notes to accounts when an inflow of economic benefits is probable.

3.12 Employee Benefits

Short Term Benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided. Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period.



Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

Other Long Term Employee Benefits

The liabilities for leave encashment that are not expected to be settled wholly within twelve months are measured as the present value of the expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the government securities (G-Sec) at the end of the reporting period that have terms approximating to the terms of related obligation. Remeasurements as the result of experience adjustment and changes in actuarial assumptions are recognised in statement of profit and loss.

Post Employment Benefits

The Group operates the following post employment schemes:

- Defined Benefit Plans

The liability or asset recognised in the Balance Sheet in respect of defined benefit 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 Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods. The defined benefit obligation is calculated annually by Actuaries using the projected unit credit method.

The liability recognised for defined benefit plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The benefits are discounted using the government securities (G-Sec) at the end of the reporting period that have terms approximating to the terms of related obligation.

Remeasurements of the net defined benefit obligation, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling, are recognised in other comprehensive income. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to the statement of profit and loss.

- Defined Contribution Plan

Defined contribution plans such as provident fund etc are charged to the statement of profit and loss as and when incurred. Contribution to Superannuation fund, a defined contribution plan is made in accordance with the Group's policy and is recognised in the Statement of profit and loss.

3.13 Revenue

Revenue from contract with customers is recognized when the Company satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations are satisfied at a point of time or over a period of time. Performance obligations satisfied over a period of time are recognized as per the terms of relevant contractual agreements/ arrangements. Performance obligations are said to be satisfied at a point of time when the customer obtains controls of the asset.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and value added tax. Transaction price is recognized based on the price specified in the contract, net of the estimated sales incentives/ discounts. Accumulated experience is used to estimate and provide for the discounts/ right of return, using the expected value method.

A refund liability is recognized for expected returns in relation to sales made corresponding assets are recognized for the products expected to be returned.

The Company recognises as an asset, the incremental costs of obtaining a contract with a customer, if the Company expects to recover those costs. The said asset is amortised on a systematic basis consistent with the transfer of goods or services to the customer.

3.14 Borrowing Costs

Borrowing cost comprises of interest and other costs incurred in connection with the borrowing of the funds. All borrowing costs are recognised in the Statement of Profit and Loss using the effective interest method except to the extent attributable to qualifying Property Plant and Equipment (PPE) which are capitalised to the cost of the related assets. A qualifying PPE is an asset, that necessarily takes

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

a substantial period of time to get ready for its intended use or sale. Borrowing cost also includes exchange differences to the extent considered as an adjustment to the borrowing costs.

3.15 Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of the carrying amount and the fair value less cost to sell.

An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the non-current asset (or disposal group) is recognized at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Non-current assets (or disposal group) classified as held for sale are presented separately in the balance sheet. Any profit or loss arising from the sale or remeasurement of discontinued operations is presented as part of a single line item in statement of profit and loss.

3.16 Government Grants

Government grants are recognised on systematic basis when there is reasonable certainty of realisation of the same. Revenue grants including subsidy/rebates are credited to Statement of Profit and Loss Account under "Other Income" or deducted from the related expenses for the period to which these are related. Grants which are meant for purchase, construction or otherwise acquire non current assets are recognised as Deferred Income and disclosed under Non Current Liabilities and transferred to Statement of Profit and Loss on a systematic basis over the useful life of the respective asset. Grants relating to non-depreciable assets is transferred to Statement of Profit and Loss over the periods that bear the cost of meeting the obligations related to such grants.

3.17 Taxes on Income

Income tax expense representing the sum of current tax expenses and the net charge of the deferred taxes is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current income tax is provided on the taxable income and recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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

Deferred tax assets include Minimum Alternative Tax (MAT) measured in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability and such benefit can be measured reliably and it is probable that the future economic benefit associated with same will be realised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

3.18 Earnings Per Share

Basic earnings per share are computed by dividing the net profit attributable to the equity holders of the Group by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.



Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

3.19 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker of the Parent Company is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the chief operating decision maker.

The Group has identified one reportable segment "Pipes and all other activities revolve around the main business" based on the information reviewed by the CODM.

4. Critical accounting judgments, assumptions and key sources of estimation and uncertainty

The preparation of the consolidated financial statements in conformity with the measurement principle of Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Differences between the actual results and estimates are recognised in the year in which the results are known / materialised and, if material, their effects are disclosed in the notes to the consolidated financial statements.

Application of accounting policies that require significant areas of estimation, uncertainty and critical judgments and the use of assumptions in the consolidated financial statements have been disclosed below. The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

4.1 Depreciation / amortisation and impairment on property, plant and equipment / intangible assets

Property, plant and equipment and intangible assets are depreciated/ amortised on straight-line /written down value basis over the estimated useful lives (or lease term if shorter) in accordance with Group accounting policy, taking into account the estimated residual value, wherever applicable.

The Group reviews its carrying value of its Tangible and Intangible Assets whenever there is objective evidence that the assets are impaired. In such situation Asset's recoverable amount is estimated which is higher of asset's or cash generating units (CGU) fair value less cost of disposal and its value in use. In assessing value in use the estimated future cash flows are discounted using pre-tax discount rate which reflect the current assessment of time value of money. In determining fair value less cost of disposal, recent market realisations are considered or otherwise in absence of such transactions appropriate valuations are adopted. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation / amortisation and amount of impairment expense to be recorded during any reporting period. This reassessment may result in change estimated in future periods.

4.2 Impairment on Investments in Associates and Joint Ventures

The carrying amount of Investments in Associates and Joint Ventures computed in accordance with equity method has been tested for impairment at year end based on the market value where the shares are quoted, P/E ratio of similar sector company along with premium/ discount for nature of holding and Net Asset Value computed with reference to the book value/ projected discounted cash flow of such company in respect of unquoted investments.

4.3 Right-of-use assets and lease liability

The Group has exercised judgement in determining the lease term as the noncancellable term of the lease, together with the impact of options to extend or terminate the lease if it is reasonably certain to be exercised.

Where the rate implicit in the lease is not readily available, an incremental borrowing rate is applied. This incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar nature and value to the right-of-use asset in a similar economic environment. Determination of the incremental borrowing rate requires estimation.

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

4.4 Claims and Compensation

Claims including insurance claims are accounted for on determination of certainty of realisation thereof. Compensation receivable against acquisition of coal mine (Refer Note No. 49) pending final acceptance or settlement thereof even though has not been given effect to, as amount expected to be realised in this respect has been considered to be covering the carrying amount of the relevant assets and other recoverables.

4.5 Impairment allowances on trade receivables

The Group evaluates whether there is any objective evidence that trade receivables are impaired and determines the amount of impairment allowance as a result of the inability of the customers to make required payments. The Group bases the estimates on the ageing of the trade receivables balance, credit-worthiness of the trade receivables and historical write-off experience. If the financial conditions of the trade receivable were to deteriorate, actual write-offs would be higher than estimated.

4.6 Income taxes

Significant judgment is required in determination of taxability of certain income and deductibility of certain expenses during the estimation of the provision for income taxes.

Deferred Tax for all taxable temporary differences have been given effect to in the consolidated financial statements. In case of Associates and Joint Venture, the Group being in a position to control the timing of reversal of temporary differences and considering the past trend there being no possibility of such reversal in near future, adjustment for deferred taxation against share of profit attributable to the Group has not been given effect in the consolidated financial statements.

4.7 Defined benefit obligation (DBO)

Critical estimate of the DBO involves a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate, anticipation of future salary increases etc. as estimated by Independent Actuary appointed for this purpose by the Management. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

4.8 Provisions and Contingencies

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change.

Management judgment is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations/ against the Group as it is not possible to predict the outcome of pending matters with accuracy.

The carrying amounts of provisions and liabilities and estimation for contingencies are reviewed regularly and revised to take account of changing facts and circumstances.

4.9 Uniform Accounting Policies

The audited/unaudited financial statements of foreign subsidiaries have been prepared in accordance with Generally Accepted Accounting Principles of its Country of Incorporation or International Financial Reporting Standards. Impact on account of differences if any, in accounting policies of the company and those followed by its subsidiaries are not material to the Group.



Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

5. Property, Plant and Equipment :

| Particulars | Freehold land | Buildings | Plant and Equipments | Furniture and Fixtures | Vehicles | Office Equipments | Railway Siding | Live Stock | Total |
|---------------------------------|--------------------|-------------------|----------------------|------------------------|-----------------|-------------------|-----------------|-------------|--------------------|
| Gross Block | | | | | | | | | |
| As at April 1, 2019 | 12,21,20.86 | 1,39,42.57 | 4,15,11.51 | 4,83.45 | 12,48.80 | 6,27.72 | 33,63.20 | 1.11 | 18,32,99.22 |
| Additions | - | 17,73.85 | 86,19.27 | 20.72 | 65.77 | 68.79 | - | - | 1,05,48.40 |
| Disposal | - | (1.07) | (6,72.77) | (0.18) | (49.03) | (3.53) | - | - | (7,26.58) |
| Other Adjustments | 1,60.18 | 1,60.61 | 82.81 | 18.48 | 15.94 | 18.75 | - | - | 4,56.77 |
| As at March 31, 2020 | 12,22,81.04 | 1,58,75.96 | 4,95,40.82 | 5,22.47 | 12,81.48 | 7,11.73 | 33,63.20 | 1.11 | 19,35,77.81 |
| Accumulated Depreciation | | | | | | | | | |
| As at April 1, 2019 | - | 48,35.82 | 1,43,41.09 | 2,57.06 | 6,96.70 | 2,52.55 | 19,47.18 | - | 2,23,30.40 |
| Charge for the period | - | 9,05.50 | 37,07.37 | 60.33 | 1,71.23 | 77.24 | 4,81.10 | - | 54,02.77 |
| Disposal | - | - | (4,19.78) | (0.16) | (37.05) | (1.01) | - | - | (4,58.00) |
| Other Adjustments | - | 16.32 | 42.49 | 11.29 | 8.90 | 8.31 | - | - | 87.31 |
| As at March 31, 2020 | - | 57,57.64 | 1,76,71.17 | 3,28.52 | 8,39.78 | 3,37.09 | 24,28.28 | - | 2,73,62.48 |
| Net carrying amount | | | | | | | | | |
| As at March 31, 2020 | 12,22,81.04 | 1,01,18.32 | 3,18,69.65 | 1,93.95 | 4,41.70 | 3,74.64 | 9,34.92 | 1.11 | 16,62,15.33 |

| Particulars | Freehold land | Leasehold land | Buildings | Plant and Equipments | Furniture and Fixtures | Vehicles | Office Equipments | Railway Siding | Live Stock | Total |
|---------------------------------|--------------------|-----------------|-------------------|----------------------|------------------------|-----------------|-------------------|-----------------|-------------|--------------------|
| Gross Block | | | | | | | | | | |
| As at April 1, 2018 | 12,22,61.73 | 21,09.25 | 1,38,62.12 | 4,12,13.28 | 4,44.17 | 10,47.73 | 5,03.67 | 33,63.20 | 1.11 | 18,48,06.25 |
| Additions | - | - | 1,45.75 | 13,51.53 | 58.49 | 2,24.50 | 1,38.25 | - | - | 19,18.53 |
| Disposal | (68.55) | - | - | (10,54.24) | (12.60) | (17.05) | (5.46) | - | - | (11,57.90) |
| Other Adjustments | (72.32) | 11.33 | (65.30) | 0.94 | (6.61) | (6.38) | (8.74) | - | - | (1,47.08) |
| As at March 31, 2019 | 12,21,20.86 | 21,20.58 | 1,39,42.57 | 4,15,11.51 | 4,83.45 | 12,48.80 | 6,27.72 | 33,63.20 | 1.11 | 18,54,19.80 |
| Accumulated Depreciation | | | | | | | | | | |
| As at April 1, 2018 | - | 1,12.28 | 38,26.98 | 1,11,86.87 | 2,09.58 | 5,45.96 | 1,86.61 | 14,64.35 | - | 1,75,32.63 |
| Charge for the period | - | 42.64 | 10,14.85 | 38,73.01 | 63.57 | 1,66.06 | 69.43 | 4,82.83 | - | 57,12.39 |
| Disposal | - | - | - | (7,17.32) | (12.59) | (12.22) | (0.38) | - | - | (7,42.51) |
| Other Adjustments | - | 1.47 | (6.01) | (1.47) | (3.50) | (3.10) | (3.11) | - | - | (15.72) |
| As at March 31, 2019 | - | 1,56.39 | 48,35.82 | 1,43,41.09 | 2,57.06 | 6,96.70 | 2,52.55 | 19,47.18 | - | 2,24,86.79 |
| Net carrying amount | | | | | | | | | | |
| As at March 31, 2019 | 12,21,20.86 | 19,64.19 | 91,06.75 | 2,71,70.42 | 2,26.39 | 5,52.10 | 3,75.17 | 14,16.02 | 1.11 | 16,29,33.01 |

Notes :

- 5.1 Plant and Equipments of Rs. 4,09.23 lakhs (previous year Rs.4,09.73 lakhs) being contribution for laying the Power line, the ownership of which does not vest with the Company.
- 5.2 Railway Siding represents the cost of construction of the assets for company's use over the specified period as per the terms of the agreement.
- 5.3 Freehold land includes Rs. 3,35.81 lakhs (previous year Rs.3,35.81 lakhs) in respect of which the execution of conveyance deeds is pending. Freehold land also includes Rs. 2,75.27 lakhs (previous year Rs. 2,75.27 lakhs) towards contribution in relation of Joint Venture Company "North Dhadhu Mining Company Private Limited".
- 5.4 Other adjustments includes Rs. 2,33.64 lakhs (previous year nil) being interest capitalized during the year and Rs. 4,56.77 lakhs (previous year (Rs.1,47.08) lakhs) representing foreign exchange fluctuation.
- 5.5 Land with factory buildings of Rs.2,95,54.62 lakhs (previous year Rs.2,95,71.05 lakhs) at Elavur plant of the Company are mortgaged in the favour of lender to Electrosteel Steel Limited, an erstwhile associate of the Company.(Also refer note no. 8A.2)
- 5.6 Refer note no 23 to consolidated financial statements in respect of charge created against borrowings.
- 5.7 Refer note 49 dealing with coal mine assets and note no 50(a) in respect of Iron-ore and manganese Ore mine.

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

6. Other Intangible Assets

| Particulars | Computer Softwares | Mining Rights | Right to use under Wagon Investment Scheme | Total |
|---------------------------------|--------------------|---------------|--|-----------------|
| Gross Block | | | | |
| As at April 1, 2019 | 4,69.48 | 8.13 | 8,65.14 | 13,42.75 |
| Additions | 66.54 | – | – | 66.54 |
| Disposal | – | – | – | – |
| Other Adjustments | 11.76 | – | – | 11.76 |
| As at March 31, 2020 | 5,47.78 | 8.13 | 8,65.14 | 14,21.05 |
| Accumulated Depreciation | | | | |
| As at April 1, 2019 | 3,09.91 | 6.12 | 8,65.14 | 11,81.17 |
| Charge for the period | 37.65 | 1.53 | – | 39.18 |
| Disposal | – | – | – | – |
| Other Adjustments | 7.71 | – | – | 7.71 |
| As at March 31, 2020 | 3,55.27 | 7.65 | 8,65.14 | 12,28.06 |
| Net carrying amount | | | | |
| As at March 31, 2020 | 1,92.51 | 0.48 | – | 1,92.99 |

| Particulars | Computers Softwares | Mining Rights | Right to use under Wagon Investment Scheme | Total |
|---------------------------------|---------------------|---------------|--|-----------------|
| Gross Block | | | | |
| As at April 1, 2018 | 4,52.18 | 8.13 | 8,65.14 | 13,25.45 |
| Additions | 25.12 | – | – | 25.12 |
| Disposal | (2.82) | – | – | (2.82) |
| Other Adjustments | (5.00) | – | – | (5.00) |
| As at March 31, 2019 | 4,69.48 | 8.13 | 8,65.14 | 13,42.75 |
| Accumulated Depreciation | | | | |
| As at April 1, 2018 | 2,59.35 | 4.59 | 7,59.69 | 10,23.63 |
| Charge for the period | 56.33 | 1.53 | 1,05.45 | 1,63.31 |
| Disposal | (2.82) | – | – | (2.82) |
| Other Adjustments | (2.95) | – | – | (2.95) |
| As at March 31, 2019 | 3,09.91 | 6.12 | 8,65.14 | 11,81.17 |
| Net carrying amount | | | | |
| As at March 31, 2019 | 1,59.57 | 2.01 | – | 1,61.58 |

Notes :

- 6.1 Right to use Wagon represents cost incurred in connection with wagon procured under "Wagon investment Scheme" and handed over to railway authorities for their normal operations against priority over availability of the wagons for transportation as and when required.
- 6.2 Other adjustments includes Rs.11.76 lakhs (previous year Rs.(5.00) lakhs) representing foreign exchange fluctuation.
- 6.3 Refer note no 23 to consolidated financial statements in respect of charge created against borrowings.
- 6.4 Refer note 49 dealing with coal mine assets.

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)**7. Right of Use**

(Amount Rs. in lakhs)

| Particulars | Land | Building | Total |
|--|-----------------|----------------|-----------------|
| Gross Carrying Amount | | | |
| As at April 1, 2019 | - | - | - |
| Transfer from PPE on of adoption of Ind AS 116 | 21,20.58 | - | 21,20.58 |
| Additions | 12,11.51 | 6,91.06 | 19,02.57 |
| Disposal | - | - | - |
| Other Adjustments | 91.84 | - | 91.84 |
| As at March 31, 2020 | 34,23.93 | 6,91.06 | 41,14.99 |
| Accumulated Depreciation | | | |
| As at April 1, 2019 | - | - | - |
| Transfer from PPE on of adoption of Ind AS 116 | 1,56.39 | - | 1,56.39 |
| Charge for the period | 1,34.49 | 1,38.21 | 2,72.70 |
| Disposal | - | - | - |
| Other Adjustments | 10.25 | - | 10.25 |
| As at March 31, 2020 | 3,01.13 | 1,38.21 | 4,39.34 |
| Net carrying amount | | | |
| As at March 31, 2020 | 31,22.80 | 5,52.85 | 36,75.65 |

Note :

- 7.1 The Group has adopted Ind AS 116 'Leases' effective April 01, 2019 and applied the Standard to its leases, pursuant to which it has reclassified its leased asset as Right-of-Use Assets. The impact on the profit for the year is not material.
- 7.2 The Group has taken land on leases for lease period ranging from 5 to 90 years. Lease term includes non-cancellable period and expected lease period.
- 7.3 Other adjustments includes Rs. 91.84 lakhs (previous year nil) representing foreign exchange fluctuation.
- 7.4 Refer note no 23 to consolidated financial statements in respect of charge created against borrowings.

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

8. Investment in Associates and Joint Ventures

(Fully paid up except otherwise stated)

| Particulars | As at March 31, 2020 | | | As at March 31, 2019 | | |
|--|----------------------|------------|------------|----------------------|------------|------------|
| | Holding (Nos.) | Amount | Amount | Holding (Nos.) | Amount | Amount |
| Investments in Equity Instruments | | | | | | |
| Quoted | | | | | | |
| Associates (Carrying amount determined using equity method of accounting) | | | | | | |
| Srikalahasthi Pipes Limited (Face value of Rs.10/- each) (Refer note no. 8.1) [Cost of acquisition includes goodwill of Rs. 44,91.37 lakhs, previous year Rs. 44,91.37 lakhs] Add : Group share of Profit/(Loss) for the year (Net) Add : Other Comprehensive Income Less : Dividend received during the year | 19301218 | 6,61,91.76 | 7,25,46.86 | 19301218 | 6,27,36.31 | 6,61,91.76 |
| | | 75,18.93 | | | 46,19.97 | |
| | | (5.76) | | | (6.45) | |
| | | 11,58.07 | | | 11,58.07 | |
| | | | 7,25,46.86 | | | 6,61,91.76 |
| Unquoted | | | | | | |
| Associates (Carrying amount determined using equity method of accounting) | | | | | | |
| Electrosteel Thermal Power Ltd. (Face value of Rs.10/- each) Add : Group share of Profit/(Loss) for the year (Net) | | - | - | 15000 | 0.90 | 0.82 |
| | | - | | | (0.08) | |
| Joint Venture (Carrying amount determined using equity method of accounting) | | | | | | |
| Domco Private Limited (Face value of Rs. 100/- each) Less: Impairment in value of Investment (refer note no. 8.2) | 30000 | 30.00 | - | 30000 | 30.00 | - |
| | | (30.00) | | | (30.00) | |
| North Dhadhu Mining Company Pvt Ltd (Face value of Rs.10/- each) (refer note no. 8.3) Less: Impairment in value of Investment Add : Group share of Profit/(Loss) for the year (Net) | 8228053 | 8,38.13 | - | 8228053 | 8,38.13 | - |
| | | (8,38.13) | | | (8,38.13) | |
| | | - | | | - | 0.82 |
| | | | - | | | 0.82 |
| Total - Investment In Associates And Joint Ventures | | | 7,25,46.86 | | | 6,61,92.58 |
| Aggregate amount of Quoted Investments | | | 7,25,46.86 | | | 6,61,91.76 |
| Aggregate amount of Market value of Quoted Investments | | | 2,13,37.50 | | | 4,41,22.58 |
| Aggregate amount of Unquoted Investments | | | - | | | 0.82 |
| Aggregate amount of Impairment in value of Investments | | | 8,68.13 | | | 8,68.13 |

8.1 7004903 Equity shares (previous year 7004903) of Rs. 10/- each fully paid up equity shares of Srikalahasthi Pipes Limited have been pledged in favour of Yes Bank Limited for securing term loan given to the Company. (Refer note no. 23)

8.2 The Parent company has investment of Rs.30.00 lakhs (previous year Rs.30.00 lakhs) in equity shares and given advance of Rs.7,00.00 lakhs (previous year Rs.7,00.00 lakhs) against equity to Domco Private Limited (DPL), a Company incorporated in India, and has joint control (proportion of ownership interest of the Company being 50%) over DPL along with other venturers (the Venturers) in terms of the Shareholder's Agreement dated March 27, 2004. The Venturers had filed a petition before the Company Law Board, Principal Bench, New Delhi (CLB) against the Company against operation and mismanagement of the company inter alia on various matters including for forfeiture of the Company's investment in equity shares of the DPL. The matter was later transferred to the Company Law Board, Kolkata Bench and is now being taken up by the National Company Law Tribunal, Kolkata Bench. The Company had also inter alia filed an arbitration proceeding under Arbitration & Conciliation Act, 1996 against recovery of the said amount against which the ventures also filed their counter claims on the Company. The matter is sub judice before the NCLT.

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

Pending final outcome of the above matter, the amounts in equity shares and advance have been fully provided for in the financial statements in the earlier years. The other venturers since not providing the financial statements of DPL, and thereby necessary disclosures could not be provided in these financial statements.

- 8.3 (a) The North Dhadhu Coal Block located in the state of Jharkhand was allocated to the Company, Adhunik Alloys & Power Limited (AAP), Jharkhand Ispat Pvt. Ltd. (JPL) and Pawanjay Steel & Power Limited (PSPL) (collectively referred to as venturers) for working through North Dhadhu Mining Company Private Limited (NDMCPL), a joint venture company. The Company has joint control (proportion of ownership interest of the Company being 48.98 %) along with other venturers represented by investment of Rs. 8,22.81 lakhs in equity shares of NDMCPL.
- (b) In pursuance of the Order dated September 24, 2014 issued by the Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated October 21, 2014 (Ordinance) for implementing the Order, The Ministry of Coal, Government of India had issued an order for de-allocation of North Dhadhu Coal Block and deduction of Bank Guarantee of Rs.56,03.00 lakhs issued for the same. The Company's share in the Bank Guarantee is Rs.27,45.00 lakhs. On a writ petition filed by the Company for quashing the order, stay in the matter together with encashment of bank guarantee has been granted by the Hon'ble High Court of Jharkhand. The Company has also submitted its claim for compensation which is awaiting acceptance. In the view of the management, the compensation to be received in terms of ordinance is expected to cover the cost incurred by the Joint venture company. However as an abundant precaution, impairment in the value of the investment amounting to Rs. 8,22.81 lakhs in Joint venture has been provided in the previous year. In view of stay order by High Court, no provision in the share of bank guarantee has been considered necessary.
- 8.4 Particulars of investments as required in terms of section 186(4) of the Companies Act, 2013 have been disclosed under note 8 & 8A.
- 8.5 Summarised financial information for Associates

The tables below provide summarised financial information of those associates and joint ventures that are material to the group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates.

a) Associates

(Amount Rs. in lakhs)

| Summarised financial information | Srikalahasthi Pipes Limited | | Electrosteel Thermal Power Limited | |
|----------------------------------|-----------------------------|-------------------------|------------------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| 1) Balance Sheet | | | | |
| (i) Current Assets | 13,95,06.43 | 12,88,96.55 | - | 0.72 |
| (ii) Non-current assets | 9,82,02.54 | 8,95,97.88 | - | - |
| (iii) Current liabilities | 6,78,96.70 | 6,05,73.52 | - | 0.28 |
| (iv) Non-current liabilities | 2,81,97.34 | 3,16,81.87 | - | - |

| | For the year ended March 31, 2020 | For the year ended March 31, 2019 | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| 2) Statement of Profit and Loss | | | | |
| (i) Revenue | 17,26,59.48 | 16,09,45.07 | - | - |
| (ii) Profit or loss from continuing operations | 1,87,67.63 | 1,17,53.73 | 0.07 | (0.26) |
| (iii) Other comprehensive income | (13.94) | (15.61) | - | - |
| (iv) Total comprehensive income | 1,87,53.69 | 1,17,38.12 | 0.07 | (0.26) |
| (v) Dividend received during the year (Parent's share) | 11,58.07 | 11,58.07 | - | - |

ceased to be associate during the year.

Refer note no. 8.2 relating to non availability of financial statement of Domco Private Limited, Joint Venture and accordingly disclosures as required under Ind AS 112 have not been made.

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

8.6 Reconciliation of the above summarised information to the carrying amount of the interest in Associates recognised in the consolidated financial statement.

a) Associates

| Particulars | Srikalahasthi Pipes Limited | | Electrosteel Thermal Power Limited | |
|--|-----------------------------|-------------------------|------------------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| Closing Net Assets | 14,16,14.93 | 12,62,39.03 | - | 0.44 |
| Proportion of the Parent's ownership interest in J.V / associates (%) | 41.33% | 41.33% | - | 30.00% |
| Proportion of the Parent's ownership interest in J.V / associates (INR) | 5,85,31.77 | 5,21,76.67 | - | 0.12 |
| Add/Less: Adjustments | | | | |
| - Effect of fair value of investment on the date of transition as deemed cost | 1,40,48.08 | 1,40,48.08 | - | - |
| - Goodwill on equity accounting | 44,91.37 | 44,91.37 | - | 0.70 |
| - Effect on dilution of shareholding pattern | (45,24.36) | (45,24.36) | - | - |
| Net Assets as per Consolidated Financial statement (to the extent of carrying value of investment) | 7,25,46.86 | 6,61,91.76 | - | 0.82 |

Note : No information has been given in respect of Electrosteel Thermal Power Limited in view of cession of associate relationship during the year.

8A. Non-Current Investments

(Fully paid up except otherwise stated)

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|-----------------|----------------------|-----------------|
| | Holding (Nos.) | Amount | Holding (Nos.) | Amount |
| Investment designated at Fair Value through Other Comprehensive Income | | | | |
| Quoted | | | | |
| R.G. Ispat Limited (Face value of Rs. 10/- each)* | 50 | 0.00 | 50 | 0.00 |
| MSTC Limited. (Face value of Rs. 10/- each) | 16000 | 12.68 | 16000 | 25.58 |
| Saint Gobain-PAM (Face value of Euro 4/- each) | 14 | 0.26 | 14 | 0.35 |
| Von Roll (Face value of Euro 0.071 each) | 10 | 0.01 | 10 | 0.01 |
| | | 12.95 | | 25.94 |
| Unquoted | | | | |
| Rainbow Steels Limited (Face value of Rs.10/- each) | 100 | 0.01 | 100 | 0.01 |
| Singardo International Pte Ltd. (Face value of SGD 1 each) | 25000 | 19.69 | 25000 | 19.69 |
| N Marshall Hi-tech Engineers Pvt. Ltd. (Face value of Rs.10/- each) | 50000 | 8.69 | 50000 | 10.26 |
| Electrosteel Steels Ltd. (Face value Rs. 10/-each) (Refer Note no. 8A.1 and 8A.2) | 21796000 | 20,79.34 | 21796000 | 20,79.34 |
| | | 21,07.73 | | 21,09.30 |
| | | 21,20.68 | | 21,35.24 |
| Investments in Preference Shares | | | | |
| Others | | | | |
| Mukand Limited (0.01% Cumulative Redeemable Preference Shares face value of Rs. 10/-each)* | 16 | 0.00 | 16 | 0.00 |
| | | 21,20.68 | | 21,35.24 |
| Total - Non Current Investments | | 21,35.24 | | 34.57 |
| Aggregate amount of Quoted Investments | | 12.95 | | 25.94 |
| Aggregate amount of Market value of Quoted Investments | | 12.95 | | 25.94 |
| Aggregate amount of Unquoted Investments | | 21,07.73 | | 21,09.30 |
| Aggregate amount of Impairment in value of Investments | | - | | - |

* Figures below rounding off limit

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

8A.1 17334999 Equity shares (Previous year 17334999) of Rs 10/- each fully paid up of Electrosteel Steels Limited (ESL) have been pledged in favour of lenders of Electrosteel Steels Limited for securing financial assistance to ESL.

8A.2 Due to delisting of Electrosteel Steels Limited (ESL) and in absence of other available ways of valuation, the Company has continued to consider the exit price, which was open till December 20, 2019, as the basis of valuation of investment in ESL.

Further the notices issued by the consortium of lenders of ESL for invocation of pledge of company's investment of 17334999 equity shares of Rs. 10 each in ESL amounting to Rs. 16,53.76 lakhs was set aside by the Hon'ble High Court at Calcutta. The plea of the Company for release of the pledge is pending before the Hon'ble Court.

Furthermore during the previous period the party, in whose favour rights of mortgage of certain Land & Building amounting to Rs. 2,95,54.62 lakhs of the Company situated at Elavur, Tamilnadu, were assigned by a lender of the ESL, has taken the symbolic possession of said mortgaged property and the same was contested by the Company before Hon'ble Madras High Court. On disposal of Company's application by the Hon'ble High Court, the Company has preferred an appeal before Commercial Appellate, Hon'ble High Court at Madras and the matter is subjudice. Pending finalization of the matter, these assets have been carried forward at their carrying book value.

8A.3 The Group has made an irrevocable decision to consider investment in equity instruments not held for trading to be recognised at FVTOCI.

9. Loans

| Particulars | Ref. note no. | As at March 31, 2020 | As at March 31, 2019 |
|-----------------------------------|------------------|----------------------|----------------------|
| Unsecured, Considered Good | | | |
| Security Deposits | 9.1, 29.1 and 56 | 13,16.50 | 13,86.56 |
| Other Loans | 9.2 | 21.46 | 19.64 |
| | | 13,37.96 | 14,06.20 |

9.1 Security deposits include Rs. 5,57.50 lakhs (previous year Rs. 5,57.50 lakhs) with private limited companies in which directors are interested as a member / director, Rs 2,02.23 lakhs (previous year Rs. 2,00.18 lakhs) with related parties. Also include Rs. 3,71.91 lakhs (previous year Rs.1,95.85 lakhs) lying with customer in terms of agreement/order towards supplies of goods.

9.2 Represents amount given as interest free loan to a shareholder of sub-subsidiary.

10. Other Financial Assets

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| Fixed Deposit with Banks (having maturity of more than 1 year from Balance sheet date) | 55,50.00 | 35,00.00 |
| | 55,50.00 | 35,00.00 |

10.1 Fixed Deposits with banks include Rs. 24,80.00 lakhs (previous year nil) which have been pledged with banks against guarantees issued by them.

11. Other Non-Current Assets

| Particulars | Ref. note no. | As at March 31, 2020 | As at March 31, 2019 |
|------------------|---------------|----------------------|----------------------|
| Capital Advances | | 2,82.71 | 1,17.81 |
| Prepaid expenses | | 3,02.13 | 1,43.96 |
| Others | 11.1 | 8.41 | 0.97 |
| | | 5,93.25 | 2,62.74 |

11.1 Represents loans and advance to employees amounting to Rs. 8.41 lakhs (previous year Rs.0.97 lakhs).

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

12. Inventories (At lower of Cost or Net Realisable Value)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------------|----------------------|
| Raw materials | 3,07,52.37 | 1,69,05.86 |
| Raw materials in transit | 91.84 | 1,07,41.33 |
| Process stock | 70,67.25 | 51,63.52 |
| Finished goods [including in transit Rs. 57,38.40 lakhs (previous year Rs. 61,76.57 lakhs)] | 4,52,11.24 | 3,69,73.44 |
| Stock-in-trade (in respect of goods acquired for trading) | 29.95 | 29.95 |
| Stores and spares | 65,09.90 | 55,93.63 |
| Stores and spares in transit | 40.41 | 13.68 |
| | 8,97,02.96 | 7,54,21.41 |

12.1. Refer note no. 29.1 to Consolidated Financial Statements in respect of charge created against borrowings.

13. Current Investments

(Fully paid up except otherwise stated)

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|-------------|----------------------|--------------|
| | Holding (Nos.) | Amount | Holding (Nos.) | Amount |
| Investment measured at fair value through Profit and Loss | | | | |
| Investment in Equity Instruments | | | | |
| Equity Shares (Quoted) | | | | |
| MOIL Limited (Face value of Rs 10/- each) | - | - | 7588 | 12.04 |
| Reliance Industries Ltd (Face value of Rs 10/- each) | - | - | 1000 | 13.63 |
| Andhra Bank (Face value of Rs 10/- each) | - | - | 5000 | 1.40 |
| 3I Infotech Ltd. (Face value of Rs 10/- each) | - | - | 60000 | 2.31 |
| BGR Energy Systems Ltd. (Face value of Rs 10/- each) | - | - | 1500 | 0.94 |
| Bharat Heavy Electricals Ltd. (Face value of Rs 2/- each) | - | - | 18750 | 14.05 |
| GTL Infrastructure Ltd. (Face value of Rs 10/- each) | 60000 | 0.45 | 60000 | 0.57 |
| Garden Silk Mills Ltd. (Face value of Rs 10/- each) | - | - | 1000 | 0.20 |
| Jyoti Structures Ltd. (Face value of Rs 2/- each) | 5000 | 0.07 | 5000 | 0.10 |
| National Aluminium Company Ltd. (Face value of Rs 5/- each) | - | - | 2500 | 1.39 |
| Punjab National Bank (Face value of Rs 2/- each) | - | - | 10000 | 9.55 |
| Pilani Investment and Industries Corporation Ltd. (Face value of Rs 10/- each) | - | - | 700 | 15.08 |
| Vedanta Ltd (Face value of Rs 1/- each) | - | - | 2000 | 3.69 |
| Tata Teleservices (Maharashtra) Ltd. (Face value of Rs 10/- each) | - | - | 28333 | 0.86 |
| Total | | 0.52 | | 75.81 |
| Aggregate amount of Quoted Investments | | | | |
| - In Equity Shares | | 0.52 | | 75.81 |
| | | 0.52 | | 75.81 |
| Aggregate amount of Market value of Quoted Investments | | | | |
| - In Equity Shares | | 0.52 | | 75.81 |
| | | 0.52 | | 75.81 |

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

14. Trade Receivables

| Particulars | Ref. note no. | As at March 31, 2020 | As at March 31, 2019 |
|--|---------------|----------------------|----------------------|
| Trade Receivables considered good - Secured | | 3,30,61.17 | 2,30,97.15 |
| Trade Receivables considered good -Unsecured | | 2,87,32.53 | 3,77,80.91 |
| Trade Receivables which have significant increase in Credit Risk | | - | - |
| Trade Receivables - credit impaired | | 15,08.01 | 9,11.17 |
| Less: Credit loss allowances on Trade Receivable | 14.2 | (15,08.01) | (9,11.17) |
| | | 6,17,93.70 | 6,08,78.06 |

14.1 Ageing of Trade Receivable

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| Within the credit period | 4,85,98.37 | 5,04,23.81 |
| 1-180 days past due | 1,24,89.87 | 63,46.60 |
| More than 180 days past due | 22,13.47 | 50,18.82 |
| Less: Credit loss allowances on Trade Receivable | (15,08.01) | (9,11.17) |
| Total | 6,17,93.70 | 6,08,78.06 |
| Current Trade Receivable | 6,17,93.70 | 6,08,78.06 |
| Non Current Trade Receivable | - | - |
| Total | 6,17,93.70 | 6,08,78.06 |

14.2 Movement of Impairment allowances for doubtful debts

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--------------------------------------|----------------------|----------------------|
| Balance at the beginning of the year | 9,11.17 | 8,81.78 |
| Recognised during the year | 10,05.25 | 90.00 |
| Reversal during the year | (4,08.41) | (60.61) |
| Balance at the end of the year | 15,08.01 | 9,11.17 |

14.3 Balances of Trade Receivables including for Turnkey Contracts and retention money are subject to confirmation/reconciliation and adjustments in this respect are carried out as and when amounts thereof, if any are ascertained.

14.4 Refer note no. 29.1 to Consolidated Financial Statements in respect of charge created against borrowings.

14.5 Refer note no. 56 for balances with related parties.

15. Cash and Cash Equivalents

| Particulars | Ref. note no. | As at March 31, 2020 | As at March 31, 2019 |
|-------------------------------------|---------------|----------------------|----------------------|
| Balances with banks | | | |
| In current and cash credit accounts | 15.1 | 59,33.04 | 73,27.78 |
| Cash on hand | | 12.59 | 1,73.38 |
| | | 59,45.63 | 75,01.16 |

15.1 Refer note no. 29.1 to Consolidated Financial Statements in respect of charge created against borrowings.

16. Bank Balances Other than Cash and Cash Equivalents

| Particulars | Ref. note no. | As at March 31, 2020 | As at March 31, 2019 |
|--|---------------|----------------------|----------------------|
| Other balance with banks | | | |
| In Fixed Deposit Escrow account | 25.1 | 5,36.93 | 5,36.93 |
| In dividend accounts | | 70.66 | 82.54 |
| Fixed deposits with Banks (having original maturity of more than 3 months and less than 12 months) | 16.1 | 34,34.81 | 68,85.14 |
| | | 40,42.40 | 75,04.61 |

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

16.1 Fixed Deposits with banks include Fixed Deposit of Rs. 33,03.97 lakhs (previous year Rs. 58.42.96 lakhs) which have been pledged with banks against guarantee issued by them. Further fixed deposit includes Rs. 1,30.84 lakhs (previous year Rs. 2,82.19 lakhs) lying with customer against deposit for supplies of materials.

16.2 Refer note no. 29.1 to Consolidated Financial Statements in respect of charge created against borrowings.

17. Loans

| Particulars | Ref. note no. | As at March 31, 2020 | As at March 31, 2019 |
|--|---------------|----------------------|----------------------|
| Loan Receivables Considered Good- Secured | | - | - |
| Loan Receivables Considered Good- Unsecured | | | |
| Security Deposits | 17.1 | 19,42.89 | 37,76.90 |
| | | 19,42.89 | 37,76.90 |
| Loan Receivables which have significant increase in Credit Risk Considered Doubtful | | | |
| Loan and Advances to related party | 56 | 7,00.00 | 7,00.00 |
| Others | | 10.62 | 10.62 |
| | | 7,10.62 | 7,10.62 |
| Less: Impairment Allowances for doubtful advances | 8.2 and 17.2 | 7,10.62 | 7,10.62 |
| | | - | - |
| | | 19,42.89 | 37,76.90 |

17.1 Include Rs. 15,11.38 lakhs (previous year Rs. 20,82.01 lakhs) lying with customer as security deposit in terms of agreement/order towards supplies of goods.

17.2 Movement of Allowances for doubtful advances.

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--------------------------------------|----------------------|----------------------|
| Balance at the beginning of the year | 7,10.62 | 7,10.62 |
| Recognised during the year | - | - |
| Reversal during the year | - | - |
| Balance at the end of the year | 7,10.62 | 7,10.62 |

17.3 Refer note no. 29.1 to Consolidated Financial Statements in respect of charge created against borrowings.

18. Other Financial Assets

| Particulars | Ref. note no. | As at March 31, 2020 | As at March 31, 2019 |
|--|---------------|----------------------|----------------------|
| Interest receivable | | 36.56 | 70.75 |
| Claim receivable against coal block | 49 | 93,16.85 | 93,16.85 |
| Claim receivable against railway siding | 50 (b) | 17,78.11 | - |
| Derivative Assets at fair value through profit or loss | | - | 6,33.20 |
| Incentive/Subsidy/Cess receivable | | 55,87.42 | 61,59.26 |
| Export incentive receivable | | 21,07.80 | 30,48.84 |
| Others | 18.1 | 57.27 | 66.05 |
| | | 1,88,84.01 | 1,92,94.95 |

18.1 Includes nil (previous year Rs. 31.11 lakhs) receivable from Directors of the company towards recovery of excess remuneration paid for the previous financial year.

18.2 Refer note no. 29.1 to Consolidated Financial Statements in respect of charge created against borrowings.

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

19. Other Current Assets

| Particulars | Ref. note no. | As at March 31, 2020 | As at March 31, 2019 |
|---|---------------|----------------------|----------------------|
| Loans and Advances to related parties | 56 | - | 1.00 |
| Advances for supply of goods and rendering of services | | | |
| - Considered Good | | 26,86.22 | 14,08.97 |
| - Considered Doubtful | | 47.03 | 1,06.02 |
| - Less: Impairment Allowances for doubtful advances | | (47.03) | (1,06.02) |
| Loans and advances to employees | | 88.64 | 1,17.08 |
| Balance with Government authorities | | 34,32.43 | 40,06.99 |
| Prepaid expenses | | 11,58.19 | 13,91.37 |
| Others | | 5,90.44 | 2,93.58 |
| | | 79,55.92 | 72,18.99 |

19.1 Movement of Allowances for doubtful advances

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--------------------------------------|----------------------|----------------------|
| Balance at the beginning of the year | 1,06.02 | - |
| Recognised during the year | 16.96 | 1,06.02 |
| Reversal during the year | (75.95) | - |
| Balance at the end of the year | 47.03 | 1,06.02 |

19.2 Refer note no. 29.1 to Consolidated Financial Statements in respect of charge created against borrowings.

20. Equity Share Capital

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------------|----------------------|
| Authorised | | |
| Equity shares, Re. 1/- par value | | |
| 500,200,000 (previous year 500,000,000) equity shares* | 50,02.00 | 50,00.00 |
| Issued, Subscribed and Paid-up | | |
| Equity shares, Re. 1/- par value | | |
| 432,954,709 (previous year 405,482,183) equity shares fully paid up | 43,29.55 | 40,54.82 |
| | 43,29.55 | 40,54.82 |

* addition on account of amalgamation of Mahadev Vyapaar Pvt. Ltd.

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

20.2 During the year, the Company had issued 27472526 (previous year 48526861) numbers of equity shares of Re. 1 each at a premium of Rs. 17.20 each (previous year Rs. 27.85 each) (full figure) on preferential basis. The equity shares issued during the year 2019-20 were allotted on October 11, 2019.

20.3 Reconciliation of the number of equity shares outstandings (No. of shares)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|-----------------------------------|----------------------|----------------------|
| Number of shares at the beginning | 405482183 | 356955322 |
| Add: Addition during the year | 27472526 | 48526861 |
| Number of shares at the end | 432954709 | 405482183 |

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

20.4 Shareholders holding more than 5% equity shares

(No. of shares)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------------|----------------------|
| G. K. & Sons Private Ltd | 44984593 | 44678936 |
| Umang Kejriwal-Trustee of Sreeji Family Benefit Trust/Mayank Kejriwal -Trustee of Sreeji Family Benefit Trust | 35027053 | 35027053 |
| Electrocast Sales India Ltd. | 37345158 | 33893710 |
| Murari Investment & Trading Company Ltd. | 31027297 | 30427656 |
| India Opportunities Growth Fund Ltd. - Pinewood Strategy | 26372049 | 23991781 |
| Uttam Commercial Company Ltd. | 22181774 | 22181774 |
| G.K.Investments Ltd. | 21814560 | 21814560 |

21. Other Equity

(Amount Rs. in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| Capital Reserve | 41,67.77 | 41,67.77 |
| Securities Premium | 8,38,30.25 | 7,91,04.99 |
| General Reserve | 10,05,65.95 | 10,05,65.95 |
| Statutory Reserve | 4,05.51 | 2,96.09 |
| Retained Earnings | 9,20,51.49 | 7,39,58.84 |
| Other Comprehensive Income | | |
| Equity instrument through other comprehensive income | (6,23.22) | (6,12.07) |
| Foreign currency translation reserve | 33,88.65 | 21,26.96 |
| Share of Associates/ Joint Venture (net) | (1,00.96) | (95.20) |
| | 28,36,85.44 | 25,95,13.33 |

21.1 Refer Statement of changes in Equity for movement in balances of reserves

21.2 Capital Reserve

The reserve was created mainly on account of forfeiture of warrants convertible into equity shares.

21.3 Securities Premium

Securities Premium represents the amount received in excess of par value of securities and is available for utilisation as specified under Section 52 of Companies Act, 2013.

21.4 General Reserve

The reserve arises on transfer of portion of the net profit pursuant to the provisions of Companies Act.

21.5 Statutory Reserve

Statutory Reserve is required to be created by certain subsidiaries of the Group out of the profits and maintained in accordance with local law of the host country. This reserves is available for utilisation as specified in the local law of the host country.

21.6 Retained Earnings

Retained earnings generally represents the undistributed profit/ amount of accumulated earnings of the company.

21.7 Other Comprehensive Income

Other Comprehensive Income (OCI) represent the balance in equity for items to be accounted under OCI and comprises of the following:

i) Items that will not be reclassified to profit and loss

- The Group has elected to recognise changes in the fair value of non-current investments (other than associates and joint ventures) in OCI. This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are disposed.
- The actuarial gains and losses arising on defined benefit obligations have been recognised in OCI.

ii) Items that will be reclassified to Profit and Loss.

- This Reserve represents the cumulative effective portion of changes in fair value of currency swap that are designated as cash flow hedge are recognised in OCI. This is reclassified to statement of Profit and Loss.

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

21.8 The Board of Directors of the Parent company at its meeting held on 15th June, 2020 recommended a final dividend of Re. 0.30 per equity share of face value of Re. 1 each for the financial year ended 31st March, 2020. The same amounts to Rs. 12,98.86 Lakhs. The above is subject to approval at the ensuing Annual General Meeting of the Parent company and hence not recognised as a liability.

22. Non-Controlling Interest

22.1 The details (Principal place of operation/country of incorporation, principal activities and percentage of ownership interest and voting power (direct held by the Group)) of the subsidiaries are set out in note no. 1 of the consolidated financial statements.

22.2 Summarised financial information of subsidiary having non-controlling interests is as follow:-

| Name of the Subsidiary | Profit/(Loss) allocated to Non-controlling interests | | Accumulated Non controlling interests | |
|-----------------------------------|--|-----------------------------------|---------------------------------------|----------------------|
| | For the year ended March 31, 2020 | For the year ended March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| Electrosteel Doha For Trading LLC | 41.86 | 48.75 | 1,21.65 | 65.87 |

a) Summarised Balance Sheet

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| Assets | | |
| (i) Non-current assets | | |
| Property, Plant and Equipment and Capital Work in progress | 0.31 | 0.34 |
| (ii) Current assets | | |
| Inventories | 15,81.02 | 4,18.85 |
| Financial Assets | 56,94.68 | 10,54.47 |
| Other current assets | 8,84.96 | 19,90.24 |
| Liabilities | | |
| Current liabilities | | |
| Financial Liabilities | 39,22.05 | 8,40.12 |
| Other current liabilities | 3,93.54 | 2,73.66 |
| Current Tax Liabilities (Net) | 1,48.60 | 2,30.55 |
| Equity attributable to : | | |
| Owners of the Parent | 35,75.13 | 20,53.69 |
| Non controlling interest | 1,21.65 | 65.87 |

b) Summarised Statement of Profit and Loss

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|-----------------------------------|-----------------------------------|
| (i) Revenue | 1,51,47.83 | 88,32.65 |
| (ii) Other Income | 24.79 | 10,00.43 |
| (iii) Purchases of Stock-in-Trade | 1,25,51.66 | 62,03.20 |
| (iv) Changes in inventories of finished goods , stock-in-trade and work-in-progress | (11,62.17) | (1,30.23) |
| (v) Employee benefits expense | 1,65.60 | 1,79.93 |
| (vi) Depreciation and amortisation | 0.18 | 0.27 |
| (vii) Other expenses | 22,18.47 | 20,26.18 |
| (viii) Profit/(loss) during the year | 12,99.42 | 13,24.81 |
| (ix) Other comprehensive income | 2,63.88 | 42.57 |
| (x) Total comprehensive income | 15,63.30 | 13,67.38 |
| Total comprehensive income attributable to: | | |
| Owners of the Parent | 15,21.44 | 13,18.63 |
| Non controlling interest | 41.86 | 48.75 |

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

c) Summarised Cash Flow Statement

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| Net cash inflow/(outflow) from operating activities | 1,52.31 | (52.88) |
| Net cash inflow/(outflow) from investing activities | (0.15) | (0.04) |
| Net cash inflow/(outflow) from financing activities | 13.92 | (20.60) |
| Net cash inflow/(outflow) | 1,66.08 | (73.52) |
| Dividend paid to Non-controlling interests (including tax) | - | - |

23. Borrowings

| Particulars | Ref. note no. | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|----------------------|------------|----------------------|------------|
| | | Non Current | Current | Non Current | Current |
| SECURED BORROWINGS | | | | | |
| Term loan from banks | | | | | |
| External Commercial Borrowing | 23.1.1 | - | 1,65,05.65 | 1,51,07.42 | 75,53.71 |
| Rupee Loan | 23.1.2, 23.1.3, 23.1.4, 23.1.5, 23.1.6 and 23.1.7 | 6,34,78.18 | 41,20.00 | 6,01,56.17 | 48,32.88 |
| Term loan from a financial institution | 23.2 | 14,55.41 | 4,16.67 | 18,69.08 | 8,33.33 |
| Foreign Currency Loan | 23.3 and 23.4 | 30.20 | 12.54 | 53.61 | 2,45.99 |
| | | 6,49,63.79 | 2,10,54.86 | 7,71,86.28 | 1,34,65.91 |
| UNSECURED BORROWINGS | | | | | |
| Term loan from financial institutions | | | | | |
| | 23.5.1, 23.5.2, 23.5.3, 23.5.4 and 23.5.5 | 53,01.02 | 16,50.00 | 66,38.69 | 17,92.50 |
| | | 53,01.02 | 16,50.00 | 66,38.69 | 17,92.50 |
| | | 7,02,64.81 | 2,27,04.86 | 8,38,24.97 | 1,52,58.41 |

- 23.1.1 External Commercial Borrowings of USD 1,39.00 million is repayable in 12 semi annual instalments from August 29, 2015. The outstanding as on March 31, 2020 is Rs 1,65,05.65 lakhs (previous year Rs.2,26,61.13 lakhs). The interest rate ranges from 6M Libor + 400 to 500 basis points. External Commercial Borrowings is secured by way of first pari-passu charge on all immovable and movable Property, Plant and Equipment and other intangible assets, both present and future of the Company other than the assets located at Elavur.
- 23.1.2 Rupee Term Loan of Rs 50,00.00 lakhs from bank is secured by way of first pari-passu charge on all immovable and movable Property, Plant and Equipment and other intangible assets, both present and future of the Company other than the assets located at Elavur and Vadgaon (Pune). The outstanding as on March 31, 2020 is Rs 26,39.43 lakhs (previous year Rs 33,41.52 lakhs). The balance loan is repayable in 14 equal quarterly instalments starting from October 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 9.50% p.a to 10.50% p.a.
- 23.1.3 FCNR loan of Rs 1,10,00.00 lakhs from bank (converted into Rupee Term Loan in December 2018) is secured by way of first pari-passu charge on both movable and immovable fixed assets of the company, both present and future other than assets located at Elavur and Vadgaon (Pune). The outstanding as on March 31, 2020 is Rs 50,53.14 lakhs (previous year Rs. 62,04.36 lakhs). The balance loan is repayable in 12 equal quarterly instalments starting from September 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 9.50% p.a to 10.50% p.a.
- 23.1.4 Rupee Term Loan of Rs 1,50,00.00 lakhs from bank is secured by way of first pari-passu charge on both movable and immovable fixed assets of the company, both present and future other than assets located at Elavur and Vadgaon (Pune). The outstanding as on March 31, 2020 is Rs 1,28,07.35 lakhs (previous year 1,30,48.35 lakhs). The balance loan is repayable in 22 structured quarterly instalments starting from September 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 9.50% p.a to 10.50% p.a.



Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

- 23.1.5 Rupee Term Loan of Rs 50,00.00 lakhs from bank is secured by way of first pari-passu charge on both movable and immovable fixed assets of the company, both present and future other than assets located at Elavur and Vadgaon (Pune). The outstanding as on March 31, 2020 is Rs 45,72.29 lakhs (previous year 45,63.08 lakhs). The balance loan is repayable in 24 structured quarterly instalments starting from October 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 9.50% p.a to 10.50% p.a.
- 23.1.6 Rupee Term Loan of Rs 4,00,00.00 lakhs from bank is secured by way of first pari-passu charge on all immovable and movable Property, Plant and Equipment both present and future of the Company other than assets located at Elavur and Vadgaon (Pune). The loan is further secured by way of pledge of investment in Srikalahasthi Pipes Limited (SPL) to the extent of 15% with non disposal undertaking over remaining shares held by the company in SPL. The loan is further secured by pledge of 10% equity shares of the company held by promoter/promoter entities with non disposal undertaking over remaining shares held by them in the company. The outstanding as on March 31, 2020 is Rs 3,69,73.17 lakhs (previous year 3,73,33.86 lakhs). The balance loan is repayable in 45 structured quarterly instalments starting from September 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 12.00% p.a to 13.00% p.a.
- 23.1.7 Rupee Term Loan of Rs 60,00.00 lakhs from bank is secured by way of first pari-passu charge on all immovable and movable Property, Plant and Equipment both present and future of the Company other than assets located at Elavur and Vadgaon (Pune). The outstanding as on March 31, 2020 is Rs 55,52.79 lakhs (previous year nil). The balance loan is repayable in 72 structured monthly instalments starting from November 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 10.00% p.a to 10.50% p.a.
- 23.2 Term Loan of Rs 50,00.00 lakhs from a financial institution is secured by way of first pari-passu charge on all immovable and movable Property, Plant and Equipment and other intangible assets, both present and future of the Company other than assets located at Elavur. The outstanding as on March 31, 2020 is Rs 18,72.07 lakhs (previous year Rs 27,02.41 lakhs). The balance loan is repayable in 9 equal quarterly instalments starting from October 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 11.00% p.a to 12.00% p.a.
- 23.3 In case of one subsidiary, obligation under foreign currency amounting to Rs. 42.74 lakhs (previous year Rs. 52.47 lakhs) is secured by hypothecation of assets purchased under the loan. The interest rate is 10.30% per annum.
- 23.4 Loan in foreign currency includes Rs.10,05.85 lakhs which is repayable in 60 equal monthly installments of Rs.19.39 lakhs from 2nd April 2015. The outstanding as on March 31, 2020 is Nil (March 31, 2019 Rs. 2,47.13 lakhs). The said loan was secured against cash deposit by one of the subsidiary.
- 23.5.1 Term Loan of Rs. 3,22.24 lakhs from a financial institution is repayable in 36 monthly instalments starting from July, 2017. The interest rate is 2.35% p.a. The outstanding as on March 31, 2020 is Rs. 30.99 lakhs (March 31, 2019 Rs. 1,44.22 lakhs.)
- 23.5.2 Term Loan of Rs. 1,62.38 lakhs from a financial institution is repayable in 36 monthly instalments starting from February, 2019. The interest rate is 4.00% p.a. The outstanding as on March 31, 2020 is Rs. 73.55 lakhs (March 31, 2019 Rs. 1,42.98 lakhs.)
- 23.5.3 Term Loan of Rs. 41,00.00 lakhs is from a financial institution. The outstanding as on March 31, 2020 is Rs. 30,75.00 lakhs (previous year Rs 36,90.00 lakhs). The balance loan is repayable in 9 structured quarterly instalments starting from September 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 11.50% p.a to 12.00% p.a.
- 23.5.4 Term Loan of Rs. 33,00.00 lakhs is from a financial institution. The outstanding as on March 31, 2020 is Rs. 15,21.48 lakhs (previous year Rs 20,16.48 lakhs). The balance loan is repayable in 6 structured quarterly instalments starting from September 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 11.50% p.a to 12.00% p.a.
- 23.5.5 Term Loan of Rs. 25,00.00 lakhs is from a financial institution. The outstanding as on March 31, 2020 is Rs. 22,50.00 lakhs (previous year Rs 24,37.50 lakhs). The balance loan is repayable in 12 structured quarterly instalments starting from September 2020 in line with RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020. The interest rate ranges from 11.50% p.a to 12.00% p.a.
- 23.6 The outstanding balances disclosed in note no. 23.1 to 23.5 are based on the amortised cost in accordance with IND AS 109 "Financial Instruments".

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

24. Lease

| Particulars | Ref. note no. | As at March 31, 2020 | As at March 31, 2019 |
|--------------|------------------|----------------------|----------------------|
| Non- Current | 7, 24.1 and 43.5 | 15,72.62 | - |
| Current | 7, 24.1 and 43.5 | 2,14.90 | - |
| Total | | 17,87.52 | - |

24.1 Lease liability represents present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

25. Provisions

| Particulars | Ref. note no. | As at March 31, 2020 | As at March 31, 2019 |
|--|---------------|----------------------|----------------------|
| Provision for employee benefits | 48 | 15,43.22 | 13,59.29 |
| Provision for mine closure and restoration charges | 25.1 | 5,59.98 | 5,59.98 |
| | | 21,03.20 | 19,19.27 |

25.1 Provision for Mines closure and restoration charges are made in terms of statutory obligations specified for the purpose and deposited in the Escrow account in terms of the stipulation made by Ministry of Coal, for Mines closure Plan. In view of cancellation of allotment of coal mines, no further provision have been considered necessary. (refer note no. 16 and 49)

25.2 Movement in Mine closure and Restoration Obligation provision are provided below:

| Particulars | (Amount Rs. in lakhs) |
|-----------------------------|-----------------------|
| As at April 1, 2018 | 5,59.98 |
| Provision during the year | - |
| As at March 31, 2019 | 5,59.98 |
| Provision during the year | - |
| As at March 31, 2020 | 5,59.98 |

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|-------------|----------------------|----------------------|
| Current | - | - |
| Non current | 5,59.98 | 5,59.98 |

26. Deferred Tax Liabilities

The following is the analysis of deferred tax (assets)/liabilities presented in the Balance Sheet:

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| Deferred tax Assets | (36,35.24) | (75,12.37) |
| Deferred tax Liabilities | 2,79,06.96 | 3,27,03.92 |
| Net Deferred Tax (Assets)/Liabilities | 2,42,71.72 | 2,51,91.55 |



Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

Components of Deferred tax (Assets)/ Liabilities as at March 31, 2020 are given below:

| Particulars | As at April 1, 2019 | Charge/ (Credit) recognised due to adoption of New Tax Regime with effect from 01.04.2019 in the | | Charge/ (Credit) recognised in profit or loss | Charge/ (Credit) recognised in other comprehensive income | As at March 31, 2020 |
|---|---------------------|--|-------------------|---|---|----------------------|
| | | Transferred to Equity | Profit & Loss | | | |
| Deferred Tax Assets: | | | | | | |
| Fair valuation of Financial Assets | (5,35.20) | – | 1,48.86 | (73.71) | – | (4,60.05) |
| Provision for Other Items u/s 43B of Income Tax Act, 1961 | (28,92.95) | – | 8,09.34 | (3,35.31) | – | (24,18.92) |
| Provision for Employee benefits u/s 43B of Income Tax Act, 1961 | (7,21.64) | – | 2,01.88 | (30.15) | – | (5,49.91) |
| Unabsorbed Business Loss under Income Tax Act, 1961 | (5,88.99) | – | 10.52 | 3,42.08 | – | (2,36.39) |
| Unabsorbed Depreciation under Income Tax Act, 1961 | (12,13.93) | – | 3,96.36 | 8,17.57 | – | – |
| Unabsorbed Business Loss under Income Tax Act, 1961 | (15,07.47) | – | 4,21.73 | 10,85.74 | – | – |
| Derivative instruments designated at fair value through P&L A/c | (14.34) | – | 4.03 | 66.75 | – | 56.44 |
| Remeasurement of defined benefit obligations through OCI | (37.85) | – | 10.59 | – | 0.85 | (26.41) |
| Other timing differences w.r.t. subsidiaries under various jurisdiction | – | – | – | – | – | – |
| Total Deferred Tax Assets | (75,12.37) | – | 20,03.31 | 18,72.97 | 0.85 | (36,35.24) |
| Deferred Tax Liabilities: | | | | | | |
| Fair valuation of Financial Liabilities | 20,83.42 | – | (5,82.86) | (1,14.30) | – | 13,86.26 |
| Temporary difference with respect to Property, Plant & Equipment | 3,03,97.40 | (20,79.95) | (16,48.12) | (1,69.70) | – | 2,64,99.63 |
| Fair valuation of Derivative instruments designated through P&L A/c | 1,98.03 | – | (55.40) | (1,43.06) | – | (0.43) |
| Investments designated at fair value through OCI | 10.04 | – | (0.18) | – | (3.31) | 6.55 |
| Other timing differences w.r.t. subsidiaries under various jurisdiction | 15.03 | – | – | (0.08) | – | 14.95 |
| Total Deferred Tax Liabilities | 3,27,03.92 | (20,79.95) | (22,86.56) | (4,27.14) | (3.31) | 2,79,06.96 |
| NET DEFERRED TAX (ASSETS)/ LIABILITIES | 2,51,91.55 | (20,79.95) | (2,83.25) | 14,45.83 | (2.46) | 2,42,71.72 |

Note: Current year charge / credit includes Rs. 2.96 lakhs representing written off / set off during the year and clubbed in adjustment related to earlier years.

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

Components of Deferred tax (Assets)/ Liabilities as at March 31, 2019 are given below:

| Particulars | As at April 1, 2018 | Charge/ (Credit) recognised in profit or loss | Charge/ (Credit) recognised in other comprehensive income | Charge/ (Credit) recognised due to Amalgamation of Mahadev Vyapaar Pvt. Ltd. | As at March, 31 2019 |
|---|---------------------|---|---|--|----------------------|
| Deferred Tax Assets: | | | | | |
| Fair valuation of Financial Assets | (4,93.87) | (38.39) | - | (2.94) | (5,35.20) |
| Provision for Other Items u/s 43B of Income Tax Act, 1961 | (24,36.35) | (4,56.60) | - | - | (28,92.95) |
| Provision for Employee benefits u/s 43B of Income Tax Act, 1961 | (7,62.46) | 40.82 | - | - | (7,21.64) |
| Carried forward unabsorbed Long Term Capital Loss under Income Tax Act, 1961 | (5,88.99) | - | - | - | (5,88.99) |
| Unabsorbed Depreciation under Income Tax Act, 1961 | - | (12,13.93) | - | - | (12,13.93) |
| Unabsorbed Business Loss under Income Tax Act, 1961 | - | (15,07.47) | - | - | (15,07.47) |
| Derivative instruments designated at fair value through P&L A/c | (42.74) | 28.40 | - | - | (14.34) |
| Remeasurement of defined benefit obligations through OCI | (1,03.61) | - | 65.76 | - | (37.85) |
| Derivative instruments designated at fair value through OCI (Cash flow hedge reserve) | (93.46) | - | 93.46 | - | - |
| Other timing differences w.r.t. subsidiaries under various jurisdiction | - | - | - | - | - |
| Total Deferred Tax Assets | (45,21.48) | (31,47.17) | 1,59.22 | (2.94) | (75,12.37) |
| Deferred Tax Liabilities: | | | | | |
| Fair valuation of Financial Liabilities | 3,90.73 | 16,92.69 | - | - | 20,83.42 |
| Temporary difference with respect to Property, Plant & Equipment | 3,09,02.93 | (7,89.73) | - | 2,84.20 | 3,03,97.40 |
| Fair valuation of Derivative instruments designated through P&L A/c | 3,02.13 | (1,04.10) | - | - | 1,98.03 |
| Investments designated at fair value through OCI | 5.05 | - | 4.99 | - | 10.04 |
| Other timing differences w.r.t. subsidiaries under various jurisdiction | 1.18 | 10.66 | - | 3.19 | 15.03 |
| Total Deferred Tax Liabilities | 3,16,02.02 | 8,09.52 | 4.99 | 2,87.39 | 3,27,03.92 |
| NET DEFERRED TAX (ASSETS)/ LIABILITIES | 2,70,80.54 | (23,37.65) | 1,64.21 | 2,84.45 | 2,51,91.55 |

27. Other Non-Current Liabilities

| Particulars | Ref. note no. | As at March 31, 2020 | As at March 31, 2019 |
|------------------------|---------------|----------------------|----------------------|
| Advance from customers | 27.1 | 52,48.15 | 1,58,70.76 |
| Others | | 1,19.48 | 1,48.51 |
| | | 53,67.63 | 1,60,19.27 |

27.1 Advance from customers amounting to Rs. 52,31.00 lakhs (previous year Rs. 1,58,57.91 lakhs) received as interest bearing advance for sale of DI Pipes, Fittings and related accessories has been classified and disclosed as aforesaid as per terms of the contract.

28. Non Current Tax Liabilities (Net)

| Particulars | Ref. note no. | As at March 31, 2020 | As at March 31, 2019 |
|---|---------------|----------------------|----------------------|
| Provision for taxation (net of advance tax) | 28.1 | 51,57.78 | 42,43.37 |
| | | 51,57.78 | 42,43.37 |

28.1 Includes Rs. 15,15.22 lakhs (net) [previous year Rs. 11,37.01 lakhs (net)] being interest received pertaining to Assessment Years 2003-04 to 2011-12 and AY 2014-15 & AY 2015-16 as the Income Tax Department has filed an appeal before the Calcutta High Court / Income Tax Appellate Tribunal, Kolkata against the order of the Income Tax Appellate Tribunal, Kolkata / Commissioner of Income Tax (Appeals) and the said appeals are pending.

Further includes Rs. 97.55 lakhs (net) [previous year Rs. 97.55 lakhs (net)] being interest received pertaining to Assessment Year 2012-13 and Assessment Year 2013-14. The Income Tax Appellate Tribunal, Kolkata has dismissed the Income Tax Department's appeal. Considering the pendency of similar matters for other assessment years, no adjustment has been carried out in the books, however till date the intimation of filing the appeal before the Calcutta High Court by the Income Tax Department has not been received by the company.

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

28.2 During the year, the Parent company has opted to exercise the option under section 115BAA of the Income Tax 1961, as introduced by the Taxation Laws (Amendment) Ordinance 2019 and effective from April 1, 2019, which provides an option to opt for lower rate of Corporate Income Tax Rate subject to fulfilling of certain conditions. Consequently deferred Tax liability (net) recognised till March 31, 2019 has been re-measured on the basis the rates prescribed under the new tax regime and credits amounting to Rs. 20,79.95 lakhs and Rs. 2,83.25 lakhs have been given effect in the equity and current year deferred tax expenses respectively in line with the requirements of relevant accounting standards.

29. Borrowings

| Particulars | Ref. note no. | As at March 31, 2020 | As at March 31, 2019 |
|--------------------------------|---------------|----------------------|----------------------|
| SECURED | | | |
| Repayable on demand from banks | 29.1 to 29.3 | | |
| Indian Currency | | 3,54,35.72 | 3,01,17.25 |
| Foreign Currency | | 1,82,34.55 | 1,51,92.67 |
| Suppliers Credit | | 59,46.64 | 1,79,92.44 |
| | | 5,96,16.91 | 6,33,02.36 |
| UNSECURED | | | |
| Repayable on demand from banks | | 1,00,35.98 | 56,27.39 |
| Foreign Currency | | 91,92.75 | 81,00.76 |
| From Body Corporates | | 1,92,28.73 | 1,37,28.15 |
| | | 7,88,45.64 | 7,70,30.51 |

- 29.1 Loans repayable on demand being Working Capital facilities from Banks (both fund based and non fund based) are secured by first pari passu charge by way of hypothecation of raw materials, finished goods, work in progress, consumable stores and spares, book debts/receivables and other current and non current assets of the company both present and future.
- 29.2 Loans repayable on demand being Working Capital facilities from Banks (both fund based and non fund based) availed by subsidiaries are secured by Standby Letter of Credit given/executed by the company in favour of the lenders.
- 29.3 Loans repayable on demand being Working Capital facilities from Banks includes Rs 52,16.71 lakhs (previous year: Rs. 48,43.71 lakhs) secured over the assets of one of the subsidiary including freehold and lease hold property.

30. Trade Payables

| Particulars | Ref. note no. | As at March 31, 2020 | As at March 31, 2019 |
|--|---------------|----------------------|----------------------|
| Payable for Goods and Services | | | |
| Total Outstanding dues of Micro enterprises and small enterprises: and | 30.1 | 1,61.85 | 38.24 |
| Total Outstanding of creditor other than Micro enterprises and small enterprises | 30.3 | 3,84,17.95 | 3,08,46.00 |
| | | 3,85,79.80 | 3,08,84.24 |

- 30.1 Disclosure of Trade payables as required under section 22 of Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, based on the confirmation and information received by the company from the suppliers regarding the status under the Act.

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------------|----------------------|
| a) Principal & Interest amount remaining unpaid but not due as at year end | 1,61.85 | 38.24 |
| b) Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year | Nil | Nil |
| c) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006 | Nil | Nil |
| d) Interest accrued and remaining unpaid as at year end | 0.17 | Nil |
| e) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise | Nil | Nil |

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

30.2 Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

30.3 Including acceptances of Rs. 87,73.81 lakhs (previous year Rs. 1,00,76.60 lakhs).

31. Other Financial Liabilities

| Particulars | Ref. note no. | As at March 31, 2020 | As at March 31, 2019 |
|---|---------------|----------------------|----------------------|
| Current maturities of long-term debt | | | |
| Secured | 23 | 2,10,54.86 | 1,34,65.92 |
| Unsecured | 23 | 16,50.00 | 17,92.50 |
| Interest accrued but not due on borrowings | | 12,83.67 | 7,86.40 |
| Employee related liability | | 8,77.42 | 10,63.82 |
| Derivative at fair value through profit or loss | | 32.77 | – |
| Unclaimed dividends | 31.1 | 70.66 | 82.54 |
| Credit balances in current account with banks | | 70.07 | – |
| Capital vendors | | 7,72.13 | 6,46.61 |
| Others | | 3,57.82 | 3,58.17 |
| | | 2,61,69.40 | 1,81,95.96 |

31.1 The same is not due for deposit to Investor Education and Protection Fund.

32. Other Current Liabilities

| Particulars | Ref. note no. | As at March 31, 2020 | As at March 31, 2019 |
|------------------------|---------------|----------------------|----------------------|
| Advance from customers | 32.1 and 56 | 63,79.42 | 98,75.66 |
| Statutory Payables | | 97,92.31 | 88,59.14 |
| Others | | 10.30 | 28.42 |
| | | 1,61,82.03 | 1,87,63.22 |

32.1 Advance from customers includes Rs. 6,13.55 lakhs (previous year Rs. 25,56.70 lakhs) and Rs. 22,74.52 lakhs (previous year Rs. 48,16.18 lakhs) received from related party being interest bearing against sale of DI Pipes, Fittings and related accessories has been classified and disclosed as aforesaid as per terms of the contract.

33. Provisions

| Particulars | Ref. note no. | As at March 31, 2020 | As at March 31, 2019 |
|---------------------------------|---------------|----------------------|----------------------|
| Provision for employee benefits | 48 | 20,21.33 | 18,52.19 |
| Other Provisions | 33.1 | 86.03 | 1,99.32 |
| | | 21,07.36 | 20,51.51 |

33.1 Movement in other provisions are provided below:

| Particulars | (Amount Rs. In lakhs) |
|--------------------------------------|-----------------------|
| As at April 01, 2018 | 3,51.31 |
| Provision during the year | 0.76 |
| Reversal/Utilisation during the year | (1,52.75) |
| As at March 31, 2019 | 1,99.32 |
| Provision during the year | 38.33 |
| Reversal/Utilisation during the year | (1,51.62) |
| As at March 31, 2020 | 86.03 |

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

34. Current Tax Liabilities (Net)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------------|----------------------|
| Provision for taxation (net of advance tax) | 3,05.11 | 3,83.09 |
| | 3,05.11 | 3,83.09 |

35. Revenue from Operations

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--------------------------|--------------------------------------|--------------------------------------|
| Sale of products | 26,65,64.49 | 26,52,58.56 |
| Other operating revenues | | |
| Incentive / Subsidy | 44,02.25 | 43,83.15 |
| Others | 1,37.55 | 3,01.93 |
| | 27,11,04.29 | 26,99,43.64 |

35.1. Revenue From Contracts with Customer (additional disclosures under Ind AS 115)

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| A. Revenue from contracts with customers disaggregated based on nature of product or services | | |
| Revenue from Sale of products (Transferred at point in time) | | |
| Manufacturing | | |
| Ductile Iron pipes & fittings | 21,04,44.57 | 20,86,13.53 |
| Cast Iron pipes | 1,83,60.83 | 1,54,10.47 |
| Others | 3,21,50.30 | 3,30,76.66 |
| Trading | | |
| Coke and Coal | - | 8,90.39 |
| Ductile Iron pipes & fittings | 28,46.54 | 41,58.81 |
| Others | 27,62.25 | 31,08.70 |
| Other operating revenues | | |
| Incentive / Subsidy | 44,02.25 | 43,83.15 |
| Others | 1,37.55 | 3,01.93 |
| | 27,11,04.29 | 26,99,43.64 |
| B. Revenue from contracts with customers disaggregated based on geography # | | |
| Within India | 14,10,42.98 | 12,96,93.90 |
| Outside India | 12,55,21.51 | 13,55,64.66 |
| | 26,65,64.49 | 26,52,58.56 |
| C. Revenue from contracts with customers disaggregated based on type of customer | | |
| Government (India) | 3,02,81.62 | 5,06,42.40 |
| Non Government | 23,62,82.87 | 21,46,16.16 |
| | 26,65,64.49 | 26,52,58.56 |
| Reconciliation of revenue from contract with customer: | | |
| Revenue from contracts with customer as per the contract price | 26,66,04.58 | 26,52,64.99 |
| Adjustments made to contract price on account of: | | |
| a) Price Adjustments | 40.09 | 6.43 |
| | 26,65,64.49 | 26,52,58.56 |

refer note no. 57

(i) The amounts receivable from customers become due after expiry of credit period which on an average is ranging between 90 to 270 days.

(ii) The Company does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration.

(iii) There are no contracts for sale of services wherein, performance obligation is unsatisfied to which transaction price has been allocated.

(iv) All contracts entered by the company are Fixed-price contracts.

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

36. Other Income

| Particulars | Ref. note no. | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|---------------|--------------------------------------|--------------------------------------|
| Interest Income | | | |
| On loans, deposits, overdue debts etc. | | 10,53.76 | 14,85.06 |
| On Financial Assets measured at amortised cost | | 1,14.27 | 1,47.80 |
| Dividend income | | | |
| Current investments | | 0.72 | 1.51 |
| Non current investments | | - | 1.20 |
| Net gain/(loss) on sale / redemption of Non-Current investments (net) | | 0.75 | - |
| Net gain/(loss) on derecognition of financial assets at amortised cost | | 29.71 | 56.39 |
| Net gain/(loss) on foreign currency transaction and translation | | 10,50.58 | 24.06 |
| Net gain/(loss) on Derivative Instruments on fair valuation through profit or loss | | 4,20.67 | 10,33.60 |
| Bad Debt Realised | | 89.58 | 1,37.00 |
| Liability / Provision no longer required written back | | 47.15 | 8,74.38 |
| Excess provision against trade receivable/advances written back (net) | | 16.31 | - |
| Gain on redemption of financial liability at amortised cost | | - | 8,03.25 |
| Miscellaneous income | | 4,97.27 | 11,26.69 |
| | | 33,20.77 | 56,90.94 |

37. Cost of materials consumed

| Particulars | Ref. note no. | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|------------------------|---------------|--------------------------------------|--------------------------------------|
| Raw materials consumed | 37.1 | 11,18,41.99 | 11,05,88.28 |
| | | 11,18,41.99 | 11,05,88.28 |

37.1 Cost of material consumed includes Rs. 8,04.38 lakhs (previous year Rs.6,97.88 lakhs) in relation to cost of goods sold as raw materials.

38. Purchases of Stock In Trade

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---------------------|--------------------------------------|--------------------------------------|
| DI Pipes & fittings | 1,27,70.18 | 1,08,13.52 |
| Coke and coal | - | 1,81.99 |
| Rubber gaskets | 21,29.94 | 24,24.01 |
| Others | 7,61.51 | 17,47.12 |
| | 1,56,61.63 | 1,51,66.64 |

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

39. Changes in inventories of finished goods, Stock-in-Trade and work-in-progress

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| Opening stock | | |
| Finished goods | 3,69,73.44 | 2,81,99.91 |
| Add: Trial run stock from preoperative period | 3,46.45 | – |
| Stock-in-trade (in respect of goods acquired for trading) | 29.95 | 1,58.82 |
| Process stock | 51,63.52 | 85,98.37 |
| | 4,25,13.36 | 3,69,57.10 |
| Less: Closing stock | | |
| Finished goods | 4,52,11.24 | 3,69,73.44 |
| Stock-in-trade (in respect of goods acquired for trading) | 29.95 | 29.95 |
| Process stock | 70,67.25 | 51,63.52 |
| | 5,23,08.44 | 4,21,66.91 |
| | (97,95.08) | (52,09.81) |

40. Employee Benefits Expense

| Particulars | Ref. note no. | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---------------|--------------------------------------|--------------------------------------|
| Salaries and wages | 48 | 1,98,36.30 | 1,79,24.80 |
| Contribution to provident and other funds | 48 | 18,55.83 | 18,42.39 |
| Staff welfare expenses | | 9,68.50 | 10,95.06 |
| | | 2,26,60.63 | 2,08,62.25 |

41. Finance Costs

| Particulars | | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|------|--------------------------------------|--------------------------------------|
| Interest expense | | 1,83,38.06 | 1,75,63.62 |
| Net (gain)/loss on foreign currency transactions and translation | | 24,77.86 | 27,41.21 |
| Other borrowing cost | 41.2 | 19,42.52 | 31,59.69 |
| | | 2,27,58.44 | 2,34,64.52 |

41.1 Borrowing cost capitalised during the year is Rs. 1,27.72 lakhs (previous year Rs. 1,05.92 lakhs). The capitalisation rate has been considered at 11.80%.

41.2 Other Borrowing cost includes Rs. 1,16.12 lakh (previous year nil) towards lease obligation of Right of Use Assets.

42. Depreciation and Amortisation Expenses

| Particulars | Ref. note no. | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--------------|---------------|--------------------------------------|--------------------------------------|
| Depreciation | 42.1 | 56,75.47 | 56,88.09 |
| Amortisation | | 39.18 | 1,63.31 |
| | | 57,14.65 | 58,51.40 |

42.1 Depreciation includes Rs. 2,72.70 lakhs (previous year nil) towards depreciation charge for Right of Use assets.

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

43. Other Expenses

| Particulars | Ref. note no. | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|------------------------|--------------------------------------|--------------------------------------|
| Consumption of stores and spare parts | | 1,69,43.16 | 1,53,54.68 |
| Power and fuel | | 1,69,68.27 | 1,65,53.42 |
| Material Handling Charges | | 25,94.64 | 23,08.96 |
| Rent | 43.5 | 20,84.41 | 21,58.14 |
| Repairs to buildings | | 3,07.12 | 3,56.02 |
| Repairs to machinery | | 5,43.85 | 6,22.94 |
| Insurance | | 8,59.30 | 6,51.41 |
| Rates and taxes | | 5,82.27 | 5,20.52 |
| Directors fees and commission | | 1,15.70 | 45.50 |
| Freight & forwarding charges | | 2,29,59.14 | 2,04,47.37 |
| Commission to selling agents | | 44,44.37 | 52,32.71 |
| Sundry balances/Advances written off (net off provision written back Rs. 75.63 lakhs) | | 5,02.36 | - |
| Bad debts (net off of provision written back Rs. 3,12.78 lakhs) | | 6,32.09 | 1,56.46 |
| Loss on sale of fixed assets (net) | | 2,14.85 | 2,77.58 |
| Credit loss allowances on Trade Receivable/ Advances/Others (net off reversal of Rs. 3,55.41 lakhs (previous year Rs. 60.61 lakhs)) | | 4,76.77 | 1,35.41 |
| Capital Work In Progress written off | | 23,18.35 | 6,90.33 |
| Net Loss/(Gain) on foreign currency transaction and translation | | 75.25 | 20,15.34 |
| Net Loss/(Gain) on fair valuation of Current investments through Profit and Loss (net) | | 0.15 | 8.33 |
| Impairment of non current investment | | - | 8,38.13 |
| Miscellaneous expenses | 43.1, 43.3 and 43.4 | 2,15,11.35 | 2,06,94.78 |
| | | 9,41,33.40 | 8,90,68.03 |

43.1 Miscellaneous expenses includes Auditors Remuneration.

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|-------------------------------|--------------------------------------|--------------------------------------|
| (a) Audit Fees | 1,15.86 | 88.49 |
| (b) Certification Charges | 53.55 | 26.65 |
| (c) Reimbursement of Expenses | 0.54 | 0.45 |

43.2 During the year, the Parent company has incurred Rs. 1,21.75 lakhs (previous year Rs. 1,11.77 lakhs) in the nature of salary and wages on account of research and development expenses which has been charged to Statement of Profit and Loss.

43.3 During the year, the Parent company has incurred Rs. 5.75 lakhs (previous year Rs.1,15.00 lakhs) on account of Corporate Social Responsibility (CSR) included under Other Miscellaneous Expenses.

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

| | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|--|--------------------------------------|
| (a) Gross amount required to be spent by the Parent company during the year | 5.56 | 1,15.00 |
| (b) Amount spent during the year on : | | |
| (i) Construction / acquisition of any assets | | |
| - In Cash | - | - |
| - Yet to be paid in cash | - | - |
| Total | - | - |
| (ii) On purpose other than (i) above | | |
| - In Cash | 5.75 | 1,15.00 |
| - Yet to be paid in cash | - | - |
| Total | 5.75 | 1,15.00 |

43.4 Includes provision for Inventories amounting to Rs. 98.14 lakhs (previous year Rs. 66.26 lakhs).

43.5 Obligation under Leases

The Group has elected to apply IND As 116 to its leases with modified retrospective approach. Under this approach, the company has recognized lease liabilities and corresponding equivalent right of use assets. In the statement of profit & loss for the year ended, operating lease expenses which were recognised as other expenses in previous periods is now recognised as depreciation expenses on right of use assets and finance cost for interest accrued on such lease liability.

43.5.1 Movement in Lease Liabilities during the year ended March 31, 2020

| Particulars | As at March 31, 2020 |
|---|---------------------------------|
| Balance at the beginning | 6.06 |
| Additions | 18,76.56 |
| Interest Cost accrued during the period | 1,16.12 |
| Deletions | - |
| Foreign Exchange translation | 70.67 |
| Payment of lease liabilities | 2,81.89 |
| Balance at the end | 17,87.52 |

43.5.2 Future Payment of Lease liabilities on an undiscounted basis.

At March 31, 2020, the future payment of lease liabilities on an undiscounted basis are as follows:

| Particulars | As at March 31, 2020 |
|--|---------------------------------|
| Less than one year | 1,93.88 |
| One to five years | 5,90.44 |
| More than five years | 23,54.80 |
| Total undiscounted lease liabilities at March 31,2020 | 31,39.12 |
| Lease liabilities included in the statement of financial position at March 31, 2020 | 17,87.52 |
| Current Lease Liabilities | 2,14.90 |
| Non-Current Lease Liabilities | 15,72.62 |

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

43.5.3 Amounts recognized in Profit or Loss

| Particulars | As at March 31, 2020 |
|--|-------------------------|
| Interest expense on lease liabilities | 1,16.12 |
| Depreciation on right-of-use assets | 2,72.70 |
| Expense relating to short-term leases (included in other expenses) | 16,05.42 |
| Total | 19,94.24 |

43.5.4 The weighted average incremental borrowing rate of 11.40% has been applied to lease liabilities recognised in the Balance Sheet.

44. Exceptional Items

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| Exceptional Items | | |
| On account of: | | |
| Fair valuation of investment of Electrosteel Steels Ltd. | - | 27,24.50 |
| Write off of advances/trade receivable pertaining to Electrosteel Steel Ltd. | - | (2,11,21.70) |
| | - | (1,83,97.20) |

45. Tax Expenses

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| Current tax | | |
| In respect of the current year | 17,16.28 | 5,37.80 |
| In respect of prior years | (56.02) | - |
| Total Current tax expense recognised in the current year | 16,60.26 | 5,37.80 |
| Deferred tax | | |
| In respect of the current year | 14,42.87 | (23,37.65) |
| Impact of section 115BAA of the Income Tax Act, 1961 as on April 01, 2019 | (2,83.25) | - |
| Total Deferred tax expense recognised in the current year | 11,59.62 | (23,37.65) |
| Total Tax expense recognised in the current year | 28,19.88 | (17,99.85) |

45.1 Reconciliation of Income tax expense for the year with accounting profit is as follows:

Taxable Income differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Details in this respect are as follows:

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| Profit before tax | 1,14,49.40 | (25,53.93) |
| Income tax expense calculated at 25.168% (previous year 34.944%) | 28,81.58 | (8,92.45) |
| Less: Effect of income Exempt from taxation/ deductible for computing taxable profit | | |
| - Dividend | (2,91.65) | (4,05.62) |
| - Additional Business loss claimed on recomputation of Taxable Income | (3,96.63) | - |
| Effect of other adjustments in respect of earlier year | (56.02) | - |
| Differences in taxes under various jurisdiction in respect of subsidiaries | 6,03.85 | (1,088.88) |
| Add: Effect of expenses that are not deductible in determining taxable profit | | |
| - CSR Expenditure | 1.45 | - |
| - Deduction u/s 80-G | 0.35 | 40.33 |
| Effect of other adjustments | 76.95 | 546.76 |
| Income tax expense recognised in profit or loss | 28,19.88 | (17,99.85) |

The income tax rate used for reconciliations above is 25.168% under section 115BAA of the Income Tax Act, 1961 (previous year 34.944% under normal provision) as applicable for corporate entities on taxable profits under the Indian tax laws.

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

45.2 Income tax recognised in other comprehensive income

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| Deferred tax | | |
| Arising on income and expenses recognised in other comprehensive income: | | |
| Net fair value gain on investments in equity shares at FVTOCI | 3.31 | (4.99) |
| Remeasurement of defined benefit obligation | (0.85) | (65.76) |
| Derivative instrument designated at fair value through Cash Flow Hedge Reserve | - | (93.46) |
| Total income tax recognised in other comprehensive income | 2.46 | (1,64.21) |
| Bifurcation of the income tax recognised in other comprehensive income into:- | | |
| Items that will not be reclassified to profit or loss | 2.46 | (70.75) |
| Items that will be reclassified to profit or loss | - | (93.46) |

46. Components of Other Comprehensive Income

| Particulars | Ref. note no. | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|------------------|--------------------------------------|--------------------------------------|
| Items that will not be reclassified to Statement of Profit and Loss | | | |
| Remeasurement of defined benefit plans | 48 | 3.39 | 1,88.18 |
| Equity Instrument through Other Comprehensive Income | | (14.46) | (6,23.72) |
| | | (11.07) | (4,35.54) |
| Items that will be reclassified to Statement of Profit and Loss | | | |
| Effective portion of foreign currency translation reserve | | 12,74.76 | (30.33) |
| Effective portion of Cash flow hedge reserve | | - | 2,67.44 |
| | | 12,74.76 | 2,37.11 |

47. FINANCIAL INSTRUMENTS

a) The accounting classification of each category of financial instrument, their carrying amount and fair value are as follows:-

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|------------|----------------------|------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Financial Assets (Current and Non-Current) | | | | |
| Financial Assets measured at Amortised Cost | | | | |
| Trade receivables | 6,17,93.70 | 6,17,93.70 | 6,08,78.06 | 6,08,78.06 |
| Cash and cash equivalents | 59,45.63 | 59,45.63 | 75,01.16 | 75,01.16 |
| Bank Balances Other than Cash and Cash Equivalents | 40,42.40 | 40,42.40 | 75,04.61 | 75,04.61 |
| Loans | 32,80.85 | 32,80.85 | 51,83.10 | 51,83.10 |
| Other Financial Assets | 2,44,34.01 | 2,44,34.01 | 2,21,61.75 | 2,21,61.75 |
| Financial Assets measured at Fair Value through Profit and Loss Account | | | | |
| Derivative Instruments | - | - | 6,33.20 | 6,33.20 |
| Investment in Equity Instruments | 0.52 | 0.52 | 75.81 | 75.81 |
| Financial Assets measured at Fair Value through Other Comprehensive Income | | | | |
| Investment in Equity Instruments other than Subsidiaries, Associates and Joint Venture | 2,120.68 | 2,120.68 | 21,35.24 | 21,35.24 |

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|----------------------|-------------|----------------------|-------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Financial Liabilities (Current and Non-Current) | | | | |
| Financial Liabilities measured at Amortised Cost | | | | |
| Borrowings - fixed rate | 5,49,67.75 | 5,49,67.75 | 5,91,75.04 | 5,79,29.06 |
| Borrowings - floating rate | 11,68,47.56 | 11,68,47.56 | 11,69,38.86 | 11,69,38.86 |
| Lease Liabilities | 17,87.52 | 17,87.52 | - | - |
| Trade Payables | 3,85,79.80 | 3,85,79.80 | 3,08,84.24 | 3,08,84.24 |
| Other Financial Liabilities | 34,31.77 | 34,31.77 | 29,37.54 | 29,37.54 |
| Financial Liabilities measured at Fair Value through Profit and Loss Account | | | | |
| Derivative Instruments | 32.77 | 32.77 | - | - |

b) Fair Valuation Techniques

The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

- The fair value of cash and cash equivalents, current trade receivables and payables, current loans, current financial liabilities and assets and borrowings approximate their carrying amount largely due to the short-term nature of these instruments. The group considers that the carrying amounts of financial assets and financial liabilities recognised at nominal cost/amortised cost in the consolidated financial statements approximate their fair values. In respect of non current trade receivables and loans, fair value is determined by using discount rates that reflect the present borrowing rate of the group.
- A substantial portion of the group's long-term debt has been contracted at floating rates of interest, which are reset at short intervals. Fair value of variable interest rate borrowings approximates their carrying value subject to adjustments made for transaction cost. In respect of fixed interest rate borrowings, fair value is determined by using discount rates that reflects the present borrowing rate of the group.
- Investments (other than Investments in Associates and Joint Venture being accounted based on equity method) traded in active market are determined by reference to the quotes from the Stock exchanges as at the reporting date. Quoted Investments for which quotations are not available have been included in the market value at the face value/paid up value, whichever is lower except in case of debentures, bonds and government securities where the net present value at current yeild to maturity have been considered. Unquoted investments in shares have been valued based on the historical net asset value as per the latest audited financial statements and wherever the same is not available, alternate available inputs are considered for the purpose of valuations.
- The fair value of derivative financial instruments is determined based on observable market inputs including currency spot and forward rates, yield curves, currency volatility etc. These derivatives are estimated by using the pricing models, where the inputs to those models are based on readily observable market parameters, contractual terms, period to maturity, maturity parameters and foreign exchange rates. These models do not contain a high level of subjectivity as the valuation techniques used do not require significant judgement, and inputs thereto are readily observable from market rates. The said valuation has been carried out by the counter party with whom the contract has been entered with and management has evaluated the credit and non-performance risks associated with the counterparties and believes them to be insignificant and not requiring any credit adjustments.

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

c) Fair value hierarchy

1 The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at balance sheet date:

| Particulars | As at March 31 | Fair value measurements at reporting date using | | |
|--|-------------------------------|---|-------------------------------|---------------------------------|
| | | Level 1 | Level 2 | Level 3 |
| | | Quoted Price in active market | Significant observable inputs | Significant unobservable inputs |
| Financial Assets | | | | |
| Investment in Equity Instruments (Current) | 0.52 (75.81) | 0.52 (75.81) | - | - |
| Investment in Equity Instruments other than Subsidiaries, Associates and Joint Venture (Non-Current) | 21,20.68 (21,35.24) | 12.68 (25.58) | 20,79.34 (20,79.34) | 28.66 (30.32) |
| Derivative Instrument | - (6,33.20) | | - (6,33.20) | |
| Financial Liabilities | | | | |
| Derivative Instrument | 32.77 - | - - | 32.77 - | - - |

(*) Figures in round brackets () indicate figures as at March 31, 2019

2 During the year ended March 31, 2020 and March 31, 2019, there were no transfers between Level 1, Level 2 and Level 3.

3 The Inputs used in fair valuation measurement are as follows:

- Fair valuation of Financial assets and liabilities not within the operating cycle of the Group is amortised based on the borrowing rate of the Group.
- Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace. The inputs used for forward contracts are Forward foreign currency exchange rates and Interest rates to discount future cash flow.
- Unquoted investments in equity shares have been valued based on the amount available to shareholder's as per the latest audited financial statements wherever available. Further external observable inputs or assumptions have been used in the valuation of equity shares in other cases.

d) Derivatives financial assets and liabilities :

Within the Group, derivatives instruments are largely entered into by the parent company. The parent company follows established risk management policies, including the use of derivatives to hedge its exposure to foreign currency fluctuations on foreign currency assets / liabilities. The counter party in these derivative instruments is a bank and the group considers the risks of non-performance by the counterparty as non-material.

(i) The following tables present the aggregate contracted principal amounts of the parent Company's derivative contracts outstanding:

| Underlying Purpose | | Category | As at March 31, 2020 | | As at March 31, 2019 | | Currency |
|--------------------|--------------------|----------|----------------------|----------------------------|----------------------|----------------------------|----------|
| | | | No. of deals | Amount in Foreign Currency | No. of deals | Amount in Foreign Currency | |
| 1 | Export Receivables | Forward | 33 | 2,20,59,634 | 43 | 2,78,92,662 | USD/INR |
| 2 | Export Receivables | Forward | 13 | 41,98,216 | 15 | 62,37,714 | GBP/USD |
| 3 | Export Receivables | Forward | 1 | 3,00,000 | 1 | 5,00,000 | GBP/INR |
| 4 | Export Receivables | Forward | 27 | 1,57,96,666 | 18 | 95,74,224 | EURO/USD |

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

| Underlying Purpose | Category | As at March 31, 2020 | | As at March 31, 2019 | | Currency | |
|--------------------|---|----------------------|----------------------------|----------------------|----------------------------|-------------|----------|
| | | No. of deals | Amount in Foreign Currency | No. of deals | Amount in Foreign Currency | | |
| 5 | Export Receivables | Forward | 9 | 75,92,066 | 18 | 1,08,21,557 | EURO/INR |
| 6 | Export Receivables | Forward | 3 | 9,81,728 | 5 | 20,00,000 | SGD/USD |
| 7 | Export Receivables | Forward | - | - | 2 | 9,95,858 | SGD/INR |
| 8 | Suppliers Credit/Imports/Other payables | Forward | 16 | 1,06,27,617 | 13 | 1,89,72,666 | USD/INR |
| 9 | Suppliers Credit/Imports/Other payables | Option | 3 | 29,91,426 | 3 | 1,06,20,384 | USD/INR |
| 10 | External Commercial Borrowings Principal & Interest payment | Option | 2 | 1,09,00,000 | 4 | 2,00,00,000 | USD/INR |
| 11 | External Commercial Borrowings Interest payment | Interest Rate Swap | 12 | 1,19,00,000 | 14 | 2,72,00,000 | USD |
| 12 | External Commercial Borrowings Interest payment | Interest Rate Cap | 3 | 25,50,000 | 3 | 63,75,000 | USD |

(ii) Un hedged Foreign Currency exposures are as follows:-

| Nature | Currency | As at March 31, 2020 | As at March 31, 2019 |
|--|----------|----------------------|----------------------|
| Payables | | | |
| ECB Payable (include accrued interest) | USD | 1,10,52,577 | 1,29,73,394 |
| Suppliers Credit /PCFC/Acceptances (includes accrued interest) | USD | 1,32,79,672 | 1,35,51,299 |
| Imports & Other payables | USD | 19,67,366 | 34,11,230 |
| Imports & Other payables | EURO | 1,71,444 | 96,052 |
| Imports & Other payables | GBP | 54,166 | 28,198 |
| Imports & Other payables | AED | 1,479 | 4,397 |
| Imports & Other payables | SGD | 16,900 | - |
| Imports & Other payables | AUD | 5,340 | - |
| Receivable | | | |
| Exports & Other receivables | GBP | 3,37,408 | - |
| Exports & Other receivables | SGD | 6,57,095 | 1,29,283 |
| Exports & Other receivables | USD | 1,52,42,159 | 79,18,197 |
| Exports & Other receivables | EURO | 15,96,996 | - |

(iii) The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as at the balance sheet date:

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| Not later than one month | 52.22 | (3,43.13) |
| Later than one month and not later than three months | 2,29.17 | 26.35 |
| Later than three months and not later than one year | (3,14.16) | 6,65.57 |
| Later than one year | - | 2,84.41 |

(iv) The parent company has entered into USD INR Currency Swap to hedge both the principal and interest payments of the borrowing from bank amounting to USD 16.62 Mn. The critical terms of both the hedging instrument (i.e the Full currency swap) and the hedged item (i.e the borrowing) are closely aligned, thereby establishing an economic relationship between them. The Currency Swap is hence designated as hedging instrument in cash flow hedges. As the economic relationship ceases to exist during the previous year, cash flow hedge reserve has been transferred to statement of profit and loss during the year ended 31.03.2019.

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

v) The following table provides the reconciliation of cash flow hedge reserve:

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|----------------------|----------------------|
| Balance at the beginning of the period | - | (1,73.98) |
| Gain/(loss) recognised in OCI during the period | - | 3,97.52 |
| Amount reclassified to Profit and Loss account during the period | - | (1,30.07) |
| Tax impact on above | - | (93.46) |
| Balance at the end of period | - | - |

e) Sale of Financial Assets

In the normal course of business, the Group transfers its bill receivables to banks. Under the terms of the agreements, the Group surrenders control over the financial assets and the transfer is with recourse. Under arrangement with recourse, the Group is obligated to repurchase the uncollected financial assets, subject to limits specified in the agreement with banks. As at March 31, 2020 and March 31, 2019 the maximum amount of recourse obligation in respect of financial assets are Rs 1,33,58.97 lakhs and Rs. 46,70.54 lakhs respectively.

f) Financial Risk Factors

The Group's activities are exposed to variety of financial risks. The key financial risks includes market risk, credit risk and liquidity risk. The Group's focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance. The respective entity's Board of Directors reviews and approves policies for managing these risks. The risks are governed by appropriate policies and procedures and accordingly financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

1 Market Risk

Market risk is the risk or uncertainty arising from possible market fluctuations resulting in variation in the fair value of future cash flows of a financial instrument. The major components of Market risks are currency risk, interest rate risk and other price risk. Financial instruments affected by market risk includes trade receivables, borrowings, investments and trade and other payables.

i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's foreign currency denominated borrowings, trade receivables and trade or other payables. Each entity comprising the Group manages its own currency risk. The following explains the process followed by the company, being the largest component of the Group.

The group has adopted a comprehensive risk management review system wherein it actively hedges its foreign exchange exposures within defined parameters through use of hedging instruments such as forward contracts, options and swaps. The group periodically reviews its risk management initiatives and also takes experts advice on regular basis on hedging strategy.

The amount of various exposures to foreign currency as at the end of the reporting period are as follows:

As at March 31, 2020

| Particulars | Trade receivables | Loans and borrowings | Trade payables & Other Current Liabilities | Net Assets/ (Liabilities) |
|--------------|-------------------|----------------------|--|---------------------------|
| USD # | 1,09,75.66 | 3,31,43.17 | 1,18,44.07 | (3,40,11.58) |
| EURO | 2,09,38.55 | - | 1,42.85 | 2,07,95.70 |
| GBP | 45,46.07 | - | 50.82 | 44,95.25 |
| SGD | 8,71.00 | - | 8.98 | 8,62.02 |
| AED | - | - | 0.30 | (0.30) |
| AUD | - | - | 2.48 | (2.48) |
| TOTAL | 3,73,31.28 | 3,31,43.17 | 1,20,49.50 | (78,61.39) |

Trade receivables and Loans and Borrowings includes Rs 6,81.94 lakhs towards bill discounting.

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

As at March 31, 2019

| Particulars | Trade receivables | Loans and borrowings | Trade payables & Other Current Liabilities | Net Assets/ (Liabilities) |
|--------------|-------------------|----------------------|--|---------------------------|
| USD # | 1,04,09.31 | 4,79,05.40 | 2,57,39.87 | (6,32,35.96) |
| EURO | 1,53,83.23 | – | 74.50 | 1,53,08.73 |
| GBP | 58,08.29 | – | 25.41 | 57,82.88 |
| SGD | 15,94.27 | – | – | 15,94.27 |
| AED | – | – | 0.83 | (0.83) |
| AUD | – | – | – | – |
| TOTAL | 3,31,95.10 | 4,79,05.40 | 2,58,40.61 | (4,05,50.91) |

Trade receivables and Loans and Borrowings includes Rs 336.83 lakhs towards bill discounting.

Note:- The above foreign currency risk exposure is without considering the elimination of Intra group balances.

Derivative financial assets and liabilities dealing with outstanding derivative contracts and unhedged foreign currency exposure has been detailed in earlier paras. Unhedged foreign currency exposure is primarily on account of long term foreign currency borrowings for which hedge cover is taken as per the policy followed by the group depending upon the remaining period of maturity of the installments falling due for payment.

The following table demonstrates the sensitivity in the USD, Euro, GBP and other currencies to the Indian Rupee with all other variables held constant. The impact on the Group's profit/(loss) before tax in the fair value of monetary assets and liabilities is given below:

| Particulars | Effect on Profit before tax | |
|---|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
| RECEIVABLES (Weaking of INR by 5%) | | |
| USD | 5,75.77 | 2,73.77 |
| EURO | 66.53 | – |
| GBP | 15.83 | – |
| SGD | 17.46 | 3.30 |
| PAYABLES (Weaking of INR by 5%) | | |
| USD | (9,93.47) | (10,35.03) |
| EURO | (7.14) | (3.73) |
| GBP | (2.54) | (1.27) |
| SGD | (0.45) | – |
| AED | (0.02) | – |
| AUD | (0.12) | – |

A 5% strengthening of INR would have an equal and opposite effect on the Group's consolidated financial statements

ii) Interest rate risk

The Group's exposure in market risk relating to change in interest rate primarily arises from floating rate borrowing with banks and financial institutions. Borrowings at fixed interest rate exposes the Group to the fair value interest rate risk. The Company comprising of the largest component of the Group has entered into interest rate swap contracts in respect of certain foreign currency borrowings whereby interest at an agreed rate are to be applied on agreed upon principal amount. The Group maintains a portfolio mix of fixed and floating rate borrowings. As at March 31, 2020, after taking into account interest rate swaps, approximately 36.49% (March 31, 2019: 44.28%) of the company's borrowings become fixed rate interest borrowing.

Further there are deposits with banks which are for short term period are exposed to interest rate risk, falling due for renewal. These deposits are however generally for trade purposes as such do not cause material implication.

With all other variables held constant, the following table demonstrates the impact of the borrowing cost on floating rate portion of loans and borrowings and excluding loans on which interest rate swaps are taken.

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

| Nature of Borrowing | Increase in basis points | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|--------------------------|-----------------------------------|-----------------------------------|
| Rupee Loan | +0.50 | 4,40.22 | 4,39.57 |
| Borrowings in local currency by other entity of the Group | +0.25 | 46.50 | 35.64 |
| Foreign Currency Loan | +0.25 | 23.04 | 9.63 |

A decrease in 0.50 basis point in Rupee Loan and 0.25 basis point in Foreign Currency Loan and Borrowings in local currency by other entity of the Group would have an equal and opposite effect on the Group's consolidated financial statements.

iii) Other price risk

The Group is not an active investor in equity markets; it continue to hold certain investment for long term value accretion which are accordingly measured at fair value through other comprehensive income. Further, the company comprising of the largest component of the Group measures current investments at fair valued through profit and loss and are not material. Accordingly, other price risk of the financial instrument to which the company is exposed is not expected to be material.

2 Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables). Each entity comprising the Group, manages its own credit risks. The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Major water infrastructure projects are Government funded or foreign aided and the risk involved in payment default is minimum with respect to these customers. Export receivables primarily made from subsidiaries is covered under Credit Insurance. The Group periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends and ageing of accounts receivable. Individual risk limits are set accordingly and the Group obtains necessary security including letter of credits and/or bank guarantee to mitigate.

The carrying amount of respective financial assets recognised in the consolidated financial statements, (net of impairment losses) represents the Group's maximum exposure to credit risk. The concentration of credit risk is limited due to the customer base being large and unrelated. Of the trade receivables balance at the end of the year, there are no single customer accounted for more than 10% of the accounts receivable and 10% of revenue as at March 31, 2020 and March 31, 2019.

The Group extends credit to customers as per the internal credit policy. Any deviation are approved by appropriate authorities, after due consideration of the customers credentials and financial capacity, trade practices and prevailing business and economic conditions. The Group's historical experience of collecting receivables and the level of default indicate that credit risk is low and generally uniform across markets; consequently, trade receivables are considered to be a single class of financial assets. All overdue customer balances are evaluated taking into account the age of the dues, specific credit circumstances, the track record of the customers etc. Group computes credit loss allowance based on a provision matrix based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates.

Financial assets that are neither past due nor impaired

Cash and cash equivalents, investment and deposits with banks are neither past due nor impaired. Cash and cash equivalents with banks are held with reputed and credit worthy banking institutions.

Financial assets that are past due but not impaired

Trade receivables amounts that are past due at the end of the reporting period against which no credit losses has been expected to arise.

3 Liquidity Risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price. Each entity comprising of the Group manages its liquidity risk. The Group's objective is to maintain optimum level of liquidity to meet its cash and collateral requirements at all times. The Group's assets represented by financial instruments comprising of receivables, and those relating to Parbatpur Coal mines (refer note no. 50) are largely by borrowed funds funded against borrowed funds. The Group relies on borrowings and internal accruals to meet its fund requirement. The current committed line of credit are sufficient to meet its short to medium term fund requirement.

i) Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows as at Balance Sheet date:

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

Interest rate and currency of borrowings

As at March 31, 2020

| Particulars | Total Borrowings | Floating rate borrowings | Fixed rate borrowings | Weighted average Interest Rate (%) |
|--------------|--------------------|--------------------------|-----------------------|------------------------------------|
| INR | 12,00,70.53 | 8,80,44.33 | 3,20,26.20 | 11.21% |
| USD | 3,48,85.79 | 1,82,05.53 | 1,66,80.26 | 5.00% |
| GBP | 52,16.72 | 39,49.02 | 12,67.70 | 2.92% |
| EUR | 1,08,74.86 | 58,81.27 | 49,93.59 | 5.28% |
| DZD | 7,67.41 | 7,67.41 | - | 8.50% |
| Total | 17,18,15.31 | 11,68,47.56 | 5,49,67.75 | |

As at March 31, 2019

| Particulars | Total Borrowings | Floating rate borrowings | Fixed rate borrowings | Weighted average Interest Rate (%) |
|--------------|--------------------|--------------------------|-----------------------|------------------------------------|
| INR | 11,39,52.69 | 8,79,14.62 | 2,60,38.07 | 11.58% |
| USD | 4,95,13.75 | 2,27,13.61 | 2,68,00.14 | 5.65% |
| GBP | 48,43.74 | 48,43.74 | - | 2.95% |
| EUR | 67,27.87 | 14,66.89 | 52,60.98 | 1.89% |
| DZD | 10,75.85 | - | 10,75.85 | 6.00% |
| Total | 17,61,13.90 | 11,69,38.86 | 5,91,75.04 | |

Maturity Analysis of Financial Liabilities

As at March 31, 2020

| Particulars | Carrying Amount | On Demand | Less than 6 months | 6 to 12 months | > 1 year | Total |
|---|-----------------|------------|--------------------|----------------|------------|-------------|
| Interest bearing borrowings* (including current maturities) | 17,18,15.31 | 1,38,51.73 | 6,42,92.42 | 2,00,27.13 | 7,36,44.04 | 17,18,15.31 |
| Other Liabilities | 34,31.77 | 34,31.77 | - | - | - | 34,31.77 |
| Trade and other payables | 3,85,79.80 | 3,85,79.80 | - | - | - | 3,85,79.80 |

* Include Rs 51,34.74 lakhs as Prepaid Finance Charges.

As at March 31, 2019

| Particulars | Carrying Amount | On Demand | Less than 6 months | 6 to 12 months | > 1 year | Total |
|---|-----------------|------------|--------------------|----------------|------------|-------------|
| Interest bearing borrowings* (including current maturities) | 17,61,13.90 | 1,82,83.58 | 4,81,65.10 | 2,56,07.57 | 8,40,57.65 | 17,61,13.90 |
| Other Liabilities | 29,37.54 | 29,37.54 | - | - | - | 29,37.54 |
| Trade and other payables | 3,08,84.24 | 3,08,84.24 | - | - | - | 3,08,84.24 |

* Include Rs 57,16.87 lakhs as Prepaid Finance Charges

The Group has current financial assets which will be realised in ordinary course of business. The Group ensures that it has sufficient cash on demand to meet expected operational expenses.

The Group rely on mix of borrowings and operating cash flows to meet its need for funds and ensures that it does not breach any financial covenants stipulated by the lender. The Parent company has availed the option of moratorium vide RBI Circular No. DOR.NO. BP.BC.47/21.04.048/2019-2020 dated March 27, 2020 and DOR.NO. BP.BC.71/21.04.048/2019-2020 dated May 23, 2020 on its certain borrowings due to which instalments and interest amounting to Rs. 22,57.09 lakhs which were due to be paid during the current financial year have been carried forward in the next financial year.

g) Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value. The Group's objective when managing capital is to safeguard their ability to continue as a going concern so that they

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

can continue to provide returns for shareholders and benefits for other stake holders. The Group is focused on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required without where the risk profile of the Group.

The gearing ratio are as follows:

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--------------------------------|----------------------|----------------------|
| Borrowings | 17,18,15.31 | 17,61,13.90 |
| Less Cash and Cash Equivalents | 59,45.63 | 75,01.16 |
| Net Debt | 16,58,69.68 | 16,86,12.74 |
| Equity | 28,81,36.64 | 26,36,34.02 |
| Equity and Net Debt | 45,40,06.32 | 43,22,46.76 |
| Gearing Ratio | 0.37 | 0.39 |

48. Post Retirement Employee Benefits

The disclosures required under Indian Accounting Standard 19 on "Employee Benefits" are given below in respect of Parent company only:

a) Defined Contribution Plans

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

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| Employer's Contribution to Provident Fund | 3,60.53 | 2,97.10 |
| Employer's Contribution to Pension Fund | 2,19.64 | 2,09.38 |
| Employer's Contribution to Superannuation Fund | 44.22 | 43.40 |
| Employer's Contribution to NPS Fund | 59.70 | 48.40 |

b) Defined Benefit Plans

The employee's gratuity fund scheme managed by Life Insurance Corporation of India and ICICI Prudential Life Insurance Company Ltd. is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

| | Gratuity (Funded) | |
|---|-------------------|----------|
| | 2019-20 | 2018-19 |
| i) Change in the fair value of the defined benefit obligation: | | |
| Liability at the beginning of the year | 31,11.15 | 29,05.13 |
| Interest Cost | 2,15.78 | 2,20.17 |
| Current Service Cost | 2,04.71 | 1,75.33 |
| Actuarial (gain) / loss on obligations | 1,15.52 | (97.89) |
| Benefits paid | (56.98) | (91.59) |
| Liability at the end of the year | 35,90.18 | 31,11.15 |
| ii) Changes in the Fair Value of Plan Asset | | |
| Fair value of Plan Assets at the beginning of the year | 23,04.18 | 20,06.94 |
| Expected Return on Plan Assets | 1,61.29 | 1,54.54 |
| Contributions by the Company | 1,22.91 | 2,14.13 |
| Benefits paid | (56.98) | (91.59) |
| Actuarial gain / (loss) on Plan Assets | 84.07 | 20.16 |
| Fair value of Plan Assets at the end of the year | 26,15.47 | 23,04.18 |

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

| | Gratuity (Funded) | |
|--|-------------------|-----------|
| | 2019-20 | 2018-19 |
| iii) Actual return on Plan Asset | | |
| Expected return on Plan assets | 1,61.29 | 1,54.54 |
| Actuarial gain / (loss) on Plan Assets | 84.07 | 20.16 |
| Actual Return on Plan Assets | 2,45.36 | 1,74.70 |
| iv) Amount Recognized in Balance Sheet | | |
| Liability at the end of the year | 35,90.18 | 31,11.15 |
| Fair value of Plan Assets at the end of the year | 26,15.47 | 23,04.18 |
| | 9,74.71 | 8,06.97 |
| v) Components of Defined Benefit Cost | | |
| Current Service Cost | 2,04.71 | 1,75.33 |
| Interest Cost | 2,15.78 | 2,20.17 |
| Expected Return on Plan Assets | (1,61.29) | (1,54.54) |
| Net Actuarial (gain) / loss on remeasurement recognised in OCI | 31.45 | (118.05) |
| Total Defined Benefit Cost recognised in Profit and Loss and OCI | 2,90.65 | 1,22.91 |
| vi) Balance Sheet Reconciliation | | |
| Opening Net Liability | 8,06.97 | 8,98.19 |
| Expenses as above | 2,90.65 | 1,22.91 |
| Employers Contribution | (1,22.91) | (2,14.13) |
| Amount Recognized in Balance Sheet | 9,74.71 | 8,06.97 |

vii) Percentage allocation of plan assets in respect of fund managed by insurer/trust is as follows:

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--------------------------------|----------------------|----------------------|
| G-Sec/ Corporate Securities | 93.32% | 85.80% |
| Equity | 2.87% | 3.02% |
| Fixed Deposit and other assets | 3.80% | 11.18% |

The above information have been furnished to the extent available with the company by the funds managed by the insurance company.

Compensated Absences

The obligation for compensated absences is recognized in the same manner as gratuity except remeasurement benefit which is treated as part of OCI. The actuarial liability of Compensated Absences (unfunded) of accumulated privileged and sick leaves of the employees of the Company as at March 31, 2020 is given below:

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------------|----------------------|
| Privileged Leave | 14,42.99 | 13,38.97 |
| Sick Leave | 10,28.68 | 9,51.64 |
| Principal Actuarial assumptions as at the Balance Sheet date | | |
| Discount Rate | 7.00% | 7.70% |
| Rate of Return on Plan Assets | 7.00% | 7.70% |
| Salary Escalation Rate | 6.00% | 6.00% |
| Withdrawal Rate | 1-8 % | 1-8 % |

Notes : i) Assumptions relating to future salary increases, attrition, interest rate for discount & overall expected rate of return on Assets have been considered based on relevant economic factors such as inflation, market growth & other factors applicable to the period over which the obligation is expected to be settled.

ii) The Company expects to contribute Rs. 3,00.00 lakhs (previous year Rs. 1,50.00 lakhs) to Gratuity fund in 2020-21.

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

Recognised in Other Comprehensive Income

| Particulars | Gratuity (Funded) | |
|---------------------------------------|----------------------|----------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Remeasurement - Actuarial loss/(gain) | 31.45 | (1,18.05) |
| For the year ended | 31.45 | (1,18.05) |

Sensitivity analysis:

| Particulars | Change in Assumption | Effect in Gratuity Obligation |
|--|----------------------|-------------------------------|
| For the year ended 31st March, 2019 | | |
| Discount Rate | +1% | 29,33.86 |
| | -1% | 33,48.20 |
| Salary Growth Rate | +1% | 33,46.54 |
| | -1% | 29,34.10 |
| Withdrawal Rate | +1% | 31,51.19 |
| | -1% | 31,02.39 |
| For the year ended 31st March, 2020 | | |
| Discount Rate | +1% | 33,61.67 |
| | -1% | 38,49.28 |
| Salary Growth Rate | +1% | 38,47.46 |
| | -1% | 33,61.44 |
| Withdrawal Rate | +1% | 36,04.96 |
| | -1% | 35,73.83 |

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation recognised within the Balance Sheet.

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit

History of experience adjustments is as follows:

| Particulars | Gratuity |
|--|-----------|
| For the year ended March 31, 2019 | |
| Plan Liabilities - (loss)/gain | (1,11.47) |
| Plan Assets - (loss)/gain | (20.16) |
| For the year ended March 31, 2020 | |
| Plan Liabilities - (loss)/gain | (40.56) |
| Plan Assets - (loss)/gain | (84.07) |

Estimate of expected benefit payments (in absolute terms i.e. undiscounted)

| Particulars | Gratuity |
|--------------------------------|----------|
| 01 April 2020 to 31 March 2021 | 11,28.27 |
| 01 April 2021 to 31 March 2022 | 1,26.18 |
| 01 April 2022 to 31 March 2023 | 1,79.62 |
| 01 April 2023 to 31 March 2024 | 1,83.16 |
| 01 April 2024 Onwards | 47,06.77 |

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|-------------------------------|----------------------|----------------------|
| Average no of people employed | 1549 | 1532 |

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

49. (a) In pursuance of the Order dated September 24, 2014 issued by the Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated October 21, 2014 (Ordinance) for implementing the Order, allotment of Parbatpur coal block (coal block/mines) to the Parent company which was under advanced stage of implementation, had been cancelled w.e.f. April 01, 2015. In terms of the Ordinance, the Parent company was allowed to continue the operations in the said block till March 31, 2015. Accordingly, the said block had been handed over to Bharat Coking Coal Limited (BCL) as per the direction from Coal India Ltd. (CIL) with effect from April 01, 2015 and the same has been subsequently allotted to Steel Authority of India Limited (SAIL).

Following a petition filed by the Parent company, the Hon'ble High Court at Delhi had pronounced its judgement on March 09, 2017. Accordingly based on the said judgement, the Parent company has claimed Rs.15,31,76.00 lakhs towards compensation against the said coal block, acceptance whereof is awaited. Aggrieved due to delay in acceptance of claim and on a petition filed by the Parent company, the Hon'ble High Court had directed the Nominated Authority appointed under Ministry of Coal to determine the compensation. Earlier the Nominated Authority had upheld its decision of compensation already paid and the same was set aside by the Hon'ble High Court with a direction to the Nominated authority to reconsider. The Nominated authority further passed an order dated 11.11.2019 awarding an additional compensation of Rs. 1,80.00 lakhs and with a further direction to re-determine the value of certain assets by the appropriate authority. The Parent company has approached the newly appointed Nominated Authority/ Ministry of Coal to reconsider the compensation determined by the previous Nominated Authority vide its order dated 11.11.2019 and grant an opportunity to present its case and also exploring other

Pending finalisation of the matter as above;

- (i) Rs.12,88,84.11 lakhs incurred pertaining to the coal block till March 31, 2015 after setting off income, stocks etc. there against as per the accounting policy then followed by the Company has been continued to be shown as freehold land, capital work in progress, other fixed assets and other respective heads of account.
- (ii) Interest and other finance cost for the year ended March 31, 2016 against the fund borrowed and other expenses directly attributable in this respect amounting to Rs. 95,14.74 lakhs has been considered as other recoverable under current assets; and
- (iii) Compensation of Rs. 83,12.34 lakhs so far received and net realisations/claims against sale of assets, advances, input credits etc. amounting to Rs. 20,54.70 lakhs have been adjusted. Bank guarantee amounting to Rs. 9,20.00 lakhs (previous year Rs. 9,20.00 lakhs) has been given against the compensation received.

Disclosures of above balances as per Indian Accounting Standard and adjustments arising with respect to above will be given effect to on final acceptance/settlement of the claim.

49. (b) Various balances pertaining to Coal Block claim and handing over the same as detailed in different heads of accounts includes:

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|--------------------|----------------------|--------------------|
| | | | | |
| Inventories | | 14,78.76 | | 14,78.76 |
| Other current assets | | 13,99.78 | | 13,99.78 |
| Capital Work in Progress: | | | | |
| Plant and Equipment and others assets under Installation (refer note no: 51) | 3,34,93.90 | | 3,34,93.90 | |
| Mine Development including overburden removal expenses (Net) (refer note no: 52) | 8,69,09.74 | 12,04,03.64 | 8,69,09.74 | 12,04,03.64 |
| Other Property, Plant and Equipment | | 22,43.99 | | 22,43.99 |
| Capital Advance | | 1,08.94 | | 1,08.94 |
| Freehold Land | | 32,49.00 | | 32,49.00 |
| Other balances with Banks in Fixed Deposit Escrow Accounts | 5,36.93 | | 5,36.93 | |
| Less: Provision for mine closure and restoration charges | 5,36.93 | - | 5,36.93 | - |
| Sub Total | | 12,88,84.11 | | 12,88,84.11 |
| Other Recoverable | | 95,14.74 | | 95,14.74 |
| Less: Compensation received | | (83,12.34) | | (83,12.34) |
| Less: Cenvat credit utilised/claimed/written off | (13,99.78) | | (50.01) | |
| Less: Sale of Assets and other realisations | (6,54.92) | (20,54.70) | (6,54.92) | (7,04.93) |
| Total | | 12,80,31.81 | | 12,93,81.58 |

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

- 49. (c)** Due to reasons stated in note no. 49(a) and pending determination of the amount of the claim, balances under various heads which otherwise would have been measured and disclosed as per the requirements of various Indian Accounting Standard ' have been included under various heads as disclosed under note no. 49(b) considering the circumstances and objective of the financial statements.
- 50. (a)** Due to delay in grant of forest, environment and other clearances from various authorities and execution of mining lease of an area of 192.50 ha. by the State Government of Jharkhand for iron and manganese ores at Dirsumburu in Kodilabad Reserve Forest, Saranda of West Singhbhum, Jharkhand, the validity period of letter of intent granted in this respect has expired on January 11, 2017. The Company has filed a writ petition before the Hon'ble High Court of Jharkhand on January 10, 2017, praying inter-alia for direction for grant of said lease in favour of the Company. The Hon'ble High Court in its order while observed, being not averse in granting relief with respect to cut off date, has admitted the said petition and fixed the case for further hearing and adjudication. Pending decision of the High Court, Rs. 43,80.45 lakhs (previous year Rs. 48,63.43 lakhs) so far incurred in connection with these mines/related facilities, have been carried forward under respective heads of fixed assets, capital work in progress, advances and security deposit.
- 50. (b)** The Railway Authorities had withdrawn the permission of operation of Railway siding under construction which is situated at Haldia, West Bengal. The company has claimed the compensation from the Railway Authorities for the amount incurred for the said siding which was denied and the matter is under arbitration based on the direction of Hon'ble High Court at Calcutta. Pending arbitration proceedings, the company has recognised a charge of Rs. 23,18.35 lakhs during the year and a balance amounting to Rs. 17,78.11 lakhs has been considered recoverable.
- 51.** Capital work in progress includes plant and equipments and other assets amounting to Rs. 2,85,76.12 lakhs (previous year Rs. 3,56,75.97 lakhs) under installation and capital and other expenditure incurred pending completion thereof. (refer note no. 49 and 50)
- 52.** The expenses incurred for projects/assets during the construction/mine development period are classified as "Pre-operative Expenses" pending capitalization are included under capital work in progress and will be allocated to the assets on completion of the project/assets. Consequently expenses disclosed under the respective head are net of amount classified as preoperative expenses by the Company (refer note no. 49 and 50). The details of these expenses are as follows :

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------------|----------------------|
| Balance brought forward | 8,79,85.74 | 8,79,64.28 |
| Add: | | |
| Miscellaneous Expenses | - | 21.46 |
| Total preoperative/development expenses | 8,79,85.74 | 8,79,85.74 |
| Add: Opening stock 64,502 MT (previous year 64,502 MT) | 14,46.25 | 14,46.25 |
| Less: Closing stock 64,502 MT (previous year 64,502 MT) | (14,46.25) | (14,46.25) |
| Total preoperative and development expenses carried forward | 8,79,85.74 | 8,79,85.74 |

53. Calculation of Earning Per Share is as follows:

| | Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|-----|---|--------------------------------------|--------------------------------------|
| (a) | Net profit for basic and diluted earnings per share as per Statement of Profit and Loss | 1,61,06.51 | 38,17.06 |
| | Net profit for basic and diluted earnings per share | 1,61,06.51 | 38,17.06 |
| (b) | Weighted average number of equity shares for calculation of basic and diluted earnings per share (Face value Re. 1/- per share) | | |
| | Number of equity shares outstanding as on 31st March | 432954709 | 405482183 |
| | Number of equity shares considered in calculating basic and diluted EPS | 418467831 | 386736190 |
| (c) | Weighted average number of equity shares outstanding | 418467831 | 386736190 |
| (d) | Earnings per share (EPS) of Equity Share of Re. 1 each: | | |
| | i) Basic (Rs.) | 3.85 | 0.99 |
| | ii) Diluted (Rs.) | 3.85 | 0.99 |

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

54. Commitments

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|----------------------|-------------------|----------------------|--------------|
| | in million | Rs. in lakhs | in million | Rs. in lakhs |
| (a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances): | 4,74.02 | | 12,03.50 | |
| (b) Other commitments | | | | |
| i) Sell Forward contract outstanding | | | | |
| In USD | 22.06 | 1,66,66.05 | 27.89 | 1,92,87.78 |
| In Euro | 23.39 | 1,94,88.45 | 20.40 | 1,58,20.10 |
| In GBP | 4.50 | 42,20.14 | 6.74 | 60,71.31 |
| In SGD | 0.98 | 5,21.77 | 3.00 | 15,28.32 |
| ii) Buy Forward Contract outstanding | | | | |
| In USD | 10.63 | 80,29.16 | 18.97 | 1,31,19.60 |
| iii) Option contract outstanding | | | | |
| In USD | 13.89 | 1,04,94.97 | 30.62 | 2,11,74.00 |
| iv) Capital Commitment towards contribution in equity share capital of Electrosteel Algeria SPA | | 9,57.89 | | 11,82.25 |

55.(i) Contingent Liabilities not provided for in respect of :

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------------|----------------------|
| a) Various show cause notices/demands issued/ raised, which in the opinion of the management are not tenable and are pending with various forum / authorities: | | |
| i) Sales Tax | 71,96.98 | 72,86.34 |
| ii) Excise, Custom Duty and Service tax | 44,36.59 | 52,07.54 |
| iii) Income Tax | 8,49.20 | 14,21.14 |
| b) Penalty for non compliance of listing agreement and disputed by the Company. | - | 1,00.00 |
| c) Employees State Insurance Corporation has raised demand for contribution in respect of Gross Job Charges for the year 2001-02, 2003-04 and March'08 to January'10. In the opinion of the management demand is adhoc and arbitrary and is not sustainable legally. | 92.51 | 92.51 |
| d) Demand of Tamilnadu Electricity Board disputed by the Company. | 8.20 | 8.20 |
| e) During the year 1994 UPSEB had raised demand for electricity charges by revising the power tariff schedule applicable to the Company retrospectively from Feb'86. In the opinion of the management the revised power tariff is not applicable to the Company and accordingly the Company disputed the demand and the matter is pending before Hon'ble High Court at Allahabad. | 2,61.74 | 2,61.74 |
| f) Standby Letter of Credit issued by banks on behalf of the company in favour of Subsidiary Companies | 85,64.62 | 83,26.83 |
| g) Financial Guarantees given by banks on behalf of the Company | | |
| i) The Company | 42,03.82 | 42,36.91 |
| ii) The Subsidiary | 4,14.27 | 4,04.74 |

h) Demand of differential railway freight for the year 2008-09 to 2010-11 is Rs. 57,33.29 lakhs (previous year Rs. 57,33.29 lakhs) which is contested by the Parent company and the matter is pending before the Hon'ble High Court at Calcutta.

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

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

55. (ii) Contingent assets (not recognised for) in respect of :

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|------------------------|------------------------|
| a) Claims Under Target Plus Scheme pending completion of legal clearances. | 3,55.00 | 3,55.00 |
| b) Claim of commission income from Electrosteel Steels Limited. The matter is pending before the National Company law Tribunal at Kolkata. | 8,66.72 | 8,66.72 |
| c) Benefits under Industrial Promotion Scheme ** | Amount unascertainable | Amount unascertainable |

** Pre Goods & Service Tax (GST), the Parent company was enjoying certain benefits under Industrial Promotion scheme of state government. Post GST, pending notifications by the state government, on prudent basis, the Parent company has not recognised any income under the scheme for the period July 01, 2017 to March 31, 2020.

56. Related party disclosure as identified by the management in accordance with the Indian Accounting Standard (Ind AS) 24 on "Related Party Disclosures" are as follows:

A) Names of related parties and description of relationship

- 1) **Associate Company**
 - Srikalahasthi Pipes Limited
 - Electrosteel Steels Limited (ceased to be associate w.e.f 06.06.2018)
 - Electrosteel Thermal Power Limited (ceased to be associate w.e.f 01.08.2019)
- 2) **Joint Venture**
 - North Dhadhu Mining Company Private Limited
 - Domco Private Limited
- 3) **Key Management Personnel (KMP) and close member of their family**
 - Mr. Umang Kejriwal - Managing Director
 - Mr. Mayank Kejriwal - Joint Managing Director
 - Mr. Uddhav Kejriwal - Wholetime Director
 - Mr. Mahendra Kumar Jalan - Wholetime Director
 - Mr. Pradip Kr. Khaitan - Chairman
 - Mr. Binod Kumar Khaitan - Director
 - Mr. Ram Krishna Agarwal - Director (ceased to be director w.e.f 08.06.2020)
 - Mr. S Y Rajagopalan - Director
 - Mr. Vyas Mitre Ralli - Director
 - Mr. Amrendra Prasad Verma - Director
 - Dr. Mohua Banerjee - Director
 - Mr. RajKumar Khanna - Director (appointed w.e.f 15.06.2020)
 - Mr. Sunil Katial - Chief Executive Officer & Wholetime Director (wholetime director w.e.f 01.04.2020)
 - Mr. Ashutosh Agarwal - Executive Director (Group Finance) & CFO (appointed w.e.f. 13.08.2019)
 - Mr. Brij Mohan Soni - Chief Financial Officer till 24.07.2019
 - Mrs. Asha Kejriwal - Wife of Mr. Umang Kejriwal - KMP
 - Ms. Nityangi Kejriwal Jaiswal - Daughter of Mr. Umang Kejriwal - KMP
 - Ms. Priya Manjari Todi - Daughter of Mr. Mayank Kejriwal - KMP
 - Ms. Priya Sakhi Kejriwal Mehta - Daughter of Mr Umang Kejriwal - KMP
 - Ms. Radha Kejriwal Agarwal - Daughter of Mr Umang Kejriwal - KMP
 - Mr. Madhav Kejriwal - Son of Mr Umang Kejriwal - KMP
 - Mr. Anirudh Jalan - Son of Mr Mahendra Kumar Jalan - KMP
- 4) **Enterprise where KMP and/or Close member of the family have significant influence or control**
 - Gaushree Enterprises
 - Tulsi Highrise Private Limited
 - Sri Gopal Investments Ventures Ltd.
 - Global Exports Ltd.
 - Ultimo Logistics Private Limited
 - Krsna Logistics Private Limited
 - Sree Khemisati Constructions Private Limited
 - G K & Sons Private Limited
 - Electrosteel Thermal Coal Limited
 - Badrinath Industries Ltd.
 - Electrocast Sales India Limited
 - Uttam Commercial Company Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

B) Related Party Transactions

| Particulars | Associate | Joint Venture | KMP & Close members of family | KMP have control | Total | Outstanding as on March 31, 2020 | Outstanding as on March 31, 2019 |
|--------------------------------|-------------------|---------------|-------------------------------|------------------|-------------------|----------------------------------|----------------------------------|
| Sale | | | | | | | |
| Srikalahasthi Pipes Limited | 18,56.43 | - | - | - | 18,56.43 | - | |
| Total | 18,56.43 | - | - | - | 18,56.43 | - | |
| Previous Year | | | | | | | |
| Srikalahasthi Pipes Limited | 2,84.19 | - | - | - | 2,84.19 | | - |
| Purchase | | | | | | | |
| Srikalahasthi Pipes Limited | 1,27,93.97 | - | - | - | 1,27,93.97 | 35,48.44 | |
| Total | 1,27,93.97 | - | - | - | 1,27,93.97 | 35,48.44 | |
| Previous Year | | | | | | | |
| Srikalahasthi Pipes Limited | 1,07,30.54 | - | - | - | 1,07,30.54 | | 14,68.58 |
| Remuneration | | | | | | | |
| Mr. Umang Kejriwal | - | - | 4,27.83 | - | 4,27.83 | 78.63 | |
| Mr. Mayank Kejriwal | - | - | 11.13 | - | 11.13 | 0.11 | |
| Mr. Uddhav Kejriwal | - | - | 2,84.50 | - | 2,84.50 | 49.79 | |
| Mr. Mahendra Kumar Jalan | - | - | 1,69.69 | - | 1,69.69 | 4.33 | |
| Mr. Sunil Katial | - | - | 2,17.12 | - | 2,17.12 | 5.78 | |
| Mr. Ashutosh Agarwal | - | - | 95.31 | - | 95.31 | 3.09 | |
| Mr. Brij Mohan Soni | - | - | 24.23 | - | 24.23 | - | |
| Ms. Priya Manjari Todi | - | - | 24.01 | - | 24.01 | 0.62 | |
| Ms. Priya Sakhi Kejriwal Mehta | - | - | 5.73 | - | 5.73 | - | |
| Ms. Radha Kejriwal Agarwal | - | - | 23.28 | - | 23.28 | 0.79 | |
| Mr. Madhav Kejriwal | - | - | 17.20 | - | 17.20 | - | |
| Ms. Nityangi Kejriwal | - | - | 34.15 | - | 34.15 | 2.39 | |
| Dr. Mohua Banerjee | - | - | 14.50 | - | 14.50 | 10.80 | |
| Mr. Ram Krishna Agarwal | - | - | 17.80 | - | 17.80 | 10.80 | |
| Mr. Vyas Mitre Ralli | - | - | 14.10 | - | 14.10 | 10.80 | |
| Mr. S Y Rajagopalan | - | - | 16.70 | - | 16.70 | 10.80 | |
| Mr. Binod Khaitan | - | - | 19.80 | - | 19.80 | 10.80 | |
| Mr. Pradeep Kr. Khaitan | - | - | 16.30 | - | 16.30 | 10.80 | |
| Mr. Amrendra Prasad Verma | - | - | 16.50 | - | 16.50 | 10.80 | |
| Total | - | - | 14,49.88 | - | 14,49.88 | 2,21.13 | |
| Previous Year | | | | | | | |
| Mr. Umang Kejriwal | - | - | 2,98.56 | - | 2,98.56 | | (9.62) |
| Mr. Mayank Kejriwal | - | - | 13.09 | - | 13.09 | | - |
| Mr. Uddhav Kejriwal | - | - | 1,29.89 | - | 1,29.89 | | (21.49) |
| Mr. Mahendra Kumar Jalan | - | - | 1,63.41 | - | 1,63.41 | | - |
| Mr. Sunil Katial | - | - | 34.32 | - | 34.32 | | - |
| Mr. Brij Mohan Soni | - | - | 76.50 | - | 76.50 | | - |
| Ms. Priya Manjari Todi | - | - | 17.89 | - | 17.89 | | - |
| Ms. Priya Sakhi Kejriwal Mehta | - | - | 5.83 | - | 5.83 | | - |
| Ms. Radha Kejriwal Agarwal | - | - | 11.64 | - | 11.64 | | - |
| Mr. Madhav Kejriwal | - | - | 4.60 | - | 4.60 | | - |



Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

| Particulars | Associate | Joint Venture | KMP & Close members of family | KMP have control | Total | Outstanding as on March 31, 2020 | Outstanding as on March 31, 2019 |
|--|-----------|---------------|-------------------------------|------------------|----------------|----------------------------------|----------------------------------|
| Ms. Nityangi Kejriwal Jaiswal | - | - | 7.80 | - | 7.80 | | - |
| Dr. Mohua Banerjee | - | - | 1.00 | - | 1.00 | | - |
| Mr. Ram Krishna Agarwal | - | - | 8.60 | - | 8.60 | | - |
| Mr. Vyas Mitre Ralli | - | - | 4.10 | - | 4.10 | | - |
| Mr. S Y Rajagopalan | - | - | 5.80 | - | 5.80 | | - |
| Mr. Binod Khaitan | - | - | 10.00 | - | 10.00 | | - |
| Mr. Pradeep Kr. Khaitan | - | - | 6.80 | - | 6.80 | | - |
| Mr. Amrendra Prasad Verma | - | - | 6.00 | - | 6.00 | | - |
| Rent Paid | | | | | | | |
| Tulsi Highrise Private Limited | - | - | - | 60.27 | 60.27 | - | - |
| Sri Gopal Investments Ventures Ltd | - | - | - | 23.10 | 23.10 | - | - |
| Sree Khemisati Constructions Private Limited | - | - | - | 7.20 | 7.20 | 0.65 | - |
| Badrinath Industries Limited | - | - | - | 30.00 | 30.00 | - | - |
| Total | - | - | - | 1,20.57 | 1,20.57 | 0.65 | |
| Previous Year | | | | | | | |
| Tulsi Highrise Private Limited | - | - | - | 52.01 | 52.01 | - | - |
| Sri Gopal Investments Ventures Ltd | - | - | - | 21.00 | 21.00 | - | - |
| Sree Khemisati Constructions Private Limited | - | - | - | 7.20 | 7.20 | - | - |
| Badrinath Industries Limited | - | - | - | 30.00 | 30.00 | - | - |
| Service Charges Paid | | | | | | | |
| Sree Khemisati Constructions Private Limited | - | - | - | 2,83.05 | 2,83.05 | 30.03 | - |
| Global Exports Ltd. | - | - | - | 90.00 | 90.00 | - | - |
| Sri Gopal Investments Ventures Ltd | - | - | - | 2.20 | 2.20 | - | - |
| Total | - | - | - | 3,75.25 | 3,75.25 | 30.03 | |
| Previous Year | | | | | | | |
| Sree Khemisati Constructions Private Limited | - | - | - | 2,69.71 | 2,69.71 | - | 4.37 |
| Krsna Logistics Private Limited | - | - | - | - | - | - | 1.20 |
| Global Exports Ltd. | - | - | - | 90.00 | 90.00 | - | - |
| Mr. Anirudh jalan | - | - | 1.20 | - | 1.20 | - | - |
| Sri Gopal Investments Ventures Ltd | - | - | - | 2.19 | 2.19 | - | - |
| Service Charges Received | | | | | | | |
| Previous Year | | | | | | | |
| Electrosteel Steels Limited | 1,09.67 | - | - | - | 1,09.67 | - | - |
| Reimbursements of expenses received | | | | | | | |
| Previous Year | | | | | | | |
| Srikalahasthi Pipes Limited | 12.03 | - | - | - | 12.03 | - | - |
| Security Deposits | | | | | | | |
| Sri Gopal Investments Ventures Ltd | - | - | - | 1.05 | 1.05 | 11.55 | - |
| Electrosteel Thermal Coal Limited | - | - | - | - | - | 1,90.68 | - |
| Tulsi Highrise Private Limited | - | - | - | - | - | 2,85.00 | - |
| Total | - | - | - | 1.05 | 1.05 | 4,87.23 | |
| Previous Year | | | | | | | |
| Sri Gopal Investments Ventures Ltd | - | - | - | - | - | - | 10.50 |

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

| Particulars | Associate | Joint Venture | KMP & Close members of family | KMP have control | Total | Outstanding as on March 31, 2020 | Outstanding as on March 31, 2019 |
|--|-----------------|---------------|-------------------------------|------------------|-----------------|----------------------------------|----------------------------------|
| Electrosteel Thermal Coal Limited | - | - | - | - | - | | 1,89.68 |
| Tulsi Highrise Private Limited | - | - | - | - | - | | 2,85.00 |
| Dividend Received | | | | | | | |
| Srikalahasthi Pipes Limited | 11,58.07 | - | - | - | 11,58.07 | - | |
| Total | 11,58.07 | - | - | - | 11,58.07 | - | |
| Previous Year | | | | | | | |
| Srikalahasthi Pipes Limited | 11,58.07 | - | - | - | 11,58.07 | | - |
| Advances Given | | | | | | | |
| Domco Private Limited | - | - | - | - | - | 7,00.00 | |
| Total | - | - | - | - | - | 7,00.00 | |
| Previous Year | | | | | | | |
| Electrosteel Thermal Coal Limited | - | - | - | - | - | | 1.00 |
| Domco Private Limited | - | - | - | - | - | | 7,00.00 |
| Advances Taken | | | | | | | |
| Srikalahasthi Pipes Limited | 25,00.00 | - | - | - | 25,00.00 | 22,74.52 | |
| Total | 25,00.00 | - | - | - | 25,00.00 | 22,74.52 | |
| Previous Year | | | | | | | |
| Srikalahasthi Pipes Limited | 50,00.00 | - | - | - | 50,00.00 | | 48,16.18 |
| Interest Paid | | | | | | | |
| Srikalahasthi Pipes Limited | 3,80.47 | - | - | - | 3,80.47 | 1,02.73 | |
| Total | 3,80.47 | - | - | - | 3,80.47 | 1,02.73 | |
| Previous Year | | | | | | | |
| Srikalahasthi Pipes Limited | 230.14 | - | - | - | 2,30.14 | | - |
| Equity Share contribution | | | | | | | |
| Sree Khemisati Constructions Private Limited | - | - | - | 24,00.00 | 24,00.00 | - | |
| Global Exports Ltd. | - | - | - | 2,00.00 | 2,00.00 | - | |
| Mr. Mayank Kejriwal | - | - | 2,00.00 | - | 2,00.00 | - | |
| Mrs. Asha Kejriwal | - | - | 2,00.00 | - | 2,00.00 | - | |
| Total | - | - | 4,00.00 | 26,00.00 | 30,00.00 | - | |
| Previous Year | | | | | | | |
| Electrocast Sales India Ltd. | - | - | - | 10,00.00 | 10,00.00 | | - |
| Uttam Commercial Co Ltd | - | - | - | 10,00.00 | 10,00.00 | | - |
| G.K. & Sons Pvt. Ltd. | - | - | - | 20,00.00 | 20,00.00 | | - |
| Sale of Investment | | | | | | | |
| Sree Khemisati Constructions Private Limited | - | - | - | 0.75 | 0.75 | - | |
| Global Exports Ltd. | - | - | - | 0.75 | 0.75 | - | |
| Total | - | - | - | 1.50 | 1.50 | - | |
| Previous Year | | | | | | | |
| Employee Welfare Expenses | | | | | | | |
| Previous Year | | | | | | | |
| Gaushree Enterprises | - | - | - | 0.37 | 0.37 | | - |

**Notes to Consolidated Financial Statements** for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

C. Details of compensation paid to KMP during the year are as follows :

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|-------------------------------|------------------------------|------------------------------|
| Short-term employee benefits; | 12,09.18 | 6,98.63 |
| Post-employment benefits* | - | - |
| Other long-term benefits* | - | - |

*Post-employment benefits and other long-term benefits is being disclosed based on actual payment made on retirement /resignation of services, but does not includes provision made on actuarial basis as the same is available for all employees together.

D. Terms and conditions of transactions with related parties

- The transactions with related parties have been entered at an amount which are not materially different from those on normal commercial terms.
- The amounts outstanding are unsecured and will be settled in cash and cash equivalent. No guarantees have been given or received.
- The remuneration of directors is determined by the Nominations & Remuneration Committee having regard to the performance of individuals and market trends.

56.1 in respect of the above parties, there is no provision for doubtful debts as on March 31,2020 and no amount has been written off or written back during the year in respect of debt due from/to them.

56.2 The above related party information is as identified by the management.

56.3 Details of Loans, Investments and Guarantees covered u/s 186(4) of the Companies Act, 2013:

- Details of Loans and Investments are given under the respective heads (refer note no. 8,8A and 13).
- Details of Corporate Guarantee/ Standby Letter of Credit given by the Parent company are as follows:

| Name of the Company | Purpose | As at March 31, 2020 | As at March 31, 2019 |
|--------------------------|--------------------------|-------------------------|-------------------------|
| Electrosteel Europe SA | Short Term Loan Facility | 24,99.72 | 23,26.97 |
| | Short Term Loan Facility | 11,66.54 | 10,85.92 |
| Electrosteel Algeria SPA | Working capital facility | 11,33.25 | 13,83.00 |
| | Short Term Loan Facility | 18,76.36 | 18,02.19 |
| Electrosteel USA LLC | Working capital facility | 18,88.75 | 17,28.75 |

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

| Particulars | 2019-20 | | | 2018-19 | | |
|---|--------------------|--------------------|--------------------|--------------|---------------|-------------|
| | Within India | Outside India | Total | Within India | Outside India | Total |
| Sales (gross) | 14,10,42.98 | 12,55,21.51 | 26,65,64.49 | 12,96,93.90 | 13,55,64.66 | 26,52,58.56 |
| Non-Current Assets other than financial instruments | 28,03,80.58 | 70,74.53 | 28,74,55.11 | 28,17,80.90 | 54,54.16 | 28,72,35.07 |

58. The company has opted for continuing accounting policy in respect of exchange difference arising on reporting of long term foreign currency monetary items in accordance with Ind AS 101 "First time adoption of Indian Accounting Standards". Accordingly, during the year ended March 31,2020 the net exchange difference of Nil [previous year Nil] on foreign currency loans have been adjusted in the carrying amount of fixed assets / capital work in progress. The unamortised balance is Rs 2,64,39.70 lakhs (previous year Rs 2,64,39.70 lakhs).

Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

- 59.** Vide order dated September 2, 2019, The National Company Law Tribunal, Cuttack Branch (NCLT) had approved the scheme of Amalgamation ("the Scheme") of Mahadev Vyapaar Private Limited (MVPL), a wholly owned subsidiary with company w.e.f April 01, 2014. The impact of scheme has been carried out in the current year.
- 60.** The financial statements of Electrosteel Brasil Ltda. Tubos e Conexoes Duteis for the year ended 31st March, 2020 has not been subjected to audit by their auditor.
- 61. Disclosure of additional information pertaining to the Parent Company, Subsidiaries and Associates as per Schedule III of Companies Act, 2013**

| Name of the Company | Net Assets (Total Assets minus Total Liabilities) | | Share in Profit or Loss | | Other Comprehensive Income | | Total Comprehensive Income | |
|---|---|-------------|-------------------------------------|-------------|---|----------------------------|---|----------------------------|
| | 2019-20 | | 2019-20 | | 2019-20 | | 2019-20 | |
| | As % of Consolidated net assets | Net Assets | As % of Consolidated Profit or Loss | Profit/Loss | As % of Consolidated Other Comprehensive Income | Other Comprehensive Income | As % of Consolidated Total Comprehensive Income | Total Comprehensive Income |
| Parent | 88.49 | 25,48,54.72 | 61.21 | 98,58.78 | (0.68) | (8.61) | 56.72 | 98,50.17 |
| Subsidiaries | | | | | | | | |
| Foreign | | | | | | | | |
| Electrosteel Castings (UK) Limited | 0.71 | 20,57.22 | 0.77 | 1,24.58 | 5.71 | 71.97 | 1.13 | 1,96.55 |
| Electrosteel Europe S.A. | 2.33 | 67,03.50 | 2.12 | 3,41.61 | 37.66 | 4,74.68 | 4.70 | 8,16.30 |
| Electrosteel Algeria SPA | 0.21 | 6,16.36 | (3.81) | (6,13.45) | (0.36) | (4.60) | (3.56) | (6,18.04) |
| Electrosteel USA, LLC | 0.63 | 18,11.23 | 0.45 | 72.35 | 12.30 | 1,55.07 | 1.31 | 2,27.42 |
| Electrosteel Trading, S.A. | 0.04 | 1,11.41 | 0.05 | 7.49 | 0.60 | 7.59 | 0.09 | 15.08 |
| Electrosteel Doha For Trading LLC | 1.28 | 36,96.78 | 8.07 | 12,99.42 | 20.94 | 2,63.88 | 9.00 | 15,63.30 |
| Electrosteel Castings Gulf FZE | 0.79 | 22,67.16 | 3.21 | 5,17.55 | 13.36 | 1,68.40 | 3.95 | 6,85.95 |
| Electrosteel Brasil Ltda. Tubos e Conexoes Duteis | (0.03) | (85.59) | - | (0.02) | (0.47) | (5.89) | (0.03) | (5.91) |
| Electrosteel Bahrain Holding Company S.P.C | 0.69 | 19,91.07 | 1.89 | 3,04.74 | 11.40 | 1,43.66 | 2.58 | 4,48.40 |
| Non controlling interest in all subsidiaries | (0.04) | (1,21.65) | (0.26) | (41.86) | - | - | (0.24) | (41.86) |
| Associates (Investment as per Equity method) | | | | | | | | |
| Indian | | | | | | | | |
| Srikalahasthi Pipes Limited | 25.19 | 7,25,46.86 | 46.68 | 75,18.93 | (0.46) | (5.76) | 43.26 | 75,13.16 |



Notes to Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(Amount Rs. in lakhs)

| Name of the Company | Net Assets (Total Assets minus Total Liabilities) | | Share in Profit or Loss | | Other Comprehensive Income | | Total Comprehensive Income | |
|---|---|-------------|-------------------------------------|--------------|---|----------------------------|---|----------------------------|
| | 2018-19 | | 2018-19 | | 2018-19 | | 2018-19 | |
| | As % of Consolidated net assets | Net Assets | As % of Consolidated Profit or Loss | Profit/Loss | As % of Consolidated Other Comprehensive Income | Other Comprehensive Income | As % of Consolidated Total Comprehensive Income | Total Comprehensive Income |
| Parent | 90.27 | 23,79,24.59 | (16,65.61) | (6,35,76.90) | 90.03 | (3,32.31) | (18,53.54) | (6,39,09.21) |
| Subsidiaries | | | | | | | | |
| Foreign | | | | | | | | |
| Electrosteel Castings (UK) Limited | 0.71 | 18,60.66 | 16.50 | 6,29.99 | 7.41 | (27.34) | 17.48 | 6,02.65 |
| Electrosteel Europe S.A. | 2.23 | 58,87.21 | 5.63 | 2,14.77 | 62.62 | (2,31.14) | (0.47) | (16.37) |
| Electrosteel Algeria SPA | 0.47 | 12,34.40 | 11.10 | 4,23.85 | 2.78 | (10.25) | 12.00 | 4,13.60 |
| Electrosteel USA, LLC | 0.60 | 15,83.81 | 23.31 | 8,89.59 | (8.42) | 31.06 | 26.70 | 9,20.65 |
| Electrosteel Trading, S.A. | 0.04 | 96.33 | 0.13 | 4.95 | 0.89 | (3.27) | 0.05 | 1.68 |
| Electrosteel Doha For Trading LLC | 0.80 | 21,19.56 | 34.71 | 13,24.81 | (11.53) | 42.57 | 39.66 | 13,67.38 |
| Electrosteel Castings Gulf FZE | 0.60 | 15,81.21 | 2.25 | 85.72 | (26.91) | 99.34 | 5.37 | 1,85.06 |
| Electrosteel Brasil Ltda. Tubos e Conexoes Duteis | (0.03) | (79.67) | 0.01 | 0.29 | (0.83) | 3.07 | 0.10 | 3.36 |
| Electrosteel Bahrain Holding Company S.P.C | 0.59 | 15,42.67 | 9.08 | 3,46.43 | (17.78) | 65.63 | 11.95 | 4,12.05 |
| Non controlling interest in all subsidiaries | (0.02) | (65.87) | (1.28) | (48.75) | - | - | (1.41) | (48.75) |
| Associates (Investment as per Equity method) | | | | | | | | |
| Indian | | | | | | | | |
| Srikalahasthi Pipes Limited | 25.11 | 6,61,91.77 | 1,21.04 | 46,19.96 | 1.75 | (6.45) | 1,33.80 | 46,13.51 |
| Electrosteel Steels Limited | - | - | - | - | - | - | - | - |
| Electrosteel Thermal Power Limited | - | 0.82 | - | (0.08) | - | - | - | (0.08) |

- 62.1. The financial statements of Domco Private Limited and North Dhadhu Mining Company Pvt Ltd have not been consolidated for reasons referred to in note no. 8.2 and 8.3.
- 62.2. Figures given herein above are as per standalone financial statements of the respective companies and hence effect of inter company and other adjustments carried out on consolidation has not been considered for the purpose of above disclosure.
63. These consolidated financial statements have been approved by the Board of Directors of the Company on June 15, 2020 for issue to the shareholders for their adoption.
64. The figures for the corresponding previous year have been regrouped/reclassified wherever necessary, to make them comparable.

As per our report of even date

For Singhi & Co.
Chartered Accountants
(Firm Registration No. 302049E)

Gopal Jain
Partner
(Membership No. 059147)

Kolkata
June 15, 2020

Indranil Mitra
Company Secretary

For and on behalf of the Board of Directors

Umang Kejriwal
Managing Director
(DIN : 00065173)

Ashutosh Agarwal
Executive Director
(Group Finance) and CFO

Mahendra Kumar Jalan
Wholetime Director
(DIN : 00311883)

Sunil Katial
Chief Executive Officer &
Wholetime Director
(DIN :07180348)

ANNEXURE I**Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted alongwith Annual Consolidated Audited Financial Results****Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020**

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

(Amount Rs. in lakhs)

| Sl. No. | Particulars | Audited Figures (as reported before adjusting for qualifications) | Adjusted Figures (audited figures after adjusting for qualifications) |
|----------------|---|--|--|
| 1. | Turnover / Total income | 274425.06 | Not Ascertainable |
| 2. | Total Expenditure | 262975.66 | |
| 3. | Net Profit/(Loss) (including other comprehensive income) | 17408.76 | |
| 4. | Earnings Per Share | 3.85 | |
| 5. | Total Assets | 559278.64 | |
| 6. | Total Liabilities | 271142.00 | |
| 7. | Net Worth (Equity Share Capital plus Other Equity) | 288136.64 | |
| 8. | Any other financial item(s) (as felt appropriate by the management) | - | |

II. Audit Qualification (each audit qualification separately):**a. Details of Audit Qualification:**

Attention has been drawn by the Auditors' under the heading "Basis of Qualified Opinion" of the Auditors' Report to the following notes of the financial results for the quarter and year ended 31st March 2020 -

Sub Para (a): Note no. 4 in respect to cancellation of coal block allotted to the company in earlier years and non-recognition of the claims receipt thereof & non-carrying of any adjustment in the books of accounts for the reasons stated in the note. Pending finalisation of the matter & as the matter is sub judice, disclosures as per Indian Accounting standard will be given effect on final settlement of the matter & the balances appearing in the books of accounts in respect to such coal block have been carried forward at their carrying cost and disclosed as capital work in progress, property plant & equipment, inventories and other heads of account. The impact and consequential adjustment thereof are not presently ascertainable.

Sub Para (b): Note No. 6 in respect to Company's investment amounting to Rs. 1653.76 lakhs in Electrosteel Steels Limited (ESL), the pledge of which was invoked by the lenders of ESL and the same has been set aside by the Hon'ble High Court at Calcutta. The plea of the company to release the pledge is pending before the Hon'ble Calcutta High Court. Further certain fixed assets of Elavur plant of the Company which are mortgaged in favour of a Lender of ESL, who has assigned their rights to another entity and the symbolic possession has been taken during the quarter ended June 30, 2019, has been disputed by the company as enumerated in the note. Above exposures have been carried forward at their existing carrying value & no impairment has been provided in respect to above and the impact of which is not presently ascertainable.

Sub Para (c): Note No 7 in respect to carry forward of claim recoverable amounting to Rs. 1778.11 Lakhs towards the compensation claimed from the Railway Authorities as mentioned in the note. The recovery of the same is dependent on the outcome of the arbitration process and is not presently ascertainable.

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

c. **Frequency of qualification:** Whether appeared first time / repetitive / since how long continuing – Note no. 4 since financial year 2014-15, Note no. 6 since financial year 2017-18 and Note no. 7 for the first time.

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



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

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

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

Sub Para (a) – In pursuance of the Order dated September 24, 2014 issued by the Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated October 21, 2014 (Ordinance) for implementing the Order, allotment of Parbatpur coal block (coal block/mines) to the Company which was under advanced stage of implementation, had been cancelled w.e.f. April 01, 2015. In terms of the Ordinance, the Company was allowed to continue the operations in the said block till March 31, 2015. Accordingly, the said block had been handed over to Bharat Coking Coal Limited (BCCL) as per the direction from Coal India Ltd. (CIL) with effect from April 01, 2015 and the same has been subsequently allotted to Steel Authority of India Limited (SAIL).

Following a petition filed by the Company, the Hon'ble High Court at Delhi had pronounced its judgement on March 09, 2017. Accordingly based on the said judgement, the Company has claimed Rs.153176.00 lakhs towards compensation against the said coal block, acceptance whereof is awaited. Aggrieved due to delay in acceptance of claim and on a petition filed by the Company, the Hon'ble High Court had directed the Nominated Authority appointed under Ministry of Coal to determine the compensation. Earlier the Nominated Authority had upheld its decision of compensation already paid and the same was set aside by the Hon'ble High Court with a direction to the Nominated authority to reconsider. The Nominated authority further passed an order dated 11.11.2019 awarding an additional compensation of Rs. 180 lakhs and with a further direction to re-determine the value of certain assets by the appropriate authority. The Company has approached the newly appointed Nominated Authority/ Ministry of Coal to reconsider the compensation determined by the previous Nominated Authority vide its order dated 11.11.2019 and grant an opportunity to present its case and also exploring other possibilities.

Pending finalisation of the matter as above;

- (i) Rs.128884.11 lakhs incurred pertaining to the coal block till March 31, 2015 after setting off income, stocks etc. there against as per the accounting policy then followed by the Company has been continued to be shown as freehold land, capital work in progress, other fixed assets and other respective heads of account;
- (ii) Interest and other finance cost for the year ended March 31, 2016 against the fund borrowed and other expenses directly attributable in this respect amounting to Rs. 9514.74 lakhs has been considered as other recoverable under current assets; and
- (iii) Compensation of Rs. 8312.34 lakhs so far received and net realisations/claims against sale of assets, advances, input credits etc. amounting to Rs. 2054.70 lakhs have been adjusted.

Disclosure as per Indian Accounting Standard and adjustments arising with respect to above will be given effect to on final acceptance/ settlement of the claim.

Sub Para (b) - In view of approved resolution plan as confirmed by Hon'ble National Company Law Appellate Tribunal (NCLAT) by its order dated August 10, 2018 and pursuant to issuance of additional Equity Shares by Electrosteel Steels Limited (ESL) for giving impact of the resolution plan, ESL had ceased to be an associate of the Company during the quarter ended June 30, 2018. To comply with the requirements of Ind AS 109 "Financial Instruments", the Company had fair valued the investment in ESL and a sum of Rs. 57868.38 lakhs representing difference between the carrying value of said investment and fair value on the date of change of status was considered as exceptional item in statement of Profit and Loss in the quarter ended June 30, 2018.

The Company had elected the option under the said Ind AS to present the subsequent fair value changes of the said investment through Other Comprehensive Income. Further in terms of the approved resolution plan, advances and trade receivable amounting to Rs. 21121.70 lakhs receivable from ESL was written off during the quarter ended September 2018 shown as exceptional item in the statement of Profit and Loss.

During the quarter ending December 2018, shares of ESL were delisted and Vedanta Star Limited (holding company of ESL) has made an exit offer to the shareholders of ESL at a price of Rs. 9.54 per share which was open till December 20, 2019. Due to delisting of Electrosteel Steels Limited (ESL) and in absence of other available ways of valuation, the Company has continued to consider the exit price, which was open till December 20, 2019, as the basis of valuation of Investment in ESL.

Further 1,73,34,999 equity shares of Rs. 10 each in ESL amounting to Rs. 1653.76 lakhs as on March 31, 2019 are pledged with the lenders of the ESL. The consortium of the lenders of ESL had issued notice for the invocation of pledged shares which has been disputed by the Company and on the plea filed by the Company, the Hon'ble High Court of Calcutta has set aside the notices issued by the lenders. The Company's plea for release of the pledge is pending before the Hon'ble Court.

One of the lenders of ESL in whose favour the Company had mortgaged certain Land & Building amounting to Rs. 29571.05 lakhs of the Company situated at Elavur, Tamilnadu, has assigned its rights in favour of another entity which has been disputed by the company. Pending settlement of the matter, these assets have been carried forward at their carrying book value.

Sub Para (c): As reported earlier, the Railway Authorities had withdrawn the permission of operation of Railway siding under construction which is situated at Haldia, West Bengal. The company has claimed the compensation from the Railway Authorities for the amount incurred for the said siding which was denied and the matter is under arbitration based on the direction of Hon'ble High Court at Kolkata. Pending arbitration proceedings, the company has recognised a charge of Rs. 2318.35 lakhs during the quarter and a balance amounting to Rs. 1778.11 lakhs has been considered recoverable by the management of the company and shown as "Other Financial Assets" under the "Current Assets".

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

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

III. Signatories :

| | |
|--------------------------|--|
| CEO/Managing Director | Umang Kejriwal <i>Managing Director</i> |
| CFO | Ashutosh Agarwal <i>Executive Director (Group Finance) and CFO</i> |
| Audit Committee Chairman | Binod Kumar Khaitan <i>Audit Committee Chairman</i> |
| Statutory Auditor | For Singhi & Co <i>Chartered Accountants</i> Firm's Registration No.: 302049E Gopal Jain <i>(Partner)</i> Membership No: 059147 |

Place : Kolkata

Date : June 15, 2020



www.electrosteelcastings.com

Independent Auditor's Report

To,
The Board of Directors of
Electrosteel Castings Limited

Report on the audit of the standalone annual financial results

Qualified Opinion

We have audited the accompanying standalone annual financial results of Electrosteel Castings Limited ('the Company') for the year ended 31st March 2021 (the "Statement"), 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 Regulation").

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

- (a) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- (b) except for the possible effect of the matter described in 'Basis for Qualified Opinion' paragraph below, gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards (IND AS) and other accounting principles generally accepted in India of the net profit and other comprehensive income and other financial information for the year ended 31st March 2021.

Basis of Qualified Opinion

Attention is drawn to the following notes of the accompanying standalone financial results:

- (a) Note no. 4 in respect to cancellation of coal block allotted to the company in earlier years and non-recognition of the claims receipt thereof & non-carrying of any adjustment in the books of accounts for the reasons stated in the note. Pending finalisation of the matter & as the matter is sub judice, disclosures as per Indian Accounting standard will be given effect on final settlement of the matter & the balances appearing in the books of accounts in respect to such coal block have been carried forward at their carrying cost and disclosed as capital work in progress, property plant & equipment, inventories and other heads of account. The impact and consequential adjustment thereof are not presently ascertainable.
- (b) Note No. 6 in respect to Company's investment amounting to Rs. 3612.61 lakhs in Electrosteel Steels Limited (ESL), the pledge of which was invoked by the lenders of ESL and the same has been set aside by the Hon'ble High Court at Calcutta. The plea of the company to release the pledge is pending before the Hon'ble High Court at Calcutta. Further the Land of Elavur plant of the Company which is mortgaged in favour of a Lender of ESL, who has assigned their rights to another entity and the symbolic possession has been taken in the previous year, has been disputed by the company as enumerated in the note. Above exposures have been carried forward at their existing carrying value & no impairment has been provided in respect to above and the impact of which is not presently ascertainable.

- (c) Note No 7 in respect to carry forward of claim recoverable amounting to Rs. 1778.11 Lakhs towards the compensation claimed from the Railway Authorities as mentioned in the note. The recovery of the same is dependent on the outcome of the arbitration process and is not presently ascertainable.

Impacts with respect to (a),(b) & (c) above are presently not ascertainable and as such cannot be commented upon by us.

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 SA are further described in the *Auditor's Responsibilities for the Audit of 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 financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our ethical responsibilities in accordance with the requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified opinion on the standalone annual financial results.

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

These standalone annual 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 the Statement that gives a true and fair view of the net profit and other comprehensive income of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued there under 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement 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 company's management and the Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the Statement 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 the Statement.

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 Statement, 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 standalone financial statements whether the company has adequate internal financial controls with reference to standalone 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 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 Company's ability to continue as a going concern. 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 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.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents 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.

Materiality is the magnitude of misstatements in the standalone financial results that individually or in aggregate, make it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial results.

Other Matter

The standalone annual financial results include the results for the quarter ended 31st March, 2021 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 as required under the listing regulations.

**For Singhi & Co.
Chartered Accountants
Firm's Registration No. 302049E**

**GOPAL
JAIN**

Digitally signed by
GOPAL JAIN
Date: 2021.05.20
12:54:11 +05'30'

(Gopal Jain)

Partner

**Membership No.: 059147
UDIN: 21059147AAAABB1163**

Place: Kolkata

Date: 20th day of May, 2021



ELECTROSTEEL CASTINGS LIMITED

CIN: L27310OR1955PLC000310

Registered Office : Rathod Colony, P. O. Rajgangpur, Sundergarh, Odisha 770 017

Tel. No.:+91 06624 220 332; Fax:+91 06624 220 332

Corporate Office: 19, Camac Street, Kolkata 700 017

Website: www.electrosteelcastings.com

E-mail: companysecretary@electrosteel.com

(Rs.in lakhs)

STATEMENT OF AUDITED STANDALONE RESULTS FOR THE QUARTER AND YEAR ENDED 31/03/2021

| Particulars | 3 months ended 31/03/2021 | Preceding 3 months ended 31/12/2020 | Corresponding 3 months ended in the previous year 31/03/2020 | Year to date figures for current year ended 31/03/2021 | Year to date figures for previous year ended 31/03/2020 |
|--|------------------------------|--|---|--|---|
| | (Audited) (Refer note 12) | (Unaudited) | (Audited) (Refer note 12) | (Audited) | (Audited) |
| 1. Revenue From Operations | 72076.64 | 69717.69 | 62242.87 | 223611.59 | 247988.93 |
| 2. Other Income | 664.87 | 1650.43 | 555.88 | 4856.18 | 3761.22 |
| 3. Total income (1 + 2) | 72741.51 | 71368.12 | 62798.75 | 228467.77 | 251750.15 |
| 4. EXPENSES | | | | | |
| (a) Cost of materials consumed | 34784.16 | 30782.33 | 26528.63 | 103701.42 | 111841.99 |
| (b) Purchases of Stock-in-Trade | 783.53 | 1051.48 | 874.19 | 3199.60 | 3166.87 |
| (c) Changes in inventories of finished goods, Stock-in-Trade and work-in-progress | 722.77 | 2313.07 | 717.26 | 3232.14 | (557.40) |
| (d) Employee benefits expense | 4746.42 | 4798.07 | 4251.63 | 17055.77 | 17193.30 |
| (e) Finance costs | 5635.89 | 4532.73 | 5451.95 | 18383.15 | 21989.75 |
| (f) Depreciation and amortization expense | 1315.95 | 1344.68 | 1338.46 | 5267.21 | 5274.32 |
| (g) Other expenses | 22185.00 | 21848.86 | 23287.90 | 72733.62 | 80487.79 |
| Total expenses | 70173.72 | 66671.22 | 62450.02 | 223572.91 | 239396.62 |
| 5. Profit / (Loss) before tax (3 - 4) | 2567.79 | 4696.90 | 348.73 | 4894.86 | 12353.53 |
| 6. Tax expense: | | | | | |
| Current tax | 963.40 | 832.91 | 360.91 | 1796.30 | 1351.26 |
| Deferred tax | (348.24) | 258.18 | (992.07) | (1154.54) | 1159.68 |
| Related to earlier year | (71.01) | - | 1.56 | (71.01) | (16.19) |
| 7. Profit / (Loss) for the period (5 - 6) | 2023.64 | 3605.81 | 978.33 | 4324.11 | 9858.78 |
| 8. Other Comprehensive Income | | | | | |
| A (i) Items that will not be reclassified to profit or loss | | | | | |
| a) Remeasurements of the defined benefit plans | 118.69 | 0.84 | (165.97) | 121.23 | 3.39 |
| b) Equity instruments through other comprehensive income | 2462.95 | (0.24) | (10.10) | 2504.14 | (14.46) |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | (29.88) | (0.15) | 60.63 | (39.94) | 2.46 |
| B (i) Items that will be reclassified to profit or loss | - | - | - | - | - |
| Other Comprehensive Income for the period (net of tax) | 2551.76 | 0.45 | (115.44) | 2585.43 | (6.61) |
| 9. Total Comprehensive Income for the period (7 + 8) | 4575.40 | 3606.26 | 862.89 | 6909.54 | 9850.17 |
| 10. Paid-up equity share capital (Face value - Re. 1/-) | 4329.55 | 4329.55 | 4329.55 | 4329.55 | 4329.55 |
| 11. Other equity excluding revaluation reserve | | | | 256135.84 | 250525.16 |
| 12. Earnings per equity share of par value of Re. 1 each. | | | | | |
| (1) Basic (Rs.) | 0.47 | 0.83 | 0.23 | 1.00 | 2.36 |
| (2) Diluted (Rs.) | 0.47 | 0.83 | 0.23 | 1.00 | 2.36 |



| (Rs.in lakhs) | | |
|---|-------------------------|----------------------------|
| STATEMENT OF STANDALONE ASSETS AND LIABILITIES | | |
| Particulars | As at March 31, 2021 | As at March 31, 2020 |
| A. ASSETS | | |
| (1) Non-current assets | | |
| (a) Property, Plant and Equipment | 158869.16 | 160789.28 |
| (b) Capital work-in-progress | 115588.99 | 116541.67 |
| (c) Other Intangible assets | 140.96 | 136.76 |
| (d) Right-of-use assets | 2306.78 | 2358.78 |
| (e) Investments in subsidiaries, associates and joint ventures | 51897.69 | 51897.69 |
| (f) Financial Assets | | |
| (i) Investments | 4572.13 | 2120.41 |
| (ii) Loans | 1467.24 | 1316.50 |
| (iii) Other financial assets | 5226.47 | 5550.00 |
| (g) Other non-current assets | 504.22 | 554.09 |
| Total Non-Current assets | 340573.64 | 341265.18 |
| (2) Current assets | | |
| (a) Inventories | 66986.06 | 61355.11 |
| (b) Financial Assets | | |
| (i) Investments | - | 0.52 |
| (ii) Trade receivables | 53853.57 | 63778.18 |
| (iii) Cash and cash equivalents | 3746.23 | 2223.55 |
| (iv) Bank balances other than (iii) above | 5049.29 | 4042.40 |
| (v) Loans | 1188.40 | 1317.27 |
| (vi) Other financial assets | 18188.94 | 18884.01 |
| (c) Other current assets | 6039.59 | 5626.04 |
| Total Current assets | 155052.08 | 157227.08 |
| Total Assets | 495625.72 | 498492.26 |
| B. EQUITY AND LIABILITIES | | |
| Equity | | |
| (a) Equity Share capital | 4329.55 | 4329.55 |
| (b) Other Equity | 256135.84 | 250525.16 |
| Total Equity | 260465.39 | 254854.71 |
| Liabilities | | |
| (1) Non-current liabilities | | |
| (a) Financial Liabilities | | |
| (i) Borrowings | 66866.94 | 70130.07 |
| (ii) Lease liabilities | 353.44 | 467.87 |
| (b) Provisions | 2899.70 | 2810.77 |
| (c) Deferred tax liabilities (Net) | 23142.17 | 24256.77 |
| (d) Other non-current liabilities | 4377.05 | 5343.12 |
| (e) Non-current Tax Liabilities (Net) | 5250.71 | 5157.78 |
| Total Non-current liabilities | 102890.01 | 108166.38 |
| (2) Current liabilities | | |
| (a) Financial Liabilities | | |
| (i) Borrowings | 60774.70 | 60391.31 |
| (ii) Lease liabilities | 230.65 | 122.29 |
| (iii) Trade payables | | |
| (a) Total Outstanding dues of Micro enterprises and small enterprises: and | 127.10 | 161.85 |
| (b) Total Outstanding dues of creditor other than Micro enterprises and small enterprises | 33670.44 | 33065.17 |
| (iv) Other financial liabilities | 15178.29 | 26012.21 |
| (b) Other current liabilities | 20883.75 | 14509.94 |
| (c) Provisions | 1171.70 | 1208.40 |
| (d) Current Tax Liabilities (Net) | 233.69 | - |
| Total Current liabilities | 132270.32 | 135471.17 |
| Total Equity and Liabilities | 495625.72 | 498492.26 |



STATEMENT OF STANDALONE CASH FLOW

(Amount Rs.in lakhs)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit/(Loss) before Tax | 4894.86 | 12353.53 |
| Add: Depreciation and amortisation expenses | 5267.21 | 5274.32 |
| Sundry balances /Assets / Advances written off | 38.07 | 2820.71 |
| Bad Debts | 67.27 | 47.93 |
| Credit loss allowances on trade receivables/advances/Others | 95.20 | 41.23 |
| Impairment in valuation of investments | - | 45.05 |
| Net (gain) /loss on Fair valuation of Current Investments | - | 0.15 |
| Profit/(Loss) on sale / discard of Fixed Assets (Net) | 250.12 | 214.85 |
| Finance cost | 18383.15 | 24101.02 |
| | 21989.75 | 30434.00 |
| Less: Interest income | 1259.44 | 28995.88 |
| Bad Debts realised | - | 1149.29 |
| Dividend income from investments | 1352.14 | 89.58 |
| Net gain/(loss) on derecognition of financial assets at amortised cost | 0.12 | 1158.79 |
| Fair Valuation of derivative instruments through Profit & Loss | 560.56 | 29.71 |
| Unrealised foreign exchange fluctuation and translation | (793.18) | (665.97) |
| Profit / (Loss) on sale of Current Investment | 0.27 | 1315.23 |
| Profit on sale of Non Current Investment | 16.63 | (14.94) |
| Provisions / Liabilities no longer required written back | 663.16 | - |
| | 3059.14 | 63.46 |
| | 3125.16 | 42787.53 |
| Operating Profit before Working Capital changes | 25936.74 | 39662.37 |
| Movements in working capital | | |
| Less: Increase/(Decrease) in Inventories | 5630.95 | 5012.63 |
| Increase/(Decrease) in Trade Receivables | (7913.96) | 1093.23 |
| Increase/(Decrease) in Loans & Advances, other financial and non-financial assets | (707.61) | 162.42 |
| (Increase)/Decrease in Trade Payables, other financial and non financial liabilities and provisions | (7466.98) | (10457.60) |
| | 9139.49 | 15407.77 |
| Cash generated From Operations | 36394.34 | 24254.60 |
| Less: Direct Taxes paid (Net) | 1436.19 | 470.82 |
| Net cash flow from Operating Activities (A) | 34958.15 | 23783.78 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Property, Plant and Equipment, Intangible Assets and movements in Capital work in progress | (2783.95) | (5467.46) |
| Realisation of Property, Plant and Equipment, Intangible Assets | 60.14 | 22.46 |
| Sale of Investment in Associate, Subsidiary and Joint Venture | - | 1.50 |
| Sale of Current Investment | 0.79 | 60.20 |
| Sale of Non Current Investment | 69.05 | - |
| Interest received | 1234.72 | 1183.48 |
| Dividend received | 1352.14 | 1158.79 |
| Movement in bank balances other than cash and cash equivalents | (683.36) | (750.47) |
| | 1412.21 | (1628.82) |
| Net Cash flow from Investing Activities (B) | (750.47) | (1628.82) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds/(Repayment) from short term borrowings (net) | 1212.92 | (4181.26) |
| Repayment of Long term borrowings | (37595.20) | (11644.33) |
| Proceeds from Long term borrowings | 23600.00 | 6000.00 |
| Interest and other borrowing cost paid | (18541.79) | (20681.64) |
| Interest paid on Lease Liability | (61.28) | (73.22) |
| Dividend paid | (1,298.86) | - |
| | (32684.21) | (25580.45) |
| Net cash flow from Financing Activities (C) | (32684.21) | (25580.45) |
| D. Net increase / (decrease) in Cash and Cash equivalents (A+B+C) | 1523.47 | (3425.49) |
| E. Cash and Cash equivalents at the beginning of the year | 2223.55 | 5647.38 |
| F. Add/ (Less): Unrealised exchange gain/(loss) on bank balances | (0.79) | 1.66 |
| G. Cash and Cash equivalents at the end of the year | 3746.23 | 2223.55 |



Notes:

1. The above standalone financial results which have been prepared in accordance with Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI circular dated July 5, 2016, have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on May 20, 2021. These results have been subjected to Audit by the Statutory Auditors.
2. The Company operates mainly in one business segment viz. Pipes and all other activities revolve around the main business.
3. Due to delay in grant of forest, environment and other clearances from various authorities and execution of mining lease of an area of 192.50 ha. by the State Government of Jharkhand for iron and manganese ores at Dirsumburu in Kodilabad Reserve Forest, Saranda of West Singhbhum, Jharkhand, the validity period of letter of intent granted in this respect expired on January 11, 2017. The Company filed a writ petition before the Hon'ble High Court at Jharkhand on January 10, 2017, praying inter-alia for direction for grant of said lease in favour of the Company. The Hon'ble High Court in its order while observed, being not averse in granting relief with respect to cut off date, admitted the said petition and fixed the case for further hearing and adjudication. Pending decision of the Hon'ble High Court, Rs. 3895.26 lakhs so far incurred in connection with these Mines/related facilities, have been carried forward under respective heads of fixed assets, capital work in progress and advances.
4. In pursuance of the Order dated September 24, 2014 issued by the Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated October 21, 2014 (Ordinance) for implementing the Order, allotment of Parbatpur coal block (coal block/mines) to the Company which was under advanced stage of implementation, had been cancelled w.e.f. April 01, 2015. In terms of the Ordinance, the Company was allowed to continue the operations in the said block till March 31, 2015. Accordingly, the said block had been handed over to Bharat Coking Coal Limited (BCCL) as per the direction from Coal India Ltd. (CIL) with effect from April 01, 2015 and the same has been subsequently allotted to Steel Authority of India Limited (SAIL). The company also understand that the SAIL has handed over back the said coal block to the custody of BCCL.

Following a petition filed by the Company, the Hon'ble High Court at Delhi had pronounced its judgement on March 09, 2017. Accordingly based on the said judgement, the Company has claimed Rs.153176.00 lakhs towards compensation against the said coal block, acceptance whereof is awaited. Aggrieved due to delay in acceptance of claim and on a petition filed by the Company, the Hon'ble High Court had directed the Nominated Authority appointed under Ministry of Coal to determine the compensation. Earlier the Nominated Authority had upheld its decision of compensation already paid and the same was set aside by the Hon'ble High Court with a direction to the Nominated authority to reconsider. The Nominated authority further passed an order dated 11.11.2019 awarding an additional compensation of Rs. 180 lakhs and with a further direction to re-determine the value of certain assets by the appropriate authority. The newly appointed Nominated Authority had appointed a valuer to determine the value of those specified assets as per the direction of Nominated Authority dated 11.11.2019 and the process of valuation is under progress as per the available information. The company has also approached the newly appointed Nominated Authority/ Ministry of Coal to reconsider the compensation determined by the previous Nominated Authority and also exploring other possibilities.

Pending finalisation of the matter as above;

- (i) Rs.128884.11 lakhs incurred pertaining to the coal block till March 31, 2015 after setting off income, stocks etc. there against as per the accounting policy then followed by the Company has been continued to be shown as freehold land, capital work in progress, other fixed assets and other respective heads of account;
- (ii) Interest and other finance cost for the year ended March 31, 2016 against the fund borrowed and other expenses directly attributable in this respect amounting to Rs. 9514.74 lakhs has been considered as other recoverable under current assets; and
- (iii) Compensation of Rs. 8312.34 lakhs so far received and net realisations/claims against sale of assets, advances, input credits etc. amounting to Rs. 2054.70 lakhs have been adjusted.

Disclosure as per Indian Accounting Standard and adjustments arising with respect to above will be given effect to on final acceptance/settlement of the claim.

5. In terms of the Hon'ble Supreme Court Order as referred above, North Dhadhu Coal Block, allotted in joint venture with other companies, has also been cancelled w.e.f. September 24, 2014. The Company barring initial contribution of Rs. 822.81 lakhs and Company's share of bank guarantee amounting to Rs. 2745.00 lakhs (encashment of which has been stayed by Hon'ble High Court at Jharkhand) has not made any further investments in the said joint venture company. In view of the management, the compensation to be received in terms of the "The Coal Mines (Special Provision) Ordinance 2014" is expected to cover the cost incurred by the Joint Venture Company. However as an abundant precaution, impairment in the value of the investment amounting to Rs. 822.81 lakhs in Joint venture was made in the previous year. In view of stay order by Hon'ble High Court, no provision in the share of the said bank guarantee has been considered necessary.
6. During the quarter, the company has fair valued the equity shares of Electrosteel Steels Limited (ESL) based on the fair valuation report obtained and a gain of Rs. 2462.95 lakhs has been accounted for in other comprehensive Income.

Further the notices issued by the consortium of lenders of ESL for invocation of pledge of company's investment of 173,34,999 equity shares of Rs. 10 each in ESL amounting to Rs. 3612.61 lakhs was set aside by the Hon'ble High Court at Calcutta. The plea of the company for release of the pledge is pending before the Hon'ble Court.

In the earlier years, certain land amounting to Rs. 29493.58 lakhs (value as at 31-03-2021) of the company, situated at Elavur, Tamilnadu, were mortgaged to a lender of ESL and the lender had subsequently assigned the right of the said property to a third party although the claims of the said lender were fully settled by the ESL as per the approved Resolution Plan of NCLT. Further the third party had taken the symbolic possession of the said property in the previous year. The Company had disputed the assignment by the lender and filed an appeal before the Commercial Appellate, Hon'ble Madras High Court for deciding the appropriate forum wherein company can file the suit for release of such property. The Madras High Court has granted injunction and the matter is sub judice. Pending finalization of the matter, these assets have been carried forward at their carrying book value.



7. As reported earlier, the Railway Authorities had withdrawn the permission of operation of Railway siding under construction which is situated at Haldia, West Bengal. The company has claimed the compensation from the Railway Authorities for the amount incurred for the said siding which was denied and the matter is under arbitration based on the direction of Hon'ble High Court at Calcutta. Pending arbitration proceedings, the company had recognised a charge of Rs. 2318.35 lakhs during the previous year and the balance amounting to Rs. 1778.11 lakhs has been considered recoverable by the company and shown as "Other Financial Assets" under the "Current Assets".
8. The Company's operations and financial results for the first quarter were adversely impacted due to stoppage of operations for more than two months' full lock down due to outbreak of COVID-19 pandemic. Thereafter it took nearly another two months for attaining back full production level. In view of the impact of pandemic, the results for the year ended March 31, 2021 are, therefore, not comparable with those of comparative year ended March 31, 2020. The Company has also considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of property, plant and equipment, Investments, Inventories, receivables and other current assets. The company has performed sensitivity analysis on the assumptions used and expects to recover the carrying amount of these assets.
9. The Board of Directors of the Company at its meeting held on October 5, 2020, had approved a scheme of amalgamation between the Company and Srikalahasthi Pipes Limited (SPL) wherein w.e.f the appointed date i.e. October 1, 2020, SPL will merge with the Company on a going concern basis subject to obtaining of necessary approvals. Pending such approvals, no adjustment has been carried out in the books of the accounts.
10. The Board of Directors have recommended a dividend of Re. 0.25 per share (i.e. 25%), subject to approval of the shareholders in the ensuing Annual General Meeting.
11. The Code on Social Security,2020 ('Code') relating to various employee benefits has received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been yet notified. The Company will assess the impact of the Code when it comes into effect and will account for any related impact in the period the Code becomes effective.
12. The figures for the quarter ended March 31, 2021 and March 31, 2020 are the balancing figures between the audited figures in respect of the full financial and the year to date upto December 31 of the respective years which have been subjected to Limited Review by the Statutory Auditors.
13. Previous periods' figures have been regrouped/rearranged wherever necessary.

For ELECTROSTEEL CASTINGS LIMITED



Umang Kejriwal

Umang Kejriwal
Managing Director
(DIN: 000065173)

Kolkata
May 20, 2021

ANNEXURE I

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

**Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2021
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]**

| | | | | (Rs in Lakhs) |
|-----|---|---|---|---|
| i. | Sl. No. | Particulars | Audited Figures (as reported before adjusting for qualifications) | Adjusted Figures (audited figures after adjusting for qualifications) |
| | 1. | Turnover / Total income | 228467.77 | Not Ascertainable |
| | 2. | Total Expenditure | 223572.91 | |
| | 3. | Net Profit/(Loss) (including other comprehensive income) | 6909.54 | |
| | 4. | Earnings Per Share | 1.00 | |
| | 5. | Total Assets | 495625.72 | |
| | 6. | Total Liabilities | 235160.33 | |
| | 7. | Net Worth (Equity Share Capital plus Other Equity) | 260465.39 | |
| | 8. | Any other financial item(s) (as felt appropriate by the management) | - | |
| ii. | <p>Audit Qualification (each audit qualification separately):</p> <p>a. Details of Audit Qualification: Attention has been drawn by the Auditors' under the heading "Basis of Qualified Opinion" of the Auditors' Report to the following notes of the financial results for the quarter and year ended 31st March 2021 -</p> <p>Sub Para (a): Note no. 4 in respect to cancellation of coal block allotted to the company in earlier years and non-recognition of the claims receipt thereof & non-carrying of any adjustment in the books of accounts for the reasons stated in the note. Pending finalisation of the matter & as the matter is sub-judice, disclosures as per Indian Accounting standard will be given effect on final settlement of the matter & the balances appearing in the books of accounts in respect to such coal block have been carried forward at their carrying cost and disclosed as capital work in progress, property plant & equipment, inventories and other heads of account. The impact and consequential adjustment thereof are not presently ascertainable.</p> <p>Sub Para (b): Note No. 6 in respect to Company's investment amounting to Rs. 3612.61 lakhs in Electrosteel Steels Limited (ESL), the pledge of which was invoked by the lenders of ESL and the same has been set aside by the Hon'ble High Court at Calcutta. The plea of the company to release the pledge is pending before the Hon'ble High Court at Calcutta. Further the Land of Elavur plant of the Company which is mortgaged in favour of a Lender of ESL, who has assigned their rights to another entity and the symbolic possession has been taken in the previous year, has been disputed by the company as enumerated in the note. Above</p> | | | |



exposures have been carried forward at their existing carrying value & no impairment has been provided in respect to above and the impact of which is not presently ascertainable.

Sub Para (c): Note No 7 in respect to carry forward of claim recoverable amounting to Rs. 1778.11 Lakhs towards the compensation claimed from the Railway Authorities as mentioned in the note. The recovery of the same is dependent on the outcome of the arbitration process and is not presently ascertainable.

- b. **Type of Audit Qualification:** Qualified Opinion / Disclaimer of Opinion / Adverse Opinion
- c. **Frequency of qualification:** Whether appeared first time / repetitive / since how long continuing – Note no. 4 since financial year 2014-15, Note no. 6 since financial year 2017-18 and Note no. 7 since financial year 2019-20.
- d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**
N.A
- e. **For Audit Qualification(s) where the impact is not quantified by the auditor:**
- (i) **Management's estimation on the impact of audit qualification:** N.A
- (ii) **If management is unable to estimate the impact, reasons for the same:**

Sub Para (a) – In pursuance of the Order dated September 24, 2014 issued by the Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated October 21, 2014 (Ordinance) for implementing the Order, allotment of Parbatpur coal block (coal block/mines) to the Company which was under advanced stage of implementation, had been cancelled w.e.f. April 01, 2015. In terms of the Ordinance, the Company was allowed to continue the operations in the said block till March 31, 2015. Accordingly, the said block had been handed over to Bharat Coking Coal Limited (BCCL) as per the direction from Coal India Ltd. (CIL) with effect from April 01, 2015 and the same has been subsequently allotted to Steel Authority of India Limited (SAIL). The company also understand that the SAIL has handed over back the said coal block to the custody of BCCL.

Following a petition filed by the Company, the Hon'ble High Court at Delhi had pronounced its judgement on March 09, 2017. Accordingly based on the said judgement, the Company has claimed Rs.153176.00 lakhs towards compensation against the said coal block, acceptance whereof is awaited. Aggrieved due to delay in acceptance of claim and on a petition filed by the Company, the Hon'ble High Court had directed the Nominated Authority appointed under Ministry of Coal to determine the compensation. Earlier the Nominated Authority had upheld its decision of compensation already paid and the same was set aside by the Hon'ble High Court with a direction to the Nominated authority to reconsider. The Nominated authority further passed an order dated 11.11.2019 awarding an additional compensation of Rs. 180 lakhs and with a further direction to re-determine the value of certain assets by the appropriate authority. The newly appointed Nominated Authority had appointed a valuer to determine the value of those specified assets as per the direction of Nominated Authority dated 11.11.2019 and the process of valuation is under progress as per the available information. The company has also approached the newly appointed Nominated Authority/ Ministry of Coal to reconsider the compensation determined by the previous Nominated Authority and also exploring other possibilities.

Pending finalisation of the matter as above;

(i) Rs.128884.11 lakhs incurred pertaining to the coal block till March 31, 2015 after setting off income, stocks etc. there against as per the accounting policy then followed by the Company has



been continued to be shown as freehold land, capital work in progress, other fixed assets and other respective heads of account;

(ii) Interest and other finance cost for the year ended March 31, 2016 against the fund borrowed and other expenses directly attributable in this respect amounting to Rs. 9514.74 lakhs has been considered as other recoverable under current assets; and

(iii) Compensation of Rs. 8312.34 lakhs so far received and net realisations/claims against sale of assets, advances, input credits etc. amounting to Rs. 2054.70 lakhs have been adjusted.

Disclosure as per Indian Accounting Standard and adjustments arising with respect to above will be given effect to on final acceptance/settlement of the claim.

Sub Para (b) - In view of approved resolution plan as confirmed by Hon'ble National Company Law Appellate Tribunal (NCLAT) by its order dated August 10, 2018 and pursuant to issuance of additional Equity Shares by Electrosteel Steels Limited (ESL) for giving impact of the resolution plan, ESL had ceased to be an associate of the Company during the quarter ended June 30, 2018. To comply with the requirements of Ind AS 109 "Financial Instruments", the Company had fair valued the investment in ESL and a sum of Rs. 57868.38 lakhs representing difference between the carrying value of said investment and fair value on the date of change of status was considered as exceptional item in statement of Profit and Loss in the quarter ended June 30, 2018.

The Company had elected the option under the said Ind AS to present the subsequent fair value changes of the said investment through Other Comprehensive Income. Further in terms of the approved resolution plan, advances and trade receivable amounting to Rs. 21121.70 lakhs receivable from ESL was written off during the quarter ended September 2018 shown as exceptional item in the statement of Profit and Loss.

During the quarter ending December 2018, shares of ESL were delisted and Vedanta Star Limited (holding company of ESL) has made an exit offer to the shareholders of ESL at a price of Rs. 9.54 per share which was open till December 20, 2019. During the quarter, the company has fair valued the equity shares of Electrosteel Steels Limited (ESL) based on the fair valuation report obtained and a gain of Rs. 2462.95 lakhs has been accounted for in other comprehensive Income.

Further 1,73,34,999 equity shares of Rs. 10 each in ESL amounting to Rs. 3612.61 lakhs as on March 31, 2021 are pledged with the lenders of the ESL. The consortium of the lenders of ESL had issued notice for the invocation of pledged shares which has been disputed by the Company and on the plea filed by the Company, the Hon'ble High Court of Calcutta has set aside the notices issued by the lenders. The Company's plea for release of the pledge is pending before the Hon'ble Court.

In the earlier years, certain land amounting to Rs. 29493.58 lakhs (value as at 31-03-2021) of the company, situated at Elavur, Tamilnadu, were mortgaged to a lender of ESL and the lender had subsequently assigned the right of the said property to a third party although the claims of the said lender were fully settled by the ESL as per the approved Resolution Plan of NCLT. Further the third party had taken the symbolic possession of the said property in the previous year. The Company had disputed the assignment by the lender and filed an appeal before the Commercial Appellate, Hon'ble Madras High Court for deciding the appropriate forum wherein company can file the suit for release of such property. The Madras High Court has granted injunction and the matter is sub judice. Pending finalization of the matter, these assets have been carried forward at their carrying book value.

Sub Para (c): As reported earlier, the Railway Authorities had withdrawn the permission of operation of Railway siding under construction which is situated at Haldia, West Bengal. The company has



claimed the compensation from the Railway Authorities for the amount incurred for the said siding which was denied and the matter is under arbitration based on the direction of Hon'ble High Court at Kolkata. Pending arbitration proceedings, the company has recognised a charge of Rs. 2318.35 lakhs during the previous year and a balance amounting to Rs. 1778.11 lakhs have been considered recoverable by the management of the company and shown as "Other Financial Assets" under the "Current Assets".

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

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

iii. **Signatories:**

| | |
|--------------------------|---|
| CEO/Managing Director |   Umang Kejriwal (Managing Director) |
| CFO |   Ashutosh Agarwal (Chief Financial Officer) |
| Audit Committee Chairman |  Binod Kumar Khaitan (Audit Committee Chairman) |
| Statutory Auditor | For Singhi & Co Chartered Accountants Firm's Registration No: 302049E Digitally signed by GOPAL JAIN <small>Date: 2021.05.20 14:50:34 +05'30'</small> Gopal Jain (Partner) Membership No: 59147 |

Place: Kolkata
Date: May 20, 2021

Independent Auditors' Report

To the Board of Directors of Electrosteel Castings Limited

Report on the audit of the Consolidated Annual Financial Results

Qualified Opinion

We have audited the accompanying consolidated annual financial results ("the Statement") of Electrosteel Castings Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associate and its joint venture for the year ended 31st March, 2021, attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India ("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 reports of other auditors on separate audited financial statements / information of the subsidiaries, associate and joint venture, the aforesaid consolidated annual financial results:

- a. include the annual financial results of the following entities:

| Name of the Subsidiaries | |
|---|--|
| Electrosteel Trading S.A. Spain | Electrosteel Algeria SPA |
| Electrosteel Castings Gulf FZE | Electrosteel Castings (UK) Limited |
| Electrosteel Doha for Trading LLC | Electrosteel USA, LLC |
| Electrosteel Brasil Ltd. Tubos e Conexoes Duteis | WaterFab LLC (acquired 100% share capital through wholly owned subsidiary Electrosteel USA, LLC) |
| Electrosteel Bahrain Holding Company S.P.C | Electrosteel Bahrain Trading W.L.L (Subsidiary of Electrosteel Bahrain Holding Company S.P.C) |
| Electrosteel Europe S.A. | Srikalahasthi Pipes Limited (ceased to be an associate on September 17, 2020 and became a subsidiary from September 18, 2020 (refer note 1(ii) below in Other Matters) |
| Name of the Joint Venture Companies | |
| North Dhadhu Mining Company Private Limited (Refer note 4 below in Other Matters) | Domco Private Limited (Refer note 5 below in Other Matters) |

- b. each presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- c. except for the possible effect of the matter described in 'Basis for Qualified Opinion' paragraph below, gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards (IND AS) 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 2021.

Basis for Qualified Opinion

Attention is drawn to the following notes of the accompanying consolidated financial results:

- (a) Note no. 4 in respect to cancellation of coal block allotted to the company in earlier years and non-recognition of the claims receipt thereof & non-carrying of any adjustment in the books of accounts for the reasons stated in the note. Pending finalisation of the matter & as the matter is sub judice, disclosures as per Indian Accounting standard will be given effect on final settlement of the matter & the balances appearing in the books of accounts in respect to such coal block have been carried forward at their carrying cost and disclosed as capital work in progress, property plant & equipment, inventories and other heads of account. The impact and consequential adjustment thereof are not presently ascertainable.
- (b) Note No. 6 in respect to Company's investment amounting to Rs. 3612.61 lakhs in Electrosteel Steels Limited (ESL), the pledge of which was invoked by the lenders of ESL and the same has been set aside by the Hon'ble High Court at Calcutta. The plea of the company to release the pledge is pending before the Hon'ble High Court at Calcutta. Further, the Land of the Elavur plant of the Company which is mortgaged in favour of a Lender of ESL, who has assigned their rights to another entity and the symbolic possession has been taken in the previous year, has been disputed by the company as enumerated in the note. Above exposures have been carried forward at their existing carrying value & no impairment has been provided in respect to above and the impact of which is not presently ascertainable.
- (c) Note No 7 in respect to carry forward of claim recoverable amounting to Rs. 1778.11 Lakhs towards the compensation claimed from the Railway Authorities as mentioned in the note. The recovery of the same is dependent on the outcome of the arbitration process and is not presently ascertainable.

Impacts with respect to (a), (b) & (c) above are presently not ascertainable and as such cannot be commented upon by us.

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, its associate and its joint venture 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 there under, 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 "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our qualified opinion on the consolidated annual financial results.

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

These consolidated annual financial results have been prepared on the basis of the consolidated annual 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 associate and joint venture 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 Management and Board of Directors of the companies included in the Group and of its associate and joint venture 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 Management and the respective Board of Directors of the companies included in the Group and of its associate and joint venture 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 Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The respective Company's Management and the Board of Directors of the companies included in the Group and of its associate and joint venture are 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 consolidated annual financial statements on whether the company has adequate internal financial controls with reference to consolidated 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 annual 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 associate and joint venture 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 associate and joint venture 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.

Materiality is the magnitude of misstatements in the consolidated financial results that individually or in aggregate, make it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial results.

We communicate with those charged with governance of the Holding Company 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.

Other Matters

1. The accompanying Statement includes the audited financial results/statements and the other financial information, in respect of:

- (i) 10 (ten) Subsidiaries (including two step down subsidiaries), whose financial results / statements include total assets of Rs. 78585.62 lakhs as at 31st March, 2021, total revenues of Rs. 26794.75 lakhs and Rs. 97587.06 lakhs, total net profit after tax of Rs. 809.91 lakhs and Rs 2187.87 lakhs, total comprehensive income of Rs. 553.14 lakhs and Rs. 2343.77 lakhs for the quarter and the year ended on that date respectively, and net cash flows of Rs. 2248.18 lakhs for the year ended 31st March, 2021 as considered in the statement which have been audited by their respective independent auditors.
 - (ii) 1 (One) Subsidiary, Srikalahasthi Pipes Limited (SPL) {ceased to be an associate and became subsidiary as on 18th September 2020}, whose financial result / statement include total assets of Rs. 236941.93 lakhs as at 31st March, 2021, total revenues of Rs. 47971.53 lakhs & Rs. 99744.72 lakhs, total net profit after tax of Rs. 3988.81 lakhs & Rs 9140.74 lakhs, total comprehensive income of Rs. 3987.36 lakhs & Rs. 12991.38 lakhs for the quarter ended 31st March, 2021 and period from 18th September, 2020 to 31st March, 2021 respectively, net cash flows of Rs. 9851.51 lakhs for the period from 18th September, 2020 to 31st March, 2021 and group's share of net profit after tax of Rs. 541.65 Lakhs and other comprehensive loss of Rs. 2.88 Lakhs for the period from April 01,2020 to September 17, 2020, as considered in the statement whose financial result / financial statement and other financial information have been audited by its independent auditor.
 - (iii) The independent auditors report on the financial statements / financial information / financial results of above-mentioned subsidiaries have been furnished to us by the management and our opinion on the statement in so far as it relates to the amounts and disclosures included in the respect of these subsidiaries is based solely on the reports of such auditors and the procedures performed by us as stated in paragraph above.
 - (iv) Subsidiaries mentioned in sub-paragraph (i) above are located outside India whose annual financial results have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been reviewed by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding's management has converted the financial results of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. The Holding company has also carried out Fit for consolidation adjustment in the financials result / statement of its subsidiary "Srikalahasthi Pipes Limited". We have reviewed these conversion adjustments made by the Holding company's management. Our conclusion in so far as it relates to the balances and affairs of such subsidiaries located both outside & inside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding company and reviewed by us.
2. The accompanying statement also includes unaudited financial result / statement and other unaudited financial information in respect of:
- (i) 1 (one) Subsidiary, whose financial results /statement and other financial information reflect total assets of Rs. 0.28 thousand as at 31st March, 2021 and total revenues of Rs. Nil and Rs. Nil, total net profit / loss after tax of Rs. Nil and Rs. Nil, total comprehensive income of Rs. 359.16 thousand and Rs. (247.94) thousand for the quarter and the year ended on that date respectively and net cash outflows of Rs. 0.03 thousand for the year ended 31st March, 2021.

- (ii) This unaudited financial statement / financial information / financial result have been approved and furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosure included in respect of this subsidiary, is based solely on such unaudited financial statement / financial information / financial result. In our opinion and according to the information and explanation given to us by the Management, these financial statement / financial information / financial result are not material to the group.
3. Our opinion on the statement is not modified in respect of the matters mentioned in paragraph 1 & 2 above of "other Matters" with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information / financial results certified by the Management.
4. As stated in Note No. 5 of the audited consolidated financial results, the investment in North Dhadhu Mining Company Private Limited, a Joint Venture of the Holding Company, has been fully provided in the books. In view of this the results of North Dhadhu Mining Company Private Limited have not been incorporated in the annual consolidated results.
5. As stated in Note No. 11 of the audited consolidated financial results, the financial statements of Domco Private Limited, a joint venture, have not been consolidated in the annual consolidated results, due to non availability of the Statements as required in terms of IND AS-28 on "Investments in Associate and Joint Ventures".
6. The Statement includes the consolidated financial results for the quarter ended 31st March, 2021 being the balancing figures between the audited consolidated figures in respect of the full financial year ended 31st March, 2021 and the published unaudited year to date figures up to the end of third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

For Singhi & Co.
Chartered Accountants
Firm's Registration No. 302049E

GOPAL
L JAIN
Digitally signed
by GOPAL JAIN
Date: 2021.05.20
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(Gopal Jain)
Partner

Membership No.: 059147
UDIN: 21059147AAAABD5135

Place: Kolkata
Date: 20th May 2021



ELECTROSTEEL CASTINGS LIMITED
CIN: L27310OR1955PLC000310

Registered Office : Rathod Colony, Rajgangpur, Sundergarh, Odisha 770 017
Tel. No.:+91 06624 220 332; Fax:+91 06624 220 332
Corporate Office: 19, Camac Street, Kolkata 700 017
Website: www.electrosteel.com
E-mail: companysecretary@electrosteel.com

(Rs. in lakhs)

STATEMENT OF AUDITED CONSOLIDATED RESULTS FOR THE QUARTER AND YEAR ENDED 31/03/2021

| Particulars | 3 months ended 31/03/2021 | Preceding 3 months ended 31/12/2020 | Corresponding 3 months ended in the previous year 31/03/2020 | Year to date figures for current year ended 31/03/2021 | Year to date figures for previous year ended 31/03/2020 |
|---|------------------------------|---|---|--|---|
| | (Audited) (Refer Note 10) | (Unaudited) | (Audited) (Refer Note 10) | (Audited) | (Audited) |
| 1. Revenue From Operations | 122801.48 | 116253.33 | 71263.65 | 347056.22 | 271104.29 |
| 2. Other Income | 1149.43 | 2982.92 | 480.53 | 5821.63 | 3320.77 |
| 3. Total income (1 + 2) | 123950.91 | 119236.25 | 71744.18 | 352677.85 | 274425.06 |
| 4. EXPENSES | | | | | |
| (a) Cost of materials consumed | 50613.12 | 49668.38 | 26528.63 | 141637.38 | 111841.99 |
| (b) Purchases of Stock-in-Trade | 6154.52 | 4180.89 | 4566.50 | 15126.86 | 15661.63 |
| (c) Changes in inventories of finished goods, Stock-in-Trade and work-in-progress | 3029.56 | (2267.04) | (126.99) | 6835.72 | (9795.08) |
| (d) Employee benefits expense | 9935.24 | 9689.33 | 5640.84 | 31348.05 | 22660.63 |
| (e) Finance costs | 6503.67 | 5649.14 | 5584.74 | 21063.43 | 22758.44 |
| (f) Depreciation and amortization expense | 2957.19 | 3108.62 | 1525.89 | 9118.51 | 5714.65 |
| (g) Other expenses | 35880.46 | 37555.22 | 26757.68 | 109020.77 | 94133.40 |
| Total expenses | 115073.76 | 107584.54 | 70477.29 | 334150.72 | 262975.66 |
| 5. Profit / (Loss) before exceptional items and tax (3 - 4) | 8877.15 | 11651.71 | 1266.89 | 18727.13 | 11449.40 |
| 6. Exceptional Item | - | - | - | (24423.40) | - |
| 7. Profit / (Loss) before tax (5+ 6) | 8877.15 | 11651.71 | 1266.89 | (5696.27) | 11449.40 |
| 8. Tax expense: | | | | | |
| Current tax | 2274.55 | 2689.97 | 500.55 | 5327.28 | 1716.28 |
| Deferred tax | 18.37 | 481.91 | (992.89) | (1224.24) | 1159.62 |
| Related to earlier year | (71.01) | - | (38.27) | (71.01) | (56.02) |
| 9. Profit / (Loss) after tax (7-8) | 6655.24 | 8479.83 | 1697.50 | (9728.30) | 8629.52 |
| 10. Add: -Share of Profit/(Loss) in Associates and Joint Venture (Net) | - | - | 2096.69 | 541.65 | 7518.85 |
| 11. Profit / (Loss) for the period (9+10) | 6655.24 | 8479.83 | 3794.19 | (9186.65) | 16148.37 |
| 12. Profit / (Loss) for the period attributable to: | | | | | |
| - Owners of the Company | 4255.87 | 5717.51 | 3776.31 | (14588.05) | 16106.51 |
| - Non-Controlling Interest | 2399.37 | 2762.32 | 17.88 | 5401.40 | 41.86 |
| 13. Other Comprehensive Income | | | | | |
| A (i) Items that will not be reclassified to profit and loss | | | | | |
| a) Remeasurements of the defined benefit plans | 116.75 | (3.82) | (165.97) | 114.63 | 3.39 |
| b) Equity instruments through other comprehensive income | 2462.95 | (0.24) | (10.10) | 2504.14 | (14.46) |
| c) Gain on consolidation transfer to capital reserve | - | - | - | 12001.88 | - |
| (ii) Income tax relating to items that will not be reclassified to profit and loss | (29.39) | 1.02 | 60.63 | (38.28) | 2.46 |
| B (i) Items that will be reclassified to profit and loss | | | | | |
| - Foreign currency translation differences | (253.17) | 261.31 | 736.04 | 153.42 | 1274.76 |
| (ii) Income tax relating to item that will be reclassified to profit and loss | - | - | - | - | - |
| C Share of Other Comprehensive Income in Associates and Joint Ventures (Net of tax) | - | - | (0.19) | (2.88) | (5.76) |
| Other Comprehensive Income (net of tax) | 2297.14 | 258.27 | 620.41 | 14732.91 | 1260.39 |
| 14. Other Comprehensive Income attributable to: | | | | | |
| - Owners of the Company | 2298.00 | 260.31 | 620.41 | 14735.81 | 1260.39 |
| - Non-Controlling Interest | (0.86) | (2.04) | - | (2.90) | - |
| 15. Total Comprehensive Income for the period (11+13) | 8952.38 | 8738.10 | 4414.60 | 5546.26 | 17408.76 |
| 16. Total Comprehensive Income attributable to: | | | | | |
| - Owners of the Company | 6553.87 | 5977.82 | 4396.72 | 147.76 | 17366.90 |
| - Non-Controlling Interest | 2398.51 | 2760.28 | 17.88 | 5398.50 | 41.86 |
| 17. Paid-up equity share capital (Face value - Re. 1/-) | 4329.55 | 4329.55 | 4329.55 | 4329.55 | 4329.55 |
| 18. Other equity excluding revaluation reserve | | | | 282534.34 | 283685.44 |
| 19. Earnings per equity share of per value of Re. 1 each. | | | | | |
| (1) Basic (Rs.) | 0.98 | 1.32 | 0.87 | (3.37) | 3.85 |
| (2) Diluted (Rs.) | 0.98 | 1.32 | 0.87 | (3.37) | 3.85 |



(Rs. in lakhs)

STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES

| Particulars | | As at March 31, 2021 | As at March 31, 2020 |
|-------------|--|-------------------------|-------------------------|
| A. | ASSETS | | |
| | (1) Non-current assets | | |
| | (a) Property, Plant and Equipment | 259792.61 | 166215.33 |
| | (b) Capital work-in-progress | 133677.92 | 116561.86 |
| | (c) Goodwill on consolidation | 216.03 | 216.03 |
| | (d) Other Intangible assets | 1370.55 | 192.99 |
| | (e) Right-of-use assets | 5856.05 | 3675.65 |
| | (f) Investments in associates and joint ventures | - | 72546.86 |
| | (g) Financial Assets | | |
| | (i) Investments | 4572.75 | 2120.68 |
| | (ii) Loans | 2592.96 | 1337.96 |
| | (iii) Other financial assets | 5260.00 | 5550.00 |
| | (h) Non Current Tax Assets (Net) | 637.57 | - |
| | (i) Other non-current assets | 705.16 | 593.25 |
| | Total Non-Current assets | 414681.60 | 369010.61 |
| | (2) Current assets | | |
| | (a) Inventories | 122950.87 | 89702.96 |
| | (b) Financial Assets | | |
| | (i) Investments | 15660.59 | 0.52 |
| | (ii) Trade receivables | 76875.29 | 61793.70 |
| | (iii) Cash and cash equivalents | 21299.01 | 5945.63 |
| | (iv) Bank balances other than (iii) above | 29748.29 | 4042.40 |
| | (v) Loans | 4674.32 | 1942.89 |
| | (vi) Other financial assets | 20437.45 | 18884.01 |
| | (c) Other current assets | 11817.26 | 7955.92 |
| | Total Current assets | 303463.08 | 190268.03 |
| | Total Assets | 718144.68 | 559278.64 |
| B. | EQUITY AND LIABILITIES | | |
| | Equity | | |
| | (a) Equity Share capital | 4329.55 | 4329.55 |
| | (b) Other Equity | 282534.34 | 283685.44 |
| | (c) Non-Controlling Interest | 89806.47 | 121.65 |
| | Total Equity | 376670.36 | 288136.64 |
| | LIABILITIES | | |
| | (1) Non-current liabilities | | |
| | (a) Financial Liabilities | | |
| | (i) Borrowings | 80240.29 | 70264.81 |
| | (ii) Lease liabilities | 3588.29 | 1572.62 |
| | (b) Provisions | 3755.95 | 2818.72 |
| | (c) Deferred tax liabilities (Net) | 37169.37 | 24271.72 |
| | (d) Other non-current liabilities | 4748.85 | 5367.63 |
| | (e) Non-current Tax Liabilities (Net) | 5250.71 | 5157.78 |
| | Total Non-current liabilities | 134753.46 | 109453.28 |
| | (2) Current liabilities | | |
| | (a) Financial Liabilities | | |
| | (i) Borrowings | 112626.03 | 78845.64 |
| | (ii) Lease liabilities | 599.98 | 214.90 |
| | (iii) Trade payables | | |
| | (a) Total Outstanding dues of Micro enterprises and small enterprises: and | 2681.89 | 161.85 |
| | (b) Total Outstanding of creditor other than Micro enterprises and small enterprises | 43549.17 | 38417.95 |
| | (iv) Other financial liabilities | 23627.07 | 26169.40 |
| | (b) Other current liabilities | 21052.25 | 16182.03 |
| | (c) Provisions | 1810.74 | 1391.84 |
| | (d) Current Tax Liabilities (Net) | 773.73 | 305.11 |
| | Total Current liabilities | 206720.86 | 161688.72 |
| | Total Equity and Liabilities | 718144.68 | 559278.64 |



STATEMENT OF CONSOLIDATED CASH FLOW

(Amount Rs. in lakhs)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit/(Loss) before Tax | (5696.27) | 11449.40 |
| Adjustment for: | | |
| Add : Depreciation and amortisation expenses | 9118.51 | 5714.65 |
| Bad Debts | 221.95 | 632.09 |
| Sundry balances/Assets / Advances written off | 38.07 | 2820.71 |
| Credit loss allowances on trade receivables/advances | 85.37 | 832.18 |
| Net (gain) /loss on Fair valuation of Investments | 24375.27 | 0.15 |
| (Profit)/Loss on sale / discard of Fixed Assets (net) | 247.46 | 214.85 |
| Finance costs | 21063.43 | 22758.44 |
| | 55150.06 | 32973.07 |
| Less: Interest Income | 3072.50 | 1168.03 |
| Bad Debts realised | - | 89.58 |
| Dividend Income from Investments | 1.06 | 0.72 |
| Profit on sale of Current Investment | 213.97 | (14.19) |
| Profit on sale of Non Current Investment | 16.63 | - |
| Fair Valuation of derivative instruments through Profit & Loss | 993.56 | (665.97) |
| Net gain/(loss) on derecognition of financial assets at amortised cost | 0.12 | 29.71 |
| Unrealised Foreign Exchange Fluctuation and translation | (777.46) | 1315.23 |
| Reversal of Impairment Allowances for doubtful debts | - | 355.41 |
| Provisions / Liabilities no longer required written back | 697.97 | 63.46 |
| | 4218.35 | 2341.98 |
| Operating Profit before Working Capital changes | 45235.44 | 42080.49 |
| Movement in working capital | | |
| Less: Increase/(Decrease) in Inventories | 8009.60 | 14250.28 |
| Increase/(Decrease) in Trade Receivables | (7428.68) | (592.01) |
| Increase/(Decrease) in Loans and Advances, other financial and non-financial assets | (3782.66) | (270.44) |
| (Increase)/Decrease in Trade Payables, other financial and non-financial liabilities and provisions | (2675.79) | 5363.07 |
| | (5877.53) | 18750.90 |
| Cash generated From Operations | 51112.97 | 23329.59 |
| Less: Direct Taxes paid (Net) | 4633.94 | 854.89 |
| Net cash flow from Operating activities (A) | 46479.03 | 22474.70 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Property, Plant and Equipment, Intangible Assets and movements in Capital work in progress | (13240.67) | (5898.80) |
| Realisation of Property, Plant and Equipment, Intangible Assets | 62.80 | 22.46 |
| Sale of Non Current Investment | 69.05 | 1.50 |
| (Purchase)/Sale of Current Investment (net) | 2901.03 | 60.20 |
| Interest received | 3415.40 | 1202.22 |
| Dividend received | 1352.14 | 1158.79 |
| Bank Balances Other than Cash and Cash Equivalents | 14749.24 | 1412.21 |
| | 9308.99 | (2041.42) |
| Net Cash flow from Investing activities (B) | 9308.99 | (2041.42) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Issue of share capital | - | 5000.00 |
| Proceeds/(Repayments) from short term borrowings (net) | (6297.30) | 604.08 |
| Repayment of Long Term borrowings | (40744.92) | (12083.88) |
| Proceeds from Long Term borrowings | 27541.15 | 6000.00 |
| Interest and other borrowing cost paid | (21158.22) | (21394.55) |
| Interest paid on Lease Liability | (206.71) | (116.12) |
| Dividend paid | (1298.86) | - |
| | (42164.86) | (21990.47) |
| Net cash flow from Financing activities (C) | (42164.86) | (21990.47) |
| D. Net Increase/ (decrease) in Cash and Cash equivalents (A+B+C) | 13623.16 | (1557.19) |
| E. Cash and Cash equivalents at the beginning of the year | 5945.63 | 7501.16 |
| F. Cash and Cash equivalents as at 17th September 2020 of Srikalahasthi Pipes Limited | 1731.01 | - |
| G. Add / (Less) : Unrealised exchange gain / (loss) on bank balances | (0.79) | 1.66 |
| H. Cash and Cash equivalents at the end of the year | 21299.01 | 5945.63 |



Notes:

1. The above consolidated financial results which have been prepared in accordance with Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), have been reviewed by the the Audit Committee and approved by the Board of Directors at their meeting held on May 20, 2021. The consolidated results for the year ended March 31, 2021 have been subjected to the Audit of the Statutory Auditors of the group.
2. The group operates mainly in one business segment viz. Pipes and all other activities revolve around the main business.
3. Due to delay in grant of forest, environment and other clearances from various authorities and execution of mining lease of an area of 192.50 ha. by the State Government of Jharkhand for iron and manganese ores at Dirsumburu in Kodilabad Reserve Forest, Saranda of West Singhbhum, Jharkhand, the validity period of letter of intent granted in this respect expired on January 11, 2017. The parent company filed a writ petition before the Hon'ble High Court at Jharkhand on January 10, 2017, praying inter-alia for direction for grant of said lease in favour of the parent company. The Hon'ble High Court in its order while observed, being not averse in granting relief with respect to cut off date, admitted the said petition and fixed the case for further hearing and adjudication. Pending decision of the Hon'ble High Court, Rs. 3895.26 lakhs so far incurred in connection with these Mines/related facilities, have been carried forward under respective heads of fixed assets, capital work in progress and advances.
4. In pursuance of the Order dated September 24, 2014 issued by the Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated October 21, 2014 (Ordinance) for implementing the Order, allotment of Parbatpur coal block (coal block/mines) to the parent Company which was under advanced stage of implementation, had been cancelled w.e.f. April 01, 2015. In terms of the Ordinance, the parent Company was allowed to continue the operations in the said block till March 31, 2015. Accordingly, the said block had been handed over to Bharat Coking Coal Limited (BCCL) as per the direction from Coal India Ltd. (CIL) with effect from April 01, 2015 and the same has been subsequently allotted to Steel Authority of India Limited (SAIL). The parent company also understand that the SAIL has handed over back the said coal block to the custody of BCCL.

Following a petition filed by the parent Company, the Hon'ble High Court at Delhi had pronounced its judgement on March 09, 2017. Accordingly based on the said judgement, the parent Company has claimed Rs.153176.00 lakhs towards compensation against the said coal block, acceptance whereof is awaited. Aggrieved due to delay in acceptance of claim and on a petition filed by the parent Company, the Hon'ble High Court had directed the Nominated Authority appointed under Ministry of Coal to determine the compensation. Earlier the Nominated Authority had upheld its decision of compensation already paid and the same was set aside by the Hon'ble High Court with a direction to the Nominated authority to reconsider. The Nominated authority further passed an order dated 11.11.2019 awarding an additional compensation of Rs. 180 lakhs and with a further direction to re-determine the value of certain assets by the appropriate authority. The newly appointed Nominated Authority has appointed a valuer to determine the value of those specified assets as per the direction of Nominated Authority dated 11.11.2019 and the process of valuation is under progress as per the available information. The parent Company has also approached the newly appointed Nominated Authority/ Ministry of Coal to reconsider the compensation determined by the previous Nominated Authority and also exploring other possibilities.
Pending finalisation of the matter as above;

(i) Rs.128884.11 lakhs incurred pertaining to the coal block till March 31, 2015 after setting off income, stocks etc. there against as per the accounting policy then followed by the parent company has been continued to be shown as freehold land, capital work in progress, other fixed assets and other respective heads of account;
(ii) Interest and other finance cost for the year ended March 31, 2016 against the fund borrowed and other expenses directly attributable in this respect amounting to Rs. 9514.74 lakhs has been considered as other recoverable under current assets; and
(iii) Compensation of Rs. 8312.34 lakhs so far received and net realisations/claims against sale of assets, advances, input credits etc. amounting to Rs. 2054.70 lakhs have been adjusted.

Disclosure as per Indian Accounting Standard and adjustments arising with respect to above will be given effect to on final acceptance/settlement of the claim.

5. In terms of the Hon'ble Supreme Court Order as referred above, North Dhadhu Coal Block, allotted in joint venture with other companies, has also been cancelled w.e.f. September 24, 2014. The parent Company barring initial contribution of Rs. 822.81 lakhs and its share of bank guarantee amounting to Rs. 2745.00 lakhs (encashment of which has been stayed by Hon'ble High Court at Jharkhand) has not made any further investments in the said joint venture company. In view of the management, the compensation to be received in terms of the "The Coal Mines (Special Provision) Ordinance 2014" is expected to cover the cost incurred by the Joint Venture Company. However as an abundant precaution, impairment in the value of the investment amounting to Rs. 822.81 lakhs in Joint venture was made in the previous year. In view of stay order by Hon'ble High Court, no provision in the share of the said bank guarantee has been considered necessary. In view of the provision made during the earlier years, the performance of the joint venture company has not been consolidated during the quarter and year ended March 31, 2021.
6. During the quarter, the parent company has fair valued the equity shares of Electrosteel Steels Limited (ESL) based on the fair valuation report obtained and a gain of Rs. 2462.95 lakhs has been accounted for in other comprehensive Income.

Further the notices issued by the consortium of lenders of ESL for invocation of pledge of company's investment of 173,34,999 equity shares of Rs. 10 each in ESL amounting to Rs. 3612.61 lakhs was set aside by the Hon'ble High Court at Calcutta. The plea of the parent company for release of the pledge is pending before the Hon'ble Court.

In the earlier years, certain land amounting to Rs. Rs. 29493.58 lakhs (value as at 31-03-2021) of the parent company, situated at Elavur, Tamilnadu, were mortgaged to a lender of ESL and the lender had subsequently assigned the right of the said property to a third party although the claims of the said lender were fully settled by the ESL as per the approved Resolution Plan of NCLT. Further the third party had taken the symbolic possession of the said property in the previous year. The parent Company had disputed the assignment by the lender and filed an appeal before the Commercial Appellate, Hon'ble Madras High Court for deciding the appropriate forum wherein the company can file the suit for release of such property. The Madras High Court has granted injunction and the matter is sub judice. Pending finalization of the matter, these assets have been carried forward at their carrying book value.



| | |
|--------|--|
| 7. | As reported earlier, the Railway Authorities had withdrawn the permission of operation of Railway siding under construction which is situated at Haldia, West Bengal. The parent company has claimed the compensation from the Railway Authorities for the amount incurred for the said siding which was denied and the matter is under arbitration based on the direction of Hon'ble High Court at Calcutta. Pending arbitration proceedings, the parent company had recognised a charge of Rs. 2318.35 lakhs during the previous year and a balance amounting to Rs. 1778.11 lakhs has been considered recoverable by the management of the parent company and shown as "Other Financial Assets" under the "Current Assets". |
| 8. | The Board of Directors have recommended a dividend of Re. 0.25 per share (i.e. 25%), subject to approval of the shareholders in the ensuing Annual General Meeting. |
| 9. | The financial statements of Electrosteel Brasil Ltda.Tubos e Conexoes Duteis, a subsidiary company for the year ended March 31,2021 has not been subjected to audit by their auditor. |
| 10. | The figures for the quarter ended March 31, 2021 and March 31, 2020 are the balancing figures between the audited figures in respect of the full financial and the year to date upto December 31 of the respective years. The figures for the quarter ended March 31, 2021 have been subjected to Limited Review by the Statutory Auditors. |
| 11. | The parent company has investment of Rs. 730.00 lakhs (including advance of Rs. 700.00 lakhs) in Domco Private Limited (DPL), and has joint control (proportion of ownership interest of the parent Company being 50%). The other Venturers had filed a petition before the Company Law Board, Principal Bench, New Delhi (CLB) on various matters including for forfeiture of the parent Company's investment in equity shares of the DPL. The parent Company had also inter alia filed an arbitration proceeding under Arbitration & Conciliation Act, 1996 against recovery of the said amount against which the ventures also filed their counter claims on the parent Company. The matter is sub judice before the NCLT. Pending final outcome of the above matter, the amounts in equity shares and advance have been fully provided for in the financial statements. The other venturers since not providing the financial statements of DPL, and thereby necessary disclosures could not be provided in these financial results. |
| 12. | The group's operations and financial results for the first quarter were adversely impacted due to stoppage of operations for more than two months' full lock down due to the outbreak of COVID-19 pandemic. Thereafter it took nearly another two months for attaining back full production level. In view of the impact of pandemic, the results for the year ended March 31, 2021 are, therefore, not comparable with those of comparative year ended March 31, 2020. The group has also considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of property, plant and equipment, Investments, Inventories, receivables and other current assets. The group has performed sensitivity analysis on the assumptions used and expects to recover the carrying amount of these assets. |
| 13.(a) | The Board of Directors of the parent Company at its meeting held on October 5, 2020, had approved a scheme of amalgamation between the parent Company and Srikalahasthi Pipes Limited (SPL) wherein w.e.f the appointed date i.e. October 1, 2020, SPL will merge with the parent Company on a going concern basis subject to obtaining of necessary approvals. Pending such approvals, no adjustment has been carried out in the books of the accounts. |
| 13.(b) | As reported in earlier quarter's, with effect from September 18, 2020 the results of SPL has been consolidated by combining the like items of assets, liabilities, equity, income, expenses and cash flows of SPL in line with the guidelines prescribed under Ind AS 110 "Consolidated Financial Statements" which was hitherto considered as an associate in the consolidated financial statement. In view of the above the consolidated results for the quarter and year ended March 31, 2021 are not comparable with the previous quarter/ year end. |
| 14. | The Code on Social Security,2020 ('Code') relating to various employee benefits, in respect to group companies incorporated in India, has received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been yet notified. The parent Company will assess the impact of the Code when it comes into effect and will account for any related impact in the period the Code becomes effective. |
| 15. | Previous periods' figures have been regrouped/rearranged wherever necessary. |

Kolkata
May 20, 2021

For ELECTROSTEEL CASTINGS LIMITED



Umang Kejriwal

Umang Kejriwal
Managing Director
(DIN: 000065173)

ANNEXURE I

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

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2021
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(Rs in Lakhs)

| I. | Sl. No. | Particulars | Audited Figures (as reported before adjusting for qualifications) | Adjusted Figures (audited figures after adjusting for qualifications) |
|----|---------|---|---|---|
| | 1. | Turnover / Total income | 352877.85 | Not Ascertainable |
| | 2. | Total Expenditure | 334150.72 | |
| | 3. | Net Profit/(Loss) (including other comprehensive income) | 5546.26 | |
| | 4. | Earnings Per Share | (3.37) | |
| | 5. | Total Assets | 718144.68 | |
| | 6. | Total Liabilities | 341474.32 | |
| | 7. | Net Worth (Equity Share Capital plus Other Equity) | 376670.36 | |
| | 8. | Any other financial item(s) (as felt appropriate by the management) | - | |

II. Audit Qualification (each audit qualification separately):

a. Details of Audit Qualification:

Attention has been drawn by the Auditors' under the heading "Basis of Qualified Opinion" of the Auditors' Report to the following notes of the financial results for the quarter and year ended 31st March 2021 -

Sub Para (a): Note no. 4 in respect to cancellation of coal block allotted to the company in earlier years and non-recognition of the claims receipt thereof & non-carrying of any adjustment in the books of accounts for the reasons stated in the note. Pending finalisation of the matter & as the matter is sub judice, disclosures as per Indian Accounting standard will be given effect on final settlement of the matter & the balances appearing in the books of accounts in respect to such coal block have been carried forward at their carrying cost and disclosed as capital work in progress, property plant & equipment, inventories and other heads of account. The impact and consequential adjustment thereof are not presently ascertainable.

Sub Para (b): Note No. 6 in respect to Company's investment amounting to Rs. 3612.61 lakhs in Electrosteel Steels Limited (ESL), the pledge of which was invoked by the lenders of ESL and the same has been set aside by the Hon'ble High Court at Calcutta. The plea of the company to release the pledge is pending before the Hon'ble High Court at Calcutta. Further the Land of Elavur plant of the Company which is mortgaged in favour of a Lender of ESL, who has assigned their rights to another entity and the symbolic possession has been taken in the previous year, has been disputed by the company as enumerated in the note. Above exposures have been carried forward



at their existing carrying value & no impairment has been provided in respect to above and the impact of which is not presently ascertainable.

Sub Para (c): Note No 7 in respect to carry forward of claim recoverable amounting to Rs. 1778.11 Lakhs towards the compensation claimed from the Railway Authorities as mentioned in the note. The recovery of the same is dependent on the outcome of the arbitration process and is not presently ascertainable.

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

c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing – Note no. 4 since financial year 2014-15, Note no. 6 since financial year 2017-18 and Note no. 7 since financial year 2019-20.

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

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

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

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

Sub Para (a) – In pursuance of the Order dated September 24, 2014 issued by the Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated October 21, 2014 (Ordinance) for implementing the Order, allotment of Parbatpur coal block (coal block/mines) to the Company which was under advanced stage of implementation, had been cancelled w.e.f. April 01, 2015. In terms of the Ordinance, the Company was allowed to continue the operations in the said block till March 31, 2015. Accordingly, the said block had been handed over to Bharat Coking Coal Limited (BCCL) as per the direction from Coal India Ltd. (CIL) with effect from April 01, 2015 and the same has been subsequently allotted to Steel Authority of India Limited (SAIL). The company also understand that the SAIL has handed over back the said coal block to the custody of BCCL.

Following a petition filed by the Company, the Hon'ble High Court at Delhi had pronounced its judgement on March 09, 2017. Accordingly based on the said judgement, the Company has claimed Rs.153176.00 lakhs towards compensation against the said coal block, acceptance whereof is awaited. Aggrieved due to delay in acceptance of claim and on a petition filed by the Company, the Hon'ble High Court had directed the Nominated Authority appointed under Ministry of Coal to determine the compensation. Earlier the Nominated Authority had upheld its decision of compensation already paid and the same was set aside by the Hon'ble High Court with a direction to the Nominated authority to reconsider. The Nominated authority further passed an order dated 11.11.2019 awarding an additional compensation of Rs. 180 lakhs and with a further direction to re-determine the value of certain assets by the appropriate authority. The newly appointed Nominated Authority had appointed a valuer to determine the value of those specified assets as per the direction of Nominated Authority dated 11.11.2019 and the process of valuation is under progress as per the available information. The company has also approached the newly appointed Nominated Authority/ Ministry of Coal to reconsider the compensation determined by the previous Nominated Authority and also exploring other possibilities.

Pending finalisation of the matter as above;



(i) Rs.128884.11 lakhs incurred pertaining to the coal block till March 31, 2015 after setting off income, stocks etc. there against as per the accounting policy then followed by the Company has been continued to be shown as freehold land, capital work in progress, other fixed assets and other respective heads of account;

(ii) Interest and other finance cost for the year ended March 31, 2016 against the fund borrowed and other expenses directly attributable in this respect amounting to Rs. 9514.74 lakhs has been considered as other recoverable under current assets; and

(iii) Compensation of Rs. 8312.34 lakhs so far received and net realisations/claims against sale of assets, advances, input credits etc. amounting to Rs. 2054.70 lakhs have been adjusted.

Disclosure as per Indian Accounting Standard and adjustments arising with respect to above will be given effect to on final acceptance/settlement of the claim.

Sub Para (b) - In view of approved resolution plan as confirmed by Hon'ble National Company Law Appellate Tribunal (NCLAT) by its order dated August 10, 2018 and pursuant to issuance of additional Equity Shares by Electrosteel Steels Limited (ESL) for giving impact of the resolution plan, ESL had ceased to be an associate of the Company during the quarter ended June 30, 2018. To comply with the requirements of Ind AS 109 "Financial Instruments", the Company had fair valued the investment in ESL and a sum of Rs. 57868.38 lakhs representing difference between the carrying value of said investment and fair value on the date of change of status was considered as exceptional item in statement of Profit and Loss in the quarter ended June 30, 2018.

The Company had elected the option under the said Ind AS to present the subsequent fair value changes of the said investment through Other Comprehensive Income. Further in terms of the approved resolution plan, advances and trade receivable amounting to Rs. 21121.70 lakhs receivable from ESL was written off during the quarter ended September 2018 shown as exceptional item in the statement of Profit and Loss.

During the quarter ending December 2018, shares of ESL were delisted and Vedanta Star Limited (holding company of ESL) has made an exit offer to the shareholders of ESL at a price of Rs. 9.54 per share which was open till December 20, 2019. During the quarter, the company has fair valued the equity shares of Electrosteel Steels Limited (ESL) based on the fair valuation report obtained and a gain of Rs. 2462.95 lakhs has been accounted for in other comprehensive income.

Further 1,73,34,999 equity shares of Rs. 10 each in ESL amounting to Rs. 3612.61 lakhs as on March 31, 2021 are pledged with the lenders of the ESL. The consortium of the lenders of ESL had issued notice for the invocation of pledged shares which has been disputed by the Company and on the plea filed by the Company, the Hon'ble High Court of Calcutta has set aside the notices issued by the lenders. The Company's plea for release of the pledge is pending before the Hon'ble Court.

In the earlier years, certain land amounting to Rs. 29493.58 lakhs (value as at 31-03-2021) of the company, situated at Elavur, Tamilnadu, were mortgaged to a lender of ESL and the lender had subsequently assigned the right of the said property to a third party although the claims of the said lender were fully settled by the ESL as per the approved Resolution Plan of NCLT. Further the third party had taken the symbolic possession of the said property in the previous year. The Company had disputed the assignment by the lender and filed an appeal before the Commercial Appellate, Hon'ble Madras High Court for deciding the appropriate forum wherein company can file the suit for release of such property. The Madras High Court has granted injunction and the matter is sub judice. Pending finalization of the matter, these assets have been carried forward at their carrying book value.



Sub Para (c): As reported earlier, the Railway Authorities had withdrawn the permission of operation of Railway siding under construction which is situated at Haldia, West Bengal. The company has claimed the compensation from the Railway Authorities for the amount incurred for the said siding which was denied and the matter is under arbitration based on the direction of Hon'ble High Court at Kolkata. Pending arbitration proceedings, the company has recognised a charge of Rs. 2318.35 lakhs during the previous year and a balance amounting to Rs. 1778.11 lakhs has been considered recoverable by the management of the company and shown as "Other Financial Assets" under the "Current Assets".

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

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

iii.

Signatories:

CEO/Managing Director



**Umang Kejriwal
(Managing Director)**



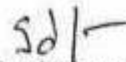
CFO



**Ashutosh Agarwal
(Chief Financial Officer)**



Audit Committee Chairman



**Binod Kumar Khaitan
(Audit Committee Chairman)**

Statutory Auditor

**For Singhi & Co
Chartered Accountants
Firm's Registration No: 302049E**

GOPAL JAIN Digitally signed by GOPAL JAIN
Date: 2021.05.20 14:51:25
+05'30'

**Gopal Jain
(Partner)
Membership No: 59147**

**Place: Kolkata
Date: May 20, 2021**





SRIKALAHASTHI PIPES LIMITED

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REPORT ADOPTED BY THE BOARD OF DIRECTORS OF SRIKALAHASTHI PIPES LIMITED AT ITS MEETING HELD ON THE 5 DAY OF OCTOBER , 2020 AT 11.15 A.M. EXPLAINING THE EFFECT OF SCHEME ON SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS UNDER SECTION 232(2)(c) OF THE COMPANIES ACT, 2013

1. Background

1.1 The Board of Directors (“**the Board**”) of Srikalahasthi Pipes Limited (hereinafter referred to as “**the Transferor Company**”/ “**Company**” or “**SPL**”) at its meeting held on 5th October, 2020 approved the draft of the proposed Scheme of Amalgamation of the Company with Electrosteel Castings Limited (hereinafter referred to as “**the Transferee Company**”/ “**ECL**”) and their respective shareholders and creditors on a going concern basis (“**the Scheme**”) which involves, *inter alia*, the following:-

(a) The amalgamation of the Company with the Transferee Company and dissolution of the Company without winding up and consequent issuance of equity shares of the Transferee Company to the shareholders of the Company in accordance with the Scheme;

(b) Various other matters incidental, consequential or otherwise integrally connected therewith,

pursuant to Sections 230 to 232 and other relevant provisions of the Companies Act, 2013 (“**the Act**”) in the manner provided for in the Scheme. The Appointed date for Amalgamation under the Scheme is 1st October, 2020.

1.2 The provisions of Section 232(2)(c) of the Act requires the Board to adopt a report explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders of the Company laying out in particular the share exchange ratio specifying any valuation difficulties (“**Report**”), and the same is required to be circulated as part of the notice of meeting(s) to be held for the purpose of approving the Scheme. This Report of the Board is accordingly being made in pursuance to the requirements of section 232(2)(c) of the Act.

2. The Scheme is subject to the following approvals:

2.1 Approval from the Competition Commission of India;

2.2 No objection on the draft Scheme from the BSE Limited and the National Stock Exchange of India Limited;

2.3 Approval of shareholders and creditors of both the Transferor Company and Transferee Company (as may be directed by the National Company Law Tribunal [“**NCLT**”]);





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2.4 Orders of Amravati Bench and/or Cuttack Bench of the NCLT (as the case may be) approving the Scheme.

2.5 Such other regulatory/ statutory approvals as may be necessary and/or incidental.

3. Documents placed before the Board:

The following documents were, *inter alia*, placed before the Board:

3.1 Draft Scheme of Amalgamation duly initialed by the Chairman of the Company, for the purpose of identification.

3.2 Valuation Report dated 3rd October, 2020 (i) jointly issued by M/s Sharp & Tannan, an Independent Chartered Accountants and R V Shah & Associates, an Independent Chartered Accountants and (ii) issued by Ms. Rashmi Shah, FCA, Registered Valuer (“**Valuer**”), for the purpose of arriving at the share exchange ratio (“**Share Exchange Ratio**”), describing, *inter alia*, the methodology adopted by the Valuer in arriving at the same for the proposed Amalgamation (“**Valuation Report**”).

3.3 Fairness Opinion dated 3rd October, 2020 issued by Ashika Capital Limited, an Independent SEBI registered Merchant Banker on the Share Exchange Ratio as mentioned in Valuation Report (“**Fairness Opinion**”).

3.4 Report of Audit Committee recommending the Scheme of Amalgamation after taking into consideration, *inter alia*, the Valuation Report and Fairness Opinion.

3.5 Net worth certificate dated 5th October, 2020 issued by Abhishek R Agarwal & Co., Chartered Accountants, certifying the pre & post Scheme net worth of the Company. (“**Net Worth Certificate**”)

4. Rationale of the Scheme:

4.1 The Transferor Company and Transferee Company are under the control of common promoter group. The Transferee Company along with its promoter group of companies are in a position to and do exercise control over the Transferor Company. The Transferor Company and Transferee Company are engaged in the same line of business, i.e., manufacture and sale of ductile iron pipes and both have common economic objective and strategic goals. It would be advantageous to combine the activities and operations in a single company leading to strong capability in effectively meeting future challenges of competitive business environment.

4.2 The Amalgamation will enable both the companies to streamline their business activities into a single combined entity, thereby resulting in economies of scale and avoidance of undue duplication in work, reduction in common expenditure otherwise incurred by the two entities





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within common group, better and more productive utilization of financial, human and other resource and enhancement of overall business efficiency.

- 4.3 The Amalgamation will result in significant reduction in multiplicity of legal and regulatory compliances which at present is required to be made separately by the Companies.
- 4.4 The Amalgamation will result in simplification of the group structure and management structure with only one listed company in group leading to better administration and reduction in administrative and other costs from more focused operational efforts, rationalization, standardization and simplification of business processes.
- 4.5 The Amalgamation will enable the combined entity to leverage their consolidated resources to: (a) increase production capacities; (b) undertake research and development initiatives to improve manufacturing processes and final product; (c) serve the needs of a larger customer base leading to overall business domestically as well as overseas, (d) improved alignment of debt repayments with cash flow, and (d) improved credit rating.
- 4.6 The synergies that exist between the two companies in terms of services and resources can be put to the best advantage of all stakeholders.
- 4.7 The Scheme is envisaged to be in the best interests of the shareholders, employees and the creditors of the Transferor Company and the Transferee Company.
- 4.8 Thus, the Scheme of Amalgamation, as envisaged, would enable seamless access to strong business relationships, closer and better focused attention being given to the businesses which would get integrated, aligned and streamlined, leading to achievement of their full business and growth potential.

The term “Amalgamation” means amalgamation of the Transferor Company with the Transferee Company, on a going concern basis in accordance with Sections 230 to 232 of the Act and Section 2(1B) of the Income-Tax Act, 1961, in terms of Chapter 2 of the Scheme.





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5. Effect of the Scheme on the stakeholders:

| Sl No | Category of Stakeholders | Effect of the Scheme on the Stakeholder |
|-------|--|---|
| 5.1 | Equity Shareholders: Promoters and Non-Promoters of the Transferor Company | <p>(a) Under the Scheme, an arrangement is sought to be entered into between the Transferor Company and the Transferee Company and their respective shareholders and creditors.</p> <p>(b) Upon the coming into effect of this Scheme, the share certificates, if any, and/or the shares in electronic form representing the shares held by the Transferee Company in the Transferor Company shall be deemed to be cancelled without any further act or deed for cancellation thereof by the Transferee Company, and shall cease to be in existence accordingly.</p> <p>(c) Upon the sanctioning of the Scheme and in terms of Clauses 18 of the Scheme, the Transferee Company shall issue and allot its equity shares to the equity shareholders (both Promoter (except ECL) and Non-Promoter shareholders) of the Transferor Company.</p> <p>(d) Upon the Scheme coming into effect and in consideration of the Amalgamation, the shareholders of the Transferor Company (other than for shares already held by the Transferee Company in the Transferor Company), whose name appear in the register of member as on the Record Date (as defined in the Scheme) or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title as the case may be, shall be eligible to receive 59 fully paid up equity shares of Re 1/- each of the Transferee Company for every 10 fully paid up equity shares of Rs 10/- each of the Transferor Company held by such shareholder.</p> <p>(e) The Share Exchange Ratio mentioned above has been arrived at based on the Valuation Report (i) jointly issued by M/s Sharp & Tannan, an Independent Chartered Accountants and R V Shah and Associates, an Independent Chartered Accountants (ii) issued by Ms Rashmi Shah, FCA, Registered Valuer. Finshore Management Services Limited and Ashika Capital Limited, Independent SEBI Registered Merchant Bankers have provided Fairness Opinion on the fairness</p> |





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| Sl No | Category of Stakeholders | Effect of the Scheme on the Stakeholder |
|-------|--------------------------|---|
| | | <p>of the Share Exchange Ratio determined for the amalgamation of Transferor Company with Transferee Company. Based on the recommendations of the Audit Committees of Transferor Company and that of Transferee Company, the Valuation Report and Fairness Opinion as aforesaid have been duly approved by the Board of Directors of both, Transferor Company and Transferee Company.</p> <p>(f) The equity shares to be issued on Amalgamation shall rank <i>pari passu</i> with the existing equity shares of the Transferee Company.</p> <p>(g) The equity shares to be issued and allotted by the Transferee Company in terms of the Scheme shall be subject to the provisions of the Memorandum and Articles of Association of Transferee Company.</p> <p>(h) The equity shares to be issued to the shareholders of the Transferor Company will be listed with BSE Limited and National Stock Exchange of India Limited and admitted for trading.</p> <p>(i) The equity shares to be issued by the Transferee Company pursuant to this Scheme in respect of any equity shares of the Transferor Company which are held in abeyance under the Companies Act, 2013 or otherwise shall, pending allotment or settlement of dispute by order of a court or otherwise, also be kept in abeyance by the Transferee Company.</p> <p>(j) The promoters of the Transferor Company are also promoters of Transferee Company and shall continue to be promoters of the Transferee Company after the effectiveness of the Scheme.</p> <p>(k) Since the Promoter and Non-Promoter shareholders of the Transferor Company are being issued shares in the same proportion, the rights of non-promoter shareholders of the Transferor Company are not being affected under the Scheme of Amalgamation.</p> |





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| Sl No | Category of Stakeholders | Effect of the Scheme on the Stakeholder |
|-------|--------------------------|--|
| 5.2 | Employees | <p>(a) Under Clause 11 of the Scheme on and from the Effective Date (as defined in the Scheme), the Transferee Company shall engage all employees, including key managerial personnel of the Transferor Company on the same terms and conditions on which they are engaged by the Transferor Company without any interruption of service and in the manner provided under the Scheme. In the circumstances, the rights of the employees of the Transferor Company would in no way be affected by the Scheme. The employees of the Transferor Company shall continue to remain employees in the Transferor Company on the same terms and conditions. The services of the employees of the Transferor Company will not be retrenched due to amalgamation</p> <p>(b) Please refer to Sl 5.1 above for details regarding the effect of the Scheme on the employees who are also shareholders of the Transferee Company.</p> <p>(c) The contributions made by Transferor Company in respect of its employees under applicable law, to the provident fund, gratuity fund, leave encashment fund and any other special scheme or benefits created, for the period after the Appointed Date (as defined in the Scheme) shall be deemed to be contributions made by Transferee Company.</p> |
| 5.3 | Key Managerial Personnel | <p>(a) Under Clause 11 of the Scheme on and from the Effective Date (as defined in the Scheme), the Transferee Company shall engage all the key managerial personnel, who are also employees of the Transferor Company, on the same terms and conditions on which they are engaged by the Transferor Company without any interruption of service and in the manner provided under the Scheme.</p> <p>(b) Under the Scheme on and from the Effective Date, the Transferor Company will stand dissolved without winding up. In the circumstances, the Key Managerial Personnel of the Transferor Company will cease to be the Key Managerial Personnel of the Transferor Company.</p> |





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| Sl No | Category of Stakeholders | Effect of the Scheme on the Stakeholder |
|-------|--|---|
| | | <p>(c) Please refer to Sl. No. 5.1 above for details regarding the effect of the Scheme on the Key Managerial Personnel who are also shareholders of the Transferor Company.</p> <p>(d) The contributions made by Transferor Company in respect of its employees under applicable law, to the provident fund, gratuity fund, leave encashment fund and any other special scheme or benefits created, for the period after the Appointed Date (as defined in the Scheme) shall be deemed to be contributions made by Transferee Company.</p> <p>(e) Thus, there will no adverse effect of the Scheme on the Key Managerial Personnel of the Company.</p> |
| 5.4 | Creditors | <p>(a) Under the Scheme no arrangement is sought to be entered into between the Transferor Company and its secured and unsecured creditors.</p> <p>(b) As per Clause 9 of the Scheme, all liabilities of the Transferor Company shall stand transferred to the Transferee Company</p> <p>(c) The interest of the creditors of the Transferor Company shall not be impacted in any manner.</p> |
| 5.5 | Board of Directors of the Transferor Company | <p>(a) Under the Scheme on and from the Effective Date, the Transferor Company will stand dissolved without winding up and accordingly the Board shall cease to exist.</p> |

6. Valuation:

Share Exchange Ratio

- 6.1 For the purpose of arriving at the Share Exchange Ratio, the Valuation Report was obtained by the Company in terms of the SEBI Circular dated 10 March 2017, bearing reference number CFD/DIL3/CIR/2017/21, as amended, modified or replaced from time to time.
- 6.2 The Share Exchange Ratio has been arrived at on the basis of various methodologies explained in the Valuation Report and various qualitative factors relevant to the business





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and the business dynamics and growth potentials of the business, having regard to information base, key underlying assumptions and limitations.

- 6.3 The Fairness Opinion issued by Ashika Capital Limited, an Independent SEBI registered Merchant Banker, wherein they have confirmed that the Share Exchange Ratio as per the Valuation Report (i) jointly issued by M/s Sharp & Tannan, an Independent Chartered Accountants and R V Shah & Associates, an Independent Chartered Accountants and (ii) issued by Ms. Rashmi Shah, FCA, Registered Valuer is fair to the shareholders of the Company and has been approved by the Audit Committee of the Company, the Board of the Company, the Board of ECL and the Audit Committee of ECL.
- 6.4 The Valuers have not expressed any special difficulty while carrying out the valuation.

7. Adoption of the Report by the directors:

The directors of the Company have adopted this Report after noting and considering the information set forth in this Report. The Board or the Amalgamation Committee is entitled to make relevant modifications to this Report, if required and such modification or amendments shall be deemed to form part of this Report.

By order of the Board
For Srikalahasthi Pipes Limited

G KODAND PANI
COMPANY SECRETARY.



Annexure - III.B

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF ELECTROSTEEL CASTINGS LIMITED AT ITS MEETING HELD ON THE 5th DAY OF OCTOBER, 2020 AT 1200 HOURS EXPLAINING THE EFFECT OF SCHEME ON SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS UNDER SECTION 232(2)(c) OF THE COMPANIES ACT, 2013

1. Background:

1.1 The Board of Directors (“**the Board**”) of Electrosteel Castings Limited (hereinafter referred to as “**the Transferee Company**”/“**the Company**” or “**ECL**”), at its meeting held on 5th October, 2020, approved the draft Scheme of Amalgamation of Srikalahasthi Pipes Limited (hereinafter referred to as “**Transferor Company**”/“**SPL**”) with the Transferee Company and their respective shareholders and creditors on a going concern basis (“**the Scheme**”) which involves, *inter alia*, the following:-

(a) The amalgamation of the Transferor Company with the Company and dissolution of the Transferor Company without winding up and consequent issuance of equity shares of the Company to the shareholders of the Transferor Company in accordance with the Scheme.

(b) Various other matters incidental, consequential or otherwise integrally connected therewith;

pursuant to Sections 230 to 232 and other relevant provisions of the Companies Act, 2013 (“**the Act**”) in the manner provided for in the Scheme. The Appointed date for Amalgamation under the Scheme is 1st October, 2020.

1.2 The provisions of Section 232(2)(c) of the Act requires the Board to adopt a report explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders of the Company laying out in particular the share exchange ratio specifying any valuation difficulties (“**Report**”), and the same is required to be circulated as part of the notice of meeting(s) to be held for the purpose of approving the Scheme. This Report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Act.

2. The Scheme is subject to the following approvals:

2.1 Approval from the Competition Commission of India;

2.2 No objection on the draft Scheme from the BSE Limited and the National Stock Exchange of India Limited;

2.3 Approval of shareholders and creditors of both the Transferor Company and Transferee Company [as may be directed by the National Company Law Tribunal (“NCLT”)];

2.4 Orders of Amravati Bench and/or Cuttack Bench of the NCLT (as the case may be) approving the Scheme.

2.5 Such other regulatory/statutory approvals, as may be necessary and/or incidental.

3. Documents placed before the Board:

The following documents were placed before the Board:

- 3.1 Draft Scheme of Amalgamation duly initialed by the Chairman of the Company, for the purpose of identification.
- 3.2 Valuation Report dated 3rd October, 2020 (i) jointly issued by M/s Sharp & Tannan, an independent Chartered Accountants and R V Shah & Associates, an independent Chartered Accountants and (ii) Ms. Rashmi Shah, FCA, Registered Valuer, ("**Valuer**") for the purpose of arriving at the fair share exchange ratio describing ("**Share Exchange Ratio**"), *inter alia*, the methodology adopted by the Valuer in arriving at the same for the proposed Amalgamation ("**Valuation Report**").
- 3.3 Fairness Opinion dated 3rd October, 2020 issued by Finshore Management Services Pvt Ltd, an Independent SEBI registered Merchant Banker, on the Share Exchange Ratio as mentioned in Valuation Report ("**Fairness Opinion**").
- 3.4 Certificate on Accounting Treatment dated 5th October, 2020 submitted by M/s Singhi & Co., Statutory Auditors ("**Auditor's Certificate**")
- 3.5 Report of Audit Committee recommending the Scheme after taking into consideration, inter alia, the Valuation Report and Fairness Opinion.
- 3.6 Net worth certificate dated 5th October, 2020 issued by Abhishek R Agarwal & Co., Chartered Accountants, certifying the pre & post Scheme net worth of the Company. ("**Net Worth Certificate**")

4. Rationale of the Scheme:

- 4.1 The Transferor Company and Transferee Company are under the control of common promoter group. The Transferee Company along with its promoter group of companies are in a position to and do exercise control over the Transferor Company. The Transferor Company and Transferee Company are engaged in the same line of business, i.e., manufacture and sale of ductile iron pipes and both have common economic objective and strategic goals. It would be advantageous to combine the activities and operations in a single company leading to strong capability in effectively meeting future challenges of competitive business environment.
- 4.2 The Amalgamation will enable the companies to streamline their business activities into a single combined entity, thereby resulting in economies of scale and avoidance of undue duplication in work, reduction in common expenditure otherwise incurred by the two entities within common group, better and more productive utilization of financial, human and other resource and enhancement of overall business efficiency.
- 4.3 The Amalgamation will result in significant reduction in multiplicity of legal and regulatory compliances which at present is required to be made separately by the Companies.
- 4.4 The Amalgamation will result in simplification of the group structure and management structure with only one listed company in group leading to better administration and reduction in administrative and other costs from more focused operational efforts, rationalization, standardization and simplification of business processes.

- 4.5 The Amalgamation will enable the combined entity to leverage their consolidated resources to: (a) increase production capacities; (b) undertake research and development initiatives to improve manufacturing processes and final product; (c) serve the needs of a larger customer base leading to overall business domestically as well as overseas, (d) improved alignment of debt repayments with cash flow, and (d) improved credit rating.
- 4.6 The synergies that exist between the two companies in terms of services and resources can be put to the best advantage of all stakeholders.
- 4.7 The Scheme is envisaged to be in the best interests of the shareholders, employees and the creditors of the Transferor Company and the Transferee Company.

Thus, the Scheme of Amalgamation, as envisaged, would enable seamless access to strong business relationships, closer and better focused attention being given to the businesses which would get integrated, aligned and streamlined, leading to achievement of their full business and growth potential.

The term "Amalgamation" means amalgamation of the Transferor Company with the Transferee Company, on a going concern basis in accordance with Sections 230 to 232 of the Act and Section 2(1B) of the Income-Tax Act, 1961, in terms of Chapter 2 of the Scheme.

5. Effect of the Scheme on the key stakeholders:

| Sl. No. | Category of Stakeholders | Effect of the Scheme on the Stakeholder |
|---------|--|---|
| 1. | Equity Shareholders: Promoters and Non-Promoters of the Transferee Company | <p>(a) Under the Scheme, an arrangement is sought to be entered into between the Transferor Company and the Transferee Company and their respective shareholders and creditors.</p> <p>(b) Upon the coming into effect of this Scheme, the share certificates, if any, and/or the shares in electronic form representing the shares held by the Transferee Company in the Transferor Company shall be deemed to be cancelled without any further act or deed for cancellation thereof by the Transferee Company, and shall cease to be in existence accordingly</p> <p>(c) Upon the sanctioning of the Scheme and in terms of Clause 18 of the Scheme, the Transferee Company shall issue and allot equity shares of the Transferee Company to the equity shareholders (both Promoter (except ECL) and Non-Promoter shareholders) of the Transferor Company.</p> <p>(d) Upon the Scheme coming into effect and in consideration of the Amalgamation, the shareholders of the Transferor Company (other than the shares already held by the Transferee Company</p> |

| Sl. No. | Category of Stakeholders | Effect of the Scheme on the Stakeholder |
|---------|--------------------------|--|
| | | <p>in the Transferor Company), whose name appear in the Register of Members as on the Record Date (as defined in the Scheme) or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title as the case may be, shall be eligible to receive 59 fully paid up equity shares of Re. 1/- each of the Company for every 10 fully paid up equity shares of Rs. 10/- each of the Transferor Company held by such shareholder.</p> <p>(e) The Share Exchange Ratio mentioned above has been arrived at based on the valuation report (i) jointly issued by M/s Sharp & Tannan, an independent Chartered Accountants and M/s R.V. Shah and Associates, an independent Chartered Accountants and (ii) Ms. Rashmi Shah, FCA, Registered Valuer. Finshore Management Services Limited and Ashika Capital Limited, independent merchant bankers have provided fairness report on the fairness of the Share Exchange Ratio determined for the amalgamation of Transferor Company with Transferee Company. Based on the recommendations of the Audit Committees of Transferor Company and that of Transferee Company, the valuation report and fairness report as aforesaid have been duly approved by the Board of Directors of both, Transferor Company and Transferee Company.</p> <p>(f) The equity shares to be issued on Amalgamation shall rank <i>pari passu</i> with the existing equity shares of the Transferee Company.</p> <p>(g) The equity shares to be issued and allotted by the Transferee Company in terms of the Scheme shall be subject to the provisions of the Memorandum and Articles of Association of the Transferee Company.</p> <p>(h) The equity shares to be issued to the shareholders of the Transferor Company will be listed with BSE Limited and National Stock Exchange of India Limited and admitted for trading.</p> <p>(i) The equity shares to be issued by the Transferee Company pursuant to this Scheme in respect of any equity shares of the Transferor Company which are held in abeyance under the Companies Act, 2013 or otherwise shall, pending allotment or settlement of dispute by order of a court or otherwise, also be</p> |

| Sl. No. | Category of Stakeholders | Effect of the Scheme on the Stakeholder |
|---------|--------------------------|--|
| | | <p>kept in abeyance by the Transferee Company.</p> <p>(j) Post the issue of shares, there shall be no change in the shareholding pattern or control in the Transferee Company between the Record Date (as defined in the Scheme) and the listing which may affect the status of the approval by the Stock Exchanges.</p> <p>(k) The promoters of the Transferee Company shall continue to remain the promoters even after the effectiveness of the Scheme.</p> <p>(l) Since the Promoter and Non-Promoter shareholders of the Transferor Company are being issued shares in the same proportion, the rights of non-promoter shareholders of the Transferor Company shall not be affected under the Scheme of Amalgamation.</p> |
| 2. | Employees | <p>(a) Under Clause 11 of the Scheme on and from the Effective Date (as defined in the Scheme), the Transferee Company shall engage all employees, including key managerial personnel of the Transferor Company on the same terms and conditions on which they are engaged by the Transferor Company without any interruption of service and in the manner provided under the Scheme. The employees of the Transferee Company shall continue to remain employees in the Transferee Company on the same terms and conditions. The services of the employees of the Transferee Company will not be retrenched due to amalgamation.</p> <p>(b) Please refer to Sl. No.5.1 above for details regarding the effect of the Scheme on the employees who are also shareholders of the Transferee Company.</p> <p>(c) The contributions made by Transferor Company in respect of its employees under applicable law, to the provident fund, gratuity fund, leave encashment fund and any other special scheme or benefits created, for the period after the Appointed Date (as defined in the Scheme) shall be deemed to be contributions made by Transferee Company.</p> <p>(d) Under the Scheme, no rights of the employees of the Transferee Company are being affected.</p> |
| 3. | Key Managerial | (a) The Key Managerial Personnel of the Transferee Company shall |

| Sl. No. | Category of Stakeholders | Effect of the Scheme on the Stakeholder |
|---------|--------------------------|---|
| | Personnel | <p>continue as the Key Managerial Personnel of the Transferee Company after effectiveness of the Scheme on the same terms and conditions.</p> <p>(b) Please refer to Sl. No.5.1 above for details regarding the effect of the Scheme on the Key Managerial Personnel who are also shareholders of the Transferee Company.</p> <p>(c) The contributions made by Transferor Company in respect of its employees under applicable law, to the provident fund, gratuity fund, leave encashment fund and any other special scheme or benefits created, for the period after the Appointed Date (as defined in the Scheme) shall be deemed to be contributions made by Transferee Company.</p> <p>(d) Under the Scheme, no rights of the Key Managerial Personnel of the Transferee Company are being affected.</p> |
| 4. | Creditors | <p>(a) Under the Scheme, no arrangement is sought to be entered into between the Transferee Company and its secured and unsecured creditors.</p> <p>(b) The interest of the creditors of the Transferee Company shall not be impacted in any manner.</p> |

6. Valuation:

Share Exchange Ratio

- 6.1 For the purpose of arriving at the Share Exchange Ratio, the Valuation Report was obtained by the Company in terms of the SEBI Circular dated 10 March, 2017, bearing reference number CFD/DIL3/CIR/2017/21, as amended, modified or replaced from time to time.
- 6.2 The Share Exchange Ratio has been arrived at on the basis of various methodologies explained in the Valuation Report and various qualitative factors relevant to the business and the business dynamics and growth potentials of the business, having regard to information base, key underlying assumptions and limitations
- 6.3 The Fairness Opinion issued by Finshore Management Services Pvt. Ltd, an Independent SEBI registered Merchant Banker, wherein they have confirmed that the Share Exchange Ratio as per the Valuation Report issued jointly by Sharp & Tannan, Independent Chartered Accountants, and Ms. Rashmi Shah Independent Chartered Accountant and Registered Valuer is fair to the shareholders of the Company and has been approved by the Audit Committee of the Company, the Board of the Company, the Board of SPL and the Audit Committee of SPL, in accordance with

Circular No.LIST/COMP/02/2017-18 dated 29 May, 2017 issued by BSE Limited and Circular No.NSE/CML/2017/12 dated 1 June, 2017 issued by the National Stock Exchange of India Limited.

6.4 The Valuers have not expressed any special difficulty while carrying out the valuation.

7. Adoption of the Report by the Directors:

The Directors of the Company have adopted this Report after noting and considering the information set forth in the Report. The Board or the Amalgamation Committee is entitled to make relevant modifications to this Report, if required, and such modification or amendments shall be deemed to form part of this Report.

By order of the Board

For Electrosteel Castings Limited

Sd/-

Indranil Mitra

Company Secretary

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|---|--|
| Sharp & Tannan Chartered Accountants Ravindra Annexe, 194, Churchgate Reclamation, Dinshaw Vachha Road, Mumbai - 400 020, Maharashtra | R. V. Shah & Associates Chartered Accountants 108, Sujata, Station Road, Malad East, Mumbai - 400 097, Maharashtra |
|---|--|

Dated: 3rd October, 2020

To,

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|--|--|
| The Board of Directors Electrosteel Castings Limited. Rathod Colony, Rajgangpur, Sundergarh, Odisha - 770 017 | The Board of Directors Srikalahasthi Pipes Limited Srikalahasthi Mandal, Chittoor District, Rachagunneri Village, Andhra Pradesh -517 641 |
|--|--|

Re: Recommendation of Fair Equity Share Exchange Ratio for Proposed Amalgamation of Srikalahasthi Pipes Limited into and with Electrosteel Castings Limited

Dear Sir/Madams,

This is with reference to our discussions held from time to time, whereby

- Electrosteel Castings Limited ("ECL") has engaged R.V. Shah & Associates, Chartered Accountants [Firm Registration No. 133958W] (Herein referred to as "RVS") vide the engagement letter dated 19th September, 2020, and
- Srikalahasthi Pipes Limited ("SPL") has engaged M/s Sharp & Tannan, Chartered Accountant [Firm Registration No. 109982W] (Herein referred to as "S&T") vide the engagement letter dated 19th September, 2020

to recommend fair equity share exchange ratio for the proposed amalgamation of SPL with ECL (together referred to "the Companies") (hereinafter referred to as "Proposed Amalgamation").

We are pleased to present herewith our joint report on the same.

S&T and RVS are herein jointly referred to as "Valuers" or "We" and individually referred to as "Valuer"



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For ELECTROSTEEL CASTINGS LIMITED

Company Secretary

1. BRIEF BACKGROUND

1.1 ELECTROSTEEL CASTINGS LIMITED ("ECL")

- 1.1.1 Electrosteel Castings Limited (CIN: L27310OR1955PLC000310) is a public limited company incorporated on 26th November 1955 and having registered office at Rathod Colony, Rajgangpur, District: Sundergarh, Odisha 770 017.
- 1.1.2 ECL is engaged in the manufacture and supply of Ductile Iron (DI) Pipes, Ductile Iron Fittings (DIF) and Cast Iron (CI) Pipes as its core business and produces and supplies Pig Iron, in the process. It also produces Metallurgic Coke, Sinter and Power for captive consumption. The company caters to the needs of Water Infrastructure Development.
- 1.1.3 Equity shares of ECL are listed on National Stock Exchange of India Limited ("NSE") and Bombay Stock Exchange Limited ("BSE").
- 1.1.4 The Company is the first to set up a Ductile Iron Pipe Plant in India. Today, it is India's leading pipeline solution provider. It has a strong brand presence around the Globe. The Company is distinct choice for water engineers and domain experts in Ductile Iron Pipes and Fittings.
- 1.1.5 ECL has overseas subsidiaries which are primarily engaged in the business of trading of DI Pipes and Fittings.
- 1.1.6 ECL has reported a consolidated shareholder's fund of INR 2,881 Cr as on 31st March 2020 and consolidated revenue and consolidated profit after tax of INR 2,711 Cr and INR 161 Cr respectively for the year ended 31st March 2020.
- 1.1.7 The shareholding pattern of ECL as on 30th September 2020 is as follows:

| Sl. No. | Category | No. of Shares | % Holding |
|--------------|---------------------------|---------------------|----------------|
| a. | Promoter & Promoter Group | 23,89,57,776 | 55.19% |
| b. | Public | 19,39,96,933 | 44.81% |
| Total | | 43,29,54,709 | 100.00% |

1.2 SRIKALAHASTHI PIPES LIMITED ("SPL")

- 1.2.1 Srikalahasthi Pipes Limited (CIN: L74999AP1991PLC013391) is a listed public company, incorporated on November 01, 1991, having its registered office in Rachgunneri Village, Srikalahasthi Mandal, District - Chittoor, Andhra Pradesh - 517 641. SPL was formerly known as Lanco Industries Limited. ECL holds 1,93,01,218 fully paid up equity shares having face value of INR 10 each of SPL amounting to 41.33% of the total equity share capital of SPL. ECL and SPL are under control of common promoter group. ECL along with its promoter group of companies are in a position to and do exercise control over SPL.

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For ELECTROSTEEL CASTINGS LIMITED

Company Secretary

1.2.2 SPL is one of the leading players in the DI pipe industry in India with plant located at Rachgunneri Village, Srikalahasthi, Chittoor District, Andhra Pradesh near Tirupati and its key products include DI Pipes, Pig Iron, Coke & and Cement. SPL has a backward integrated manufacturing facility which includes a sinter plant, coke oven plant, and power plant and Sewage Treatment facilities in the same complex spread over 330 acres, giving the company a significant competitive advantage. The company supplies DI pipes to various Water Boards, Municipal Corporations and Turnkey Contractors across the country for their Water Infrastructure Projects which is the thrust area of the Government of India.

1.2.3 Equity shares of SPL are listed on NSE and BSE.

1.2.4 SPL has reported shareholders' fund of INR 1,416 as on 31st March 2020, revenue and profit after tax of INR 1,663 Cr and INR 188 Cr for the year ended 31st March 2020.

1.2.5 The shareholding pattern of SPL as on 30th September, 2020 is as follows:

| Sl. No. | Category | No. of Shares | % Holding |
|--------------|---------------------------|--------------------|----------------|
| a. | Promoter & Promoter Group | 2,24,83,513 | 48.15% |
| b. | Public | 2,42,14,894 | 51.85% |
| Total | | 4,66,98,407 | 100.00% |

2. SCOPE & PURPOSE

2.1 We understand that management of ECL & SPL ("Management") is contemplating to amalgamate SPL with ECL pursuant to a scheme to enable the Companies to streamline their business activities into single combined entity, thereby resulting in economies of scale and avoidance of undue duplication in work, reduction in common expenditure otherwise incurred by the two entities within common group, better and more productive utilization of financial, human and other resource and enhancement of overall business efficiency. The managements expects that amalgamation will enable the combined entity to leverage their consolidated resources to: (a) increase production capacities; (b) undertake research and development initiatives to improve manufacturing processes and final product; (c) serve the needs of a larger customer base leading to overall business domestically as well as overseas; and (d) improved credit rating.



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For ELECTROSTEEL CASTINGS LIMITED

Company Secretary

- 2.2 The proposed amalgamation of SPL with ECL is to be affected through Scheme of Amalgamation on going concern basis with effect from the opening business hours of 01st October, 2020 ("Appointed Date") pursuant to the provisions of Section 230 to 232 and other applicable provisions of the Companies Act 2013 (including any statutory modifications, re-enactments or amendments thereof) and other applicable securities and capital market laws and rules issued thereunder to the extent applicable ("Proposed amalgamation"). In consideration thereof equity shares of ECL will be issued to the shareholders of SPL once the scheme become effective. The number of equity shares of ECL of face value of INR 1 each to be issued for the equity shares of SPL of face value of INR 10 each in the event of proposed amalgamation is referred to as the "Fair Equity Share Exchange Ratio" or "Share Exchange Ratio".
- 2.3 In this regard S&T and RVS have been appointed by the Companies to submit a Joint Valuation Report recommending a Fair Equity Share Exchange Ratio ("Report") in connection with the Proposed Amalgamation of SPL with ECL to be placed before the Audit Committee and Board of Directors ("Boards") of the Companies as required under the provisions of Section 230-232 of the Companies Act 2013 and other applicable securities and capital market laws and rules issued thereunder.
- 2.4 The scope of our services is to conduct a relative valuation (not an absolute valuation) of the equity shares of the Companies and recommend a Share Exchange Ratio as on 1st October 2020 ("Valuation Date") for issue of equity shares of ECL to the equity shareholders of SPL for the Proposed Amalgamation in accordance with ICAI Valuation Standards 2018 issued by Institute of Chartered Accountants of India.
- 2.5 This Report will be placed before the Boards and Audit Committees of the Companies, as applicable, as per the relevant SEBI circulars, and, to the extent mandatorily required under the applicable laws of India. This Report may be required to be produced before the judicial, regulatory or government authorities, stock exchanges, shareholders in connection with the Proposed Amalgamation under applicable laws.
- 2.6 We have considered financial information up to 30th June 2020 and the current market parameters in our analysis and made adjustments for additional facts made known to us till the date of our Report which will have a bearing on the valuation analysis to the extent considered appropriate. Further, the Management has informed us that all material information impacting the Companies has been disclosed to us.



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Company Secretary

- 2.7 Management of ECL has informed that their group's operations and financial results for the quarter ended 30th June 2020 have been adversely affected by the Outbreak of Covid-19 pandemic and consequent lockdown announced by various governments where subsidiaries are based including India due to which the operations were suspended for the part of the quarter and gradually resumed with requisite precautions. Also the group has incurred losses in Q1 FY 20-21. ECL has the sufficient liquidity to meet its future liabilities and obligations.
- 2.8 Further Management of SPL has also informed that their company's operations and financial results for the quarter ended 30th June 2020 have been adversely affected by the Outbreak of COVID-19 pandemic and consequent lockdown announced by the Government of India. The plant was shut down in the initial period of lock down days. It was further informed that the production is ramping up gradually and is hopeful that normal working is likely to be restored soon. SPL has incurred losses in Q1 FY 20-21. SPL has the sufficient liquidity to meet its future liabilities and obligations.
- 2.9 Management has informed that the uncertainties involved in view of the continuance of the pandemic, the effect of future impact of the pandemic on the operations of the Companies have been adequately adjusted in the future projections of the Companies.
- 2.10 The Management has informed us that:
- a) There would not be any capital variation in the Companies till the Proposed Amalgamation becomes effective without the approval of the shareholders;
 - b) Neither Companies would declare any dividend which are either materially different than those declared in the past few years or having materially different yields.

We have relied on the above while arriving at the Share Exchange Ratio for the Proposed Amalgamation.

- 2.11 This Report is our deliverable in respect of our recommendation on the Fair Equity Share Exchange Ratio for the Proposed Amalgamation.
- 2.12 Our opinion is based on prevailing market, economic and other conditions as at the date of this Report. These conditions can change over relatively short periods of time. Any subsequent changes in these conditions could have an impact upon our opinion. We do not undertake to update this Report for events or circumstances arising after the date of this Report.
- 2.13 This Report is subject to the assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.



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Company Secretary

3. SOURCE OF INFORMATION AND PROCEDURE ADOPTED

3.1 For the purpose of this valuation exercise, we have received & relied upon the following sources of information:

- ❖ Audited Annual Accounts of the Companies for FY 2015-16 to FY 2019-20;
- ❖ Management Certified financial statements of the Companies for the quarter ended 30th June 2020;
- ❖ Management Certified financial projections of the Companies for 9 months ending on FY 2020-21 and for FY 2021-22 to FY 2021-28;
- ❖ Management Certified financial statements of overseas subsidiaries of ECL as on 30th June 2020;
- ❖ Fair Valuation Report of surplus lands of ECL;
- ❖ Management Certified lists of contingent liabilities of Companies as on 30th June 2020;
- ❖ Income Tax returns for AY 19-20 and draft statement of tax computation for AY 20-21 of the Companies;
- ❖ Shareholding Pattern of the Companies as on 30th September, 2020.
- ❖ Brief Overview of the Companies and its past & current operations;
- ❖ Management certified draft Scheme of Amalgamation for the Proposed Amalgamation;
- ❖ Management Representation Letter dated 1st October, 2020, containing various data, documents and information relating to the Companies, which is relevant for the present valuation;
- ❖ Other information provided, as well as discussions held with, the Management of the Companies and other key personnel regarding past, current & future business operations;
- ❖ Published & secondary sources of data, whether or not made available by the Companies.
- ❖ Such other necessary information as considered relevant.

3.2 In addition to review of the above information, we have also held various discussions with the Management and other key personnel of the Companies from time to time regarding past, current & future business operations and obtained requisite explanation and clarification of data provided, either in oral or written form or in soft copy.

3.3 In this valuation exercise, the effect of recent slump in the economy and its consequential effect on the Companies due to COVID-19 pandemic and nationwide lockdown in almost whole of Quarter ended on 30th June 2020 have been considered. The projections provided by the management also include such effect for FY 2020-21 in terms of clause 2.7 & clause 2.8 of this Report.

3.4 For the above exercise, we have also analyzed general market data, including economic, governmental, environmental forces and industry information that may affect the equity valuation of ECL and SPL.



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- 3.5 Further, we have also relied on published and secondary sources of data whether or not made available by the Companies. We have not independently verified the accuracy or timeliness of the same.
- 3.6 Management of ECL and SPL has been provided with an opportunity to review the draft Report for confirming the accuracies of facts and statements made herein this Report.

4. ASSUMPTIONS, EXCLUSIONS, LIMITATIONS & DISCLAIMERS

- 4.1 This Report is intended only for the sole use and information of the Boards of the Companies and only in connection with the Proposed Restructuring including for the purpose of obtaining regulatory approvals, as required under applicable laws of India. Valuation analysis and results are specific to the purpose of valuation and is not intended to represent value at any time other than Valuation Date for the purpose of this Report and as per agreed terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.
- 4.2 This Report, its contents and the results are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the Valuation Date and (iii) are based on the financial information of the Companies till 30th June 2020. The Management of the Companies have represented that the business activities of the Companies have been carried out in normal and ordinary course between 30th June 2020 and the Report Date and that no material changes have occurred in their respective operations and financial position between 30th June 2020 and the Report Date except the effect of COVID-19 pandemic which have been duly considered in the current valuation exercise in terms of clause 2.7 & clause 2.8 of this Report and receipt of Arbitration Award vide Order of Arbitral Tribunal dated 10th August, 2020 by ECL, whereby ECL is entitled to receive INR 232.45 Cr from Railway Authorities.
- 4.3 We have no responsibility to update the Report for any events and circumstances occurring after the date of the Report. However, we reserve the right to amend or replace the Report at any time in the event of any material change in the facts presented to us. Our valuation analysis was completed on a date subsequent to the Valuation Date and accordingly we have taken into account such valuation parameters and over such period, as we considered appropriate and relevant, up to a date close to Valuation Date.
- 4.4 This Report and the information contained herein are absolutely confidential and is prepared on for the stated purposes in this Report. This Report should not be copied, disclosed, circulated, quoted or referred to either in whole or in part, in correspondence or in discussion with any other person except to whom it is issued without our written consent. The Companies are required to submit this Report to regulatory or judicial authorities, government authorities, stock exchanges, courts, shareholders, their professional advisors including merchant bankers providing the



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fairness opinion on the Share Exchange Ratio in connection with the Proposed Amalgamation to the extent mandatorily required under applicable laws of India. We hereby consent to such disclosure of this Report, on the basis that we owe responsibility only to the Boards of the Companies that have engaged us, under the terms of our engagement, and no other person; and that, to the fullest extent permitted by law, we accept no responsibility or liability to the shareholders of the Companies or any other party, in connection with this Report. The results of our valuation analysis and our Report cannot be used or relied by the Companies for any other purpose or by any other party for any purpose whatsoever. Possession of this Report, or a copy thereof, does not carry with it the right of publication of all or any part of it, nor may it be used for any purpose by anyone, without the previous written consent of us and, in any event, only with proper attribution.

- 4.5 We are not responsible to any other person / party for any decision of such person / party based on this Report. Any person / party intending to provide finance / invest in the shares / business of the Companies / their holding companies / subsidiaries / associates / investee companies / other group companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person / party (other than the Companies) choose to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to the Valuer.
- 4.6 For the purpose of providing recommendation on the Share Exchange Ratio, we have used financial and other information provided to us by the Management of the Companies and the information that was publicly available, sourced from subscribed databases and formed substantial basis for this Report which we believe to be reliable and conclusions are dependent on such information being complete and accurate in all material aspects. While information obtained from public domain or external sources have not been verified for authenticity, accuracy or completeness, we have obtained information as far as possible, from sources generally considered to be reliable. We assume no responsibility for such information. Our scope of work refrains us to accept responsibility for the accuracy and completeness of the financial and other information provided to us by the Managements. Our conclusion on value assumes that the assets and liabilities of the Companies, reflected in their respective latest balance sheets remain intact as of the Report date.
- 4.7 In accordance with the terms of engagement letter and in accordance with the customary approach adopted in valuation exercises, we have not audited, certified, carried out a due diligence, or otherwise investigated the historical and projected financial information, if any, provided to us regarding the Companies / their holding / subsidiary / associates / joint ventures / investee companies, if any. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the historical financials / financial statements and projections. The assignment did not involve us to conduct the financial, legal, regulatory, tax, accounting, actuarial or

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Company Secretary

technical feasibility study. We have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of the Companies. Also, with respect to explanations and information sought from the Managements, we have been given to understand by the Management that they have not omitted any relevant and material factors about the Companies and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt.

- 4.8 It should be noted that we have examined the Share Exchange Ratio for the Proposed Amalgamation and not examined any other matter including economic rationale for the Proposed Amalgamation per se or accounting, legal or tax matters involved in the Proposed Amalgamation.
- 4.9 The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited / unaudited balance sheets of the Companies / their holding / subsidiary / associates / joint ventures / investee companies, if any.
- 4.10 Our Report is not, nor should it be construed as our opining or certifying the compliance of the Proposed Restructuring with the provisions of any law / standards including companies, foreign exchange regulatory, securities market, accounting and taxation (including transfer pricing) laws / standards or as regards any legal, accounting or taxation implications or issues arising from such Proposed Restructuring.
- 4.11 Our Report is not, nor should it be construed as our recommendation on the Proposed Amalgamation or anything consequential thereto / resulting therefrom. Our scope of work is limited to expression of our view on the Share Exchange Ratio. This Report does not address the relative merits of the Proposed Amalgamation as compared with any other alternatives or whether or not such alternatives could be achieved or are available. Any decision by the Companies / their shareholders / creditors regarding whether or not to proceed with the Proposed Amalgamation shall rest solely with them. We express no opinion or recommendation as to how the shareholders / creditors of the Companies should vote at any shareholders' / creditors' meeting(s) to be held in connection with the Proposed Amalgamation. This Report does not in any manner address, opine on or recommend the prices at which the securities of the Companies could or should transact at following the announcement / consummation of the Proposed Amalgamation. Our Report and the opinion / valuation analysis contained herein is not, nor should it be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities or as providing management services or carrying out management functions. It is understood that this analysis does not represent a fairness opinion.

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- 4.12 We express no opinion on the achievability of the forecasts, if any, relating to the Companies given to us by the Management. The fee for our valuation analysis and the Report is not contingent upon the results reported.
- 4.13 The Companies and their representatives warranted to us that the information as supplied to us is complete & accurate. Financial results reflect the result of operations and financial condition in accordance with Indian Accounting Standards (Ind AS). Information &/or explanations, as provided by the Management or other key management personnel of the Companies has been accepted as correct without further verification and we express no opinion on that information.
- 4.14 Our conclusion is based on the assumptions and information given to us by/on behalf of the Companies. A valuation or determination of Share Exchange Ratio of this nature involves consideration of various factors including those impacted by prevailing stock market trends in general and industry trends in particular. This Report is issued on the understanding that the Management has drawn our attention to all the matters, which they are aware of concerning the financial position of the Companies and any other matter, which may have an impact on our opinion, on the Share Exchange ratio for the Proposed Amalgamation as on the Valuation Date. If there were any omissions, inaccuracies or misrepresentations of the information and financial projections as provided by the Management or other key management personnel of the Companies, this may have a material effect on our findings. It is expressly understood and agreed that we shall not in any respect be responsible for the accuracy or completeness of, or have any obligation to verify, any of the information made available to us including, without limitation, prospective financial information. Consequently, the Companies shall accept full responsibility for the reasonability and reliability of this information & data and that our valuation exercise will be subject to this limitation.
- 4.15 Valuation work, by its very nature, cannot be regarded as an exact science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Given the same set of facts and using the same assumptions, expert opinion may differ due to separate judgments & decisions, which have to be made. The fair value of Equity shares of ECL and SPL has been derived in accordance with Valuation Standards, 2018 issued by ICAI.
- 4.16 Whilst all reasonable care has been taken to ensure that the facts stated in the Report are accurate and the opinion given is fair and reasonable, neither ourselves, nor any of our partners, officers or employees shall in any way be responsible for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of completeness, authenticity or accuracy of such statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this Report. We are neither liable to any third party nor liable for any loss, damage, cost or expense arising in any way from fraudulent acts, misrepresentations or willful default on the part of the Companies, their management, directors, employees or agents in relation to the issue of this Report.



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Company Secretary

4.17 We shall not be called upon to prove or defend the valuation exercise in any forum and we are not required to give testimony in Court/Tribunal, etc., or be in attendance during any hearings or depositions, or give explanation to the auditors with reference to the value of the Companies, if required, unless previous and separate arrangements for the same have been made with us.

5. VALUATION

5.1 BASIS OF VALUATION

The purpose of this Valuation Report is to compute the value of ECL and SPL on a going concern basis as on Valuation Date and thereby recommending a Share Exchange Ratio for the proposed Amalgamation.

5.2 KEY FACTORS AFFECTING VALUATION

To carry out a valuation, we consider certain fundamental factors that affect the wealth generating capability of the company. These include:

- ❖ General economic outlook as well as current & expected conditions in the business environment;
- ❖ Competitive environment prevailing within the industry;
- ❖ Relative competitive advantages of the business in terms of the service capability, management capabilities, etc.;
- ❖ Historical financial and operational performance.

5.3 VALUATION METHODOLOGIES AND RATIONALE

Valuation cannot be regarded as an exact science, given the same set of facts & using the same assumptions, expert opinion may differ due to the number of separate judgment decisions, which have to be made. There can be three internationally accepted approach/approaches as per Valuation Standards 2018 issued by ICAI to valuation:-

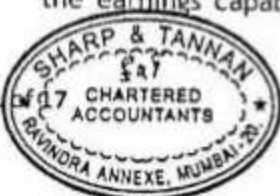
- (i) Cost Approach,
- (ii) Market Approach and
- (iii) Income Approach.

5.3.1 COST APPROACH

Net Assets Value ("NAV") Method

- Under this method, total value of the business is based on sum of the Net Assets Value either on book value or realizable value or replacement cost basis. NAV methodology is most applicable for the business where the value lies in the underlying assets and not the ongoing operations of the business. NAV method does not capture the future earning capacity of the business.
- This method is mainly used in the cases where the fixed asset base dominates the earnings capability. It is most commonly used in for valuation of Finance

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companies, Real Estate companies and manufacturing companies having wide asset base, where the assets of the company represent its value.

- Under this approach, Management certified financials of the Companies as on 30th June, 2020 are available. In present exercise we have considered it appropriate to give weightage to Net Assets Value method as both the Companies are having wide asset base.

5.3.2 MARKET APPROACH

Market Price Method

- Under this method, the market price of an equity share as quoted on a recognized Stock Exchange is normally considered as the value of the equity shares of that company, where such quotations are arising from the shares being regularly and frequently traded. The market value generally reflects the investors' perception about the true worth of the company. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market.
- Further in case of amalgamation, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.
- Since, ECL and SPL are listed companies, Market Price of equity shares of ECL and SPL traded on NSE over a reasonable period has been considered for this valuation method.

Market Multiple Method

- Under Market Multiple Method, the value is determined on the basis of multiples derived from valuations of comparable companies, as manifested through stock market valuations of listed companies.
- This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.
- The availability of listed companies which are pure-play in DI pipes and CI Pipes sector have enabled the computation of multiples that would facilitate usage of this method in arriving at the equity value of ECL and SPL. Accordingly, this method has been considered for valuation of ECL and SPL.



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- We have considered Enterprise value to Earnings before interest, tax, depreciation and amortization (EV/EBITDA) Multiple to value the equity shares of ECL and SPL under this method.

Market Transactions Method

- This method is based on the assumption that if comparable Asset (or company) has fetched certain price, then the subject asset (or company) will realize a price something near to it. This method involves reviewing transactions for companies that are in the same or similar line of business as the company being valued and then, applying the relevant pricing multiples to the subject company to determine its value. The method might involve private company transactions or public company transactions. Adjustments are commonly made to these valuation measures before applying to the subject company to ensure an "Apple-to-Apple" comparison. One or many comparable sales might be considered under this method depending on the data available and the degree of similarity of the company being valued.
- This method has not been used in current valuation since there is no recent comparable transaction whose information is available in public domain.

5.3.3 INCOME APPROACH

Discounted Cash Flow ("DCF") Method

- DCF Method seeks to arrive at a value of a business based on the strength of its future cash flows. This method captures the risk involved with these cash flows.
- Under this method, the business is valued by discounting its free cash flows for an explicit forecast period and the perpetuity value thereafter. The free cash flows to the firm ("FCFF") represent the cash available for distribution to both the owners and the creditors of the business. The free cash flows in the explicit period and those in perpetuity are discounted by Weighted Average Cost of Capital ("WACC"). WACC is an appropriate rate of discount to calculate the present value of the future free cash flows as it considers debt-equity risk and also debt-equity ratio of the company/industry.
- To the present value of the cash flows so arrived, adjustments are made for the value of debt, surplus/non-operating assets including investments, surplus cash & bank balance and contingent assets/liabilities and other liabilities, if any, in order to arrive at the value for the equity shareholders. The total value for the equity shareholders so arrived has to be then divided by the number of equity shares in order to work out the value per equity share of the company.
- We have considered DCF method to derive the value of Equity shares of ECL and SPL since both the Companies are of operating nature and derive its value from their respective operations. Since DCF captures the future prospects of the



company & tries to value the company from that perspective, DCF Method has been used.

5.4 VALUATION METHODOLOGIES AND RATIONALE

- 5.4.1 It should be understood that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made certain assumptions with respect to industry performance and general business and economic conditions. In additions, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the Companies, and other factors which generally influence the valuation of Companies and their assets.
- 5.4.2 The application of any particular method of valuation depends on the purpose for which the valuation is done. Our choice for methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignment of a similar nature.
- 5.4.3 **Net Asset Value Method:** Under this method, based on management representation, we have considered the carrying value of assets and liabilities in management certified financial statements for the period ending on 30th June, 2020 as realizable value. Further we have made adjustments for fair value of non-operating assets (like surplus land and other assets) & investments on basis of valuation certificates, expert opinions, etc. We also have made appropriate adjustments for contingent liabilities as on 30th June, 2020.
- 5.4.4 **Market Price Method:** Under this method, equity value of ECL and SPL has been determined based on Regulations 164 (1) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 ('ICDR'), volume weighted market prices, up to 1st October 2020 using NSE data¹.

We observe & believe that value arrived under the market price method for ECL varies as compared to values arrived under other methods primarily on account of (i) Holdco discount (on investments held by ECL in SPL) and (ii) discounted/lower value of non-operating assets/non-core assets of ECL, factored by the market. Given that shares of both ECL and SPL are frequently traded on stock exchanges, we have considered it appropriate to give weightage to market price method computed in accordance with Regulation 164 (1) of SEBI ICDR 2018.

- 5.4.5 **Market Multiple Method:** Under this method, the Enterprise Value of ECL (consolidated) & SPL has been determined by considering EV/EBITDA Trading Multiple of other guideline companies primarily engaged in DI pipes and CI Pipes Business. EV/EBITDA Multiple of guideline comparable companies have been

1. Since equity shares of ECL & SPL are more frequently traded on NSE as compared with BSE, we have considered the data available with NSE.



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derived considering EBITDA for FY 19-20. Operations of the entire industry including the comparable companies have been severely impacted after FY 19-20 owing to the Covid-19 pandemic and hence performance in quarter ending June 2020 cannot be considered as normal. The average EV/EBITDA multiple of guideline comparable companies has been adjusted with an appropriate discount rate of 15%.

The adjusted multiple so arrived is multiplied with the EBITDA of ECL and SPL for FY 2019-20 to arrive at the Enterprise value of ECL & SPL respectively.

Appropriate adjustment has been made for net debt, non-operating assets, investments, if any, & other assets of ECL & SPL to arrive at their respective equity values.

5.4.6 Discounted Cash Flow Method:

5.4.6.1 Electrosteel Castings Limited:

For arriving at the enterprise value of ECL under this method, we have determined the present value of the operating cash flows of ECL. Operating cash flows have been projected by the company considering its future prospects, government spending on water logistics and its market share in the industry.

To the value so arrived at, we have added net-worth of the overseas subsidiaries of ECL as on 30th June 2020, fair value of its investment in Equity shares of SPL based on the value so arrived as per this Report, fair value of surplus land, fair value of other investments, fixed deposits, expected realisable value from other surplus assets and Cash & Cash Equivalent of ECL as on 30th June 2020.

To the value so arrived by adding the aforesaid items, we have reduced the debt and contingent liabilities of the company as on 30th June 2020 to arrive at the equity value of ECL.

Management confirms that ECL has been carrying its normal operations after 30th June 2020 till the date of this Report and no significant deviations in the operations have taken place (except clause 2.7 of this Report). Hence, based on the representation given by the management we confirm that equity value of ECL as determined above, under DCF approach, represents value of the Company as on Valuation Date.

5.4.6.2 Srikalahasthi Pipes Limited

Under this method for arriving at the enterprise value of SPL, we have determined the present value of the operating cash flows of SPL. Operating cash flows have been projected by the company considering its future prospects such as expansion of production capacity, if any, government spending on water logistics and its market share in the industry.



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To the value so arrived at, we have added realisable value of non-operating assets such as Security Deposits, loans advanced, sales tax incentive receivable and Cash & Cash Equivalent of SPL as on 30th June 2020.

To the value so arrived by adding the aforesaid items, we have reduced the debt and contingent liabilities of the company as on 30th June 2020 to arrive at the equity value of SPL.

Management confirms that SPL has been carrying its normal operations after 30th June 2020 till the date of this Report and no significant deviations in the operations have taken place (except clause 2.8 of this Report). Hence, based on the representation given by the management we confirm that equity value of SPL, as determined above under DCF approach, represents value of SPL as on Valuation Date.

6. RECOMMENDATION OF EXCHANGE RATIO

- 6.1 The basis of the amalgamation of SPL with ECL would have to be determined after taking into consideration all the factors and methods mentioned hereinabove. Though different values have been arrived at under each of the above methods, for the purposes of recommending the fair exchange ratio of equity shares it is necessary to arrive at a final value for each of the Companies' shares. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of the Companies, but at their relative values to facilitate the determination of the Fair Equity Share Exchange Ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approaches / methods.
- 6.2 The Fair Equity Share Exchange Ratio has been arrived at on the basis of a relative equity valuation of the Companies based on the various approaches / methods explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of the Companies, having regard to information base, key underlying assumptions and limitations.
- 6.3 In light of the above and on consideration of all the relevant factors and circumstances as discussed & outlined hereinabove referred to earlier in this Report for Proposed Amalgamation and upon the proposed Scheme becoming effective, in our opinion, we recommend Fair Equity Share Exchange Ratio for the amalgamation of SPL with ECL of:

"59 equity shares of Electrosteel Castings Limited of face value of INR 1/- each fully paid up for every 10 equity shares of Srikalahasthi Pipes Limited of face value of INR 10/- each fully paid up"



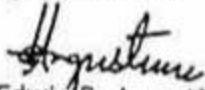
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For Electrosteel Castings Limited

Company Secretary

The aforesaid share exchange ratio has been recommended based on value of equity shares of ECL and SPL as arrived under various valuation methodologies tabled hereunder:

| Valuation Approach | Electrosteel Castings Limited | | Srikalahasthi Pipes Limited | |
|--|-------------------------------|-----------------------|-----------------------------|-----------------------|
| | Weight | Value per Share (INR) | Weight | Value per Share (INR) |
| Asset Approach - Net Asset Value | 10% | 49.62 | 10% | 299.97 |
| Income Approach - Discounted Cash Flow Method | 40% | 57.21 | 40% | 300.14 |
| Market Approach - Market Price Method | 35% | 18.84 | 35% | 167.88 |
| Market Approach - Comparable Companies Multiple Method | 15% | 47.51 | 15% | 242.03 |
| Value per share | 100% | 41.57 | 100% | 245.12 |
| Exchange Ratio (Rounded off) | | | | 5.90 |

SHARP & TANNAN
Chartered Accountants
Firm Registration No. 109982W
by the hand of



Edwin P. Augustine
Partner
Membership No. 043385
Date: 3rd October, 2020
Place: Mumbai
UDIN: 20043385AAAAEH7687
Encl.: a/a



For R V Shah & Associates
Chartered Accountants
Firm Regn No. 133958W



Rashmi Shah
Proprietor
Membership. No. 123478
Date: 3rd October, 2020
Place: Mumbai
UDIN: 20123478AAAAHD2697
Encl.: a/a

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For ELECTROSTEEL CASTINGS LIMITED

Company Secretary

Annexure - IV.B



To,
The Board of Directors
Electrosteel Castings Limited
Rathod Colony,
Rajgangpur, Sundergarh,
Odisha – 770 017

Sub: Fairness Opinion on the Share Exchange Ratio for the Proposed Scheme of Amalgamation of Srikalahasthi Pipes Limited with Electrosteel Castings Limited.

Dear Sir/Madam,

1. ENGAGEMENT BACKGROUND

We understand that the Board of Directors of the above referred Companies are considering an amalgamation of Srikalahasthi Pipes Limited ("Transferor Company") with Electrosteel Castings Limited (the "Transferee Company") pursuant to a Scheme of Amalgamation ("Scheme") under the applicable provisions of the Companies Act, 2013.

We further understand that pursuant to the above Scheme, the shareholders of Transferor Company will be issued equity shares of Transferee Company as consideration for their respective shareholdings in the Transferor Companies.

We further understand that the Share Exchange ratio in this regard has been arrived based on the Valuation Report dated 03rd October, 2020 prepared by the independent Chartered Accountants (collectively referred to as "Valuers"), M/s Sharp & Tannan, Chartered Accountant (the "Valuers" or "S&T") who has been appointed by Srikalahasthi Pipes Limited (Transferor Company) and R.V. Shah & Associates, Chartered Accountants (the "Valuers" or "RVS") who has been appointed by the Electrosteel Castings Limited (Transferee Company).

In connection with the aforesaid, you have requested our Opinion as to the fairness of the Share Exchange Ratio, as recommended by the Valuers to the shareholders of Electrosteel Castings Limited (the "Transferee Company").

2. BACKGROUND OF THE COMPANIES

a. Electrosteel Castings Limited ("ECL")

- Electrosteel Castings Limited (CIN: L27310OR1955PLC000310) is a public limited company incorporated on 26th November 1955 and having its registered office at Rathod Colony, Rajgangpur, District: Sundergarh, Odisha 770 017.
- ECL is engaged in the manufacture and supply of Ductile Iron (DI) Pipes, Ductile Iron Fittings (DIF) and Cast iron (CI) Pipes as its core business and produces and supplies Pig Iron, in the process. It also produces Metallurgic Coke, Sinter and Power for captive consumption. The company caters to the needs of Water Infrastructure Development.

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Company Secretary

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FINSHORE MANAGEMENT SERVICES LIMITED

(CIN: U74900WB2011PLC169377) • Website: www.finshoregroup.com

Regd. Office : "Anandlok" 2nd Floor, Block-A, Room No. 207, 227, A. J. C. Bose Road, Kolkata-700 020 West Bengal, India Ph. : 033 2289 5101

Chartered Accountants



- Equity shares of ECL are listed on National Stock Exchange of India Limited ("NSE") and Bombay Stock Exchange Limited ("BSE").
- The Company is the first to set up a Ductile Iron Pipe Plant in India. Today, it is India's leading pipeline solution provider. It has a strong brand presence around the Globe. The Company is distinct choice for water engineers and domain experts in Ductile Iron Pipes and Fittings.
- ECL has overseas subsidiaries which are primarily engaged in the business of trading of DI Pipes and Fittings.
- ECL has reported a consolidated shareholder's fund of INR 2,881 Cr as on 31st March 2020 and consolidated revenue and consolidated profit after tax of INR 2,711 Cr and INR 161 Cr for the year ended 31st March 2020.
- The shareholding pattern of ECL as on 30th September 2020 is as follows:

| Sr. No | Category | No. of Shares | % Holding |
|--------|---------------------------|---------------|-----------|
| a. | Promoter & Promoter Group | 23,89,57,776 | 55.19% |
| b. | Public | 19,39,96,933 | 44.81% |
| Total | | 43,29,54,709 | 100% |

b. Srikalahasthi Pipes Limited ("SPL")

- Srikalahasthi Pipes Limited (CIN: L74999AP1991PLC013391) is a listed public company, incorporated on November 01, 1991, having its registered office in Rachgunneri Village, Srikalahasthi Mandal, District Chittoor, Andhra Pradesh 517641. SPL was formerly known as Lanco Industries Limited.. ECL and SPL are under the control of common promoter group. ECL along with its promoter group of companies are in a position to and do exercise control over SPL. ECL holds 1,93,01,218 fully paid up equity shares having face value of INR 10 each of SPL amounting to 41.33% of the total Equity share capital of SPL.
- SPL is one of the leading players in the DI pipe industry in India with plant located at Rachgunneri, Sri kalahasthi, Chittoor District, Andhra Pradesh near Tirupati and its key products include DI Pipes, Pig Iron, Coke & and Cement. SPL has a backward integrated manufacturing facility which includes a sinter plant, coke oven plant, and power plant and Sewage Treatment facilities in the same complex spread over 330 acres, giving the company a significant competitive advantage. The company supplies DI pipes to various Water Boards, Municipal Corporations and Turnkey Contractors across the country for their Water Infrastructure Projects which is the thrust area of the Government of India.
- Equity shares of SPL are listed on the National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE").



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For ECL INDUSTRIES LIMITED

Company Secretary

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FINSHORE MANAGEMENT SERVICES LIMITED

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Regd. Office : "Anandlok" 2nd Floor, Block-A, Room No. 207, 227, A. J. C. Bose Road, Kolkata-700 020 West Bengal, India Ph. : 033 2289 5101



- SPL has reported a ShareHolder's Fund of around INR 1,416 crores as on 31st March 2020, revenue from operations and profit after tax of around INR 1,663 Crores and INR 188 Crores respectively for the year ended 31st March 2020.
- The shareholding pattern of SPL as on 30th September, 2020 is as follows:

| Sr. No | Category | No. of Shares | % Holding |
|--------------|---------------------------|--------------------|-------------|
| a. | Promoter & Promoter Group | 2,24,83,513 | 48.15% |
| b. | Public | 2,42,14,894 | 51.85% |
| Total | | 4,66,98,407 | 100% |

3. SOURCES OF INFORMATION

We have relied on the following information for forming our opinion on the fairness of the Share Exchange Ratio:-

- Audited Annual Accounts of the Companies for FY 2015-16 to FY 2019-20;
- Draft Scheme of Amalgamation between the Transferor and Transferee Companies and their respective shareholders and creditors;
- Valuation report dated 03rd October, 2020 issued jointly by R.V. Shah & Associates, Chartered Accountants, and M/s Sharp & Tannan, Chartered Accountants determining the Share Exchange Ratio; and
- Shareholding Pattern of the Companies as on 30th September, 2020.
- Brief Overview of the Companies and its past & current operations;
- Management certified Draft Scheme of Amalgamation for the proposed restructuring;
- Management Representation dated 03rd October, 2020 containing various data, documents and information relating to the Companies, which is relevant for the present valuation;
- Other information provided, as well as discussions held with, the Management of the Companies and other key personnel regarding past, current & future business operations;
- Published & secondary sources of data, whether or not made available by the Companies.
- Such other necessary information as considered relevant.

4. A) RATIONALE OF THE SCHEME OF AMALGAMATION

- The Transferor Company and Transferee Company are under the control of common promoter group of companies. Transferee Company along with promoter group of companies are in a position to and do exercise control over the transferor Company. The Transferor Company and Transferee Company are engaged in the same line of business, i.e., manufacture and sale of ductile iron pipes and both have common economic objective and strategic goals. It would be advantageous to combine the activities and operations in a single company leading to strong capability in effectively meeting future challenges of competitive business environment.
- The Amalgamation will enable the Transferor Company and Transferee Company to streamline their business activities into a single combined entity, thereby resulting in



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CORRECT FOR ELECTROSTEEL CASTINGS

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economies of scale and avoidance of undue duplication in work, reduction in common expenditure otherwise incurred by the two entities within common group, better and more productive utilization of financial, human and other resource and enhancement of overall business efficiency.

- c. The Amalgamation will result in significant reduction in multiplicity of legal and regulatory compliances which at present is required to be made separately by the Companies.
- d. The Amalgamation will result in simplification of the group structure and management structure with only one listed company in group leading to better administration and reduction in administrative and other costs from more focused operational efforts, rationalization, standardization and simplification of business processes.
- e. The Amalgamation will enable the combined entity to leverage their consolidated resources to: (a) increase production capacities; (b) undertake research and development initiatives to improve manufacturing processes and final product; (c) serve the needs of a larger customer base leading to overall business domestically as well as overseas, and (d) improved credit rating.
- f. The synergies that exist between the two companies in terms of services and resources can be put to the best advantage of all stakeholders.
- g. The Scheme of Amalgamation is expected to be in the best interests of the shareholders, employees and the creditors of the Transferor Company and the Transferee Company.

4. **B) THE SCHEME IS CONDITIONAL UPON AND SUBJECT TO:**

- a. The Company obtaining the observation letter from the designated Stock Exchange for the implementation of the Scheme.
- b. The Scheme being agreed to by the respective requisite majorities of members of the Company as required under the Act.
- c. The requisite sanctions and approvals under the applicable law including but not limited to approvals, sanctions required under the SEBI Circular (CFD/DII3/CIR/2017/21) dated March 10, 2017 issued by the SEBI read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and as may be required by law in respect of this Scheme being obtained.
- d. The Scheme being approved by the National Company Law Tribunal, read with all other applicable provisions if any, of the Act or of such other authority having jurisdiction under applicable law, being obtained.
- e. The certified copy of the above order of the NCLT sanctioning this Scheme being filed with the Registrar of Companies

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FOR ELECTROSTEEL CASTINGS LIMITED

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Company Secretary



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Controlled by Management Services Limited



SCOPE AND LIMITATIONS/CAVEATS

- a. Our opinion and analysis is limited to the extent of review of documents as provided to us by the Transferor and Transferee Companies including the Valuation report containing the share exchange ratio prepared by the independent Chartered Accountants R.V. Shah & Associates, Chartered Accountants, and M/s Sharp & Tannan, Chartered Accountants dated 03rd October, 2020 and draft Proposed Scheme. We have relied upon the accuracy and completeness of all information and documents provided to us, without carrying out any due diligence or independent verification or validation of such information to establish its accuracy or sufficiency. We have not reviewed any financial forecasts relating to these Companies. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the Transferor and Transferee companies, if any.
- b. In rendering our opinion, we have assumed that the Scheme of Amalgamation will be implemented on the terms described therein without any waiver or modification of any material terms or conditions and that in the course of obtaining the necessary regulatory approvals to the Scheme of Amalgamation, no delay, limitation, restriction or conditions will be imposed that would have an adverse effect on the Scheme.
- c. We do not express an opinion as to any tax or other consequences that might arise from the Scheme of Amalgamation nor does our opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the Companies have obtained such advice as it deemed necessary from qualified professionals.
- d. We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof. Our opinion is specific to the arrangement as contemplated in the Scheme of Amalgamation provided to us and is not valid for any other purpose.
- e. Our engagement and opinion expressed herein are for the use of Board of Directors of the Companies in connection with the Scheme of Amalgamation and for no other purpose. Neither we nor any of our affiliates, partners, directors, shareholders, managers, employees or agents or any of them make any representation or warranty, express or implied, as to the information and documents provided to us, based on which the opinion has been issued. All such parties and entities expressly disclaim any and all liability for or based on or relating to any such information contained therein.
- f. No decision should be taken based on this Report by any person intending to provide finance or invest in shares of the Companies and shall do so after seeking their own professional advice and carrying out their own due diligence to ensure that they are making an informed decision.



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Chartered Accountants & Management Services



- g. Our opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Scheme of Amalgamation, if required or any matter related thereto.
- h. Reproduction, Copying or otherwise quoting of our Report or any parts thereof, other than in connection with the scheme of amalgamation, can be done only with our prior consent in writing.
- i. Our report should not be construed as an opinion or certificate certifying the compliance of the Proposed Scheme of amalgamation with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implication or issues arising from proposed amalgamation.
- j. Our opinion is restricted to the Fairness opinion on the valuation of Shares done by the Independent Chartered Accountants as required under Circular No CFD/DIL3/CIR/2017/21 dated 10th March, 2017 of SEBI
- k. As represented by the Management, the impact of COVID-19 ("Covid") has been considered in the financial projections.
- l. The fairness opinion is based on and is subject to the condition's precedent mentioned under Point 4B "The Scheme Is Conditional Upon And Subject To".
- m. We have no present or planned future interest in ECL and SPL and the fee payable for this opinion is not contingent upon the opinion reported herein. The company has been provided with an opportunity to review the draft opinion as a part of our standard practice to make sure that factual accuracy / omissions are avoided in our final opinion.
- n. The Opinion contained herein is not intended to represent at any time other than the date that is specifically stated in this Report. This opinion is issued on the understanding that the Management has drawn our attention to all matters of which they are aware, which may have an impact on our opinion up to the date of signature. We have no responsibility to update this report for events and circumstances occurring after the date of this Report.
- o. This Fairness opinion report is subject to the scope and limitations detailed herein. As such the report is to be read in totality, and not in parts and in conjunction with the relevant documents referred to in this report. This report has been issued only for the purpose of the facilitating the Scheme and should not be used for any other purpose.

6. OPINION

- a. With reference to above and based on information provided by Management and after discussions with the Valuers, we understand that the Proposed Scheme has been structured to consolidate the business of ECL and SPL. The proposed amalgamation is driven by motive to achieve synergies through focused business segments and leverage on its operations for future growth.

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For ELECTROSTEEL CASTINGS LIMITED

Company Secretary

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- b. "Subject to the caveats as detailed herein, based on our review as above and the information and explanation furnished to us, we as a Merchant Banker hereby certify that we have reviewed the valuation report recommending the swap ratio for the proposed scheme of amalgamation of Transferor Company with Transferee Company and are of the opinion that following share exchange ratio –

"59 (Fifty Nine) equity shares of Electrosteel Castings Limited of INR 1/- each fully paid up for every 10 (Ten) equity shares of Srikalahasthi Pipes Limited of INR 10/- each fully paid up"

is fair and reasonable to the equity shareholders of transferee company."

For Finshore Management Services Limited
SEBI Regd. CAT-I Merchant Banker, Regn No. INM000012185

Place: Kolkata
Date: 03rd October, 2020


S. Ramakrishna Iyengar
Director



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FOR ELECTROSTEEL CASTINGS LIMITED


Company Secretary

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Chartered Accountants / Chartered Financial Analysts



ASHIKA CAPITAL LTD

CIN: U30009WB2000PLC091674

SEBI Authorised Merchant Banker

SEBI Registration No.: INM 000010536

Strictly Private & Confidential

October 03, 2020

To
The Board of Directors,
Srikalahasthi Pipes Limited,
Rachagunneri Village, Srikalahasthi Mandal,
Chittoor District, Andhra Pradesh-517641.

Sub: Fairness Opinion on the Recommendation of Share Exchange Ratio for the proposed amalgamation of Srikalahasthi Pipes Limited into and with Electrosteel Castings Limited

Dear Sir/ Madam,

We refer to our engagement letter whereby Ashika Capital Limited (hereinafter referred to as “we” or “ACL”) was appointed by Srikalahasthi Pipes Limited (hereinafter referred to as “SPL” or the “Company”) to provide a fairness opinion on the recommendation of the Share Exchange Ratio for the proposed amalgamation of SPL into and with Electrosteel Castings Limited (hereinafter referred to as “ECL”).

1. Scope and Purpose:

We understand that the Board of Directors of SPL and ECL are contemplating to amalgamate SPL into and with ECL (“**Proposed Amalgamation**”). The proposed amalgamation is to be carried out pursuant to a Scheme of Amalgamation (“**Scheme**”) pursuant to the provisions of Section 230 to 232 and other applicable provisions of the Companies Act 2013 (including any statutory modifications, re-enactments or amendments thereof) and other applicable securities and capital market laws and rules issued thereunder to the extent applicable.



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We understand from the management of SPL that, pursuant to the proposed amalgamation, the equity shareholders of SPL will be issued equity shares in ECL as consideration for their respective shareholding in SPL. The terms and conditions of the proposed amalgamation are more fully set out in Draft Scheme of Amalgamation (“**Draft Scheme Document**”) shared with us, the final version of which will be filed by the aforementioned companies with the appropriate authorities.

We further understand that the share exchange ratio for the proposed amalgamation has been arrived at based on a joint report dated October 03, 2020 (“**Valuation Report**”) being issued by R.V. Shah & Associates, Chartered Accountants [Firm Registration No. 133958W] (herein referred to as “**RVS**”), engaged by ECL and M/s Sharp & Tannan, Chartered Accountant [Firm Registration No. 109982W] (herein referred to as the “**S&T**”), engaged by SPL. S&T and RVS are herein jointly referred to as “**Valuers**”.

Based on our perusal of the Valuation Report, we understand that it has been proposed that pursuant to the amalgamation of SPL into and with ECL, equity shareholders of SPL shall be issued 59 (*fifty nine*) fully paid equity shares of ECL of face value INR 1/- each for every 10 (*ten*) fully paid equity shares of SPL of face value INR 10/- each (hereinafter referred to as the “**Share Exchange Ratio**”).

In connection with the aforesaid, you requested our opinion (“**Opinion**”), as of the date hereof, as to the fairness of the share exchange ratio, as proposed by the Valuers, from a financial point of view, to the shareholders of SPL.

2. **Sources of Information:**

In connection with this Opinion, we have:

- (i) reviewed the management certified copy of Draft Scheme Document and the Valuation Report;

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- (ii) reviewed certain publicly available historical and operational information with respect to each of the relevant entities available in their respective annual & interim reports and Company presentations;
- (iii) reviewed certain historical business and financial information relating to each of the relevant entities, as provided by the Company, and sought certain clarifications with respect to the same;
- (iv) considered publicly available research on the Company and ECL as available with us as at the date hereof;
- (v) Shareholding Pattern of the Company and ECL as on September 30, 2020;
- (vi) Brief Overview of the Company and ECL and its past & current operations;
- (vii) held discussions with the Valuers, in relation to the approach taken to valuation and the details of the various methodologies utilised by them in preparing the valuation report and recommendations;
- (viii) sought various clarifications from the respective senior management teams of the relevant companies;
- (ix) sought Management Representation dated October 01, 2020 obtained by the Valuers containing various data, documents and information relating to the Company and ECL, which is relevant for the present valuation;
- (x) reviewed historical stock prices and trading volumes of the Company's and ECL shares on BSE & NSE
- (xi) reviewed published & secondary sources of data, whether or not made available by the Companies; and
- (xii) performed such other financial analysis and considered such other information and factors as we deemed appropriate.



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3. Basis of Opinion:

The rationale for the Scheme as shared with us by the Company's management is based on inter-alia the following benefits:

- The proposed amalgamation will enable the Companies to streamline their business activities into a single combined entity, thereby resulting in economies of scale and avoidance of undue duplication in work, reduction in common expenditure otherwise incurred by the two entities within common group, better and more productive utilization of financial, human and other resource and enhancement of overall business efficiency;
- The amalgamation will result in consolidation of the businesses of the parties resulting in expansion of the consolidated business both domestically and internationally, significant reduction in multiplicity of legal and regulatory compliances which at present is required to be made separately by the Companies, simplification of the group structure and management structure with only one listed company in group leading to better administration and reduction in administrative and other costs;
- The parties expect significant synergies through operational improvements, value optimisation, scale efficiencies and improvement in credit rating;
- The Scheme is expected to be in the best interests of the shareholders, and all other stakeholders;

Some key details related to SPL and ECL are as under:

Srikalahasthi Pipes Limited (“**Transferor Company**”) (CIN: L74999AP1991PLC013391) is a public company, limited by shares, incorporated on November 01, 1991 under the provisions of the Companies Act, 1956, having its registered office in Rachgunneri Village, Srikalahasthi Mandal, Chittoor District, Andhra Pradesh-517641. SPL was formerly known as “Lanco Industries Limited”. ECL holds 1,93,01,218 fully paid up equity shares having face value of INR 10 each of SPL amounting to 41.33% of the total equity share capital of SPL as on September 30, 2020. ECL and SPL are under control of common promoter group. ECL along with its promoter group of companies are in the position to and do exercise control over SPL.

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The equity shares of SPL are listed on the BSE Limited (“**BSE**”) and the National Stock Exchange of India Limited (“**NSE**”).

SPL is one of the leading players in the DI pipe industry in India with plant located at Rachgunneri Village, Srikalahasthi Mandal, Chittoor District, Andhra Pradesh near Tirupati and its key projects include DI pipes, Pig Iron, Coke and Cement. SPL has a backward integrated manufacturing facility which includes a sinter plant, coke oven plant, and power plant and Sewage Treatment facilities in the same complex spread over 330 acres, giving the company a significant competitive advantage. The Company supplies DI pipes to various Water Boards, Municipal Corporations and Turnkey Contractors across the country for their Water Infrastructure Projects which is the thrust area of the Government of India.

The shareholding pattern of SPL as on September 30, 2020 is as follows:

| Sl. No. | Category | No. of Shares | % Holding |
|--------------|---------------------------|--------------------|----------------|
| a. | Promoter & Promoter Group | 2,24,83,513 | 48.15% |
| b. | Public | 2,42,14,894 | 51.85% |
| Total | | 4,66,98,407 | 100.00% |

Electrosteel Castings Limited (“**Transferee Company**”) (CIN: L27310OR1955PLC000310) is a public company, limited by shares, incorporated under the Indian Companies Act, 1913 on November 26, 1955 and having registered office at Rathod Colony, Rajgangpur, District: Sundergarh, Odisha 770 017. ECL was formerly known as "Dalmia Iron and Steel Limited". The equity shares of ECL are listed on the BSE Limited (“**BSE**”) and the National Stock Exchange of India Limited (“**NSE**”).

ECL is engaged in the manufacture and supply of Ductile Iron (DI) Pipes, Ductile Iron Fittings (DIF) and Cast iron (CI) Pipes as its core business and produces and supplies Pig Iron, in the process. It also produces Metallurgic Coke, Sinter and Power for captive consumption. The Company caters to the needs of Water Infrastructure Development. The Company is the first to set up a Ductile Iron Pipe Plant in India. Today, it is India’s leading pipeline solution

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provider. It has a strong brand presence around the Globe. The Company is distinct choice for water engineers and domain experts in Ductile Iron Pipes and Fittings. ECL has overseas subsidiaries which are primarily engaged in the business of trading of DI Pipes and Fittings.

The shareholding pattern of ECL as on September 30, 2020 is as follows:

| Sl. No. | Category | No. of Shares | % Holding |
|--------------|---------------------------|--------------------|----------------|
| a. | Promoter & Promoter Group | 23,89,57,776 | 55.19% |
| b. | Public | 19,39,96,933 | 44.81% |
| Total | | 43,29,54709 | 100.00% |

The key features of the Scheme provided to us through the Draft Scheme Document are as under:

1. As consideration for the amalgamation of SPL into and with ECL, ECL shall issue equity shares to the equity shareholders of SPL proportionate to their holdings in SPL;
2. ECL shares to be issued and allotted by ECL in terms of the Scheme shall be subject to the provisions of the memorandum and articles of association of ECL and shall rank *pari passu* in all respects and shall have the same rights attached to the then existing shares of ECL;
3. Upon the coming into effect of the Scheme, SPL shall, without any further act, instrument or deed, stand dissolved without winding-up;
4. Upon the Scheme becoming effective, the authorized share capital of SPL as on the Effective Date shall get combined with the authorized share capital of ECL. Immediately thereafter, as an integral part of this Scheme, the authorized share capital of SPL comprising of equity shares of face value of Rs 10 each, shall split and deemed to be reclassified in ECL as equity share of face value of Rs 1 each of ECL.

We have relied on the Draft Scheme Document and taken the abovementioned key features of the Scheme (together with other facts and assumptions set forth in this Opinion) into account while determining the meaning of “fairness”, from a financial point of view, for the purposes of this Opinion.



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4. Exclusions and Limitations:

Our Opinion and analysis is limited to the extent of review of documents as provided to us by SPL and ECL including the valuation report prepared by the Valuers and the Draft Scheme Document.

We have assumed and relied upon the accuracy and completeness of all information and documents provided to us, data publicly available or otherwise reviewed by or discussed with us. We have relied upon the SPL's and ECL's assurance that they are not aware of any facts or circumstances that would make such information or data incomplete, inaccurate or misleading in any material respect.

We have not carried out any due diligence or independent verification or validation of such information to establish its accuracy or sufficiency. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of SPL and ECL, and / or their subsidiaries/affiliates. In particular, we do not express any opinion as to the value of any asset of SPL & ECL, and / or their subsidiaries/affiliates, whether at current time or in the future. No investigation of SPL's and ECL's claim to title of assets has been made for the purpose of the exercise and the claim to such rights has been assumed to be fully valid.

We have reviewed the methodologies as adopted by the Valuers for arriving at the fair valuation of the equity shares of SPL & ECL and also reviewed the working and underlining assumptions adopted to arrive at the values under the approach, for determining their respective per share value and to recommend the Share Exchange Ratio.

One should note that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. Moreover, in this case where equity shares of ECL are being issued as consideration to the shareholders of SPL, it is not the absolute per share value that is important for framing an opinion but the relative per share value of ECL vis-à-vis per share value of SPL.



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We have assumed, with the Company's consent that the Scheme will be in compliance with all applicable laws and other requirements and will be implemented on the terms described in the Draft Scheme Document, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary regulatory or third party approvals for the Scheme, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on the Company, ECL and / or their relevant subsidiaries/ affiliates and their respective shareholders. We have assumed, at the directions of the Company that the final Scheme will not differ in any material respect from the Draft Scheme Document. We understand from the Company's management that the Scheme will be given effect to in totality and not in parts.

We express no view or opinion as to any terms or other aspects of the Scheme (other than the Share Exchange Ratio, from a financial point of view) including, without limitation, the form or structure of the proposed transaction. We were not requested to, and we did not, participate in the negotiations for the proposed transaction. Our Opinion is limited to the fairness, from a financial point of view, of the share exchange ratio proposed by the Valuers, to the shareholders of SPL. Our analysis relates to the relative values of the SPL and ECL. However, the actual transaction value may be significantly different from the result of our analysis and would depend on a number of factors, including the negotiating ability and motivations of the respective buyer and seller. We express no opinion or view with respect to the financial implications of the proposed transaction for any stakeholders, including creditors of the Company.

We express no view as to, and our Opinion does not address, the underlying business decision of the Company to effect the proposed transaction, the relative merits of the proposed transaction as compared to any other alternative business strategy, the effect of the proposed transaction on the Company or its affiliates, including, without limitation, possible implications on ownership structure, listing format, capital structure or trading price of ECL's shares post completion of the proposed transaction. The Company remains solely responsible for the commercial assumptions on the basis of which it agrees to proceed with the proposed transaction. Our Opinion is necessarily based only upon information as referred to in this letter.

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We have relied solely on representations, whether verbal or otherwise, made by the management of the Company and ECL, for areas where the same has been made.

We do not express any Opinion as to any tax or other consequences that might arise from the Scheme on the Company, ECL and / or their subsidiaries/affiliates, and their respective shareholders, nor does our Opinion address any legal, tax, accounting or structural matters as to which we understand that the respective companies have obtained such advice as they deemed necessary from qualified professionals. We have undertaken no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims, Governmental investigation or other contingent liabilities to which the Company, ECL and/or their subsidiaries/affiliates, are/or may be a party.

Our Opinion is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to us as of, the date hereof.

The COVID-19 (SARS-CoV-2) ("**Covid**") is presenting potentially significant impact upon economic activity and certain businesses. We understand that business plan provided by the Management captures their best judgement assessment / impact of Covid on the business.

The opinion rendered in this report only represents the opinion of Ashika Capital Limited based upon information furnished by the Management and other sources and the said opinion shall be considered advisory in nature.

The financial forecasts used in the preparation of the Report reflects Management's judgment, based on present circumstances, as to the most likely set of conditions and the course of action it is most likely to take. It is usually the case that some events and circumstances do not occur as expected or are not anticipated. Therefore, actual results during the forecast period will almost always differ from the forecasts and as such differences may be material. We express no opinion on the achievability of the forecasts, if any, relating to the Companies given to us by the Management.

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With regard to SPL & ECL claims to title of assets or property, we have relied solely on representations, whether verbal or otherwise, made by the Management to us for the purpose of this report. We have not verified such representations against any title documents or any agreements evidencing right or interest in or over such assets or property, and have assumed SPL & ECL claim to such rights, title or interest as valid for the purpose of this report.

It should be understood that subsequent developments may affect this Opinion and we assume no responsibility for updating or revising our Opinion based on circumstances or events occurring after the date hereof. It is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.

Our Opinion also does not address any matters otherwise than as expressly stated herein, including but not limited to matters such as corporate governance, shareholders rights or any other equitable considerations. We have also not opined on the fairness of any terms and conditions of the Scheme other than the fairness, from a financial point of view, of the share exchange ratio proposed by the Valuers, to the shareholders of SPL.

Our engagement as a fairness opinion provider is independent of our other business relationships, which we may have with the Company, ECL and / or their relevant subsidiaries/ affiliates. In addition, in the ordinary course of their respective business, affiliates of ACL may invest in the securities of the Company, ECL and / or their subsidiaries or group companies, for their own accounts and for the accounts of their clients subject to the compliance of the SEBI (Prohibition of Insider Trading) Regulations may at any time hold a position in such securities. We will not be responsible to any other person/party for any decision. Our engagement and opinion expressed herein solely for the benefit of the Board of Directors of the Company (in its capacity as such) in connection with its consideration of the Scheme and for none other. Delivery of our opinion does not create any fiduciary, equitable or contractual duties on ACL (including, without limitation, any duty of trust or confidence). Further, our Opinion is being provided only for the limited purpose of complying with the SEBI regulations and the requirement of the stock exchanges on which the shares of the Company are listed or

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E-mail: ashika@ashikagroup.com

Corporate Office:

1008, 10th Floor, Raheja Centre
214, Nariman Point, Mumbai- 400 021
Tel.: +91 22 6611 1700
Fax.: +91 22 6611 1710
E-mail: mbd@ashikagroup.com



as required under applicable law, and for no other purpose. Neither Ashika Capital Limited, nor its affiliates, partners, directors, shareholders, managers, employees or agents of any of them, make any representation or warranty, express or implied, as to the information and documents provided to us, based on which the Opinion has been issued. All such parties and entities expressly disclaim any and all liability for, or based on or relating to any such information, contained therein.

The Company has been provided with the opportunity to review the draft Opinion as part of our standard practice to make sure that factual inaccuracy / omissions are avoided in our final Opinion.

The fee for our services is not contingent upon the results of the proposed Scheme. This document is subject to the laws of India.

Our Opinion is not intended to and does not constitute a recommendation to any party as to how such party should vote or act in connection with the Scheme or any matter related thereto.

5. Valuation Methodologies considered and Valuers' Recommendation:

For the purpose of arriving at the value of equity shares of ECL and SPL for recommending the aforesaid share exchange ratio, following valuation methodologies have been used by the Valuers:

- (a) Asset Approach - NAV Method
- (b) Income Approach - Discounted Cash Flows Method
- (c) Market Approach - Market Price and Comparable Companies Method

The Valuers, through Valuation Report have recommended a share exchange ratio of 59 (fifty nine) fully paid equity shares of ECL of face value INR 1/- each for every 10 (ten) fully paid equity shares of SPL of face value INR 10/- each.



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6. Conclusion:

Based on our examination of the documents mentioned in point 2, our discussions with the management of SPL and ECL and other intermediaries as appointed by them in this regard and subject to the foregoing, including various assumptions and limitations set forth herein, to the best of our knowledge and belief, we are of the opinion on the date hereof that from a financial point of view, the Share Exchange Ratio recommended by the Valuers is fair to the shareholders of SPL.

Thanking You,

Yours faithfully
For Ashika Capital Limited


Mihir Mehta
Senior Vice President - MBD



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**REPORT OF THE AUDIT COMMITTEE OF ELECTROSTEEL CASTINGS LIMITED RECOMMENDING
AMALGAMATION OF SRIKALAHASTHI PIPES LIMITED WITH ELECTROSTEEL CASTINGS LIMITED**

1. Background

- 1.1. A meeting of the Audit Committee of Electrosteel Castings Limited ("**ECL**" or "**the Company**" or "**Transferee Company**") was held on 5 October, 2020 to consider and, if thought fit, recommend the proposed Scheme of Amalgamation of Srikalahasthi Pipes Limited ("**SPL**" or "**Transferor Company**") with the Company and their respective shareholders and creditors on a going concern basis under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("**the Act**") read with rules framed thereunder, ("**the Scheme**"). The Scheme, inter-alia, provides for amalgamation of SPL with ECL and issue of equity shares as a consideration for Amalgamation by ECL to the shareholders of SPL. The appointed date for amalgamation under the Scheme is 1 October, 2020 ("**Appointed Date**").
- 1.2. As on date, SPL and the Company are under the control of common promoter group. The Company, along with its promoter group of companies, is in a position to and do exercise control over SPL.
- 1.3. The Scheme of Amalgamation is in compliance with Section 2(1B) of the Income-tax Act, 1961 and the SEBI Circular number CFD/DIL3/CIR/2017/21 dated March 10, 2017, as amended from time to time (referred to as "**SEBI Circular**").
- 1.4. While deliberating on the Scheme, the Audit Committee has considered, inter-alia, and has taken on record, the following documents:
- (a) the draft Scheme;
 - (b) the Report dated 3 October, 2020 issued (i) jointly by M/s. Sharp & Tannan, Independent Chartered Accountants and R V Shah & Associates, Independent Chartered Accountants, and (ii) Ms. Rashmi Shah, FCA, Registered Valuer ("**Valuer**") describing inter-alia, the methodology adopted by them in arriving at the share exchange ratio ("**Share Exchange Ratio**") for the proposed Amalgamation ("**Valuation Report**");
 - (c) Fairness Opinion dated 3 October, 2020 issued by Finshore Management Services Limited, Independent SEBI Registered Merchant Banker, providing fairness opinion on the Fair Share Exchange Ratio ("**Fairness Opinion**"); and
 - (d) Certificate on Accounting Treatment mentioned in Scheme dated 5 October, 2020 submitted by M/s. Singhi & Co., Chartered Accountants, Statutory Auditors of the Company ("**Auditor's Certificate**");



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2. Proposed Scheme of Amalgamation

2.1. The Audit Committee noted the rationale and the benefits of the Scheme of Amalgamation, which, *inter-alia*, were as follows:

- (i) The Transferor Company and Transferee Company are under the control of common promoter group. The Transferee Company along with its promoter group of companies are in a position to and do exercise control over the Transferor Company. The Transferor Company and Transferee Company are engaged in the same line of business, i.e., manufacture and sale of ductile iron pipes and both have common economic objective and strategic goals. It would be advantageous to combine the activities and operations in a single company leading to strong capability in effectively meeting future challenges of competitive business environment.
- (ii) The Amalgamation (as defined hereunder) will enable the companies (as defined hereinafter) to streamline their business activities into a single combined entity, thereby resulting in economies of scale and avoidance of undue duplication in work, reduction in common expenditure otherwise incurred by the two entities within common group, better and more productive utilization of financial, human and other resource and enhancement of overall business efficiency.
- (iii) The Amalgamation will result in significant reduction in multiplicity of legal and regulatory compliances which at present is required to be made separately by the Companies.
- (iv) The Amalgamation will result in simplification of the group structure and management structure with only one listed company in group leading to better administration and reduction in administrative and other costs from more focused operational efforts, rationalization, standardization and simplification of business processes.
- (v) The Amalgamation will enable the combined entity to leverage their consolidated resources to: (a) increase production capacities; (b) undertake research and development initiatives to improve manufacturing processes and final product; (c) serve the needs of a larger customer base leading to overall business domestically as well as overseas, (d) improved alignment of debt repayments with cash flow, and (e) improved credit rating.
- (vi) The synergies that exist between the two companies in terms of services and resources can be put to the best advantage of all stakeholders.
- (vii) The Scheme is envisaged to be in the best interests of the shareholders, employees and the creditors of the Transferor Company and the Transferee Company.

Thus, the Scheme of Amalgamation, as envisaged, would enable seamless access to strong business relationships, closer and better focused attention being given to the businesses which would get integrated, aligned and streamlined, leading to achievement of their full business and growth potential.

The term "Amalgamation" means amalgamation of the Transferor Company with the Transferee Company, on a going concern basis in accordance with Sections 230 to 232 of the Act and Section 2(1B) of the Income-Tax Act, 1961, in terms of Chapter 2 of the Scheme.



- 2.2. The Audit Committee reviewed the Valuation Report issued (i) jointly by M/s. Sharp & Tannan, Independent Chartered Accountants and R V Shah & Associates, Independent Chartered Accountants, and (ii) Ms. Rashmi Shah, Registered Valuer, and tabled at the Meeting. The Audit Committee noted that the Valuation Report recommended the Share Exchange Ratio as under:

ECL shall issue its equity shares to the shareholders of SPL, in accordance with a Share Exchange ratio of 59:10, such that upon this Scheme becoming effective, the shareholders of SPL (except ECL) shall be entitled to receive 59 fully paid up equity shares of Re. 1/- each of ECL for every 10 equity shares in SPL of Rs. 10/- each.

- 2.3. Further, the Audit Committee noted that a Fairness Opinion from Finshore Management Services Limited, an Independent SEBI Registered Merchant Banker, has confirmed that the Share Exchange Ratio as per the Valuation Report issued (i) jointly by M/s. Sharp & Tannan, Independent Chartered Accountants and R V Shah & Associates, Independent Chartered Accountants, and (ii) Ms. Rashmi Shah, Registered Valuer, is fair to the shareholders of the Company.
- 2.4. The new equity shares of the Company to be issued by the Company would be listed on the Stock Exchanges in India with nationwide terminals, viz., BSE Limited and National Stock Exchange of India Limited, in terms of and in compliance with the applicable SEBI Regulations.

3. Recommendation of the Audit Committee

The Audit Committee, after taking into consideration the provisions, rationale and benefits of the Scheme, along with the Valuation Report, the Fairness Opinion and the Auditor's Certificate, recommends the draft Scheme to the Board of Directors of the Company for approval and for favorable consideration by the Stock Exchange(s) and Securities and Exchange Board of India, National Company Law Tribunal and any other regulatory authority as may be required.

By Order of the Audit Committee
Electrosteel Castings Limited



Indranil Mitra

Company Secretary and Secretary to the Audit Committee

Date: 5 October, 2020

Place: Kolkata

Annexure - VI



भारतीय प्रतिस्पर्धा आयोग COMPETITION COMMISSION OF INDIA

ई-मेल तथा स्पीड पोस्ट द्वारा

संयोजन पंजीकरण सं०: सी-2020/10/778

दिनांक: 14.01.2021

सेवा में,

Ms. Anisha Chand, Partner / Ms. Anmol Awasthi, Associate
Khaitan & Co
10th Floor, Tower-1, One World Centre
841 Senapati Bapat Marg, Mumbai – 400013
Email: anisha.chand@khaitanco.com
anmol.awasthi@khaitanco.com

**विषय: प्रतिस्पर्धा अधिनियम, 2002 की धारा 6 की उप-धारा (2) के अंतर्गत दायर नोटिसः
(पंजीकरण सं०. सी-2020/10/778)**

आयोग ने प्रतिस्पर्धा अधिनियम, 2002 की धारा 6 की उप-धारा (2) के अंतर्गत दायर नोटिस के संबंध में एक आदेश पारित किया है।

2. आदेश की प्रमाणित प्रति एतद्वारा आपकी जानकारी हेतु संलग्न है।
3. कृपया पावती भेजें।

संलग्नक: उपरोक्तानुसार

एस.जी. दास्तदार
सचिव



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2020/10/778)

27th November 2020

Notice under Section 6 (2) of the Competition Act, 2002 jointly filed by Electrosteel Castings Limited and Srikalahasthi Pipes Limited

CORAM:

Mr. Ashok Kumar Gupta
Chairperson

Ms. Sangeeta Verma
Member

Mr. Bhagwant Singh Bishnoi
Member

Order under Section 31(1) of the Competition Act, 2002

1. On 19th October 2020, the Competition Commission of India (“**Commission**”) received a notice under Section 6(2) of the Competition Act, 2002 (“**Act**”), jointly filed by Electrosteel Castings Limited (“**ECL**”) and Srikalahasthi Pipes Limited (“**SPL**”). (Hereinafter, ECL and SPL are collectively referred to as the “**Parties**”). The notice has been filed pursuant to the approval of the scheme of amalgamation (**Scheme**) by the Board of Directors of ECL and SPL on 5th October 2020.
2. The proposed combination involves amalgamation of ECL and SPL, whereby SPL will amalgamate with and into ECL, with ECL as the surviving entity (“**Proposed Combination**”).





3. It is stated in the notice that the Parties belong to the Electrosteel Group and are controlled by the same Promoter Group¹. ECL along with the Promoter Group holds 48.15% shareholding in SPL. It is submitted by the Parties that the Proposed Combination is an internal restructuring within the Electrosteel Group and will not result in change in control of either ECL or SPL. Post the Proposed Combination, the combined entity will continue to be controlled by the same Promoter Group.
4. In terms of Regulation 14 of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (“**Combination Regulations**”), a letter, dated 6th November 2020, was issued to the Parties for seeking certain information(s)/ clarification(s); response to the same was received on 11th November 2020.
5. ECL is a publicly listed water infrastructure company incorporated in India. It is stated in the notice that ECL is the ultimate holding company of the Electrosteel Group of Companies. It is engaged in the manufacturing and sale of (a) ductile iron pipes, (b) ductile iron fittings, and (c) cast iron pipes, as its core business. It is stated that ECL also produces (a) pig iron, (b) sponge iron, (c) metallurgical coke, (d) sinter, (e) ferro-silicon, and (f) power, which are used for captive consumption. It is also mentioned that any surplus production of these products is sold in the local market to third parties.
6. SPL (formerly, Lanco Industries Limited) is a publicly listed company, incorporated in India. It is also a part of the Electrosteel Group. It is primarily engaged in the manufacturing and sale of ductile iron pipes in India. Additionally, SPL also manufactures (a) pig iron, (b) cement, (c) lamcoke, (d) sinter, (e) ferro-silicon, and (f) power for captive consumption, any surplus production of which is sold in the local market to third parties.
7. It is stated in the notice that the business activities of the Parties horizontally overlap in the market for ductile iron pipes in India. Further, an overlap is also noted in products produced during the process of manufacturing ductile iron pipes such as (a) pig iron, (b)

¹ The common Promoter Group comprises the companies: (i) Murari Investment & Trading Company Private Limited, (ii) G. K. & Sons Private Ltd., (iii) Uttam Commercial Company Ltd., and (iv) G. K. Investments Limited (Promoter Group Entities).





coke, (c) sinter, (d) ferro-silicon, and (e) power. As regards the overlapping products produced during the process of manufacturing ductile iron pipes, the Parties have submitted that sinter and power are captively consumed by SPL. Further, it is stated that these surplus products are not produced with the objective of monetisation or commercialisation by Parties. Only a miniscule surplus production of pig iron, coke and ferro-silicon is sold in the market.

8. Considering that the Proposed Combination is not likely to cause an appreciable adverse effect on competition in any of the possible alternative relevant markets, the Commission decided to leave the delineation of the relevant market open.
9. In relation to vertical relationship, the Parties have submitted that there are no existing vertical relationships or supply arrangements between Parties (including promoter group entities) as both ECL and SPL are not engaged in any activity relating to the production, supply, distribution, storage, sale and service or trade in products or provision of services which are at different stages or levels of the production chain. Further, it is noted that the potential vertical relationships due to the surplus sales of intermediate products produced by the Parties are miniscule and insignificant. Thus, the Parties do not have ability or incentive to foreclose the competition in the relevant markets.
10. Based on the information submitted by the Parties, it is noted that the pre-combination and post-combination market share of Electrosteel Group (through ECL and SPL) in the market for manufacture of ductile iron pipes is [30-35] per cent. Further, ductile iron pipes market is characterised by the presence of many established players such as Jindal Saw, Tata Metaliks, Jai Balaji, Rashmi Metaliks, Sathavahana Ispat, Electrotherm, etc. In relation to overlaps in (a) pig iron, (b) coke, and (d) ferro-silicon, it is noted that the presence of Parties is insignificant to raise any competition concern in these product segments in India.
11. Further, based on the submissions of the Parties, it is noted that both ECL and SPL are part of the Electrosteel Group and do not compete with each other and that the Proposed Combination will not result in the entry or elimination of any market player. The Commission noted that the competition dynamics in the market in which the Parties





operate will not change post-combination. Hence, the Proposed Combination is not likely to raise any competition concern in India.

12. Considering the facts on record, details provided in the notice given under sub-section (2) of Section 6 of the Act and assessment of the proposed combination on the basis of factors stated in sub-section (4) of Section 20 of the Act, the Commission is of the opinion that the proposed combination is not likely to have an appreciable adverse effect on competition in India, and therefore, the Commission, hereby, approves the same under sub-section (1) of Section 31 of the Act.

13. This order shall stand revoked if, at any time, the information provided by the Parties is found to be incorrect.

14. The information provided by the Parties shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.

15. The Secretary is directed to communicate to the Parties accordingly.



Certified True Copy

hishu
13/1/2021

अनिल कुमार वशिष्ठ/Anil Kumar Vashisht
सहायक निदेशक/Asstt. Director
भारतीय प्रतिस्पर्धा आयोग
Competition Commission of India
नई दिल्ली/New Delhi

IN THE NATIONAL COMPANY LAW TRIBUNAL
CUTTACK BENCH
CUTTACK

CA (CAA) No 3/CB/2021

In the Matter of:

The Companies Act, 2013 and an application under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

-AND-

In the Matter of:

M/s. Electrosteel Castings Limited (CIN: L27310OR1955PLC000310) incorporated under the provisions of the Indian Companies Act, VII of 1913 having its Registered Office situated at: Rathod Colony, Rajgangpur, Sundergarh, Odisha 770 017 within the jurisdiction.

... .. Applicant/Transferee Company

Counsels on Record for the Applicant:

1. Mr. D N Sharma, Adv.
2. Mr. Trivikram Khaitan, Adv.
3. Mr. Shounak Mitra, Adv.
4. Mr. Saroj Kr. Ray, PCS
5. Mr. Saswat Kr. Rout, Adv.

Date of pronouncement of Order: 26th July, 2021

CORAM: 1. Shri Rajasekhar V.K., Member (Judicial)
2. Shri Satya Ranjan Prasad, Member (Technical)

ORDER

Per: *Rajasekhar V.K., Member (Judicial)*

1. The instant application has been filed in the first stage of the proceedings under Section 230 (1) read with Section 232 (1) of the Companies Act, 2013 ("Act") for orders and directions with regard to meetings of shareholders and creditors in connection with the proposed Scheme of Amalgamation of Srikalahasthi Pipes

Sd

Limited (“**Transferor Company**”) with Electrosteel Castings Limited being the Applicant abovenamed (“**Transferee Company**”) and their respective shareholders and creditors, whereby and whereunder the Transferor Company is proposed to be amalgamated with the Transferee Company from the appointed date, viz., 1st October, 2020 in the manner and on the terms and conditions stated in the said Scheme of Amalgamation (“**Scheme**”).

2. The circumstances as stated in the application which *prima facie* justify and/or necessitate the said Scheme of Amalgamation are, *inter alia*, as follows: -
- (i) The Transferor Company and Transferee Company are under the control of common promoter group. The Transferee Company along with its promoter group of companies are in a position to and do exercise control over the Transferor Company. The Transferor Company and Transferee Company are engaged in the same line of business i.e., manufacture and sale of ductile iron pipes and both have common economic objective and strategic goals. It would be advantageous to combine the activities and operations in a single company leading to strong capability in effectively meeting future challenges of competitive business environment.
 - (ii) The Amalgamation will enable the Companies to streamline their business activities into a single combined entity, thereby resulting in economies of scale and avoidance of undue duplication in work, reduction in common expenditure otherwise incurred by the two entities within common group, better and more productive utilization of financial, human and other resource and enhancement of overall business efficiency.
 - (iii) The Amalgamation will result in significant reduction in multiplicity of legal and regulatory compliances which at present is required to be made separately by the both the companies.
 - (iv) The Amalgamation will result in simplification of the group structure and management structure with only one listed company in group leading to better administration and reduction in administrative and other costs from

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IN THE NATIONAL COMPANY LAW TRIBUNAL
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more focused operational efforts, rationalization, standardization and simplification of business processes.

- (v) The Amalgamation will enable the combined entity to leverage their consolidated resources to: (a) increase production capacities; (b) undertake research and development initiatives to improve manufacturing processes and final product; (c) serve the needs of a larger customer base leading to overall business domestically as well as overseas, (d) improved alignment of debt repayments with cash flow, and (d) improved credit rating.
 - (vi) The synergies that exist between the two companies in terms of services and resources can be put to the best advantage of all stakeholders.
 - (vii) The Scheme is envisaged to be in the best interests of the shareholders, employees and the creditors of the Transferor Company and the Transferee Company.
 - (viii) Thus, the Scheme of Amalgamation, as envisaged, would enable seamless access to strong business relationships, closer and better focused attention being given to the businesses which would get integrated, aligned and streamlined, leading to achievement of their full business and growth potential.
3. It is submitted by Ld. counsel appearing for the Applicant that the shares of the Applicant are listed on the BSE Limited and the National Stock Exchange of India Limited. Further, the applicant has the following number of shareholders and creditors as on 31st December, 2020: -
- | | |
|----------------------|--------|
| Equity Shareholders: | 54,493 |
| Secured Creditors: | 20 |
| Unsecured Creditors: | 1700 |
4. It is also submitted in the application that there were no proceedings pending under Sections 210 and 212 to 225 of the Companies Act, 2013 and/or Sections 235 to 251 of Companies Act, 1956 against the Applicant.

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IN THE NATIONAL COMPANY LAW TRIBUNAL
CUTTACK BENCH

CA (CAA) No 3/CB/2021

-
5. It is also submitted by the Learned Counsel that the Registered Office of the Transferor Company is situated at Rachagunneri Village, Srikalahasthi Mandal, Chittoor District, Andhra Pradesh – 517 641 within the jurisdiction of National Company Law Tribunal, Amaravati Bench. As such, the Transferor Company had filed a similar application being CA(A) Merger & Amalgamation /4/230/AMR/2021 under Sections 230 to 232 of the Companies Act, 2013 which was heard on 19th March, 2021. The order in respect thereof has been passed on 30th April, 2021. As per the said order of the National Company Law Tribunal, Amaravati Bench, meetings of the equity shareholders, secured creditors and unsecured creditors of the Transferor Company were held on 16th June, 2021 where the Scheme of Amalgamation of the Transferor Company with the Applicant was passed with the requisite majority of the equity shareholders and unanimously by the secured creditors and unsecured creditors of the Transferor Company. The Company Petition for sanction of the Scheme of Amalgamation of the Transferor Company with the Applicant under Sections 230 (1) and 232 (1) of the Companies Act, 2013 was filed before the National Company Law Tribunal, Amaravati Bench on 26th June, 2021.
6. On perusal of the records and documents in the instant proceedings and considering the submissions made on behalf of the Applicant, we pass the following orders: -
7. Meeting of Equity Shareholders of Applicant shall be convened on Friday, the 10th September, 2021 at 11:00 A.M., IST for the purpose of considering and if thought fit, approving the proposed Scheme of Amalgamation of Srikalahasthi Pipes Limited with the Applicant.
8. Meeting of Secured Creditors of Applicant shall be convened on Friday, the 10th September, 2021 at 1:00 P.M., IST for the purpose of considering, and if thought fit, approving the proposed Scheme of Amalgamation of Srikalahasthi Pipes Limited with the Applicant.

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IN THE NATIONAL COMPANY LAW TRIBUNAL
CUTTACK BENCH

CA (CAA) No 3/CB/2021

9. Meeting of Unsecured Creditors of Applicant shall be convened on Friday, the 10th September, 2021 at 2:30 P.M., IST for the purpose of considering and if thought fit, approving the proposed Scheme of Amalgamation of Srikalahasthi Pipes Limited with the Applicant.
10. Mode of meetings: Considering the unprecedented COVID-19 pandemic, the meetings as above shall be convened and held virtually via video conferencing or other audio-visual means ("**Virtual Mode**"). Subject to the directions and matters dealt with herein, such meetings shall be held virtually in accordance with the framework provided therefor in the Ministry of Corporate Affairs' General Circular No.14/2020 dated 8th April, 2020, as clarified / extended from time to time, including by General Circulars bearing No.17/2020 dated 13 April 2020, No.22/2020 dated 15 June 2020, No.33/2020 dated 28 September 2020, No.39/2020 dated 31 December 2020 and No.10/2021 dated 23 June 2021 ("**Virtual Meeting Circulars**").
11. Quorum: The quorum for the equity shareholders' meeting of persons entitled to attend the same shall be determined in accordance with Section 103 of the Companies Act, 2013. That the quorum for the meeting of secured and unsecured creditors of the Applicant shall be 2 (two) secured and 5 (five) unsecured creditors. Attendance of such persons in Virtual Mode shall be counted for the purpose of Quorum. Attendance at such meetings shall be recorded in the minutes of the meeting(s) instead of taking physical attendance slips. In case the quorum of any meeting is not present within half an hour from the time appointed for the meeting, the shareholders/creditors present shall be deemed to constitute the quorum.
12. Advertisement: At least 30 (thirty) clear days before the meeting(s) to be held, as aforesaid, an advertisement of the notice convening meetings, in Form CAA-2, be published once each in "**Financial Express**" in English and "**Lokakatha**" in Oriya as per Rule 7 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

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IN THE NATIONAL COMPANY LAW TRIBUNAL
CUTTACK BENCH

CA (CAA) No 3/CB/2021

13. Individual Notices: At least 30 (thirty) clear days before the date of the meetings to be held, as aforesaid, notices convening the said meetings, along with all documents required to be sent with the same, including a copy of the said Scheme, Explanatory Statement prescribed under the provisions of the Companies Act, 2013 disclosing necessary details shall be sent to each of the said shareholders, secured and unsecured creditors of the Applicant as per Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, by email at their respective or last known e-mail addresses, as per the records of the Applicant. The shareholders, secured creditors and unsecured creditors, whose email addresses are not registered with the Applicant, shall be provided an opportunity by way of notice in the advertisement to register their email addresses.
14. As per provisions of Section 230(3) of the Companies Act, 2013, read with Rule 7 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the above Notices to the Members and the Creditors shall also be placed on the website of the Applicant and these documents shall also be sent to SEBI, BSE Limited and the National Stock Exchange of India Limited where the securities of the Applicant are listed for placing on their websites in addition to the newspaper publications.
15. Chairperson: Mr. Shailendra Jain, Advocate (Mobile No.: 9831836383, Email: sjain_law@yahoo.co.in) is appointed as the Chairperson of the meetings to be held as aforesaid. The Chairperson shall be paid a consolidated sum of Rs. 60,000/- for conducting the aforesaid meeting (s) as Chairperson.
16. Scrutinizer: Mrs. Rashmi Bihani, Practicing Chartered Accountant (Mobile No.: 9874177730; E-mail ID: rashmi@bihanico.in) is appointed as the Scrutinizer of the meetings to be held as aforesaid. The Scrutinizer shall be paid a consolidated sum of Rs. 40,000/- for acting as Scrutinizer.

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IN THE NATIONAL COMPANY LAW TRIBUNAL
CUTTACK BENCH

CA (CAA) No 3/CB/2021

17. Mode of Voting: Voting in the meetings to be held in Virtual Mode shall be by e-voting only. Further, for the aforesaid meetings of the Equity Shareholders, Secured Creditors and Unsecured Creditors of the Applicant facility of voting by remote e-voting shall also be provided during the period from 5th September, 2021 (9:00 A.M., IST) to 9th September, 2021 (5:00 P.M., IST). The facility for remote e-voting shall be disabled at 5:00 P.M., IST, on 9th September, 2021.
18. Cut-off date: The cut-off date for determining the eligibility to vote and value of votes shall be 3 September 2021 for the meetings of shareholders and 31 December 2020 for the meetings of secured creditors and unsecured creditors. The value of the votes cast shall be reckoned and scrutinized with reference to the said dates.
19. Voting procedure: Subject to the directions and matters dealt with herein, the procedure for e-voting and conduct of voting, in so far as the same is prescribed in the Companies (Management and Administration) Rules, 2014 (“**the said Rules**”), shall be followed with such variations as required in the circumstances and in relation to the resolution for approval of the Scheme.
20. Proxies & Board Resolutions: If a Body Corporate chooses to attend and vote by e-voting at the meeting held in Virtual Mode or via remote e-voting, a scanned copy of Board Resolution/authorization shall be sent by email to the Scrutinizer. It is clarified that since the meetings would be held in Virtual Mode, facility for appointment and voting by proxies shall not be available.
21. That the Chairperson appointed for the said meeting (s) or any person authorized by the Chairperson do issue and send the notices of the aforesaid meeting (s). Further, the Chairperson shall have all other powers under the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 read with the other applicable rules and provisions in relation to conduct of the meeting (s) including for deciding procedural questions that may arise at the meeting or any other matter relating to the

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meeting (s) including an amendment to the Scheme, if any, proposed by any person (s).

22. Scrutinizer's Report/Declaration of Results: The votes cast shall be scrutinized by the Scrutinizer. Votes cast in all the modes shall be consolidated. The Scrutinizer shall prepare and submit the respective reports on the meetings, along with all papers relating to the voting, to the Chairperson of the meetings within 48 hours of the conclusion of the respective meetings. The Chairperson shall declare the results of the meetings after submission of the reports of the Scrutinizer. The declaration of results by the Chairperson shall be displayed on the Notice Board of the Applicant at its registered office and its head office as well as corporate office, if any, and shall also be posted on the website, if any, of the applicant. Further, such declaration of results shall also be posted on the website of the Agency providing the facility for e-voting. In addition to the aforesaid, all other requirements with regard to publication and communication of Scrutinizer's Report and Chairperson's declaration of results, as prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or the Companies Act, 2013 shall also be complied with.
23. The value of each shareholder and creditor shall be in accordance with the books and records of the Applicant and where entries in the books are disputed, the Chairperson shall determine the value for purposes of the said meetings.
24. The resolution for approval of the Scheme of Amalgamation put to a meeting shall, if passed by a majority in number representing three-fourths in value of the respective shareholders/creditors casting their votes, as aforesaid, shall be deemed to have been duly passed on the date of such meeting under Section 230 (1) read with Section 232 (1) of the Companies Act, 2013. Further, in case of meeting of Equity Shareholders of the Applicant in addition to the aforesaid, the affirmative votes of majority of public shareholders of the Applicant, voting, will also be required.

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**IN THE NATIONAL COMPANY LAW TRIBUNAL
CUTTACK BENCH**

CA (CAA) No 3/CB/2021

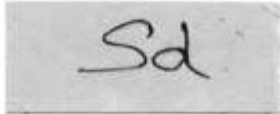
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25. The Chairperson do report to this Tribunal the results of the said meetings within four weeks from the date of the conclusion of the said meetings. Such report shall be in Form No. CAA.4 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, verified by affidavit.
26. Notice under Section 230 (5) of the Companies Act, 2013, along with all accompanying documents, including a copy of the aforesaid Scheme and Explanatory Statement under the provisions of the Companies Act, 2013, shall also be served on the Regional Director, Eastern Region, Ministry of Corporate Affairs; Registrar of Companies, Odisha, SEBI, BSE Limited, the National Stock Exchange of India Limited, Competition Commission of India and Income-Tax Department having jurisdiction over the Applicant; by sending the same by hand delivery through special messenger or by post or by courier or by email, forthwith after the notices are sent to the shareholders and creditors, as aforesaid. The notice shall specify that representation, if any, should be filed before this Tribunal within 30 days from the date of receipt of the notice with a copy of such representation being simultaneously sent to the Authorized Representative of the Applicant. If no such representation is received by the Tribunal within such period, it shall be presumed that such authorities have no representation to make on the said Scheme of Amalgamation. Such notices shall be sent pursuant to Section 230 (5) of the Companies Act, 2013 read with Rule 8 (2) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 in Form No. CAA. 3 of the said Rules, with necessary variations, incorporating the directions herein.
27. The Applicant to file an affidavit proving service of notices of meetings and publication of advertisement and compliance of all directions contained herein at least a week before the meetings to be held.
28. CA (CAA) No. 3/CB/2021 is disposed of accordingly.

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IN THE NATIONAL COMPANY LAW TRIBUNAL
CUTTACK BENCH

CA (CAA) No 3/CB/2021

29. Urgent certified copies of this order, if applied for may be supplied to the parties upon compliance of all the requisite formalities.



Satya Ranjan Prasad
Member (Technical)



Rajasekhar V.K.
Member (Judicial)

Signed on this, the 26th day of July, 2021.

Santosh_P.S.